

Human Capital Frameworks

How To Build Strong Organization

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Published by Triple Nine Communication

Table of Contents

Acknowledgements	
Prologue	
Chapter One - Human capital	1
Chapter Two - Scope And Human Strategy Capital.....	11
Chapter Three - Human Capital Management Concept	17
Chapter Four - Concept of Human capital Management.....	29
Chapter Five - Stage Of Human Capital Management	36
Chapter Six - Implementation Of Human Capital Management	42
Chapter Seven - Concept of Human Resource Management and Human Capital Management.....	48
Chapter Eight - The Human Capital Frame Work Method	53
Bibliography	65
About the Author	67

Acknowledgements

Praise and gratitude, we always pray to the presence of the Almighty God because of the abundance of His grace and guidance so that we can finish compiling this book. Along with the community's demands on the importance of information and education, especially on Human Capital Frameworks, it is the main objective of this book. This book's purpose is to develop the next edition of the book and be a reference for the public, practitioners, and academics. This book contains all aspects related to human capital and the organizational environment.

Basically, this book's preparation is also a discourse for us always to learn and have an optimistic view of looking ahead that there is always a way to achieve success by utilizing the right human capital.

Not to forget, we also express our gratitude because we might not have been able to complete this book without the help of various parties. The hope is that this book on human capital will benefit the community and become a reference for the community in developing their human capital capabilities. No human being is perfect and His creation, no ivory is not cracked; we welcome all comments, criticisms, suggestions, and messages that can help us be better in releasing the next edition of the book.

Malang, September 2019

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Prologue

Human capital or human capital is an essential element of intangible assets in the organization. Intangible assets include copyrights, customer relationships, brands, and corporate image. All of this is the organization's wealth, so knowing how employees' imagination and creativity are as important as well for business success is a "hard" asset. The importance of human assets explains why it is vital to measure their value and how well they are used and show what needs to be done to manage them more effectively.

Chapter One - Human capital

Human capital or human capital is an essential element of intangible assets in the organization. Intangible assets include copyrights, customer relationships, brands, and corporate image. All of this is the organization's wealth, so knowing how employees' imagination and creativity are as important as well for business success is a "hard" asset. The importance of human assets explains why it is vital to measure their value and how well they are used and show what needs to be done to manage them more effectively. As Becker (1993) stated, human capital is that humans are not just a resource, but capital that generates returns. Every expenditure made to develop the quality and quantity of that capital is an investment activity.

Human capital theory, as stated by ES Human Resourcesenberg and Smith (1997), the concept of workers is the embodiment of a set of skills that can be "rented" to the employer. Knowledge and skills of workers come from education and training, including training that results in share carrying experience specific and Capital productive skills. According to Edwinston and Malone (1997), "human capital is the individual knowledge, experience, capability, skills, creativity, innovativeness." Knowledge includes knowledge about academic tests obtained through education; skills can work or fulfill practical abilities.

According to Stewart (1997), human capital is the lifeblood of intellectual capital, a source of innovation and empowerment, but a component that is difficult to measure. Human capital reflects the company's collective ability to produce the best solutions based on the knowledge possessed by the people in the company, which will increase if the company can use the knowledge possessed by its employees. According to Davenport (1999), human capital is the effort brought by workers to invest in their work. This includes abilities, behavior, enthusiasm, and time. According to James Hatch (enterprise resource planning rise Magazines, 15 November 1999), human capital is everything about humans (labor), intellectuals, knowledge, and experiences.

Labor is a physical or mental effort that is issued by employees to process products and provide services. Scarborough and Elias (2002): explain, "The concept of human capital is beneficial and is seen as a bridging concept. It defines the relationship between human resource practices and business performance. They show that human capital is mostly non-standard, hidden, dynamic, context-dependent, and this characteristic often occurs in society. This trait

makes it difficult to evaluate human capital because the human capital that is entrepreneurial resource planning important to company performance is the flexibility and creativity of individuals, their ability to develop skills to respond and be motivated by different contexts. They also mention that: "In human capital theory, references are made to people and skills, while in physical capital theory, references are made to plants and equipment." Stockley (2003) defines human capital as: "The term of human capital is a recognition that people in organization and business are important an essential asset who contributes to development and growth, in a similar way as physical assets such as machines and money.

The collective attitude, skills, and abilities of people contribute to organizational performance and productivity. Any expenditure in training, development, health and ". This means that support is an investment, not just an expense. Human capital is a concept explaining that people in organizations and businesses are important and potential assets, contributing to development and growth, just like physical assets such as machines and working capital. Attitudes, skills, and human abilities have a contribution to organizational performance and productivity. Expenditures for training, development, health, and support are not just costs but are investments. Meanwhile (Gary Dessler, 2003, 9) defines human capital as follows: it refers to knowledge, education, and training, skills, and expertise. From the three definitions above, it appears that there is a familiar essence which shows that human capital is something inherent in the individual. What stands out from the above description is the economic dimension that becomes the reference for its usefulness. Meanwhile, according to Fitzens (2000), the notion of human capital can be explained as a combination of the following factors: The characteristics of a person who is born into a job, intelligence, energy, a generally positive attitude, reliability, and commitment. A person's ability to learn, talent, imagination, creativity, and what is often referred to as street smart (intelligence).

The motivation of a person for various information and knowledge, team spirit, and goal orientation. Based on these factors, it can be concluded that everything inherent in humans, be it characteristics, creativity, or knowledge, is a company's handy resource. Besides producing the final product in the form of services, human capital is a supporting factor for its goals. Human capital does not position humans as capital like machines, so that it is as if humans are the same as machines, as in previous human capital theories. However, after this theory has become more widespread, social capital can help decision-makers focus on human development by focusing on

investment in education (including training) to improve organizational quality as part of national development.

Human resources' handling as human capital shows that the returns from non- physical investments are much higher than investment in physical development. Human capital is significant because it is a source of innovation and strategic renewal that can be obtained from brainstorming through laboratory research, management expectations, process re-engineering, and improvement or development of worker skills. Human capital also provides added value to the company every day through motivation, commitment, competence, and effectiveness of teamwork. The added value that workers can contribute is in the form of competency development owned by the company, transfer of knowledge from workers to the company, and changes in management culture (Mayo; 2000 in Rachmawati et al., 2004).

Humans are an essential component of the innovation process. Humans, with all their abilities when deployed, will produce extraordinary performance. There are six components of human capital, according to (Ancok; 2002), namely: 1.Intellectual capital, 2.Emotional capital, 3.Social capital, 4.Capital of fortitude, 5.Moral capital, 6.Health capital. These six human capital components will appear in an optimum performance if accompanied by leadership capital and organizational structure capital that provide a supportive working vehicle (Ancok, 2002).

Intellectual capital is a necessary tool for finding opportunities and managing challenges in life. Many experts say that intellectual capital plays a huge role in adding value to an activity. Various companies that excel and gain many benefits are companies that continuously develop their human resources (Ross et al., 1997). Humans must have a proactive and innovative nature to manage changes in the environment (economy, social, politics, technology, law, etc.) at a very high speed. Those who cannot adapt to change will find it difficult. In conditions marked by rapid change, humans must continue to expand and sharpen their knowledge and develop their creativity to innovate. Don Tapscott, in his book "Digital Economy: Promise and Peril in the Age of Networked Intelligence (1998)" suggests 12 new economic themes resulting from the widespread influence of the internet. One of the pieces of the new economy is the theme of a knowledge-based economy. Only workers who have extensive knowledge and continue to add to experience can adapt to the rapidly changing strategic environment conditions.

Intellectual capital lies in the willingness to think and the ability to think about something new, so a high level of formal education does not always determine intellectual capital. Many

people do not have high standard knowledge, but he is a thinker who produces quality ideas. Bonits (1998) explains that resources are not seen as a factor other than money and their physical assets that provide value for a firm and controlled process. Edvinson and Malone (1997) explain that intellectual capital is a combination of all relationships from inside and outside the organization with consumers. There are three parts of intellectual capital, namely:

a) Human capital: knowledge, skills, abilities, and human capacities to be developed and become an organization's innovation.

b) Social capital: a structure, network, and procedures that can be obtained by a person and the development of intellectual capital that can be seen from the stock and flow of knowledge that comes from relationships within and outside the organization.

c) Organizational capital: The organization's knowledge is institutionalized and stored in a database, instructions, and others.

These three IC concepts indicate that when a person uses their knowledge (Human Capital), the relationship between them (SC) will increase with the advancement of knowledge that is institutionalized by the organization (OC). According to As Chatzkel (2004), the reality is that organizations are nothing more than enterprise resource planning, an extension of human thoughts and actions, namely the knowledge, skills, abilities of someone who creates value and how they maintain how and develop human capital. They display. An organization's effectiveness depends on how best to use knowledge, how to develop, choose, and choose to create an organization capital. Daft and Weick (1984) say someone will come and go, but the organization will keep that knowledge forever. And according to Fitz-enj (2000), organization capital will remain behind when workers leave; human capital is an intellectual asset that will go every night with the workers returning to their homes.

Goldman uses the term Emotional Intelligence to describe the human ability to recognize and manage one's own emotions and understand others' feelings so that he can take appropriate action in interacting with others. There are four dimensions of emotional intelligence, namely (Bradberry & Greaves, 2005). a) Self Awareness, b) Self Management, c) Social Awareness, d) Relationship Management. The four dimensions above can be explained as follows: Self Awareness is the ability to consistently and accurately understand one's own emotions in various situations. How do emotions react when faced with an event that provokes emotions to understand his emotional response in both positive and negative terms.

Self Management is the ability to manage emotions well after understanding the feelings he is feeling, whether positive or negative emotions. The ability to manage emotions positively in dealing with one's own emotions will make a person feel maximum happiness. Social Awareness is the ability to understand other people's emotions from their alleged actions. This is the ability to accurately empathize, understand, and feel the feelings of others. With this understanding, individuals already have the readiness to respond to other people's emotional situations positively. Relationship Management is people's ability to interact positively with others, even though other people have negative emotions. The ability to manage relationships with others entirely is the result of the different three dimensions of emotional intelligence (Self Awareness, Self Management, and Social Awareness).

People who have high emotional capital have a positive attitude in living life. He has positive thinking (positive thinking) in assessing a phenomenon in life, even though it is seen as threatening by others. especially in dealing with differences of opinion, people who have adequate emotional capital will respond positively to it so that it is obtained a great benefit for self-development or the development of a concept. Intellectual capital will develop or be hampered by its development, which is primarily determined by emotional capital. People who are open-hearted and have a positive and open attitude, and avoid negative judgments about others' thoughts will benefit from these differences of opinion. His intellectual capital will increase with a positive attitude. Many research results show that emotional intelligence determines a person's life success more than IQ (Goleman, 1997). In the last few years, there has been increasing discussion about the importance of emotional intelligence in supporting the success of human life (Goleman, 1997). Daniel Goleman wrote they vary by religious teachings that educate people to be patient, and it is better to be silent if they cannot choose the right words.

The term social capital has long appeared in the literature. This term first appeared in 1916 when there was a discussion about building a community learning center (Cohen & Prusak, 2001). The concept of social capital to the surface as a scientific discourse by James S. Coleman 1990. The discussion of social capital by Putnam (1993) describes the declining quality of American society's life in terms of attachment between fellow citizens. This concept is contained in two books written by Francis Fukuyama (1995, 2000). The first is *Trust: The Social Virtues and the Creation of Prosperity*, published in 1995—then followed by the second book, namely

The Great Depression: Human Nature and the Reconstitution of Social Order, which was published in 2000. Besides Fukuyama's writing, Robert Putnam's book *Bowling Alone: The Collapse and Revival of American Community*, published in 2000, also serves as a guideline for discussion of the concept of social capital. Besides, various journal articles have appeared discussing this topic by proposing multiple opinions about what is meant by social capital.

Adler & Kwon (2002) present a useful review containing different expert views on social capital. The emergence of numerous writings on social capital responds to the increasingly loose relations between humans and weakening indifference to fellow humans. In Fukuyama's (2000) eyes, society's transition from an industrial company to an information society further stretched social ties. It gave birth to many social pathologies such as an increase in crime rates, children born out of wedlock, and decreased trust in society's fellow components. To build a competitive nation, social capital's role is increasingly important—the many contributions of social capital to a company's success. In the information age marked by reduced face-to-face relationships, social capital as part of virtual money will have an increasingly prominent role (Ancok, 1998).

The views of experts in defining the concept of social capital can be categorized into two groups. The first group emphasizes social networks, while the second group emphasizes the characteristics (traits) embedded in individual human beings involved in social interaction. The opinions of this first group are represented among others by the following experts. Brehm & Rahn (1997, p. 999) enterprise resource planning argues that social capital is "a network of Cooperation among citizens that facilitates the search for solutions to the problems they face." "The Pennar (1997, p. 154) suggests that the web of social relationships that influence individual behavior and affects economic growth "(“ social relationship networks that affect individual behavior affecting economic growth ”).

Woolcock (1998, p. 153) defines social capital as “the information, trust, and norms of reciprocity in hearing in one's social network. Connections among people: the faith, mutual understanding, and shared values and behaviors that bind the members of human systems and communities and make cooperative action possible ". (Modalsocial is a collection of dynamic relationships between humans: trust, mutual understanding, and shared values and behaviors that bind members in a network and community that allows for cooperation). The first group's view emphasizes the network aspects of social relationships that are bound by ownership of information, trust, mutual understanding, shared values, and mutual support. According to this

group's view, social capital will be more substantial if a community or organization has a network of cooperative relationships, both internally in the city or organization, or harmonious relations between communities or organizations. A synergistic system of cooperation which constitutes social capital will provide many benefits for life together.

Fukuyama represented the opinions of experts from the second group. Fukuyama (1997) explains that "Social capital can be defined simply as the existence of a certain set of informal values or norms shared among members of a group that permits cooperation among them." (Social capital is a set of informal values or norms that are shared among members of a community group that allows for cooperation between them). An organization is a collection of several people who always interact and work together to achieve organizational goals. Besides, an organization must collaborate with other organizations to achieve tremendous success. This collaboration with other organizations is manifested in a strategic alliance or an organizational merger. Social capital is the basis for the formation of synergy in carrying out administrative tasks. By synergizing, more excellent work results can be obtained when compared to working alone. In simple language, if two people work alone, they can only complete one job; by synergizing with others, each person can complete more other work.

New intellectual capital will develop when each person shares insights. To be able to share insights, people must build a network of social relationships with other people. The ability to build social networks is known as social capital: the more comprehensive a person's interactions, and the wider the social networking, the higher one's value. Social capital is also manifested in the ability to live in diversity and appreciate diversity. Recognition and appreciation of differences is a prerequisite for the growth of creativity and synergy. The ability to get along with different people and enjoy and take advantage of these differences will be suitable for all employees.

The concept of grit capital originates from the viewpoint of Paul G. Stoltz, who is written in the book *Adversity Quotient: Turning Obstacles into Opportunities* (1997). Fortitude is the capital for success in life, whether it is personal life or the life of an organization. Especially when faced with difficulties, or problems that have not been solved, surprise resource planning, only those who are steadfast will solve them. Likewise, if a company is in trouble because of the tough challenges it faces due to environmental changes, the old way of working is inadequate.

Based on the parable of the mountain climbers, Stoltz distinguishes three types of humans, quitter, camper, and climber.

The type of mountain climber who gives up quickly is called a quitter, that is, people who, when faced with problems, choose to run away from issues and do not want to face challenges to conquer problems. Such a person will be very ineffective in meeting life's tasks that contain challenges. Likewise, he is useless as an employee of an organization if he is not healthy. The camper type is the type to try but not wholeheartedly. When he faces a challenge, he tries to overcome it, but he does not try to solve the problem to the best of his ability. He is not the type of person who will direct all his potential to answer the challenges he faces. If the problem's challenge is challenging enough, and he has tried to overcome it without success, he will forget his desire and move to another place that does not have that formidable challenge.

The third type is a climber who has tremendous stamina in solving problems. He's the type never to give up, no matter how difficult the situation he faces. He is a productive worker for the organization where he works. This type of person has a clear vision and goals in life. He lives life with a noble value system, that walking must reach the goal. People with this type always want to finish the job (sense of closure) with business resource planning upholding an ethical principle. He was not the type of human who succeeded without effort. For him, the main thing is not reaching the top of the mountain but going through the tense and challenging climbing process to reach the top.

Many studies have shown that the company's performance is highly dependent on the extent to which the enterprise resource planning company adheres to the principles of business ethics in its business activities. For entrepreneur resource planning, behave by the ethical principles of a company with various proper support tools, one of which is a human being who has morals who do not engage in entrepreneurial resource planning behavior that violates ethics. The devastation and decline of various large companies in the USA, such as Enron (the largest power company) and Arthur Anderson (a financial consulting firm operating worldwide), were caused by business behavior that violated business ethics. Likewise, the case of the financial crisis in Indonesia in 1997-1998 made Indonesian banks bankrupt because the BLBI (Bank Indonesia Liquidity Assistance) case was caused by the behavior of business players who did not surprise resource planning adhering to business ethics.

Many research results show that a company that embraces enterprise resource planning and adheres to ethical principles has an excellent corporate image. This image makes people like to buy the company's products and services and makes the stock price on the stock market increase significantly. Besides, companies that employ enterprise resource planning, ethical behavior will also attract many qualified prospective workers to apply to become workers in the company (see Strategic Finance, vol. 83, No. 7, p. 20, January 2002). Conversely, if a company commits a behavior that violates business ethics, it will suffer losses. For example, Nike shoes lost many buyers after the widespread publication of minors working for the Nike company in the third world country where Nike shoemakers were made.

According to Doug Lennick & Fred Kiel (2005), measuring the Moral Competency Inventory (inventory to measure moral competence). It is stated that four components of moral capital make a person have high moral intelligence, namely: Integrity (integrity), namely the willingness to integrate universal values in behavior. Individuals choose business resource planning behavior that does not conflict with universal ethical behavior rules. Entrepreneurial resource planning people behave in the belief that moral behavior at work is something that must be done and will make themselves guilty if it is done. Responsible (responsibility) for his actions. Only people who want to be accountable for their actions and understand the consequences of their actions can act by universal ethical principles.

The compassionate person will not harm others because he realizes that giving others affection is the same as providing appreciation to oneself. People who violate ethics are people who do not have compassion for others who are harmed by their actions that violate others' rights. Forgiveness (forgiveness) is a trait given to fellow humans. A person with high moral intelligence is not the vengeful type who unpleasantly responds to undesirable behavior. Like intellectual capital based on academic intelligence, the primary moral money is moral intelligence based on the four ethical competencies above.

Moral capital plays an increasingly important role because efforts to build intelligent humans with high IQs and humans who are good at managing their emotions in dealing with other people will deliver human meaning to life. The purpose of life is a strong motivation that encourages people to do something useful. Useful life is a life that gives sense to oneself and others. Apart from that, this moral capital also provides a feeling of complete life (wholeness). This is what Abraham Maslow called the "Peak Experience" feeling because of his closeness to

the Creator. This concept is often called spiritual capital (see Sinetar, 2000 in Ancok 2002). Stephen Covey (1986) includes part of this spiritual thing in the number of human activities that must be increased to become effective humans.

For religious people, the intellectual, emotional, social capital, grit, and moral capital discussed above are part of the spiritual capital expression. The higher one's faith and piety, the higher the five assets above. However, many people suggest that spiritual capital should be separated from the five assets above to emphasize developing spirituality and human diversity. In the eyes of those who have surprise resource planning with such a view, religion will guide life not to become egotistic, whose orientation only thinks about their interests. Therefore, efforts to develop faith are an absolute and central part of the growth of a prosperous and safe and peaceful society.

The body or body is a vessel to support the manifestations of all the above modalities. An unhealthy body will make all of the above capital not appear optimally. Therefore health is part of human capital so that he can work and entrepreneurial resource planning thinks productively. Stephen Covey (1986) in a book entitled " Seven Habits of Highly Effective People " said that health is a part of life that must always be maintained and improved as effective human support. When the body is sick, all of our bodily systems become impaired. As a result, we become lazy to think and act (intellectual capital), and often our emotions (emotional capital) are easily disturbed. We often give up easily in facing life's challenges (fortitude capital). Besides, the enthusiasm to interact with other people (social capital) is also reduced. Health must be kept stable because if health is unstable, it will affect the level of performance and productivity of a person.

Chapter Two - Scope And Human Strategy Capital

An explanation of investment in human capital, according to (Tunggal 1995, 88), namely: "Company expenses that contribute to earning company profits, such as training costs, will be counted as investment." Expenditures for human resources which are capitalized as investments or assets, not as expenses and are amortized over their useful lives the same as other intangible assets described in PSAK No. 19 (Revised 2000) Accounting for Intangible Assets regarding amortization, namely: "Amortization is a systematic allocation of the depreciable value of intangible assets over the useful life of the purchase. While the single explanation (1995) regarding the amortization of intangible assets, namely: "Certain human assets that have a useful life equal to the term of office of the organization that someone expects." According to the above opinion, human capital investment is company expenses such as training costs, which are capitalized as an investment and amortized according to the useful life equal to the expected tenure.

Charles R Greer (2001) divides investment in human capital into three types of investment, including: 1. Investing in training and development (investment in training and development) Investment in training consists of : a) Invest in employability, When there is a decline in staffing policies' availability, some companies invest their human resources informative experiences that make employees employable when company contact ends; this development investment will create increased opportunities, learning environments, training, and retraining. Having employees that match their employability characteristics is essential to the survival of the company. When there is a decline in staffing policies, some companies invest their human resources with formative experiences that make employees employable when company relationships end investment. This development will create an increased opportunity, learning environment, training, and retraining. Having employees who match the characteristics of their employability is essential for the continuity of the company. b) Invest in training, As stated earlier, investment in training is significant for the company's future strategy and competitive advantage. c) On the job training, With on the job training, employees are educated and trained in the workplace and at work.

Whereas investment in management development is the continuous development of managerial personnel, it is an essential strategy in most organizations. It is a complicated, unique

challenge that provides a vital enterprise resource planning or exchange strategy. 2. Investments in increasing retention (investment practices for improved retention) Investments in increasing retention can be in the form of: a) Company culture by employees. b) The procedure for selecting or selecting prospective employees so that employees who choose Enterprise resource planning feel that they are by the organization, work, and co-workers. c) Providing appropriate compensation and benefits (Job enrichment and job satisfaction). The balance between work and life of employees outside the organization. 3. Investment in job safety (investment in secure job workforces), The costs of human resources included in the types of investments in human capital above have: a) Education and training costs. b) Recruitment and selection fees. c) Health costs and security care. d) Rewards for employee performance. e) Cost of physical and spiritual development. f) Employee evaluation costs.

Meanwhile, according to Eric G. Flamholtz (1999), which is included in investment in human capital, namely: a) Investing in recruitment and voting. b) Investing in employee welfare. c) Investing in training and development. Based on the two authors above, the types of investment in human capital consist of: a) Invest in training and development. b) Investing in increasing retention. c) Investing in work safety guarantees. d) Investments in recruitment and selection of employees. e) Investing in employee welfare. The five investments above are a form of human capital that can be applied within the organization, where everything related to employees or employee costs is the company organization's concern, which will have a direct impact on organizational goals.

Human Capital Strategy is an approach that positions Human Resources management as a strategic issue that should not be left to Human Resources people alone. One of the critical questions frequently asked about Human Capital Strategy is "what management issues determine performance the most business?". The problem is how to make this connection work properly? The linkages that have been determined so far are very weak, namely that the Human Capital Strategy becomes the basis for the Human Resources (Information) strategy, which becomes the basis (information) for business strategies. If not careful, practitioners will say that all strategic business plans' implementation depends on human wealth.

In the future, the aspect that will most determine the development of the Human Capital Strategy is the methodology needed to establish a causal relationship between Human Resources policies and practices and business performance. Human Capital Strategy demands measurement

of human assets and evaluation of the overall impact on company performance (IRS, 2004). Here, the primary need is to measure the overall value of human capital and develop an understanding of the supporting elements and dynamics that translate the idea of social capital into real business value (Walters, 2006). The obstacle is the difficulty in improving labor productivity capacity without a thorough understanding of the contribution of Human Resources to the results produced by Human Resources (Donkin, 2005 in Baron and Amstrong, 2007).

Jac Fiz-enz, as one of the originators of the idea of Human capital in his book *The ROI of Human capital*, explains that in general, employees as part of the company's resources absorb up to 40% of general and administrative costs. Therefore, companies need to look at the return on investment from the human asset management process as a very significant capital factor in the production process. Within the company, a social capital strategy must support the company's vision and mission and be in line with the business strategy that has been prepared. Besides, an excellent human capital strategy must also consider the design of other functions within the company. This alignment makes the strategic contribution of human capital felt in the execution of all the company's strategy. Thus a company can improve its sustainable competitiveness through its social wealth. The human capital strategy aims to ensure the company can generate profits continuously through services or products that always meet customer needs.

To ensure that human wealth in the company can produce the intended product or service, a management process or social capital process is required. Based on the writings of Dave Ulrich, Wayne Broadbank, JacFiz-enz and research conducted by CIPD UK, there are 4 (four) process categories in the Human Capital Process, namely:

1. Acquisition Process

It is a process carried out by a company to ensure that the company always has the required competencies in implementing its business strategy, both in quantity and quality. In this process, several human capital systems are designed and implemented, especially the social wealth planning system, the assessment system, and the succession system.

2. Development Process

It is a process carried out by a company to ensure that all human wealth or human assets in place will have the opportunity to develop the highest competencies they have. Several social capital systems are designed and implemented in this process, especially the learning and development system and the leadership development system.

3.Engagement Process

It is a process carried out by a company to ensure that human wealth, especially those with high competence and performance, has a high attachment to the company. In this process. Several social capital systems are designed and implemented, especially the industrial relations system and employment relations.

4.Retention Process

It is a process carried out by the company to ensure that all company awards can manage the specific competencies the company needs and maintain the performance of each individual in the company. Several human capital systems are designed and implemented in this process, such as a fee system and a performance management system.

The target of human capital is the process that is carried out, and the management system that is designed and implemented is high-performing human assets. To ensure this can be achieved, the company's human capital function must develop measurement tools for each implemented management system. Thus, the company can ensure that its investment in specific knowledge, expertise, and behavior will ultimately increase added value on company performance. From the above statement, it can be stated that mixing a robust human capital strategy is a must. What is the content of human capital strategies that are worth researching? This presentation will dissect it for all of you because every solid human capital strategy must always depart from all phases in the Human Resources function: from the recruitment phase, performance management to the career development stage, and motivation of each member of the organization.

In the recruitment phase, almost all D Human Resources Managers in the country have a classic complaint: it is now increasingly difficult to find reliable middle-level managers. Talent war, pirates, hijack the best talent, finally becomes an inevitable fact. Because as has been researched by the Boston Consulting Group, in the next 15 years in Indonesia, there will indeed be a very shortage of reliable managers to support the accelerating business growth rate. On the other hand, new employees from the Fresh Graduate level who come from Generation Y (or Millennial Generation or Digital Generation) are also often seen as having a stricter work ethic than the pre-internet generation. Maybe the digital life culture, which is all in a hurry, is full of distractions, has helped shape a "new work culture" among the millennial generation. The challenge of hiring great managers is getting a classy Leadership Center (like the GE Learning

Academy, for example). Although it takes a lot of time and energy, making future manager candidates internally is a more constant supply of managers. And ready to be pulled out to pull the fast expansion business. The millennial generation (fresh graduates) deserves to be managed in innovative ways. If a company can provide a mobile learning platform or mobile work application (apps) that are cool in multifunctionality, maybe it can make the internet more entrepreneurial resource planning and productivity (because their world is now moving towards "mobile digital life").

Organizational management, business organizations are now ready to move towards measurable results (with a performance scorecard. And objective measurement). A performance management strategy will never go anywhere when the organization does not have clear and measurable performance indicators for the various key positions. KPI-based performance management (key performance indicator), in other words, is a worthy requirement for immediate application. results that must be continuously and diligently reviewed to develop what is called a "performance-based culture." In the training and development phase, it may be time to leave the pattern, namely providing training to employees, after which it is abandoned. There is no systematic rain.

There is no attempt to measure the impact on business performance. The benefits of training will only be "then with the wind" carried away. Action-based learning patterns, or training based on real problems in the workforce, are proven to be more effective. In this process, training activities take place continuously, in short sessions (2 hours per week, over six months). In that period, the process of checking and re-checking continues: whether the training material looks real for improving team performance or not.

In the talent management stage, it is time for Human Resources managers to apply the Pareto principle, focusing all energy on only critical ways within the company (which is regulated only 30%). However, it is in line with the Pareto principle: this 30% often drives 80% of its business performance. It's a little strange if the company has the ambition to do talent development in all ways. This approach will cost too much energy and be unfocused. So report on 30% to 40%, which ranks the crucial way for the company. Positions that, if not there, would immediately cause the company to die and fail to operate. Then allocate all your energy and thoughts to make that 40% have world-class equivalent quality. Those are some points and

phrases that deserve to be explored at this time to formulate a reliable and capable human capital strategy.

Chapter Three - Human Capital Management Concept

Human capital management is carried out to determine the quality of workers in the organization. Human capital management is carried out in three stages, namely: a. Identification of human capital readiness. b. Social capital development. c. Human capital measurement.

Human capital identification aims to determine the readiness of individual competencies for human development. This identification process includes: 1. Strategic job families, Determine jobs that have a high impact on the quality improvement strategy. In this case, the assessor must know the strategic employment and people who can occupy the position. 2. Competence profile development, At this stage, detailed job requirements and tasks that refer to specific competency profiles are exact. This competency profile describes the knowledge, skills, and values needed for employees' success in their work. Experience includes general background knowledge that must be possessed. Enterprise resource planning skills to complement the necessary knowledge skills. Value is a characteristic or behavior that results in performance in a particular job. 3. Assessment of human capital readiness, In this step, we are assessing existing capabilities and employee competencies for implementing job families strategy.

To achieve the desired performance level more quickly and cheaply, human capital development programs focus only on a small number of employees in strategic jobs. This will make spending more efficient on human resources programs. Developing individual competencies in job families strategy should be separated from annual operating expenses and progress in closing competency gaps. There are two keys to developing human capital: Humans are assets that have the value that can be increased through investment. In human capital, it aims to maximize organizational value by managing risk. If social value increases, people's performance increases, capacity increases, and value for customers and other stakeholders increases. Human capital policies must be by the support of the organization's vision and mission, core values, and organizational goals, namely the mission and vision, goals and strategies have been defined as directives that have been designed to be implemented and assessed by a standard, how this concept of human capital can help the organization achieve his vision. Human capital development is called strategic value capital. What is meant by the strategic value capital is that each person is required to have a strategy in the preparation of

values and to determine the priority scale by the objectives. Human capital development, among others, can be done through:

At the internalization stage, culture needs to be managed or managed. This stage can be achieved if the company culture can be measured (measurable). Internalization of corporate culture needs serious attention from various parties involved and competent, how to make corporate culture tangible. With the internalization of corporate culture, it will be seen that A from bank X, while B from bank Y, only considers the attitude and behavior. This situation is caused unconsciously both A and B have grown and understood the values that apply in their respective banks. Their attitudes and actions will follow the existing patterns in their respective companies.

Good corporate governance is a set of rules governing the relationship between shareholders, company management or management, creditors, government, employees, and other internal and external stakeholders relating to rights and obligations or, in other words, a system that regulates and controls the regulation. (FCGI, 2002) Developing professional human resources as productive and prudent human resources. Skilled human resources are expected to work very effectively by determining priorities wisely to increase organizational productivity. He created a leader or leader as a role capital and manager of people. A leader can not only be a person who demands his employees to plan entrepreneurial resources, behave, or act according to the organization's demands, but a leader is also a role model (example of capital). What is meant by the ideal method is a leader who believes in the truth of the values of justice that he teaches to be applied in daily behavior. There is no extraordinary power from a leader without making himself an example or role model. Human resource development creates cadres as role models. It establishes a leader or cadre who can manage people or workers who are called people managers because leaders are people managers who are very important in developing human resources and stick to practical organizational goals.

In developing human resources, it can be done by enforcing and increasing legal compliance. Implementing and improving legal compliance is expected to create an organizational environment by the organization's vision so that human resources can develop.

Human capital measurement has been defined by IDS (2004) as "about finding relationships, correlations and, ideally, causes, between different data sets (Human Resources), using statistical techniques." As Becker et al. (2001) emphasized: The most powerful action that Human

Resources managers can take to ensure their strategic contribution is to develop a measurement system that convincingly displays the impact of Human Resources on business performance. They must understand how companies create value and how to measure the value creation process. The human capital measurement design is expected to provide new data and show accurate results. So far, impact assessments on social capital programs are rarely conducted. Business organizations can assess human resources from the standard unit aspects of accounting in the income statement and balance sheet and through ROI (return on investment). In this case, ROI measurement is intended to measure the performance of personnel, data, and information systems that support each other to generate profitability. Adjustment of human resources with defined company goals. Very important. The human resources obtained need to be adjusted to what is required by the company. This includes financial, customer, and Human Resources strategic objectives.

At this stage, the business unit observes changes in mid-level service, quality, and productive results. Measurement is critical to know the value and development of the company. The purpose of the whole series of business activities is to improve quality, productivity, all change as measured by some combination of cost, time, volume, error, and human action. Human resource management impacts human resource management, including planning, recruiting, developing compensation, and maintaining the company's human resources. The measurement of human resources is more comprehensive than managerial measures with a traditional financial perspective because: Current management responsibilities are information based on work activities that need to be included with financial data. Financial data tells what happened. Human capital data inform why this is happening.

If we want to manage the future from the past, then we need intermediate indicators. Information is the key to management performance and information enhancement, which is useful if data is disseminated. There are three types of data measured in human capital, namely organizations, relationships, and people, which must be integrated into organizational measurements: Organizational data informs company ownership, Relational data disclose conditions outside the organization such as customers, competitors, markets, and needs or wants other stakeholders of the company. Data Humans inform how active assets, namely humans, run the organization to achieve goals.

We can understand how, when these data relate to one another, where the three support and guide each other, this concept is called intellectual capital. Processes, is a collection of techniques. The process takes place in the business unit. A value-added economy is the best measure for the process. Impact measurement human capital for this process provides five added-value points, namely: a. Setting requirements, each method requires specific regulatory settings, where these arrangements are adjusted to the company's vision, mission, and goals. b. Interference from outside the process will be timely and produce the best results by partnering with other units that impact the process. (For example, health workers need to contact other companies, administrators in the kelurahan. Where this cross-sector collaboration can help health workers to get data about the community). c. The process aimed at individuals through training (training), communication, supervision, and providing incentives. This is necessary to help one's performance at the expected level. d. Insert, accurate information can reduce errors and shorten the time to cancel the deviation from a certain level. e. Consequences by giving rewards or corrective action at the right habits and time. Process improvements can produce a lot of value, measured financially, because we can save money if we save time.

Actions that are focused on results, as measured by the increased performance that can lead to investment in business assets, such as ROI (return on investment) and training programs, namely: a. Business unit results in organizational performance, namely traditional financial performance such as economic value added (EVA), sales growth, market share, and stock performance. b. Key performance drivers that directly contribute to business units or company outcomes such as productivity, quality, innovation, and customer satisfaction are listed on the Balanced Scorecard. c. The capability of human resources as measured by quality humans in achieving essential business results such as the ability of the workforce adaptation to work and labor ties. d. The process of developing human resources generates human capital, resources, and operations. This evaluation includes performance processes and broader social capital processes, such as learning services and knowledge management. The measure above is a measurement technique to identify the company's specific needs and achieve the target according to the requirements.

The measure of financial, human capital consists of the action of Return on Investment (ROI). ROI in human capital, according to Fitz-End (1999), can be seen from: a. Revenue per Employee. The ratio between human and financial resources is measured by revenue per

employee. This measure measures how employees can contribute financially in the form of sales or how educational staff and administrative staff contribute to company goals. b. Human Capital Revenue Factor (HORF), It is a primary measure of human productivity by analyzing how much time it takes to generate a certain sales number. Application in the health sector is seen from how much time it takes to conduct a population survey in a certain period and produce scientific research in the health sector. c. Human Economic Value Added (HEVA), The purpose of this measure is to determine that managerial actions have added economic value, not just financial statements given in general. HEVA is a derivative of EVA (Economic Value Added), namely:

$$\text{EVA (Economic Value Added)} = \text{Net operating profit after tax} - \text{the cost of capital}$$

The calculation of HEVA involves the Human Resources aspect, namely how many full-time employees have done, which can generate net profit after the cost of capital. HEVA by:

$$\text{HEVA} = \text{Net operating profit after tax} - \text{the cost of capital FTEs (Full Time Employees)}$$

The higher the HEVA value, the higher the benefits generated by employees. This means that financially, the implementation of human capital management programs is exemplary. d. Human capital Cost of Factor (Human Capital CF), In calculating the amount of Human Capital CF, it is necessary to know the concepts regarding capital cost. There are four principles of the cost of capital that is: • Pay and benefit costs for employees • Pay cost for contingent • The cost of absenteeism • The cost of turnover

From the above principle, the pay is defined as the current cash compensation payment and does not include long-term compensation payments. Benefit-cost is the amount of money paid as a cost by the company to obtain services or benefits from employees. Absenteeism, a company cost for employees not doing tasks given. Turnover is the cost incurred by the company, including employee dismissal and placement costs. The advantages and disadvantages that are in the learning productivity curve are a combination of cash compensation costs (pay), benefit costs, opportunity costs (contingent), absences And enterprise resource planning employee turnover is the total cost of human capital in the organization. Then Human Capital CF can be formulated into:

$$\text{Human Capital CF} = \text{Pay} + \text{Benefit} + \text{Contingent labor} + \text{Absense} + \text{Turnover}$$

Based on this equation, if the value of Human Capital CF obtained is high, then the human capital program is low because employees cannot provide the best results and provide high

expenses. e. Human capital value added (Human Capital VA), Human capital value added is obtained from reduced sales to total expenses and compensation and benefit costs per total amount of full working time given by the employee. This measure is formulated by:

$$\text{Human Capital VA} = \text{REVENUE} - (\text{Expense} - \text{Pay and Benefit}) \text{ FTEs}$$

Based on the above ratios, if this ratio is high, then the human capital program's implementation is exemplary. Every full working hour of the employee can contribute to sales after deducting compensation and benefit costs. f. Human capital Return on Investment (Human Capital ROI). This measure is obtained by comparing the sales that have been made minus the total costs, compensation, and benefit costs to the compensation payments (pay) and cost benefits. This measure is defined as:

$$\text{Human Capital ROI} = \frac{\text{REVENUE} - (\text{EXPENSE} - \text{PAY AND BENEFIT})}{\text{PAY AND BENEFIT}}$$

Based on the formula above, the value of this ratio means the company's ability or institution to cover expenses, compensation costs, and benefit costs. g. Human capital Market Value (Human Capital management), This measure is obtained from comparing the difference between the assets' market value and the value against the employees' full working hours. This measure is defined as:

$$\text{Human Capital Management V} = \text{MARKET VALUE} - \text{BOOK VALUE FTEs}$$

Measuring the success of a social capital program; for example, training can be observed from its impact on:

- Ability to operate machines or services either individually or in groups
- The ability of employees shows the quality of their work
- How quickly a new product is being marketed
- Labor productivity

This measure allows the organization to diagnose strengths and weaknesses in key human capital processes, prioritize investment performance developments, and evaluate the overall impact of investing in a business. To get high organizational performance, each institution depends on three things: people, processes, and technology. The most important thing is humans because humans have characteristics and capacities. The principles of measuring human capital according to Accenture Human Capital Development are: a. Emphasis on investment to increase the value of individuals and labor in general. b. Re-examine whether the organization has

established a clear and disseminated vision (such as mission, vision, core values, goals, and strategies).

In this opinion, the human capital system generally means the related set of policies and practices that an agency uses to accomplish some aspects of human capital management. In this sense, the social capital system deals with a series of organizations' policies and practices to make social capital programs successful. In essence, the principles of the service system include planning, goal setting, implementation, and evaluation. The five courses are: a.Strategic Alignment (Planning and Goal Setting). The first system that supports the human capital program is strategic alignment. According to Lisa (2006), this strategic alignment is a system led by senior management typically the Chief Human Capital Officer (CHuman Capital O) that promotes human capital management strategies with agency mission, goals, and objectives using practical analysis, planning, investment, measurement, and management of social capital management programs.

In this sense, strategic management is a system run by senior management, usually the Chief Human Officer, which seeks to align the Human Capital Management strategy with the organization's mission and objectives, measured from the effectiveness of analysis, investment planning, measurement, and human capital management. The human capital management function task is to adapt the social capital management strategy to its mission and objectives and integrate it with strategic plans and budgets.

Leadership and knowledge management focus on leadership continuity by identifying and referring to potential gaps in ineffective leadership, implementation, and improvement of programs in acquiring knowledge and encouraging learning. In this sense, leadership, and management Experience is defined as the Human Capital AAF implementation system focused on identifying and addressing agency leadership competencies. Continuity of leadership is ensured, knowledge is shared across the organization, and continuous learning is present. Knowledge management and leadership are implementing the AAF Human Capital system, which focuses on identifying and referring to leadership competencies. Leadership continuity can be maintained, knowledge is disseminated throughout the organization, and a sustainable learning environment remains. The standard implementation of this system is that leaders and managers can manage people effectively, ensure continuity of leadership, maintain a learning environment that encourages increased performance, and provides a means for sharing critical

knowledge throughout the organization. Knowledge management must be supported by appropriate investment in training and technology.

The concept of human capital is concerned with the added value of people to organizations. Chatzkel said that human capital is the differentiator between organizations, and the factual basis is for competitive advantage. As stated by ES Human Resourcesenberg and Smith, social capital theory conceptualizes workers as the embodiment of a set of skills that can be "rented or at a sale value" to the employer. Knowledge and skills of workers come from education and training, including training that brings experiences that produce productive value (Baron and Armstrong, 2007). Stewart (1997) defines intellectual capital as intellectual raw materials such as knowledge, information, intellectual property, experience, which are collectively used to create prosperity in the company. Intellectual capital (IC) is the primary asset of an organization's knowledge in cleaning up its success and sustainable growth (Pasher and Ronen, 2011). Jamaluddin Ancok defines intellectual capital as a tool needed to find opportunities and manage threats in life.

Intellectual capital is the most basic potential for organizations to read opportunities and threats in ensuring success and sustainable growth. Intellectual capital is usually used in human capital, including knowledge, skills, and capabilities that enable a person to act in new ways. Or according to Baron and Armstrong 2007 human capital or intellectual capital has the following elements: First, social capital: knowledge, skills, abilities, and capacities to develop and innovate are owned by people in an organization. Second, social capital: structures, networks, and procedures enable people to acquire and develop intellectual capital. Third, organizational capital: the institutionalized knowledge held by the organization, which is stored in databases, manuals, and others. Human capital (intellectual capital), of course, needs to be managed so that the organization can use this valuable asset. Human capital management is concerned with obtaining, analyzing, and reporting the added value of intellectual capital, as well as managing human capital by considering them as assets and emphasizing that competitive advantage is achieved by strategic investment in assets through employee engagement, talent management, learning and program development (Armstrong, 2012).

Human capital management includes the accumulation of knowledge, skills, experience, creativity, and other attributes relevant to human capital. Details attached to social capital

(intellectual capital) are sources of organizational value, so it needs management by the organization (Human Capital Management). The concept of Human Capital Management describes individuals producing, storing, using knowledge and skills as intellectual capital. Their experience is interacted with each other and results in institutionalized knowledge possessed by the organization.

According to Bontis, human elements (individuals) can learn, change, innovate, and provide creative encouragement, which, if motivated, can guarantee the organization's long-term survival. Intellectual capital can be classified into human capital, structural capital, and relational capital. Jamaluddin Ancok sees the three of them as organizational capital, which he calls supporters of innovation: human capital, structural capital, and leadership capital. And according to Ancok, human capital that is capable of producing value is intellectual capital, emotional capital, social capital, moral capital, and health capital.

Human capital is the invisible individual knowledge of the organization's members, human capital as a combination of education, genetic inheritance, experience, and attitudes towards life and work. The hidden structural wealth of knowledge that embraces the organization (tacit knowledge) recognizes the enormous diversity of relationship fulfillment to managing the company in a coordinated way. Without this, intellectual capital is only human capital. Meanwhile, relational capital is a comprehensive knowledge of marketing (marketing) and customer relations, including learning about customers, suppliers, or the government.

As a source of organizational innovation, human capital includes intellectual capital, which plays a huge role in adding value to an activity. Companies that excel and gain a lot of benefits are companies that continuously develop their human resources. Emotional intelligence (Emotional Intelligence) describes the human ability to recognize and manage one's own emotions and understand others' feelings so that he can take appropriate actions in interacting with others. Social capital is the ability to build social networks.

The more extensive a person interacts with, and the more comprehensive the network of social relationships (Social Networking), the higher its value. For steadfastness, Paul G. Stoltz said fortitude is the capital for success in life, whether it's personal life or organizational life. The moral worth as behavior by company ethical principles has various proper support tools, one of which is humans who have morals that prohibit conduct that violates ethics. And health capital is the body, or the body is a container to support all the above assets' manifestations. An unhealthy

body will make all of the above capital not appear optimally. Therefore health is part of human capital so that he can work and entrepreneurial resource planning thinks productively.

Intellectual capital (human capital) needs to be safeguarded and protected; this effort cannot be separated from the pros and cons, whether to maintain and make changes or be resistant to change. According to Potts and LaMarsh, change management is a systematic process of applying the knowledge, tools, and resources needed to influence change in people who will be affected by the process (Wibowo, 2012). Or the efforts made to manage the consequences and results due to changes in the organization, change can occur because of causes originating from within or outside the organization.

Change management is a process of managing resistance (resistance) due to the impact of change to obtain the organization's solutions to control the change's effect on the people involved. The difference is a phenomenon that occurs in every organization with varying degrees of speed and magnitude of change. Change can appear in various sizes and shapes, making it difficult to get accurate change management. Change management can be approached with two approaches, namely planned changes that go wrong and changes in emergency emergencies. Robbins said the planned change is a proactive and deliberate change effort and deliberately carried out by the organization.

Meanwhile, unplanned change is a type of change that cannot be anticipated by the organization. Bullock and Batten in Wibowo 2012 said that planned changes were carried out in 4 phases of action: a)The exploration phase (exploitation phase), this stage the organization explores and decides whether it wants to make specific changes in operations if it needs a commitment of resources to plan changes. b)The planning phase (planning phase), a case involving understanding the problems and interests of the organization. c)The action phase, this phase implements changes drawn from planning with the process of moving the organization from its current state, bronsted to a future state, future state. d)Integration phase (integration phase), a degree related to the consolidation and stabilization of changes. Unplanned change is directed at five organizational descriptions that can develop and hinder growth, namely: 1. Organizational structure, structural changes with lots of delegates and a flat hierarchy. 2. Organizational culture (organizational culture), attempts to effect change in an organization by changing its culture.3. Organizational learning (organizational learning), learning in preparing people to be willing to make changes or to let them experience change.

Managerial behavior requires a radical change in the conduct of managers; managers become leaders, facilitators and trainers of power and political power and politics, the importance of getting support from senior managers, local managers, trade unions and workers, changing the paradigm of orientation from tangible assets to intangible assets require the ability to manage change so that what generated by resistance does not become a barrier to change. This requires change management assets.

The feeling of being comfortable with the existing conditions encourages resistance to change, even though other reasons include maintaining the status quo, the direction of change that has not been understood, or other problems. Rejection of change (resistance to change) does not always negatively connotate because rejection causes change actors to be more careful.

Changing intangible assets to become essential assets in the organization will undoubtedly disturb their comfort with tangible assets. For example, those who are comfortable with physical changes will feel disturbed if financial allocations are diverted for investment in R&D, they will feel disturbed when program activities oriented towards building construction are shifted towards improving academic activities and customer service (students).

As an asset that can win the long-term competition, intellectual capital can take advantage of opportunities and anticipation of organizational threats because it is non-physical or intangible in its realization. It will undoubtedly find a lot of resistance. Individuals, groups, or organizations can make rejection; rejection can be in the form of explicit or implicit such as protests, strikes, demonstrations, reduced loyalty, decreased work motivation, increased absences, and others.

Individual resistance can arise because of habits, security, economic factors, fear or uncertainty, and perceptions. The personal, group, or organizational resistance to structural inertia, broad-impact change focus, workgroup inertia, threats to expertise, threats to existing power relations, relations to resource allocation. Overcoming individual and group resistance, Coch and French Jr. propose six tactics: 1. Education and communication, which explains the background of the goals as a result of changes. 2. Participate, invite all entrepreneur resource planning, and make decisions. The leader is only a facilitator and motivator. 3. Provide convenience and support. 4. Negotiation with parties that are resistant to change. 5. Manipulation and co-optation, namely covering the real conditions with a more attractive one, spreading rumors and others. 6. Coercive, threaten, and punish those who are resistant. These rejections can be approached with change management, as stated by Kurt Lewin in Wibowo (2012), namely: a)

The unfreezing stage, the stage of thawing the status quo by identifying the need for change. b)
The changing or movement or cognitive restructuring stage, the learning stage where people are given new information, new behavioral modalities, new ways of looking at something, or movement towards change by creating new controls.

Chapter Four - Concept of Human capital Management

As is well known, human capital is a combination of skills, motivation, involvement, and workforce commitment. In the social capital management process, a strategy is needed, namely an approach to measuring and managing critical aspects of the workforce (Huselid et. All: 1961). Furthermore, this strategy is intended to determine the impact of the power of the lower line influence on the workforce's success, which results in a competitive strategic advantage that is difficult to imitate. In building a human capital strategy system, at least three essential components, namely the executive team's effectiveness, leaders who provide results, and excellence, are key positions that cannot be negotiated. (Hall: 2008). Human Capital Management deals with obtaining, analyzing, and reporting data that informs strategic added value, investment, and operational decisions of people management at the corporate and government levels in the field. As Kearns (2006) emphasized, Human capital management is concerned with measuring objectives, not just measurement.

The defining characteristic of human capital management is the use of metrics to guide managing people considered assets. It emphasizes that competitive advantage is achieved by strategic investment in current assets through employee engagement and retention, talent management, and learning and program development. Human capital management provides a bridge between human resources and business strategies. The Task Force report (2003) states that Human capital Management involves systematic analysis, measurement, and evaluation of how people's policies and practices create value.

Human capital management is defined as a people management approach that treats a high-level strategic approach to non-operational problems. Nalbantian et al. (2004) emphasized the aspect of measuring the objectives of Human capital Management. They define human capital as the accumulated stock of knowledge, skills, experience, creativity, labor, and other relevant attributes, indicating that Human capital Management involves putting into place a metric to measure the value of these attributes and using that knowledge to manage the organization effectively. Human capital management is sometimes defined more broadly without an emphasis on measurement.

Chatzkel (2004) states that Human capital Management is an attempt at enterprise resource planning to manage and develop human capabilities to achieve higher performance levels.

Keams (2005) describes Human capital Management as the full development of human potential, expressed as an organizational value. According to Chatzkel, human capital management is an effort to manage and develop human capabilities to achieve a significantly higher level of performance. Meanwhile, according to Kearns, Human capital Management is creating value through people and is a philosophy of human development. Furthermore, it is stated that Human capital Management is a process of creating value (Ingham: 2007). People as a critical factor for the survival of any organization (Hall: 2008).

Human capital arises from the shift in the role of human resources in the organization from being a burden to being an asset/capital. (Jac Fitz-enZ, 2009). Related to efforts to create value, human resource management is a catalyst that activates intangible capital, inert of tangible capital material equipment to improve operational effectiveness (Jac Fitz-enZ, 2009). Creating value is an effort to create value through building capabilities, strengthening the direction of business strategies, and prioritizing exceptional opportunities to realize organizational competitive advantage (Ilham, 2007). In line with this view, Burud and Tumolo (2004) argue that because human factors determine the success of organizational goals, it is necessary to increase intellectual capital (talent, knowledge, and skills) and relationship capital (relationships with customers, partners, vendors, and stakeholders. others).

From the description above, it can be concluded that Human capital is creating, developing, measuring, and leveraging the value of human resources in an organization. These activities aim to realize a high competitive advantage for the organization through various strategies and their benefits. It is a new concept and way of managing the organization regarding its workforce. Creating value, as mentioned above, is an effort made in the human capital management stage. This shows how the amount built is developed then increased. Ingham (2007) describes the critical position of human capital at the organizational level by increasing human resources' value.

The four fundamental objectives of Human Capital Management are to determine the impact of people in the business and their contribution to shareholders, demonstrating that human resource practices generate value for money in terms of, for example, return on investment ROI, guiding future Human Resources. and business strategy, providing diagnostic and predictive data that will inform procedures and practices designed to improve the effectiveness of people management in organizations.

Task Force (2003) concluded that greater transparency that creates value through one's policies and effective human management practices would benefit both the organization and its stakeholders. Managers, investors, workers, consumers, and clients, and all who have an interest. A knowledge-based industry, especially in obtaining, developing, and maintaining knowledge incorporated into goods and services, is the key to success. Knowledge cannot be easily separated from people; human resource information is essential in supporting processes that will enable organizations to successfully manage their learning.

Walters (2006) suggests that: effective social resource processes need to be balanced with an understanding of their impact on business costs. Other relationships may be less tangible or more challenging to measure; for example, the effect of employee engagement on factors such as productivity, service, and quality. In all of these cases, however, implementing a human capital approach with appropriate measurement and evaluation processes is likely to help provide valuable insights into employee dynamics and business performance.

Human capital management is at the top of a stage that forms a pyramid that describes the position of creating value, adding value, and value for money at the human capital management stage with the following explanation: Value for Money, This value refers to the value for money, fundamental and mostly intangible values that can represent increased efficiency: incremental improvements in effectiveness, meeting compliance requirements, or basic standards. This value is useful but does not always deliver business goals or provide customer satisfaction. It has an immediate financial impact but is substantial and limited if costs are reduced.

Added value is the capability needed to meet business needs. This capability is associated with improved efficiency but tends to increase effectiveness, leading to growth, change, and development. Value-added usually directly impacts finances through corrective action in operational processes, customer satisfaction, and so on. Creating Value. The value created is an ability that can sustain and change the way a business works by creating new opportunities for competitive advantage. The principle of value created is that improvements must be continuous and always not enough. The ability to create value is necessary to win the competition.

Creating value is a form of development of maintenance as well as one of the changes in the economy by jointly increasing competitive activities to maintain resources and capabilities not decreasing at their value level. This trend is also intended to create value in current conditions for the future, and this value is associated with money in the next five years. After understanding

what is known about creating value, of course how the value can be achieved, related to this problem, Ingham classifies activities to create value, namely actions that associated with: Build capability for the future (build capability to the future). Accelerate the business strategy (business strategy). Determine the advantages of the main opportunities you have to build a competitive advantage (build competitive advantage)

The next step in human capital management is improving value. According to Hall (2008), at least three components need to be considered to build a system (making the system) to achieve a competitive advantage. It depends on the four primary power functions, namely in the areas: executive team effectiveness, leader performance, defeating competitors, and employee performance. It further illustrates that systems can be developed to ensure that the people they have today become more valuable than they were years ago.

The strength of the effectiveness of the executive team that Hall refers to is the high performance of the Executive Team as a description of success in terms of the structural aspects of the group, which includes changes in how we define performance, how to determine actual performance, and how to build systems effectively to measure and manage the critical account. The Furthermore, defining each executive team's performance results is essential; as a first step, the Team can choose one of several products to be references about finance, operations, customers, or members choosing to combine the three. Meanwhile, about how we determine critical performance can be done through various modalities, among others, it is mentioned: Help a New Team Coalesce modal, Manage for In Year Performance capital, and Manage for Organizational Capability Growth modal. However, it was further explained that no available capital is considered the best for the executive team that guarantees that this method will achieve critical results. But at least the picture for the best money allows a particular group to achieve its stated performance results.

Next, another critical step is building systems effectively to measure and manage each team's performance. A method for measuring and managing team results requires rethinking the team scorecard to ensure that every product appears. Requires rethinking to determine the system plan to be built. Furthermore, to evaluate the effectiveness of human capital, a measurement system is needed, and one of the approaches offered by Huselid et al. (1961) is The WorkForce Scorecard, which is a system of measuring the results of labor in terms of maximizing the strategic contribution of delivery.

The workforce's scorecard is used to identify and measure the outcomes, behaviors, competencies, thinking patterns, and culture required for workforce success and reveal how the impact of each of the bottom line dimensions is. In this perspective, organizations also need to be customer-oriented or outside so that Human Resources are more emphasized in their role in seeing and carrying out their functions. In addition to the benefits of the above approach in the book ROI of Human capital, Jac Fitz-enZ (2009) reveals the urge to measure human capital reflects the change in the human resource management war from an administrative role to a strategic business partner.

Furthermore, people are increasingly aware that competitive advantage does not come from sophisticated product or service designs, the best marketing strategies, the smartest technology designs, or the most intelligent financial management, but comes from the right system, motivating activities, and managing resources organizations. Human. When optimizing and measuring Return On Investment (ROI) at human capital, it is necessary to understand how these three things interact with other forms of capital, both tangible and intangible. Human capital ROI is several benefits obtained by the organization or the return rate or profitability from the amount of money spent to finance labor. Let's look more closely at the workforces scorecard and Human capital ROI. Both of them are closely related to one another, where a scorecard is an approach to measuring effectiveness.

In contrast, the human capital ROI is a measurement standard for the level of benefits that the organization receives through returns on costs incurred for labor about how much considerable benefits in connection with several values that have been sacrificed. This means that the two approaches will clearly show the achievement of quality and services from the workforce; this is shown solely to identify and make organizational decisions or more accountable policies. At this point, it can be understood how significant value is in human capital. This value is the focus of Human Resources professional activities in making it happen; it is tough because the value of human capital is often invisible and intangible (intangible value), but it is an asset that must be appropriately managed and maintained just like tangible organizational assets (real assets).

In several concepts, human capital, even though the value does not have a form, can be measured (measurement) of its existence, known and increased (leveraging value). About the above expression, the amount that has been created is expected to be beneficial for strategic

benefits, so for more optimal results, the next step is to leverage or increase the value (leveraging value).

Modern theories for managing new realities in human capital, ways of thinking, and entrepreneurial resource planning, radical new behaviors are needed in the changing conditions of the business environment, society, and individuals. After the value created through creating value is developed through improving value, and then its effectiveness is measured (measurement value) through the workforce scorecard or human capital return on investment, the next step is to increase or leverage that value (leveraging value) so that it is more useful for the competitive advantage of an organization.

Related to this problem, we will be faced with a strategy to increase the value of human capital, wherein this activity, according to Hall (2008) that humans are the only resource (resource) that has a competitive advantage (competitive advantage). However, how do we recognize it? and how we measure and manage it, our strategy, and how much human capital is owned, can human capital be increased from year to year.

Increasing human capital here is meant to increase value as something that is considered necessary in a sustainable manner to obtain benefits from an organization's competitive advantage. Burud and Tumolo (2004), in their book entitled *Leveraging The New Human capital: Adaptive Strategic, Result Achieved, and Stories of Transformation*, suggest that *Leveraging The New Human capital* is not just reminding companies to achieve better results through people as in general, but this way.

They were assessed as a strategy in managing Human Resources. From the leveraging value activities above, apart from the fundamental efforts in its adaptive strategy activities, there are interesting problems for Human capital Management. At the same time, it demands that this condition obtain a kind of sustainable guarantee. This problem, if observed, is the problem of Social Capital. We do not forget that human capital is part of human resources at the level of adding value where they cannot be separated from their origin as well-equipped Human Resources. As humans who have brought values, they will increasingly need a relationship with other humans.

From the various literature that has been described above, at the leveraging value stage, the focus of the improvement made (after being observed) is richer on human relations issues. In this framework, humans are an entrepreneurial resource element seeking competitive advantage

through all the potential inherent in them both physically and intellectually. It is possible to explore all the treasures of creativity, knowledge, and capabilities they have. I consider it okay if the organization or company thoroughly utilizes it to achieve its goals. However, we must remember that humans are still humans who have the instinct to relate to other humans. Humans cause this as social beings (society).

In conducting interactions between colleagues, communities, customers, trade union networks, and even universal networks. Responding to this problem, one of the concepts developed by Baker (2000) in his book *Achieving Success Through Social Capital* that through Social Capital, we are more fortunate, with a good network is vital for our health and emotional well-being, and a meaningful and even life.

Longer. Baker further argues that social capital is a type of practical empowerment program to move beyond the myth of individualism by recognizing that we are all always connected and connected in a network. This can also be the key to success and success. The system will provide benefits and is a necessity in supporting and realizing the vision and achieving goals. Therefore, social capital can increase wealth, health, and happiness by tapping the hidden resources of professional business activities that begin with a personal network. It was also explained that the system could be evaluated to improve its practice and implementation with the hope that the contribution of human capital is more significant than others' interests.

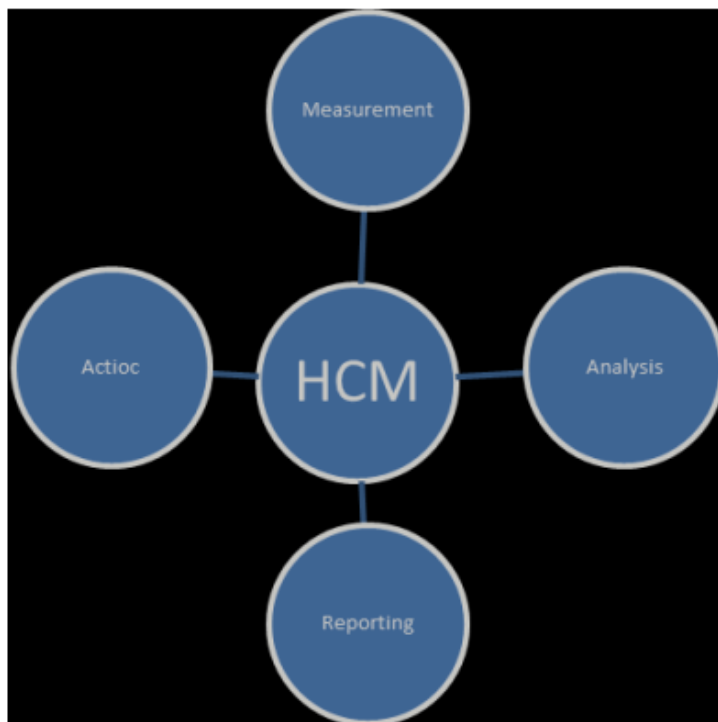
Human capital management strategies can be developed using the data provided by measuring and reporting human capital management. Human capital management strategies can only be studied in a company with legal status and business strategy. The approaches used by social capital management include: placing human capital as an asset and a key player that excels in creating maximum business performance; the way of calculating and managing human capital is the same as that of managing financial capital; company managers can learn from their experiences to make progressively better decisions.

More emphasis on the human capital management approach is the development of potential employees and management staff. Because of that, performance measures are essential. What needs to be remembered in developing human capital management is its fundamental objective: to understand better what to do. In the end, human capital management is used to achieve the goal of paying attention to how the business is improved, its impact on performance.

Chapter Five - Stage Of Human Capital Management

The human capital management process that emphasizes measurement, both Baron and John Ingham stated that human capital management is critical in creating added value. The social capital Management process is a series of measurement, reporting, evaluation, and action activities and allows organizations to optimize their human resources' productivity through measuring, reporting, analyzing, evaluating, and implementing activities to achieve organizational goals (Baron & Amstrong, 2007). For more details, it can be seen in the following image:

Image: Human resource management process



Meanwhile, based on the writings of Dave Ulrich, Wayne Broadbank, Jac Fiz-enz and research conducted by CIPD UK, there are 4 (four) process categories in the Human capital Process, namely : 1.Acquisition Process is a process carried out by a company to ensure that in implementing its business strategy, the company always has the required competencies, both in quantity and quality. In this process, several human capital systems are designed and implemented, especially the human wealth planning system, the assessment system, and the

succession system. 2. Development Process is a process carried out by a company to ensure that all human assets that are already in place will have the opportunity to develop their competencies as high as possible.

Several human capital systems are designed and implemented in this process, especially the learning and development system and the leadership development system. 3. Management process is a process carried out by a company to ensure that its human wealth, especially those with high competence and performance, has a high linkage to the company. Several social capital systems are designed and implemented, especially the industrial relations and employment relations systems. 4. The retention process is a process carried out by the company to ensure that all company awards can manage specific competencies needed by the company and maintain each individual's performance. Several human capital systems are designed and implemented in this process, such as a fee system and a performance management system.

What drives human capital management before looking at the processes involved as critical drivers are achieving the organization's strategic goals, recognizing that these goals can only be achieved using resources effectively. The necessary resources are people, their knowledge, skills, and abilities. Create value and generate human resources and competitive advantage; appreciation of the importance of understanding the factors that will create value through people; the awareness that to understand and apply these factors slightly different, to measure and assess the actual and potential impact of human resource processes and the use of business strategies from the results of these measurements; the need to ensure that social resource processes provide value for money.

A direction affects how processes are used to produce specific results. As our research has shown, this means that approaches will differ between organizations depending on the products they plan for. For example, suppose the internal direction of Human Resources and surroundings shows the value of money. In that case, this approach is very different from when it was about determining the impact of the people who have contributed to shareholder value. Human capital management is also a dynamic and evolutionary process that is important to emphasize the idea of human capital management as a process. It is not difficult to record and report baseline data, although some analytical skills are required. At the beginning of the journey, the organization can collect primary data about Human Resources, for example, employee mutations and attendance.

Becker et al. (2001) emphasize: human resources must be able to ensure their strategic contribution to developing a measurement system that displays the impact of human resources on business performance. They must understand how companies create value and how to measure the value creation process. It means involved in the measurement of social capital as defined and described below by Scarborough and Elias (2002) that the measurement process can be as necessary as the measurement itself. The measurement of human capital has been defined by IDS (2004) as to how to find links, correlations, and ideally, causation, from human resource data using statistical techniques. CIPS (2004) emphasizes that measures relate to analyzing actual employee experiences, not those of human resource programs and policies.

The measurement of human capital is based on human resource data, which consists of numbers or amounts that describe the human resources in an organization, which are certain aspects of people's behavior or show the scale of different people management activities. For example, data could refer to demographic figures on the workforce's size and composition, or the number of graduates, or the number of training completed, or the number of vacancies filled. Human capital data may be required for compliance with applicable laws and labor recruitment needs. Thus data may be available on the number of people who leave the organization during a specific period, but this would be interpreted as a measure of enterprise resource planning employee circles. It is necessary to establish a particular measure or metric to indicate what data is required for a measurement to be carried out.

A metric is just another measure word, although it has a more sophisticated connotation. Data that has been analyzed and integrated Enterprise resource planning interpret through specific steps provide human capital data to provide a basis for evaluation, planning, and action. In turn, measuring an organization's to provide the information it needs on human capital may have implications for the types of data collected and how this data is collected.

Many organizations rely on data from Human Resources computer information systems that are designed for very different purposes. As a result, they have difficulty interpreting the data and ensuring that it is comparable to data collected in other ways. Data and actions are turned into reports as a basis for a greater understanding of how to take action.

There is an extraordinary case for the human capital valuation method. The problem is to develop a reliable framework of information that can be collected and analyzed, such as value-added per employee, productivity, and behavioral actions of employees (attrition and absence

rates, frequency or severity of accidents, and the resulting cost savings from suggestion schemes). Becker et al. (2001) refer to the need to develop a high-performance perspective in which Human Resources and others see Human Resources as a system embedded in a more extensive system in organizational strategy implementation.

They stated that: "Manages the company and measures the relationship between the two systems and company performance." A high-performance work system is an integral part of this approach in link company selection, and promotion decisions for competency capital should be validated; develop strategies that provide timely and practical support for the skills demanded by corporate strategy implementation; enforce compensation and performance management policies that attract, retain and motivate high performers.

Human capital is an essential intangible asset in an organization that is essential for business success. It is recognized that the importance of achieving human capital excellence has led to an interest in developing this method of measuring the value of intangible assets for the following reasons: Human capital is a critical element of a company's market value. A research study conducted in 2003 (CFO Research Services) estimated that human capital's value represents more than 36% of total income in people in an organization, adding value. There are cases for assessing this value to provide a basis for Human Resource planning. And to monitor the effectiveness and impact of Human Resources policies and practices. The process of identifying the steps in collecting and analyzing information relating to them will focus the organization's attention on what needs to be done to find, maintain, develop, and make the best use of its human resources.

Measurements can be used to monitor progress towards achieving Human Resources strategic objectives and generally evaluate the effectiveness of Human Resources practices. However, some have suggested caution about measurement. Leadbeater (2000) looked at measures that can produce complex calculations that allow managers to manipulate perceptions of value to the detriment of investors.

The fact is that too few of these steps are focused on the corporate event of creating value and generating money. Scarborough and Elias (2002) conclude from their investigation that the specific set of measures or organization metrics is less important than the process of measuring and using the information gathered. The Institute for Occupational Studies (Hartley and Robey, 2005) emphasizes that human capital reporting is not just about measurement. Donkin (2005)

emphasizes that: not self-measurement is the key to the success of Human Capital Management, but measurement and the resulting practices.

The effectiveness of these practices depends mostly on how they are perceived and understood by employees and the types of behavior their workers are motivated to. Its primary use is to evaluate costs and test the effectiveness of strategies, pointing the way to further improvement. Human capital reporting is concerned with how to provide information about how well the organization's human resources are managed. There are two aspects of reporting: first, external reporting to stakeholders. The second aspect is internal reporting, which informs stakeholders about how human capital is managed and is complemented by a statement about how this information will guide future action.

Its purpose is to inform decision making about Human Capital Management, not just to record numbers. External reports must represent an understanding of the relationship between Human Capital Management policies, business practices, and strategies, and performance. This means that it usually must include details about the workforce's size and composition, employee retention and motivation, skills, competence and training, fair remuneration and employment practices, and leadership, and succession planning. This report shall follow an appropriate process for review by the auditor, provide information in a form that is possible to compare over time, and use commonly accepted and easily defined terms.

Internal reporting should be linked to an external reporting framework but focuses more on the practical implications of the data that has been assembled and analyzed. Information and titles of internal reports that must be adapted to the context and needs of the organization. Establishing this quantitative and qualitative information may include data on the workforce's size and composition, planning and retention activities, attendance, motivation, skills and competencies, learning and development activities, remuneration and fair employment practices, leadership and succession, and the results of opinion or surveys—job satisfaction.

They analyze employee satisfaction and engagement measures, benchmarking them with data on business performance, and showing their relationship. Analyze external benchmark results. Identify the organization's main performance directions and show how Human Capital Management contributes to increased value-added in each region. Review the extent to which people management strategies, policies, and practices contribute to achieving business goals.

Determine the return on investment in the management and development of people projects and evaluate the effectiveness of investments; Conclude the implications of the data for the future, people management strategies, policies, and practices. In using the evaluation approach politically, there are 6 six steps of evaluation: 1.Determine from the analysis of the essential elements showing where the action is required; 2.Determine the necessary actions and, concerning analytical data, identify alternative klaten to meet the needs; 3.Assess the advantages and disadvantages of each approach; 4.Summarize the data and other factors that influence the choice of approach; 5.Define the criteria for determining the success of the chosen approach; 6.Prepare a business case for an approach using home data to support planning. Although the Human Capital Management process can be described as a series of activities starting from measurement, reporting, analysis, evaluation, action can also be described as a holistic approach to prove value to each person and produce amount. It was added from them. Human Capital Management can also be considered an attitude of mind rather than a series of belief techniques that invest in people highly desirable. Still, it should be considered as an investment that is supported by evidence.

Chapter Six - Implementation Of Human Capital Management

The application of human capital entrepreneurial resource planning in the company's principle views the importance that employees are the foundation of the business and employees who keep the business alive, and employees can accelerate the development of the company's business as strategic partners in competitiveness. Quality organizational dynamics processes are supported by adequate human resources (Human Resources) and effective organizational performance.

Every company must have a strategic vision and mission to develop its business goals by the long-term plans prepared by management and stakeholders. In the foundation of human capital as the foundation for the business, the company has a human asset area that can be managed, directed, and developed. Human assets are in the form of competencies that exist within employees. Competence is needed as part of the skill's ability to carry out their roles and responsibilities. Competence is a significant factor in measuring employee performance.

Competence becomes the basis for the implementation of the Human Resources division in the management and utilization following the organization's demands. It is providing facilities for employee career development to create a pleasant, positive competitive climate. Employee competency development is the organization's responsibility in carrying out the three pillar functions, including productivity and quality of the above services. The organization has formal responsibility in developing the competence of its employees.

Existing information will be meaningful in human resources, depending on data that has meaning. In this paper, data starts with assessing the overall considerations that affect data collection and analysis. Management and professional development of people have a wealth of data at their disposal.

They have data from hiring, training, performance management to payroll and workforce opinions. They have access to data from customers, financial and operating indicators. The challenge is not in looking for data but in interpreting what the data means. Perhaps the easiest way to achieve this goal is to look for causal relationships. So, for example, a manager might investigate whether bonus payments led to higher performance. The main types of data are our business performance data, corporate social responsibility data, customer data, demographic data, development data, diversity data, employee opinion data, and Human Resources data.

Business Performance Data is data that will provide information about business performance that varies from one organization to another. However, most organizations collect sales or customer satisfaction data to measure this business performance data. Other forms of data that can be used to assess business performance include incidents, cross-selling incidents, brand recognition, customer loyalty, and public sector targets set by government-corporate resource planning. This data is even in a raw state that can provide information about performance to an organization, mostly if it is tracked over time or when compared to industry standards. However, if correlated with employee data, such as interaction commitment, it can calculate projected financial increases in employee satisfaction, duty, or loyalty.

CSR data is increasingly essential for organizations. The environment is one of the areas filled in business reviews. CSR data is demanded by more customers who want high ethical standards of a business, how organizations treat the workforce, especially in the developing world, and their record of environmental issues. Several organizations were interviewed to include CSR as part of the reporting process and some human resource information in the CSR reporting process. CSR data can be correlated against customer data to see if increasing the organization's record of growing sales increases. It can also be associated with employee data to see if there is an increase in the number of applicants for the job (because they know the organization as fair) the level of commitment and satisfaction or loyalty of the organization.

Customer Data is an essential source of business performance data and a vital source of data in itself. By gathering data on customer opinions and perceptions, organizations can better tell about the types of behavior they manage to encourage their employees, the types of sales techniques that will provide the most value and the products and services that customers are likely to demand future. Some of the interviewed organizations used a customer survey created, which they then correlated against other forms of data to provide services that match market demand. The Chartered Bank standard uses customer satisfaction as one of the results of its efforts, and both Norwich Union and Pfizer mention that they specifically track customer activity and this feedback into the human capital information process Them (CIPD, 2006).

Most organizations, and of course, all interviewees collect some form of demographic data. This includes data on age, years of service and gender, and so on. This data is used in several ways. Some compare to compare the labor profile with the national labor market profile to identify problems. For example, in the Department of Defense, managers began to reveal that

many senior staff members were over 45. However, when they compared their profiles against national demographic profiles and future trends, they began to understand that they tended to be more dependent on older workers.

Other organizations interviewed used this data to gain a better understanding of how they could overcome difficulties in filling vacancies and to access information on the external labor market. The workforce's competencies and skills are often presented as essential components of human capital, yet not all those collect training and development data. However, for the most part indeed, collecting data covering the number of training activities held, training days per employee, and users of online learning programs, etc.

One human resources manager told us that their main concern is an ability, "do people have the skills and competencies to do the job, and if so, how can we prove it?" Additionally, they collect development data to ensure that people are suitable for the job. To move to a critical position. In this way, development data is also linked to succession planning and career management.

However, most of the interviewees' key was about measuring the effect of training on future performance. This is difficult but not impossible and emphasizes the close relationship between development and performance management. Several factors need to be considered when trying to correlate data, including to what extent individuals have the opportunity to apply what they have gained to their current job; whether training can improve their abilities in their current jobs or prepare them for future roles; performance appraisal criteria and the extent to which individuals can influence these criteria.

Several organizations collect mixed data to avoid allegations of discrimination. Most of the organization's diversity data is contained within the scope of demographic data collecting information on age, gender, race, and disability, including development opportunities. There is some evidence that reflecting the diversity of the customer base in the workforce will improve business performance.

Diversity data can correlate with customer data and data business performance to test it in the field implementation. Data on employee opinions is the most common way organizations assess satisfaction, engagement, commitment, and loyalty. Performance capital developed by Purcell and his team at The University of Bath (Purcell et al., 2003) identified this problem as an important driver of discretionary effort and business performance. The Nationwide Building

Society also uses employee opinion data to feed into modeling scenarios that allow managers to predict the financial impact and likelihood of different actions in management (CIPD, 2006).

Finally, data on various activities and aspects of Human Resources are routinely collected by practitioners. The types of Human Resource data collected and used for human capital evaluation and reporting purposes include: Operating cost per head monitoring; Income or profit per employee; Monitoring of average income; Permanent to temporary staff ratio; Average salary; Wage differentiation based on performance and potential contribution; Recruitment rate: length of time to recruit, number of applicants for each job, applicant's skill level, etc. Internal ratio to external recruitment; Health safety data; Data from existing interviews; Performance management or appraisal data; Enterprise resource planning employee turnarounds and retention.

Enterprise resource planning loop and retention is one of the critical steps used by most organizations. This is exciting because it is usually relatively easy to attach costs, therefore calculating savings if turnover can be increased. However, the turnover calculation approach differs from organization to organization, which makes comparisons difficult. Apart from turnover and data retention, much of the data listed above does not inform the raw data organizations.

However, having analyzed and assessed with other data can be very informative. For example, working at Bath University was able to identify significant relationships between various Human Resource processes and levels of commitment, satisfaction, and loyalty. They found that when people felt sufficiently treated by the performance management process or were able to balance work and commitment, or believed that there was a genuine interest in their career development, they also felt high levels of commitment and satisfaction, which increased discretionary effort. Them (defined as the effort of additional persons to put in their work the minimum required amount).

Likewise, attendance data is collected by most organizations, perhaps as a result of the number of surveys to highlight the costs of absence. However, again organizations are taking a different approach to data. Some keep it to monitor and identify problems with specific individuals who have had absentee rates. Others use different numbers as an indicator of many underlying severe problems.

Several problems with data collection were identified from discussions with practitioners and others. Perhaps most situations are when companies merge. This often results in two

different data collected using different techniques and additional calculations, which makes it more difficult to assess trends or build on knowledge.

The two most common problems in various organizations may be using Human Resources information systems where information is collected and reported in different ways. The latter pain is particularly acute in organizations operating in multiple areas of business. One such organization graphically illustrated the problem by telling how even a simple statistic like the headcount cannot be relied on because different systems are used in other parts of the business to compute numbers using different formulas.

The Royal Bank of Scotland, for example, collects data from all sections of businesses around the world using a variety of different systems. By interpreting this in a standardized form, banks can still produce speedy, meaningful information to adequately inform people and business management activities (CIPD, 2006). To deal with the problem, HR people need to become more competent and better able to express statistics, what they want from technology in terms of the nature of the data they need, and how this needs to be presented. Although they do not have to be experts in statistics, they will need to understand what the different data collection methods are, hence the need for enterprise resource planning interpretation and analysis.

A summary of the types of data that have input to Human Capital Management is presented at the various levels at which the organization operates concerning data collection and management. This model emphasizes that it's essential to start with the basics. If an organization cannot accurately inform from outside how many employees it has.

The necessary steps for producing quality data on human capital are as follows: Start with baseline and constrained analysis to identify trends and patterns and what the data is; Shows integrity by ensuring that the data is accurate, reliable, and assessed; Advances to a higher level of data collection demonstrate the value of a particular process and allow managers to see how their actions can impact performance; Identify the drivers of business performance. The data collection process's objective should be to create a cycle in which people management outcomes increase from data provided to line managers that allow management action recommendations. Over time, this will create a new environment that becomes the right knowledge provider and enabler of management people leading to improved business performance Intermediate.

In the raw form, many data types are routinely collected by the HR department, namely, informative information and the most basic data. This data can reveal the contribution of insight

and the value of human capital, making this data valuable as an effort to collect and record. Even raw data can provide a lot of statistical information that can be very persuasive when supported by the leader's arguments.

However, the real information occurs when it comes to being correlated or compared. In its simplest form, it can mean looking for patterns or asking a series of questions: Is absenteeism high in a department where there are many job openings, or is it taking a long time to fill vacancies? Are there any accidents on the part of the business where the staff is mostly hired temporarily? Do most people leave the business only when they have completed a certain level of training? Does retention increase when internal applicants fill shortages? Does the profit or multiplication income increase when there is additional training?

More sophisticated level steps can be taken to correlate different data to small and medium-scale efforts to identify any cause and effect. However, the most useful information comes when capitalization techniques are applied to identify business drivers. The purpose of making Human Resources data should be to provide data to information managers to inform their best actions on how people manage to improve performance and increase business and competitiveness.

Chapter Seven - Concept of Human Resource Management and Human Capital Management

As is well known, Human Capital Management, according to Chatzkel (2004), is an effort to manage and develop human abilities to achieve a significantly higher level of performance. Meanwhile, according to Kearns (2005) that Human Capital Management is creating value through people and is a philosophy of human development. Meanwhile, Human Resource Management, according to Gary Dessler (2006), is a policy and practice of determining human or human resource aspects in a management position in the process of obtaining, training, assessing, and compensating employees, paying attention to their work relationships, health, safety, and issues of justice.

Meanwhile, according to the opinion of John M. Ivancevich (2007) that Human Resource Management is filled explicitly with programs related to employees who are carried out in organizational functions that most effectively facilitate the use of people (employees) to achieve corporate and individual goals. Dave Ulrich emphasized the need for human capital executives to understand the company's customers, their demands and complaints, and the extent of their level of satisfaction. He wrote that the Human Resources management unit's function is no longer focused only on internal customers, but also on external customers.

Ulrich's call deserves a positive response from practitioners or the HRD Division because this unit is the initial determinant of the organization's value creation process. The existence of the Human Resources unit in the organization is not part of Enterprise resource planning apart from the organization's business. By understanding customers directly, the Human Resources management unit can efficiently and effectively manage the Human Resources aspects of the organization. With the term human capital as a strategic business partner, because this term is still foreign to some Human Resources practitioners in Indonesia, they start to question the similarities and differences between Human capital And Human Resources are currently considered more friendly among practitioners.

So from the explanation of the above understanding, it can be concluded that the similarities between Human Resource Management and Human Capital Management are Human Resource Management and Human Capital Management both to regulate all aspects of the people or employees of a company by using management functions. Human Capital Management and

Human Resource Management systems provide multiple functions and capabilities for managing Human Resources business processes automatically and provide a single source of information for employees.

Contemporary Human Capital Management and Human Resource Management covers administrative personnel, work management, recruitment, talent management, training and benefits development, compensation and payroll, time and attendance, cost management, performance management, health and safety, and others related to the process business.

Garry Dessler was a character who first introduced the concept of Human Resource Management; according to him, Human Resource Management implements policies and practices that determine the human aspect of human resources in a management position in the process. Obtain, train, assess, provide compensation, pay attention to work relations, health, security, and justice issues.

The human capital management introduced by Chatzkel is an effort to manage and develop human capabilities to achieve a significantly higher performance level. Kearns reinforces this opinion that Human Capital Management is creating value through people and is a philosophy of human resource development. So that from the explanation of this understanding, it can be concluded that the similarities of Human Resource Management and Human Capital Management are both to regulate all aspects of humans or employees by using management functions.

Human Capital Management and Human Resource Management systems provide a variety function and ability to manage Human Resources in a manner automatic support in applying business processes. Human Capital Management and Human Resource Management both provide employee administration, performance management, recruitment, talent management, training and development, compensation and benefits, payroll, attendance, operational costs, health and safety, and others related to business processes. Difference between Human Resource Management and Human Capital Management.

The differences between Human Resource Management and Human capital Management, according to Gunawan Cokro 2008, are as follows: The difference in paradigm is that Human Capital Management views Human Resources as the vital source of the organization, while Human Resource Management views Human Resources only as a supporting resource; Human Capital Management focuses on strategic steps to maximize talent to create value to direct and

accelerate business strategies. At the same time, Human Resource Management functions to add value by ensuring that Human Resource Management supports business strategies. In terms of measuring the effectiveness of the contribution of Human Resources to the achievement of the organization. Human Capital Management believes it is essential to know the level of human capital management level in organizational achievement. Given the results of this measurement will determine the direction of the organization's Human Capital Management strategy. Therefore, the development of measurement tools in Human Capital Management is essential. Compared to Human Resource Management, the measurement of the contribution above actually already exists but is not as strong as in Human Capital Management.

Meanwhile, Andrew Mayo (2006), a Professor of human capital management from Middlesex University, provides an overview of social resource management differences. with human capital management, "the value of Human Capital Management is different from the emphasis of people and what they produce." The value of humans and what they produce is compared to the human resource function's focus. The focus of Human Capital Management assesses the impact of people management practices and their contribution to measuring the lowest boundary of its performance. According to Kearns (2005), Human Capital Management is creating a person's value and not overhead while in Human Resource Management, where people are considered significant as an expense and must be managed.

From the definitions of the experts above, it can be concluded that the difference between Human Resource Management and Human Capital Management is that Human Capital management views Human Resources as the key source of an organization. People use strategies with measuring tools to create value to direct and accelerate strategy business and does not consider humans as costs. In contrast, Human Capital Management views Human Resources as a source of support for an organization, and people are considered costs.

They must be managed with a strategy and pre-existing measurement tools. Meanwhile, according to Mayo (2001), the critical difference between Human Capital Management and Human Resource Management is that Human Capital Management treats humans as assets, while Human Resource Management treats them as costs. Kearns (2005) believes that people in Human Capital Management increase in value while in Human Resource Management, people are treated as a significant expense and must be appropriately managed.

The claim that Human Resource Management employees are treated as a cost is not supported by describing the Human Resource Management concept presented by US authors such as Beer et al. (1984). They emphasize the need for a long-term perspective in managing people and considering people as a potential asset rather than a cost variable. Fombrun et al. (1984), explicitly workers as a critical resource used by managers to achieve competitive advantage for their companies. Guest (1987) Enterprise resource planning argues that one of the main policy objectives of Human Resource Management is strategic integration.

The organization's ability to integrate Human Resource Management issues into strategic plans ensures that various aspects of Human Resource Management enterprise resource planning are integrated and provides for managers to include a Human Capital Management perspective in their decisions. The concept of strategic Human Resource Management fits the broader definition of Human Capital Management quite well as seen in the following purposes as the main features of the Human Capital Management strategy by Dyer and Holder (1998): Organizational level because strategy involves decisions about primary objectives, significant policies, and allocation of resources; The strategic focus is business-driven and focused on organizational effectiveness. In this perspective, people are viewed primarily as a resource that must be managed towards achieving strategic business objectives. By its nature, the strategic framework provides a unifying framework that is, at the same time, broad, contingent, and integrative. They combine a complete set of HR objectives and activities specifically designed to suit the existing environment and be mutually reinforcing or synergistic.

William Scott Jackson, director of the Center for Applied HR Research at Oxford Brookes University Enterprise resource planning, concurs (Oracle 2005), “You can't just treat people as assets, because they depersonalize them and cause the danger that they are seen from a financial standpoint, which is not the least. for a critical engagement ”. However, there is something else. Human Capital Management and Human Capital L are not just about people as assets. Each of them also focuses on the importance of adopting an integrated and strategic approach to enterprise resource planning for managing people, which is the concern of all stakeholders in an organization, not only for people management.

Kearns (2005) calls management through cost measurement the goal is to form a clear line between HR intervention and organizational success: providing guidance on what to measure, how to measure, and how to report measurement results, underlining the importance of using

measurement to prove that people superior management is to provide excellent products and to show the direction in which HR strategy should be taken; strengthening attention to costs is necessary as a basis for Human Capital Management strategy and a process on the need to create value through people and for the achievement of organizational goals; reinforces Human Capital Management's belief that people are assets rather than costs; emphasizing the role of HR specialists such as making a strategy how to contribute to business success.

The concept of Human Capital Management complements and strengthens the idea of Human Capital Management. It does not replace both Human Capital Management and Human Capital Management. It can be considered an essential component in the people management process, and both form the basis for achieving human capital excellence through a resource-based strategy.

Chapter Eight - The Human Capital Frame Work Method

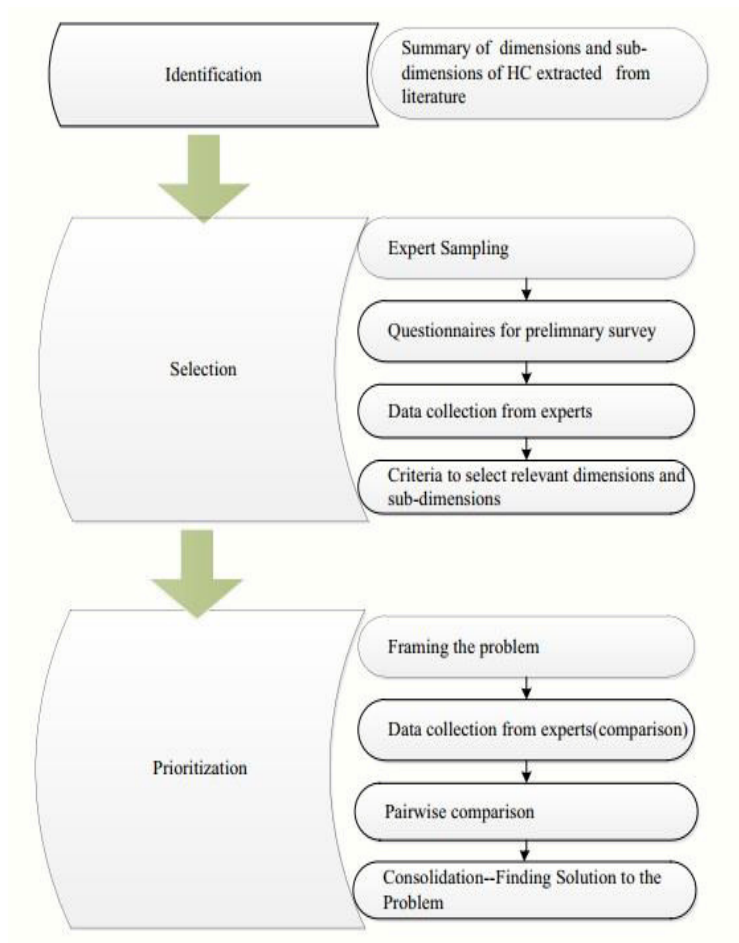


Figure of Stages in measuring Human Capital

The Human Capital Frame Work method is a theoretical framework for analyzing the relationship between human resource performance and measuring human resources in small and medium-sized manufacturing companies: what's the problem?

The human capital theoretical framework for small and medium scale business development Small and medium-sized businesses are increasingly adopting the context of enterprise resource planning.

The Enterprise resource planning system is one of the more complex information systems to implement, and the failure rate is very high despite the accumulated experience. Its

implementation does require a large amount of knowledge and technical expertise, and skills. Therefore, to facilitate easy access to external partners' knowledge and expertise, Small and medium-sized enterprises inculcate an Enterprise resource planning weave social relationship (i.e., social channel) with these external partners.

Social media allow the transfer of knowledge and sharing of expertise. The established relationships constitute social capital for small and medium-sized enterprises and enable them to develop their technical knowledge, skills, and experience (before attracting external partners). Intangible resources are created to represent their human capital. From the existing literature, the theoretical framework defined by potential factors that can impact human resource development is academic research that contributes to the literature by showing the effects (direct and indirect) of social capital on human resource development in Small and medium-sized enterprises.

In the project implementation of Enterprise resource planning. Regarding practical implications, a framework was identified to assist small and medium-sized business managers in increasing the likelihood of successful implementation of an enterprise resource planning system. This is a theoretical research method that contributes to the literature by showing the effects (direct and indirect) of social capital on human resource development for small and medium-sized enterprises in enterprise resource planning implementation projects.

Regarding practical implications, frameworks are identified in the research that can help managers on small and medium-sized enterprises increase the likelihood of successfully implementing enterprise resource planning systems. This contributes to the literature showing an effect (direct and indirect) from social capital to human resource development Small and medium-sized enterprises in project implementation Enterprise resource planning.

Regarding practical implications, a framework was identified to help manage small and medium-sized enterprises in increasing the likelihood of successfully implementing an enterprise resource planning system.

Enterprise resource planning system is a type of IIIc innovation technology, one of the most complex systems to implement and develop. So, it requires a lot of technical expertise (Shiau et al., 2009). as an implementation of type IIIc innovation, an enterprise resource planning system's performance, a knowledge process, and intensive skills transfer (Swanson, 1994).

Implementation of type IIIc innovations requires a lot of experience in IT and management organizations as well as a variety of competencies in system integration technology. This

explains the reasons for various internal and external stakeholders (Wang et al., 2007; Pan et al., 2007). Enterprise resource planning system implementation can be analyzed as an information system implementation process or creation, storage, and transfer of knowledge and skills (Li et al., 2006).

According to Soh et al. (2000), knowledge transfer is significant for an enterprise system's success. Resource planning projects. Implementation of an enterprise resource planning system requires the transfer of business knowledge embedded in an enterprise resource planning system for small and medium-sized businesses (Lee and Lee, 2000).

According to Wang et al. (2007), "Enterprise resource planning systems are large and complex enterprise systems, requiring a certain level of competence or ability to face the challenges imposed during the implementation process." The successful implementation and evolution of Enterprise resource planning systems depend, consequently, on the technical competencies developed by SME. Bessant and Rush (1995) note that building technology skills for a firm depends on external sources of knowledge (for example, support and assistance from external partners) for the firm to acquire knowledge and develop the skills necessary for a successful enterprise resource planning project. This acquisition is tailored to the information resources that support the development of competitive advantage.

In the context of Enterprise resource planning, a small and medium-sized business that continues to develop its human capital during the implementation and post-implementation phases will strengthen and make it more competitive than not creating it. In a small and medium-sized business that continues to develop its human capital during the implementation and post-implementation phases, the context of Enterprise resource planning strengthens its productivity compared to those that do not or do not create it.

In the context of an Enterprise resource planning system project, a small and medium-sized business that develops social capital (structural, relational, and cognitive) during the implementation and post-implementation phases will have more opportunities to expand its human resources those that are lacking or not. And will have more options for knowledge transfer and integration than those who are less or who do not develop it. It will be easier to develop its human resources than one who has difficulty accessing, transferring, and integrating technical knowledge from external sources.

During an enterprise resource planning system project, it is easier for a small and medium-sized business to transfer and integrate technical knowledge from external sources and has more volume of experience to absorb (i.e., opportunities to develop its capacity to absorb) compared to those who do not. The following is an overview of the conceptual framework for developing Human capital.

Enterprise resource planning systems are one of the most complex applications to implement and develop. The implementation is knowledge transfer intensive and demands a great deal of technical competence and expertise for parameterization and reconciliation of systems logic and organizational logic during the performance and post-implementation phases. Considering the volume of knowledge, knowledge, and technical competence required, every small and medium sized business that implements an enterprise resource planning project system must collaborate or build social relationships with external knowledge partners (editors and consultants/integrators).

On the one hand, social capital and, on the other hand, is the social relationships that allow the transfer of knowledge. They support human resource development. The development of social capital allows reducing the structural, relational, and cognitive barriers that are constraints on resource development humans (Balla Diop and et al., 2013).

Comparative Analysis of Human Capital Disclosures in Annual Reports and Sustainability Reports In the last 20 years, the accounting literature has increasingly paid attention to company practices related to voluntary intellectual capital disclosure (Guthrie, Ricceri, & Dumay, 2012; Wyatt, 2005). Among the three categories of intellectual capital, the most reported ones are relational capital, followed by organizational capital and human capital.

Human resources are. Usually, the last type said. However, it has been recognized as an essential factor in reducing investment risk (Wyatt & Frick, 2010) and developing and maintaining good relationships between companies and employees (Beattie & Thomson, 2010). Companies typically use a combination of public and private channels to disclose intellectual capital information, such as annual reports, Initial Public Offering (IPO) prospectuses, company websites, temporary accounts, company announcements, and presentations to financial analysts (McInnes, Beattie, & PiEnterprise resource planning point, 2007).

According to Lev and Zambon (2003), public documents can be used to disclose human resources for sustainability reports broadly. The sustainability report shows the company's

commitment to the social and environmental impacts of its activities. This report has been under-researched in intellectual capital literature (Cinquini, Passetti, Tenucci, & Frey, 2012). In this case, previous research has shown that according to Lev and Zambon (2003), a public document that can broadly disclose human resources is a sustainability report. This sustainability report shows the company's commitment to the social and environmental impacts of its activities.

Human resources are considered as one of the most important intangible assets; this includes the knowledge, professional skills, experience, and innovation of managers and employees in an organization. The Organization for Economic Cooperation and Development (OECD) (2001) defines Human Capital as the knowledge, skills, competencies, and attributes in an individual that facilitate the creation of personal, social, and economic well-being.

Meritum Guidelines (2002) also define human resources as the knowledge that employees take when they leave. This includes a person's knowledge, skills, experience, and abilities. In terms of external reporting, relevant human resource information is not essential to assess a company. This must be communicated to increase the company's market value and the information needs of different stakeholders (Wyatt & Frick, 2010). Beattie and Thomson (2010) show that the most critical corporate incentives for disclosure of human resources are to attract new employees and retain high caliber employees, to demonstrate that the company is socially responsible, to foster a reputation for transparent and accurate reporting, and to provide important information to investors that are not included in mandatory financial disclosures. Beattie and Thomson (2012) empirically confirm that facts that provide comprehensive and complex data such as competitive loss, legitimacy theory, stakeholder theory, and other financial disclosure costs are related to disclosure of intellectual (and human) capital.

Among the various theories used in previous research, Signaling Theory is useful for describing behavior when two parties have different access to information. One party, the sender, usually has to choose whether and how to communicate (or signal) the data. The other party, the receiver, must decide how to interpret the signal (Ndofor & Levitas, 2004). In general, individuals can make decisions based on publicly available information freely and privately to be accessed by a group of individuals or groups.

When some data is private, information asymmetry arises between those who hold the data and those who make better decisions if they have (Connelly, Certo, Ireland, & Reutzel, 2011). This situation generates information because "different people see different things" (Stiglitz,

2002, p.469). In this regard, Stiglitz (2000) identifies two broad types of information in which asymmetry is essential: information about quality and information about intentions. In the first case, information asymmetry is caused because one party is not aware of its facts. In the second case, information asymmetry is caused because one party is concerned about the other party's behavior or behavioral intentions. Signaling theory is formed by a set of critical elements that follow a logical sequence: signaling, signaling, receiver, and feedback (Connelly et al., 2011).

Signers are generally represented by people or companies and send signals to other parties involved in the exchange. The password is the information sent by the sender of the movement to the receiver. Ndofor and Levitas (2004) define alerts as "observable behaviors and attributes that change beliefs, or convey information to, other individuals in the market about unobservable attributes and intentions." Signs can include, for example, the prestige of the board of directors and top managers or the training investment the company wants to make to gather new talent. They must have several features, namely signal suitability, signal frequency, and signal consistency, to be reliable and credible for the receiver.

The recipient represents an entity that must use decision-making information (Bangerter, Roulin, & König, 2012). An individual or group of individuals usually represents the recipient. They represent a crucial agent because their level of acceptance affects the signaling process (Ndofor & Levitas, 2004). In turn, the signaling process only works if the receiver is looking for a signal in terms of being concerned with the type of information itself; otherwise, the process will be less (Connelly et al., 2011).

A vital element of this phase is the agent (i.e., the company) sending signals based on the consistency and effectiveness of the agent's previous actions. A good reputation can positively influence differentiating movements from reputable companies from opportunistic firms (Ndofor & Levitas, 2004).

The signaling process's final element is feedback, which represents the information the receiver gives back to the signaling in the form of a reply signal. Feedback aims to improve the quality and reliability of the future exchange of information between the parties involved. From a disclosure perspective, a company (signal provider) may decide to signal its human resources' characteristics to enhance its relationship with stakeholders.

Something companies may choose to use different document types to convey social resource information (signals) to various stakeholders (recipients), which can better evaluate the

company's characteristics and then make decisions that are more profitable for the company and themselves. (the feedback) (Ndofor & Levitas, 2004). For example, human capital information can be communicated to improve a company's image and reputation (Abeysekera, 2008) to attract potential investors and reduce the volatility of its share prices (Beattie & Thomson, 2012). Conversely, from an internal perspective, increasing human resource information can result in a better alignment of interests between employers and employees and generate trust in the organization (Thomas,Zolin & Hartaman, 2009).

In this chapter, the signaling is an annual report and a sustainability report. Signals are represented by human capital information, measured and analyzed in terms of the type of information, level of information, and quality of information. In contrast, recipients and elements of the feedback are discussed (if possible), drawing on previous studies on stakeholders' use of human resource information. Interests. Review of Voluntary Human Capital Disclosure Literature Human resource accounting and reporting can be defined as the process of identifying, measuring, and communicating information about human resources (Roslender, Ahonen, & Rimmel, 2007; Roslender, 2010).

In Wyatt and Frick's (2010) review of the relationship between human capital information, human capital investment decisions, and firm success, social capital disclosure is shown mostly as a voluntary choice by individual managers. Formal disclosure requirements are few. Recent analyses show an increasing trend in voluntary human resource disclosure regarding studies on human resource disclosure (Mangena et al., 2010; Gamerschlag, 2013). Arvidsson (2010; 2011) noted a decrease in research and development and relational capital information and increased human capital information. In this regard, Petty, Ricceri, and Guthrie (2008) show that financial market agents are dissatisfied with the level and quality of human resources revealed by annual reports.

Sakakibara, Hansson, Yosano, and Kozumi (2010) suggest that financial analysts (both the sales side and the buying side) have problems finding human resource information in public documents. This latest result is also confirmed by Luther, Tayles, Huang, and Haniffa (2013). They show that annual reports' social resource information is limited, unquantified, non-uniform, and tends to focus on board dolls.

According to their results, analysts must rely on alternative sources to obtain the desired information. However, several studies on sustainability reports have found that sustainability

reports contain several types of human resource information, such as employee training, characteristics, diversity, and equal opportunities (Perrini, 2006; Pedrini, 2007).

The disclosure of human resource information in the sustainability report was also confirmed by Cinquini et al. (2012), who found a large number and quality of human resource information characteristics; by Beattie and Thomson (2010), who indicate that sustainability reporting is considered a useful document by human resources and marketing specialists for human resource information; and by Oliveira, Lima Rodrigues, and Craig (2010). This series of studies consider sustainability reporting a potential integrative source for social capital information (Intellectual Capital Information) alongside annual reports and other public channels that companies can use for external reporting. From a signaling perspective,

Mahoney, Thorne, Cecil, and LaGore (2013) found that companies that voluntarily issue stand-alone sustainability reports generally have higher sustainability performance scores than others. In these companies, voluntary sustainability reports are used to publish and signal a stronger social and environmental record to their stakeholders and differentiate themselves from other companies.

Intellectual capital is an interaction of human capital, customer capital, and structural capital (Bontis 1998). Human capital in an organization has the full potential to build a market orientation for its consumers. Studies conducted by Bontis (1998), (Bontis et al. 2000), and Partiwi (2004), as well as Margaretha and Rakhman (2006), found a significant positive relationship between human capital and customer capital. Bontis (1998) also found a positive and meaningful relationship between customer capital and business performance. Bontis (1998) and Partiwi (2004) found a significant positive relationship between human capital and structural capital.

However, in the study of Bontis et al. (2000), the relationship between human capital and structural capital depends on the industrial sector. The relationship between social capital and structural capital in the service industry is buoyant and insignificant, while in the non-service sector, it is significant. Intellectual Capital According to Bontis (1996), intellectual capital is elusive, but once discovered and exploited, it will provide the organization with a new resource base to compete and win.

Brooking (1996) defines intellectual capital as a term given to combining intangible assets from the market, intellectual property, infrastructure, and human centers that make a company

function. Meanwhile, Stewart (1997) defines intellectual capital as intelligent material (knowledge, information, intellectual property, experience), which can be used to create wealth and collective power of reason or a useful set of knowledge.

Bontis (1998) also defines intellectual capital as the effective use of knowledge (finished products) as opposed to information (raw materials). Meanwhile, Olve, Rov & Wenter (1999) consider intellectual capital an element of the corporate market and a market premium. Human Capital Theory was developed by Becker (1964), who argued that investment in training to improve human capital is essential as an investment from other capital forms.

Wernerfelt (1984) also includes human capital as a useful resource for maintaining a competitive advantage. According to Wernerfelt (1984), strategic action requires a unique set of physical, financial, social, or organizational resources to determine a competitive edge by acquiring and maintaining resources. Human capital is the knowledge, skills, and experiences that employees bring when leaving the company (Starovis & Marr 2004) which includes the personal understanding of an organization that exists in its employees (Bontis, Crossan & Hulland 2001) produced through competence, attitudes, and intellectual intelligence (Roos, Edvinson & Dragonetti 1997).

According to Hudson (1993), human capital is also defined as talent, education, experience, attitudes in life, and business. Human capital is essential for a company because it is a source of innovation and strategic renewal, process re-engineering, and a source of dreams for the company. According to Bontis (1999), one of the elements that can create a favorable market perception for a company is employees' skills to outperform competition and sales.

Customer Capital is the knowledge formed in marketing channels, a good relationship between the company and customers to support business development. An example of customer capital is image, customer loyalty, customer satisfaction, supplier relationships, commercial power, negotiation capacity with financial entities, and the environment of activity (Stratovic & Marr 2004). Customer capital shows the potential that a company has because customer capital is an intangible company asset from external parties (ex-firm intangible) (Bontis 1999).

The concept of customer satisfaction is a concept that has been developing since the 1970s. Oliver (1981) defines happiness as an attitude towards transaction results and is expected to influence continued behavior or customer loyalty. Customer satisfaction is the company's effort

to provide the best for customers so that what they hope is by reality to be satisfied and form a positive consumer experience.

According to Oliver (Anatan 2003), linking customer satisfaction to continued behavior and customer loyalty is the most frequently used reference for increasing company excellence. Customer satisfaction is a mediator variable that connects service quality, trust, and customer loyalty. Business performance In a formal control system, performance measures include financial and non-financial measures (Fisher 1998). The financial bar shows various actions that occur outside the financial sector. The increase in financial returns results from various operational performances, including increased consumer confidence in the company's products, improved cost-effectiveness of internal business processes used by the company to produce products, and increased productivity and employee commitment (Mulyadi & Setyawan 2001).

Productivity, efficiency, and effectiveness are the three criteria most often used in conducting economic evaluations of performance in the production process. Efficiency and effectiveness are often seen as interrelated but are conceptually different. The notion of efficiency is understood as an activity to produce output by minimizing input (Anthony, 1965). Meanwhile, effectiveness is related to choosing the right way to achieve goals.

Efficient is doing something right, and useful is doing something right (Adam et al. 1995). The relationship between human capital, relational capital and organizational capital in performance The emergence of a "new economy," which is principally driven by developments in information technology and science, has also triggered a growing interest in human capital, relational capital, and organizational capital (Petty and Guthrie, 2000; Bontis, 2001). One area that has attracted the attention of both academics and practitioners is related to human capital, relational capital, and organizational capital as an instrument for determining corporate value (Edvinsson and Malone, 1997; Sveiby, 2001).

This has become a persistent issue. Some authors state that the management and reporting systems established so far are continually losing their relevance because they cannot provide essential information for executives to manage knowledge-based processes and intangible resources. (Bornemann and Leitner, 2002). The organization's hidden assets should support the performance of employees where employees can maximize existing resources to achieve the targets assigned to them.

The definition of performance put forward by Tangkilisan (2005) is a description of the level of achievement of task implementation in an organization in realizing the goals, objectives, mission, and vision of the organization. In line with Bastian's opinion in the Tangkilisan, Encyclopedia of Public Administration and Public Policy 2003 in Keban (2004), it also states that performance can explain how far the organization has achieved results when compared to the achievement of predetermined goals and targets.

The elements used to assess employee performance, as stated by Flippo (1990), consist of: 1. Quality of work includes punctuality, accuracy, skills, and target accuracy.' 2. Work quantity includes output, which is routine and regular and extra and urgent tasks. 3. Work relations, which have job changes, coworkers, and cooperation with work partners and superiors. 4. Work toughness includes discipline, initiative, loyalty, and adherence to established regulations. Relational capital has a corporate image, customer loyalty, customer satisfaction, and interaction with suppliers by employees, negotiation capacity, distribution channels, supply channels, license agreements, and franchise agreements (Starovic & Marr, 2003).

Relational capital is knowledge collected by companies due to exchanges with third parties and the potential for accumulation of future expertise as a result of these exchanges. Its value for the company is directly related to the relationship's length with the parties third (Ordonez de Pablos, 2004). The relationships between employees are embedded in attributes such as a shared code or a shared paradigm, facilitating a common understanding of collective goals and the appropriate ways of acting in a social system (Tsai & Ghoshal, 1998).

Organizational capital includes every element of the organizational structure that facilitates employees' ability to create wealth for the company and stakeholders. This process's effectiveness is significant because it involves internal procedures that allow for knowledge integration and sharing of capabilities, resulting in wealth creation for the organization. Also, knowledge management processes contribute to customer generation (Zablah, Bellenger, and Johnston, 2004).

These processes and infrastructure are usually developed with the human resources of the organization. For example, interactivities between individuals serve as an essential element for organizational knowledge that is processed through the socialization, combination, externalization, and internalization of tacit and explicit knowledge possessed by individuals and

organizations (Nonaka, 1994). Consequently, acceptable HR management practices should motivate employees to build sound organizational systems.

According to Kaplan and Norton (1992), the survival of an organization depends on employees' innovative abilities. It is the human capital, knowledge carriers, and creators within the company, improving business processes for better strategic and operational effectiveness (Hitt et al. 2001). Meanwhile, organizational capital is a means and infrastructure that supports employees to create optimum performance. Based on Yuli Ramanda and Bustari Muchtar (2015) 's research, the better the human capital that is owned, the relational capital held will tend to increase. Human capital owned is not meanwhile will have a significant impact on organizational capital. The better the relational capital that is owned, the owned's organizational capital will tend to increase. Human capital held is not will have a significant impact on performance.

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