Relationship between Intellectual, Social and Emotional Capital: Its Impacts to Performance

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ABSTRACT
Background: A good performance of the employee is certainly an expectation of all companies and institutions, because at last the employee’s performance is expected to increase the company’s performance entirely. Objective: This research is aimed to examine the impact of intellectual, emotional, and social capital to employee’s performance. Results: Those capitals have a positive and significant influence toward employee performance. The variable dealing with the highest degree that influences the employee’s performance is emotional capital. Conclusion: The implication of intellectual, emotional, and social capital presents an important role in developing employee’s performance either individually or simultaneously.

INTRODUCTION
In the face of globalization, human resources play an important role in the activity or activities of the company. With the growing role of human resources in the company, it will produce an organization that is competent in team work. Human resource management in general to obtain the employee’s performance as high, harmonious working relationship between employees and their alloys unifying resources effectively or objectives of efficiency and cooperation that is expected to increase work productivity (Sunyoto, 2012).

In addition, the development of increasingly advanced technology, create competition in the world of work is increasing. This is due to globalization and modernization. An agency must be supported by competent human resources for human resources were instrumental in carrying out activities in the institution. One way that can be done in an effort to improve employee performance is to improve human resources itself as the capital of a company.

Nahapiet, J., & Ghoshal, S. (1998) considers human resources as human capital. Which is classified into three categories –intellectual capital, social capital and emotional capital? Intellectual capital consists of specialized knowledge, tacit knowledge and skills, cognitive complexity and learning capacity. Social capital is made up of network of relationships, sociability, and trustworthiness. Emotional capital consists of self-confidence, ambition and courage, risk-bearing ability and resilience. With those capitals, a company will get a good performance. A good performance of the employee is certainly an expectation of all companies and institutions, because at last the employee’s performance is expected to increase the company’s performance entirely.

In other words, the role of intellectual capital, social capital and emotional capital greatly affect the performance of employees and in the long term will affect the organization's performance, for intellectual capital, social capital and emotional capital can be used by organizations to create the expected performance, and as an evaluation tool performance employees to create employees who survive the future needs of the organization. Although intellectual capital, social capital and emotional capital can boost the competitiveness of the organization, but unfortunately in many organizations are still scarce human resources is a major concern. Many organizational leaders were not aware that the benefits derived from the actual organizational intellectual
capital, social capital and emotional capital, this is due to the company's activities more visible than purely business perspective.

In this study wanted to determine the effect of intellectual capital, emotional capital, social capital on employee performance using Structural Equation Modeling (SEM). SEM is a statistical technique that allows testing of a range of relatively complex relationships simultaneously. Such a relationship can be established between one or more dependent variables with one or more independent variables. Based on the description of the phenomenon of the above problems, the researchers wanted to see how the effect, intellectual capital, emotional capital and social capital in the employee on employee performance

**Literature Review**

2.1 Intellectual Capital:

Intellectual capital can include the skills and knowledge that a company has developed about how to make its goods and services (Cappelli, 1995). It also includes insight about information pertaining to the company’s history; customers; vendors; processes; stakeholders; and all other information that might have value for a competitor that, perhaps, is not common knowledge. Intellectual capital is therefore, not only organizational knowledge, it is also industry knowledge. It is the combination of both cognitive knowledge and intuitive/experience-related knowledge.

In one study, Gratton & Ghoshal (2003) argue that intellectual capital is part of human capital, that is, human capital subsumes intellectual capital, and also includes within it social capital and emotional capital. Intellectual capital for organizations is consisting of commitment to the organization and competence of the employees in their work. It can contribute to the success of the individual contribution as employees in achieving corporate goals. The things contained in it is an experience in performing the task (experience), skill in performing the tasks (skills), knowledge in capacity building work (knowledge), capacity and capability for common tasks (capabilities), and the ability to think and express innovative ideas in an effort to make its work more effective and efficient (innovation) (Kadiyono, 2011).

2.2 Emotional Capital:

Emotional capital is a collection of behaviors, feelings, motivations, perception, and attitude (Fineman, 2000; Payne and Cooper, 2001; Kerry, 2005). Emotional capital is some very close of davenport’s (1999) behavior and efforts. It means that if people are motivated and are positive in their attitude they will put more efforts to achieve organizational objective. At organizational level, the emotional capital of people is a vital difference between a successful and unsuccessful organization may be they have same physical capital (Mayo, 2001; Lynda and Ghoshal, 2002). Good working condition, fair practices of business, better remuneration policies and relationship between people can increase the emotional climate of an organization (Payne and Cooper, 2001; Lynda and Ghoshal, 2003).

Emotional capital is capital that can contribute to emotional maturity contribute to the success of individuals as employees in the company. The things contained in it is the emotional maturity in dealing with problems in carrying out the work (maturity), the motivation to do the job (motivation), social skills in the work environment (social skills), as well as self-regulation of thinking, initiative, and to plan actions in themselves to do something in order to achieve objectives (self regulation) (Kadiyono, 2011).

2.3 Social Capital:

The term social capital has long appeared in the literature. This term first appeared in 1916 when there was a discussion about the effort to build a community learning center (Cohen & Prusak, 2001). The concept of social capital is raised to the surface as a scientific discourse by James S. Coleman (1990). A discussion of the concept of social capital by Putnam (1993) which describes the quality of American life is diminishing in terms of stickiness among fellow citizens. According to Putnam (1993), social capital is “similar to the notions of physical and human capital, the term social capital refers to features of social organization –such as network, norms, and trust that increase a society’s productive potentials”. By this definition, trust, networks, and civil society is something that is born out of their social capital, social capital is not itself. By studying all three then we can predict the strength and development of social capital in a community.

While Woolcock (1998) defines social capital as “the information, trust, and norms of reciprocity inhering in one’s social networks”. In the literature of political science, sociology, and anthropology, social capital is defined as “...the set norms, networks, and organization through which people gain access to power and resources that are instrumental in enabling decision-making and policy formulation” (Grootaert, 1997).

In 1998 the World Bank defines social capital as follows: "Social capital includes institutions, relationships, views and values in a given society that govern the actions and reactions between people and have some shares in the economic and social development. But, social capital is not a simple sum of institutions that include society; instead it is a mortar that links the mentioned institutions to each other. At the same time, social capital includes shared values and norms essential for social behavior that is reflected in individuals’ personal
relationships, their trust in each other and shared sense of civic responsibility, something that makes society more than and beyond the sum of individuals (Ghoshal, S. and Bartlett, C.A., 1995).

According to Nahapiet & Ghoshal (1998), the central proposition of social capital theory is that networks of relationships constitute a valuable resource for the conduct of social affairs. Much of this capital is embedded within networks of mutual acquaintance. Social capital, it is argued, increases the efficiency of action, and aids co-operative behavior (Nahapiet & Ghoshal 1998).

Cohen dan Prusak (2001, p.3) stated that “Social capital consists of the stock of active connections among people: the trust, mutual understanding and shared values and behaviors that bind the members of human networks and communities and make cooperative action possible. Gratton & Ghoshal (2003) argue that social capital is based on the twin concepts of sociability and trustworthiness: ‘the depth and richness of these connections and potential points of leverage build substantial pools of knowledge and opportunities for value creation and arbitrage.

If look more closely, especially from a sociological viewpoint, it can be shown that the major elements of social capital include norms, reciprocity, trust, and networks (Subejo, 2004). Bar-al-Din Nour OY & MY (2011) reveal the social capital has components: norms and moral, social values and beliefs, networks within the organization.

So it can be stated that social capital is a membership relationship between employees and managers at every level of the organization. Social capital can also represent a set of role relationships within social networks within an organization. Social capital is an institution of social relationships, values and attitudes of interaction among the employees who have contributed to the economic and social development within the company.

Also, in some researches such as Hansen, and Tierney, (1999), Harrison, R., (2002), Mehwish Mumtaz, Aleena Mumtaz, Muhammad N. Khan, (2015) and M. Nasir Khan, Mahnoor and Fatima, (2015) stated that social capital is determined by trust. Some studies have introduced it with networks (Cappelli, 1995) and norms (Eisenhardt, K.M. and Santos, F.M., (2002), Elfring, T. and Volberda, H.W. (2001), Field, J. (2000). In order to prevent plurality in social capital definition, distinguish between sources and results is necessary. It should be noted that the review of social capital resources is more in social sciences domain; but the results of social capital include many sciences including economics. In fact the sources of social capital are those networks and institutions that are formed by relationships govern among them and the results of this capital i.e. norms, trends and values. In other words, it is by attendance in the networks and having a continuous relationship with others that the outcomes of social capital including trust and practice in norms are achieved.

2.4 Performance:

According to Mathis and Jackson (2006), the performance is essentially what is done or not done though employees. Performance by Robbins and Coulter (2010) is the work of individuals or groups in achieving the goals set in accordance with the organization of a predetermined time period. Understanding performance by Moehriono (2012) that "performance or performance is an overview of the level of achievement of the implementation of a program of activities or policies in realizing the goals, objectives, vision and mission of the organization that poured through the strategic planning of an organization.

Sedarmayanti (2013), says: "The performance is a noun (noun) which means action, execution of work, job performance, efficient execution of the work, achievements / accomplishments a person pleased with the task assigned to him". Veithzl Rival (2013) says: "The performance is a function of motivation and the ability to complete a task or job a person should have a degree of willingness and a certain level of ability". According Mangkunagara (2014) performance is the result of the quality and quantity of work accomplished by an employee in carrying out their duties in accordance with the responsibilities given to him.

From some of the definitions above it can be concluded that the performance is the result in quality and quantity of what was done or not done employee and the performance is one indicator of how much the employee contributed to the organization.

Based on explanations above, so research hypothesis as follow:

H1 : intellectual capital influence to performance positively and significantly
H2 : emotional capital influence to performance positively and significantly
H3 : social capital influence to performance positively and significantly

From the formulation of hypothesis, research model can be form as follow:
Fig. 1: Research Model

Method:
The research design used in this research is descriptive research method; the research describes a phenomenon, event, or situation. The aim is to describe systematic, factual, and accurate information on the facts, nature, and the relationship between the phenomena under study.

3.1 Measure:
To test these hypotheses, a structured questionnaire was designed focusing on intellectual, emotional, and social capital to employee’s performance. To assess the content and face validity, the questionnaire was submitted to professionals who assessed each item for representative, specificity, and clarity. The final questionnaire was divided into two parts. The first part contained questions regarding respondents’ demographics, and the second part focused on measurement scales. All variables in the second part of the questionnaire were closed-ended five-point scales which is known as Likert scale, with 1 indicating “strongly disagree” and 5 indicating “strongly agree”.

3.2 Sampling and Data Collection:
The study was conducted in a manufacturing company with a total sample of 200 respondents. Respondents are quality manager or managers who responsible for the evaluation of employee performance. This type of research is a quantitative description of the multivariate analysis technique (Structure Equation Modeling). Sample determination was calculated using SEM condition that stated if using SEM samples are 200 minimal. Questionnaires are given to respondents by using sample random sampling technique.

3.3 Method of Data Analysis:
Data obtained from the questionnaire were analyzed using tables, simple percentages, cross tabulations, charts, Pearson’s Product Moment Correlation (PPMC). Data which contain variables were measured using a 5-point Likert scale (Malhotra, 2010). In order to effectively carryout inferential analysis, the items coded for descriptive analysis were transformed into dummy variables Statistical computation was done with the aid of SPSS 17.0 for Windows and SEM by using AMOS. Testing goodness of fit model is done before the research hypothesis testing. Testing goodness of fit is done by looking at some of the goodness of fit indices, such as the absolute goodness of fit, incremental goodness of fit and parsimony goodness of fit. Absolute goodness of fit is an index of the feasibility of the most instrumental in a tiered model of causality. The estimation method common in the SEM is to estimate the maximum similarity (maximum likelihood (ML) estimation). The key assumptions for this method are multivariate normality for all exogenous variables.

Result
The analysis used in this research is the analysis of Structural Equation Model (SEM) in Full Model is intended to test the model and hypotheses developed in this study. Testing the model in Structural Equation Model was done with two tests, which test the suitability of the model and test the significance of causality through regression coefficient test.
Based on observations in the image at full model analysis charts can be shown that the model meets the criteria fit, it is characterized by the value of the calculation results meet the criteria of decent full model.

As for the results of hypothesis testing can be explained as follows:

1. Testing partial variable X1 (intellectual capital) has a probability of below 0.05 and CR > 1.96 indicating that the intellectual capital variables have a significant influence on employee performance.

2. Testing of partially variable X2 (emotional capital) has a probability of below 0.05 and CR > 1.96 indicating that emotional capital variables have a significant influence and positive on employee performance.

3. Testing partially social capital on the performance of employees have under the probability of 0.05 and CR > 1.96 indicating that social capital variables have a significant influence on employee performance

**Conclusion:**

Based on the results of this study concluded that:

1. Testing the Hypothesis 1, 2 and 3 provides empirical evidence that turned out to be the intellectual capital, emotional capital and social capital has positive influence on employee performance, both when tested by partial or tested simultaneously. Based on these results it can be concluded that these results are consistent with and further the research that said that intellectual capital, emotional and social impact on performance. The study proves that emotional capital positive effect on performance, so it turns out that emotional capital really had an influence on employee performance.

2. The addition of the results of the study was emotional capital had the highest effect among the three. Emotional capital is defined as the ability to use emotional effectively manages them and affects relationships with others positively. This study proves that emotional capital has a positive influence on the performance of employees. The results in this study can be used as a source of ideas and input for the development of this research in the future.

3. The study also provides evidence that the factor of emotional capital turns positive and the most dominant, therefore the company should pay more attention to the selection and implementation of recruitments can use EQ tests so they can get employees who have and can manage the emotional well.
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