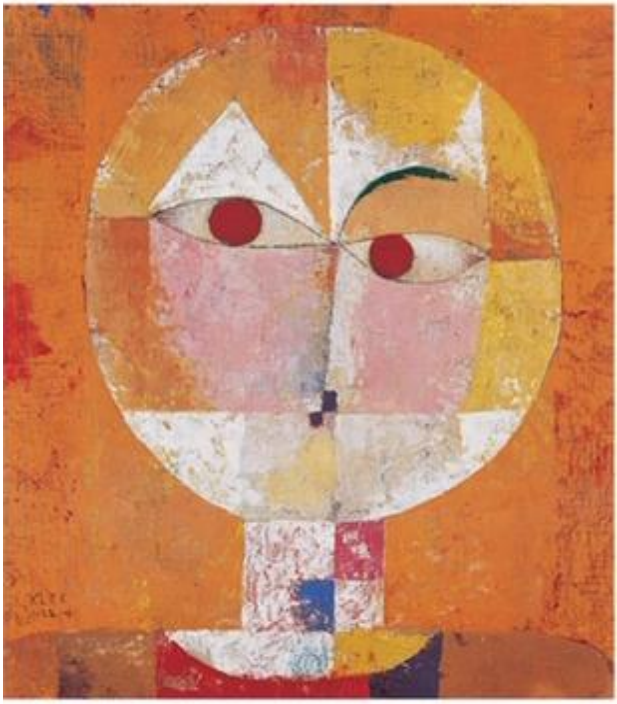
opción

Revista de Antropología, Ciencias de la Comunicación y de la Información, Filosofía, Lingüística y Semiótica, Problemas del Desarrollo, la Ciencia y la Tecnología

Año 35, 2019, Especial N° 23

Revista de Ciencias Humanas y Sociales
ISSN 1012-1587/ ISSNe: 2477-9385
Depósito Legal pp 198402ZU45



Universidad del Zulia
Facultad Experimental de Ciencias
Departamento de Ciencias Humanas
Maracaibo - Venezuela

Opción, Año 35, Especial No.23 (2019): 1253-1276
ISSN 1012-1587/ISSNe: 2477-9385

Contribution of intellectual capital strategic readiness and government innovation

Hasrati Ali[1]
[1]Management Sciences, Faculty of Economic and Business, Universitas Syiah Kuala
atie.hasrati@gmail.com

Abdul Rahman Lubis[2]
[2]Departement of Management, Faculty of Economic and Business, Universitas Syiah Kuala
rahmanlubis54@yahoo.com

Nurdasila Darsono[3]
[3]Departement of Management, Faculty of Economic and Business, Universitas Syiah Kuala
nurdasila@unsyiah.ac.id

Sofyan Idris[4]
[4]Departement of Management, Faculty of Economic and Business, Universitas Syiah Kuala
sofyanidris@unsyiah.ac.id

Abstract

The purpose of this study was to determine the effect of high-performance work systems on the performance of government administration, which is mediated by the strategic readiness of human capital and government innovation capabilities. The data obtained were analyzed qualitatively by quantitative grooming with Structural Equation Modeling and Confirmatory Factor Analysis methods. The results showed that there was a significant effect between the high-performance work system on the performance of governance and the strategic readiness of human capital. In conclusion, Intellectual Capital Strategic Readiness is not strong enough to mediate the relationship between High-Performance Work Systems and Government Management Performance.

Keyword: High Performance, Strategic, Readiness, Intellectual, Capital.

Recibido: 18-02-2019 •Aceptado: 22-06-2019

Aporte del capital intelectual, preparación estratégica e innovación gubernamental

Resumen

El propósito de este estudio fue determinar el efecto de los sistemas de trabajo de alto rendimiento en el desempeño de la administración gubernamental que está mediado por la preparación estratégica del capital humano y las capacidades de innovación del gobierno. Los datos obtenidos se analizaron cualitativamente mediante la preparación cuantitativa con métodos de modelado de ecuaciones estructurales y análisis factorial confirmatorio. Los resultados mostraron que hubo un efecto significativo entre el sistema de trabajo de alto rendimiento en el desempeño de la gobernabilidad y la preparación estratégica del capital humano. En conclusión, la preparación estratégica del capital intelectual no es lo suficientemente fuerte como para mediar la relación entre los sistemas de trabajo de alto rendimiento y el desempeño de la gestión gubernamental.

Palabra clave: Alto rendimiento, Estratégico, Preparación, Intelectual, Capital.

1. INTRODUCTION

The Aceh government is currently faced with the problem of the weak process of drafting the Aceh Budget for Income and Expenditure (APBA), which is characterized by two conditions, that is: (1) the inaccurate timing and (2) the ineffectiveness of APBA in answering various development issues. Within 10 years, starting from 2008 to 2017, the Aceh Government experienced had delayed in ratifying the Aceh Budget for Income and Expenditure (APBA), except for 2014, which was determined in December 2013 (one year).

Table 1: Data on APBA for 2008-2017

No	Budget Year	Approval Date	APBA Total (Rp)
1	2008	24 Juni 2008	8.518.740.595.768,-
2	2009	29 Januari 2009	9.791.344.121.604,-
3	2010	19 Maret 2010	8.246.384.494.167,-
4	2011	15 April 2011	7.974.772.200.000,-
5	2012	31 Januari 2012	9.711.938.653.801,-
6	2013	20 Februari 2013	11.304.334.440.412,-
7	2014	28 Desember 2013	12.939.644.749.248,-
8	2015	31 Januari 2015	12.735.643.725.149,-
9	2016	22 Februari 2016	12.874.631.946.619,-
10	2017	31 Januari 2017	14.733.699.981.655,-

Source: Bappeda Aceh

The APBA delay that always occurs every year causes the delay in the implementation of development programs, most of which funding comes from APBA. As a result of this delay, the quality of public services provided by the Aceh Government to the community has not been optimal. The delay in APBA ratification also has an impact on the weakening of Aceh's economic movements and the failure to achieve economic growth targets and other development targets that have been set.

In general, Aceh's economy is still driven by government funding, while the contribution of the private sector (private sector) is still very low. Therefore, if the APBA determination is delayed, then the flow of funds from the government sector will be hampered until

the current budget is determined. This delay has an effect on the slowing down of the flow of money, which in turn can cause sluggish economic transactions and economic growth.

Andika Novta said that the APBA delay was generally caused by two things, that is; (1) the failure of the planning system in accommodating political transactions, and (2) the failure of the government in laying out a comprehensive regulatory framework and synergistically driving an integrated and efficient planning and budgeting process.

In the national development planning system as contained in Law No. 25 of 2004, the planning process consists of four types of processes, namely; technocratic, participatory, bottom-up and top-down, and political processes. Each process can stand alone or run simultaneously in accordance with the mechanism regulated by legislation.

The problem of slow setting and low quality of APBD/APBA / APBK is indicated as a result of various complex problems. BASRI AND NABIHA (2014) stated that the delay in the determination and implementation of the APBA was caused by the lack of commitment of the parties in fulfilling the time set according to legislation, lack of sense of responsibility for budget management, lack of consistency between planning, budgeting and implementation, intervention from other parties, and the lack of capacity and capability of government employees.

In order to create a quality process, planning and budgeting must be integrated so that there are consistency and synchronization across sectors, across programs, and across actors. Without going through an integrated process, the Aceh Work Unit (SKPA) tends to ignore the prepared planning documents and precisely proposes incidental activities as desired, which ultimately have an impact on budget efficiency and the effectiveness of development programs/ activities. This is due to the absence of an integrated and Information Technology based planning and budgeting system.

The management of government in the context of regional autonomy requires local governments to mobilize various resources, both financial resources, human resources and other resources, as well as improving governance (government governance) because the central government has transferred almost one-third of its financial resources and two-third of the apparatus resources to local governments.

Regional development planning currently only concentrates on financial resources and has not made human resources a strategic pillar to achieve its vision and mission. In fact, to produce a quality and effective development plan, local governments not only need human resources who are able to work hard, but also those who can work smartly, reliably, and professionally so that they can produce mature and systematic planning and can provide welfare impacts optimal and sustainable.

Changing the Perspective of Human Resource Management from a function perspective to a strategic perspective requires a change in the management of Human Resources. Because their roles and functions are related to the success of development programs, the resources of this government apparatus need to be managed properly so they can produce high productivity. Regional leaders need to ensure that human resource management is carried out effectively so as to make optimal contributions to the development of the region.

The importance of human capital in development has been raised by UNDP in its report stating that in the next 5 years, 10 years and even 20 years, the Aceh Government needs a comprehensive Human Resource Management strategic plan in the dimension of public sector reform. This indicates that human resources, especially government employees, are serious problems that must be resolved immediately because they have an impact on the quality of public services so that they have an impact on achieving their vision and mission.

2. LITERATURE REVIEW

2.1. Performance of government management

Organizational Performance Measurement can be done using various tools and assessment methods. KAPLAN & NORTON (2004) states that a company to achieve its strategic goals so that not only

depends on the financial aspects but must pay attention to non-financial aspects. KAPLAN & NORTON (2004) introduced the Balanced Scorecard (BSC), which divides performance into two dimensions, namely financial and non-financial dimensions. The non-financial dimension consists of three perspectives, namely; customer perspective, internal procedure perspective, and learning and growth perspective.

2.2. High-performance work system

High-Performance Work System (HPWS) is an interesting topic in the management of organizations, both private and public, because of its considerable contribution to maximizing organizational performance. HPWS is a culture that must be developed within the organization by synergizing structural functions and staff functions and optimizing all organizational resources (HONG & NHUNG, 2018).

HPWS is also referred to as the core of HR Practices, as mentioned by WANG AND CHEN (2013) that HPWS is a set of separate but interrelated human resource practices that are designed to attract, retain and motivate employees. While previously, APPELBAUM ET AL. (2000), defines HPWS as a series of various human resource management practices that can facilitate employee involvement, improve skills, and strengthen employee motivation. Another opinion expressed by Tomer which states that HPWS is a

framework of thinking how to create an organization based on employee involvement, commitment, and empowerment (HOOI ET AL, 2018).

HPWS significantly influences the intellectual capital components as strategic Readinessand is divided into 3 main sections, Human Capital, Information Capital, and Organizational Capital. NAFU, ET AL. (2015) stated that previous research found that HPWS had an effective impact on organizational financial outcomes, retention, productivity, efficiency and flexibility, and employee commitment. In a study conducted by WANG AND CHEN (2013), Intellectual Capital became a media relationship between HPWS and performance firms.

HPWS is considered to be able to contribute positively to improve organizational performance through improving employee performance which can be done in 3 ways, namely; increasing employee capacity, increasing employee motivation, and providing opportunities to increase employee potential. The main point of HPWS is how to manage and shape human capital within the organization so that it can contribute to the success of the organization.

2.3. Intellectual capital strategic readiness

Intellectual capital actually contributes to influencing organizational performance, by optimizing all the resources they have.

This is as stated by NKUNDABANYANGA (2016) that according to Resource-Based View, the diversity of organizational performance is the result of the utilization of rich and diverse intellectual capital owned by the organization. This makes intellectual capital a strategic asset because it can affect organizational performance (AIHIE & OHANAKA, 2019).

Research on the relationship between Intellectual Capital, Innovation Capability, and Organizational Performance has been carried out by many previous researchers. The empirical study conducted found that the Intellectual Capital components had a positive and significant relationship to Innovation Capability and Organizational Performance. Intellectual capital positively affects innovation capability, and, thus, leads to higher performance, which is in line with other researchers, that organizations increasingly need to develop their innovation capabilities beyond technical innovation.

2.4. Government innovation ability

The use of the word capability demonstrates the ability to manage various key organizational capabilities and resources that can stimulate the success of innovation activities. DAMANPOUR (1991) in IPEKKOCOGLU ET AL. (2011) defines Innovation as the adoption of a device, system, system, service, program, process, product, or

service environment that is not necessarily new to that adopting organization.

Wu and Sivalogathasan stated that innovation capability is as the ability to create new and useful knowledge based on previous knowledge. Furthermore, it is also said that the innovation capability is a comprehensive set of characteristics that facilitate and support innovation strategies. It is widely accepted that an organization's capability to innovate is closely tied to its intellectual capital, or its ability to utilize its knowledge resources.

2.5. Conceptual framework and hypothesis

To achieve the objectives of this study, we build a framework with High-Performance Work System variables as exogenous variables that will affect the Intellectual Capital Strategic Readiness and Government Management Performance. Intellectual Capital Strategic Readiness variable in this model also acts as a mediating variable. Each variable used in this study has dimensions that will explain each variable.

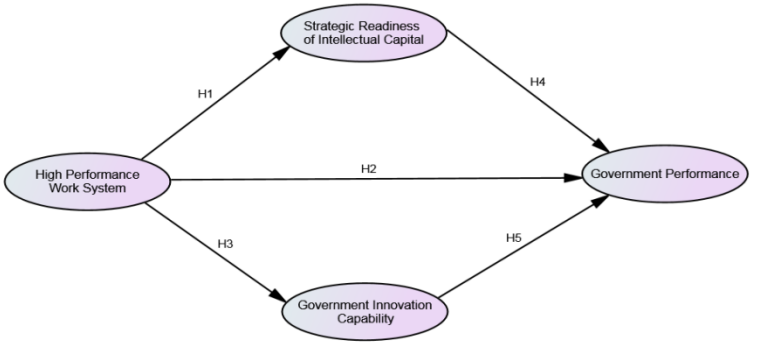


Figure 1: Conceptual Framework

Based on the conceptual framework above, the hypotheses in this study are:

H1: High-Performance Work Systems Influence Government Performance

H2: High-Performance Work Systems Influence Strategic Capital Intellectual Readiness

H3: Strategic Capital Intellectual Readiness has an effect on Government Performance

H4: Strategic Capital Intellectual Readiness mediates the effect of High-Performance Work Systems on Government Management Performance

3. RESEARCH METHODOLOGY

3.1. Research Design

This research was carried out at the level of the Provincial and district/ City Governments. The location of this study is the Province of Aceh, which includes: Aceh Government residing in Banda Aceh and Government of 23 districts/cities domiciled in each regency/ cities in Aceh.

The selection of respondents in this study was conducted using a probability sampling approach, specifically the Stratified Random Sampling technique. So that there was a sample of 320 civil servants.

3.2. Instrument and Data Analysis

Based on the purpose of this study, the data analysis instrument used in this study is quantitative-descriptive analysis using the SEM (Structural Equation Modeling) method with AMOS and SPSS programs. The data analysis phase was carried out by testing the SEM assumptions consisting of outlier tests and normality tests. Furthermore, it will also be analyzed the influence of the role of mediation or indirect influence by using Sobel (Sobel test).

4. STUDY RESULTS

4.1. Respondents' characteristics

In the characteristics of the research object, the results of the respondents' data will be described, obtained through a questionnaire. The results obtained from the distribution of questionnaires can be seen in table 1.

Table 1: Respondents Characteristic

Description	Numbers	Percentage
Gender		
Male	222	69,38%
Female	98	30,62%
Total	**320**	**100,00%**
Rank		
Gol IV	76	23,75%
Gol III	242	75,63%
Gol II	2	0,62%
Total	**320**	**100,00%**
Education		
Doctoral 3	19	5,93%
Masters 2	142	44,38%
bachelor's degree 1	159	49,69%
Total	**320**	**100,00%**
Position		
Position II	25	7,81%
Position III	90	28,13%

Description	Numbers	Percentage
Position IV	205	64,06%
Total	**320**	**100%**
Institution		
Bappeda	146	45,63%
DPKA	102	31,86%
BKA	30	9,38%
Inspektorat	24	7,50%
Setda	18	5,63%
	320	**100,00%**

Source: Data Primer

Based on table 1 above, it can be seen the characteristics of respondents in this study, where the number of male respondents reached 69.38 percent, while female respondents only 30.62 percent. This condition shows that the number of women in structural positions is still very minimal. Data from the Aceh Civil Service Agency show that the composition of structural officials in the Aceh government was 69 percent male and 31 percent female. Likewise, it can be seen from the percentage of education, the average civil servant is still a bachelor's degree (S1) of 49.69, for Masters (S2) 44.38 and the rest Doctoral (S3) 5.93 percent.

4.2. Data Analysis

Before the implementation of hypotheses, assumptions need to be tested beforehand whether the data from this study is feasible for analysis or not. The initial stage will be tested outlier assumptions using the Mahalanobis distance method, test the normality and see the value of loading factors, namely Confirmatory Factor Analysis (CFA) and reliability. The following will display the results of data processing in table 2:

Table 2: Result of Loading Factor, AVE and Composite Reliability

Variabel	Skewness		Kurtosis		AVE	Composite Reliability
	Value	C.R	Value	C.R		
High Performance Work System	0.234	1.345	0.345	1.523	0.830	0.789
Strategic Readiness of Intellectual Capital	-0.114	-0.834	0.237	0.864	0.756	0.668
Government Innovation Capability	-0.222	-1.622	0.306	1.117	0.550	0.567
Government Performance	-0.277	-1.656	0.677	1.474	0.768	0.634

Sourcer : Data primer, 2018

It can be seen from table 2 for all variables having the Average Validity value> 0.5 and Composite Reliability> 0.6. this shows that all dimensions and indicators of each variable are feasible for further analysis. But from the results above it can be seen that the composite reliability value for the Government Innovation Capability variable is 0.567 <0.60, the value is marginal because it is close to 0.60. whereas for overall normality the variables in this study are normally distributed.

The research variables and their dimensions have fulfilled the assumptions of structural equation modeling (SEM) so that the next step is to build a structural model to analyze the influence between the variables studied in this study. After going through several stages of analysis, the structural model built in this study is considered good enough to test the influence between variables with the value of goodness of fit as follows:

Table 3: Goodness of fit

Goodness-of-Fit Index	**Cut off Value**	**Model Test Result**	**Information**
Degree of Freedom (DF)	Positif (+)	320	Positive
x^2 (Chi-Square)	Diharapkankecil	756,169	Acceptable
Signifikan Probability	≥ 0,05	0,000	Acceptable
CMIN/DF	≤ 2,00	2,357	Acceptable
GFI	≥ 0,90	0,880	Marginal
RMSEA	0,05 – 0,08	0,065	Good

AGFI	≥ 0,90	0,954	Good
TLI	≥ 0,90	0,923	Good
CFI	≥ 0,90	0,954	Good
NFI	≥ 0,90	0,905	Good
PNFI	0,60 – 0,90	0,763	Good
PGFI	≥ 0,90	0,907	Good

Sourcer : Data primer Processed with AMOS, 2018

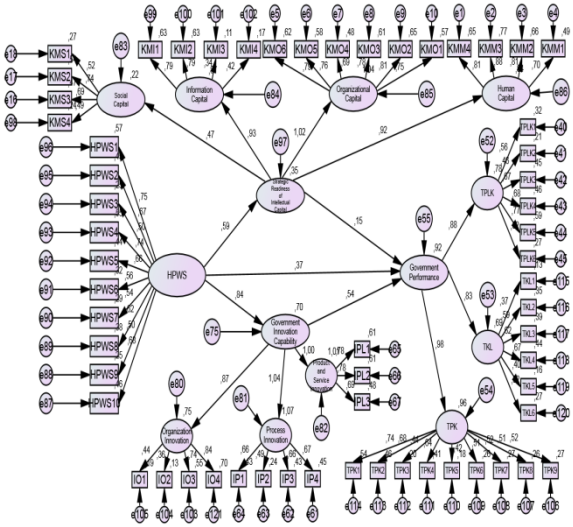


Figure 2: Structural Model

Table 4: The Results of Structural Model

	Direct Efect	**S.E**	**C.R**	**Indirect Efect**	**Sobel Test**	**S.E (Ind)**	**P**
Strategic Readiness of Intellectual Capital← High Performance Work System	0.228	0.045	5.098				0.001
Government Innovation Capability← High Performance Work System	0.793	0.081	9.776				0.000
Government Performance ← High Performance Work System	0.288	0.072	4.012				0.000
Government Performance ← Strategic Readiness of Intellectual Capital	0.120	0.058	2.057				0.040
Government Performance ← Government Innovation Capability	0.477	0.082	5.465				0.000
Government Performance ← Strategic				0.027	1.915	0.014	0.055

Readiness of Intellectual Capital← High Performance Work System							
Government Performance ← Government Innovation Capability← High Performance Work System				0.354	4.762	0.074	0.000

Source: Data PrimerProcessed

The results of hypothesis testing indicate that all significant variables with t-value are greater than t-table = 1.980 (n = 320). First, the direct effect of the High-Performance Work System on Government Implementation Performance (β = 0.288; t-value = 4.012) is significant, with these results, the H1 hypothesis in this study is accepted. Second, the direct effect of the High-Performance Work Systems on Strategic Intellectual Capital Readiness (β = 0.228; t-value = 5.098) is significant, with these results the H2 hypothesis in this study is accepted. Third, the direct effect of the High-Performance Work System on Government Innovation Capability (β = 0.793; t-value = 9,776) is significant, with this result the H3 hypothesis in this study is accepted. The four direct effects of Strategic Intellectual Capital Readiness on Government Implementation Performance (β =

0.120; t-value = 2.057) were significant, with these results the H4 hypothesis in this study was accepted. The five influences of Government Innovation Ability on Government Implementation Performance (β = 0.477; t-value = 5.465) are significant, with this result the H5 hypothesis in this study is accepted.

Finally, for the indirect effect, the role of the Strategic Readiness of Intellectual Capital in mediating the influence of the High-Performance Work System on Government Performance is significant (β = 0.027, Sobel = 1.915) and is mediated on a financial basis. With these results, the H6 hypothesis in this study was accepted. And the indirect effect of Government Innovation Capability in mediating the effect of High Performance Work Systems on Government Execution Performance is significant (β = 0.354, Sobel = 4.762) and is financially mediated. With these results, the H7 hypothesis in this study was accepted.

5. DISCUSSION AND CONCLUSSION

After testing the research hypothesis, it can be concluded that each variable has a positive and significant influence. Based on the results of table 3, it shows that the influence of high-performance work system variables has a positive and significant effect on the performance of the administration of the Acehnese government. The variable influence between high-performance work systems on the

strategic readiness of intellectual capital has a positive and significant effect. This research is supported by previous research, which states that a High-Performance Work System is an effective medium for providing the organization's stock of human capital, including through selective recruitment and comprehensive staffing. High-Performance Work Systems help develop organizational capital, through teamwork, knowledge management, and value creation. The High-Performance Work System is also believed to have an important role in developing an organization's social capital, by building good relationships, communication, and interaction with various stakeholders.

Intellectual capital as a strategic readiness of intangible assets has a direct relationship with organizational strategy and performance. Intangible assets, which are associated with intellectual capital (human capital, information capital and organization capital) influence company performance by enhancing internal processes more critically to create value for customers and shareholders (KAPLAN AND NORTON, 2004). After testing the direct effect based on table 3 above, the results show that the influence of the Intellectual Strategic Readiness variable on Government Implementation Performance shows positive and significant results. The results of this study support the research conducted by Han and Li, which states that to realize a superior innovative performance for a company or organization depends on the intellectual capital of the company or organization and its ability to feel opportunities and challenges, make good and timely decisions, and facilitate the necessary changes efficiently.

Testing the last hypothesis shown in table 3, after testing the effect indirectly, the value of the indirect effect of the High-Performance Work System on Government Implementation Performance through Strategic Intellectual Capital Preparedness shows positive and significant results. The results of this study indicate that there is an indirect influence between High-Performance Work Systems on Government Implementation Performance through partial Intellectual Capital Strategic Readiness. From the results of this estimation, it can be concluded that Intellectual Capital Strategic Readiness is not strong enough to mediate the relationship between High-Performance Work Systems and Government Management Performance, but there are still other variables that can complement the influence of the relationships between these variables.

REFERENCES

AIHIE, O. N., & OHANAKA, B. I. 2019. "Perceived Academic Stress among Undergraduate Students in a Nigerian University". **Journal of Educational and Social Research**, *9*(2), 56.

APPELBAUM, E., BAILEY, R., BERG, P. & KALLEBERG, A. 2000. **A Manufacturing CompetitiveAdvantage: The Effects of High Performance Work Systems on Plant Performance and Company Outcomes**. Cornell University Press. New York, NY. USA.

BASRI, H., & NABIHA, S. 2014. "Accountability of Local Government: The Case of Aceh Province, Indonesia". **Asia Pacific Journal of Accounting and Finance**. Vol. 3, N^{o} 1. UK.

DAMANPOUR, F. 1991. "Organizational Innovation: A Meta-Analysis of Effects of Determinants and Moderators". **The Academy of Management Journal**. Vol. 34, N° 3: 555-590. USA.

HONG, N. T. M., & NHUNG, V. H. 2018. "Poverty Reduction Work at Bavi Commune, Bavi District, Hanoi, Vietnam Today–Obtained Results and the Role of Social Workers"**. Academic Journal of Interdisciplinary Studies,** 7(3), 55-61.

HOOI, T. K., ABU, N. H. B., & RAHIM, M. K. I. A. 2018. "Relationship of Big Data Analytics Capability and Product Innovation Performance using SmartPLS 3.2. 6: Hierarchical Component Modelling in PLS-SEM". **Int. J. Supply Chain Manag,** *7*, 51.

IPEKKOCOGLU, S., ZEKI, I., & HUSEYIN, I. 2011. **The relationship Between Organizational Learning and Firm Performance: the Mediating Roles of Innovation and TQM**. Journal of Global Strategic Management. N° 9. Turkey.

KAPLAN, S., & NORTON, P. 2004. **Strategy Map: Converting Intangible Assets into Tangible Outcomes**. Harvard Business School Publishing Corporation. USA.

NAFU, C., FLOOD, J., TIM, M., & PHILIP, O. 2015. **How do high performance work systems influence organizational innovation in professional service firms?** Employee Relations. Vol. 37, N° 2: 209-231. UK.

NKUNDABANYANGA, S. 2016. "Board governance, intellectual capital and firm performance: importance of multiplicative effects". **Journal of Economic and Administrative Sciences**. Vol. 32, No 1: 18. UK.

WANG, D., & CHEN, S. 2013. "Does Intellectual Capital matter? High Performance Work Systems and Bilateral Innovative Capabilities". **International Journal of Manpower**. Vol. 34, N^{o} 8: 861-879. Emerald Group Publishing Limited. 0143-7720. DOI 10.1108/IJM-o7-2013-0167. UK.

UNIVERSIDAD DEL ZULIA

opción

Revista de Ciencias Humanas y Sociales
Año 35, Especial No. 23 (2019)

Esta revista fue editada en formato digital por el personal de la Oficina de Publicaciones Científicas de la Facultad Experimental de Ciencias, Universidad del Zulia.
Maracaibo - Venezuela

www.luz.edu.ve

www.serbi.luz.edu.ve

produccioncientifica.luz.edu.ve