



THE ROLE OF HUMAN CAPITAL TO THE IMPROVEMENT OF EMPLOYEE PERFORMANCE IN FISHERIES COMPANIES IN NORTH SULAWESI PROVINCE

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ABSTRACT

The aim of study is to analyze and explain the influence of human capital on employee performance. In this study using human capital as an independent variable and employee performance as the dependent variable.

This study uses a survey method with a quantitative descriptive approach, the location of the research on Fisheries Companies in North Sulawesi Province. The sample in this study amounted to 152 respondents. To determine the sample, to be used area proportional random sampling technique. The data that has been netted with a questionnaire is then rated and tabulated for further analysis using multiple regression. The results of the study show that human capital through education level, work experience and competency variables have a positive and significant effect on employee performance.

KEYWORDS: *human capital*, employee performance, Fisheries Companies, North Sulawesi

INTRODUCTION

The current era of globalization is that competition in all sectors is getting tighter, facing this matter, every organization must have a competitive advantage compared to other organizations. To achieve certain advantages each organization carries out various ways, such as creating a product with a unique design, the use of modern technology, organizational design and most importantly, effective and efficient human resource management. More specifically in the context of human resource management, managers or leaders need to increase various potential human resources so that they can empower them optimally in achieving performance.

For organizations, human resource development is basically an investment. Investment in human resource development is an expenditure aimed at improving human production capacity, through efforts to improve work education and training as well as health. The logical reason that can be put forward is that an educated, skilled and healthy workforce will become a productive workforce and further increase in productivity means an increase in profits for the organization. With good human resource management, organizations will have competitive power and become difficult to replicate, so sources of traditional competitive success such as production process technology, market protection, access to financial resources and economies of scale should be more efficient.

Human resources as a strategic central factor are formed to carry out various interests of the organization's vision. In today's world environment there has been a change in views regarding various strategic resources for the organization. This change is from the dominance of physical resources towards intangible assets. The emergence of the view that knowledge as a very strategic resource is based on the fact that knowledge can be used to develop competitiveness of organizations that are valuable, rare, difficult to replicate by competitors and not replaced by other types of resources. So that with the knowledge possessed by the organization or knowledge through human power that is in it, humans are used as visible capital or human capital (Gaol, 2014).



Today, more and more companies are interested in using intangible assets and human capital as a way to gain profits that exceed competitors. A company value includes three types of assets that are important for providing goods and services, namely financial assets (cash and securities), physical assets (buildings, factories and equipment), and intangible assets. Intangible assets include human capital, customer capital, social capital, and intellectual capital. Intangible assets are equally or even more valuable than financial and physical assets, but intangible assets are difficult to copy or imitate. Based on one's estimation, up to 75 percent of the company's value sources are intangible assets (Noe et al., 2010).

The marine and fisheries sector in North Sulawesi Province has great potential as a leading sector and a major driver of regional economic development. The provincial government of North Sulawesi with the support of the central government focuses on the development of the maritime and fisheries sector through the management of aquaculture resources, strengthening the competitiveness of maritime, fishery and marine space management products. Of the various policies that have addressed encouraging results, among others: in 2017 fisheries production reached 818,192.3 tons, an increase of 5.99% from the previous year of 771,880.28 tons. Exports of fishery commodities experienced an increase from 20,734,344.37 kg to 22,161,387.81 kg (Dondokambey, 2018). This sector has comparative advantages over other sectors in the form of the availability of very large natural resources and has tremendous economic potential, which is able to produce products and services with high competitiveness, as long as it can manage it appropriately. Until now, not all of the potential development of marine and fisheries has been seriously undertaken by the central and regional governments, only the development of fisheries business is dominant. The problems and constraints of the fisheries sector are also quite large. The main issues of development that hamper the development of marine and fisheries include: poverty, environmental degradation, development orientation that is still oriented to land, and human resources.

Business competition in the future is getting tighter and full of challenges, both local, regional and global. This is because the fisheries business has entered the era of free trade, which allows foreign companies to operate in Indonesia. In order to face these conditions various efforts must be made, one of which is the arrangement of human resources. Related to the problem of structuring human resources, one of the problems faced is how to prepare human resources who are professional and competent and able to support the competitiveness of companies. To achieve this, a good human resource management system is needed, a system that is able to provide information appropriately, transparently, fairly and is not discriminatory and can be accounted for scientifically to human resource managers and decision makers.

All managers, especially line managers must view human resources as one of their important job responsibilities. Unfortunately, many managers do not look at human resources or their subordinates as a determining factor in the success of company performance. Today there are still many managers who consider that their subordinates must be used to the maximum extent possible or exploited by their power without considering humanitarian aspects.

In the development of the world today humans are not only used as one of the resources (machinery, money, or material) but also as a driver of other resources. Humans as one of the organizational assets that are tangible in addition to buildings, machines, and money become drivers of other resources, both tangible (machines, money, materials or materials) and intangible (information or data). By changing the human perspective, it is no longer used as a resource but also as an organizational capital, it is expected that there will be an increase in the performance of employees in an organization.

Some researchers pay great attention to the importance of the role of human capital in creating competitive advantage and superior performance. Literature on human capital (Samagaio, 2016; Zlate, 2015; Hashim, 2015; Wang, 2014; Wang, 2011; Lottum, 2014; Yeganeh, 2014) suggests that human capital in organizations is important in improving organizational productivity and performance.

Researchers want to fill the research gap by conducting research on the role of human capital on the performance of employees in fisheries companies in the province of North Sulawesi. This is because some researchers are still less interested in studying human capital that is associated with employee performance. Many factors affect the performance of individual employees, namely their abilities, the effort they devote, and the organizational support they receive (Mathis and Jackson, 2006).

CONCEPTUAL FRAMEWORK AND RESEARCH HYPOTHESIS

The problem in this study includes the influence of human capital which consists of education, work experience, and competence against the performance of employees and the object of research is the employees of fisheries companies in the province of North Sulawesi.

Based on the previous theory and research that has been explained, the concept of human capital causality concept which consists of the education level, work experience, and competence on employee performance can be explained as shown below.

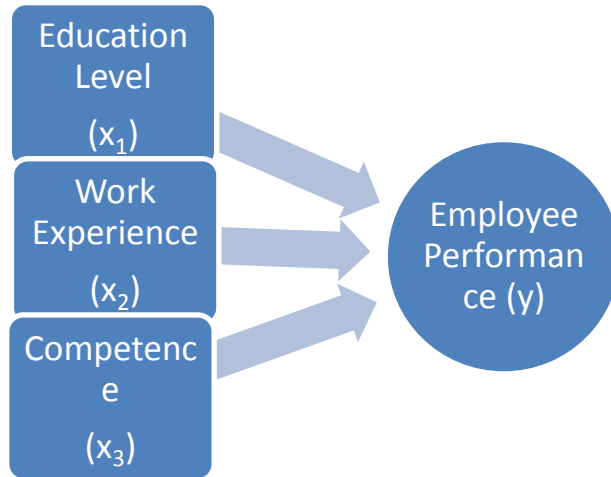


Figure 1. Research Conceptual Framework

Based on the conceptual framework of research, the hypotheses proposed in this study are:

Effect of Education Level on Employee Performance

Pamungkas et al (2017) in a study entitled The Effect of Education and Work Experience on Work Ability and Employee Performance states that education has a significant effect on employee performance.

Wirawan et al (2016) in a study entitled Influence of Education Levels and Work Experience on Employee Performance, the results showed that the education level had a positive effect on employee performance

Based on the description above, the following hypotheses are arranged:

H1: Education level has a significant effect on Employee Performance.

Effect of Work Experience on Employee Performance

Situmeang (2017) in a study entitled The Effect of Supervision and Work Experience on Employee Performance shows that work experience has a significant effect on employee performance.

Pamungkas et al (2017) in a study entitled The Effect of Education and Work Experience on Work Ability and Employee Performance states that work experience has a significant effect on employee performance.

Wirawan et al (2016) in a study entitled Influence of Education Levels and Work Experience on Employee Performance, the results showed that work experience had a positive effect on employee performance.

Based on the description above, the following hypotheses are arranged:

H2: Work experience has a significant effect on Employee Performance.

Effect of Competence on Employee Performance

Rumawas (2014) in a study entitled The Influence of Human Resource Competence on Compensation and Employee Performance, the results of the study showed that HR competencies had a significant positive effect on employee performance.

Patiasina et al (2016) in a study entitled the influence of Human Resource Competence on Employee Performance PT. State Savings, Tbk, Manado branch office. The results of this study show that there is a positive influence on HR performance on employee performance.

Based on the description above, the following hypotheses are arranged:

H3: Competence has a significant effect on Employee Performance

RESEARCH METHODOLOGY

This study aims to examine the effect of human capital which consists of variables of education level, work experience and competence on Employee Performance. In accordance with the formulation of the problem and the research objectives to be achieved, this study uses a type of explanatory research or hypothesis testing research. Population is the whole object of research that is studied. The population of this study was all employees in fisheries companies in North Sulawesi Province, the population was taken in four fishery companies, namely PT. Sinar Purefoods number, PT. Delta Pacific Indotuna, PT. Samudra Mandiri Sentosa, and PT. Deho Canning Company with a total number of pollutions of 245 employees. Next to determine the size of the sample is to use the Slovin formula (Umar, 2008) that is equal to 152 respondents. In sampling, area proportional random sampling technique is used.

In this study used a list of statements (questionnaires) arranged based on Likert model with five answer choices with a range of values between 1 to 5 to capture primary data from respondents regarding human capital consisting of education level, work experience, competence and employee performance.

The data that has been netted with a questionnaire is then rated and tabulated for further analysis. The answers obtained from respondents according to the variable values that have been determined will then be analyzed using the help of SPSS version 16.0 software, where the data analysis technique is carried out to determine the effect of the multiple linear regression analysis approach.

FINDINGS

Simultaneous Impact Analysis (F test)

Table 1. Analysis Result of F-Test (Anova)

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	118,369	3	39,456	195,731	,000 ^a
	Residual	29,835	148	,202		
	Total	148,204	151			

a. Predictors: (Constant), Competency, Work Experience, Education

b. Dependent Variable: Employee Performance

Source: Analysisby *SPSS Program*

Simultaneous testing was conducted to find out whether the multiple regression model with independent variables Education Level (X1), Work Experience (X2), and Competence (X3), have an influence or can predict the dependent variable Employee Performance (Y).

From the results of the F test (Anova) in table 5.5 can be seen the results obtained are the value of Fcount = 195.731, the value of Ftable at the degree of freedom (3; 152) with a value of $\alpha = 0.05$ is 2.66. Thus Fcount > Ftable or 195,731 > 2,66. with a probability level of sig. 0,000. Therefore probability (0,000) is much smaller than 0.05.

Based on the hypothesis testing criteria, H_0 is rejected and H_a is accepted, this means that the regression model can be used for measuring influence or forecasting.

Effect of Variable Education level (X1), Work Experience (X2), and Competency Variable (X3), on the Employee Performance variable (Y) can be seen from the coefficient of determination (Rsquare) in table 2. below.

Table 2. Model Summary

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	,894 ^a	,799	,795	,449	,799	195,731	3	148	,000

a. Predictors: (Constant), Competency, Work Experience, Education

b. Dependent Variable: Employee Performance

Source: Analysis by SPSS Program

From the solid data table 2 can be seen that the coefficient of determination (Rsquare) = 0.799, this shows the understanding that Employee Performance (Y) is influenced by 79.9% by Variable Education level (X1), Work Experience Variables (X2), and Competency Variables (X3), while the rest (100% - 79.9% = 20.1%) is explained by other causes.

Partial Impact Analysis

Table 3. Regression Coefficient and its Significance

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,647	1,023		2,588	,011
	Education	,157	,058	,164	2,702	,008
	Work Experience	,367	,044	,412	8,400	,000
	Competency	,410	,061	,429	6,686	,000

a. Dependent Variable: Employee Performance

Source: Analysis by SPSS Program

From the data in table 3 on the Education Level variable (X1) the coefficient value is 0.157, with a constant of 2.647 then the regression equation is obtained, namely:

$$Y = 2.647 + 0.157X_1$$

From table 3 also obtained the value of tcount = 2.702, for the value of t table with a significance level of $\alpha = 0.05$ and the degree of freedom (dk) = 151 then obtained t table = 1.960. It turns out the value of t count > t table or 2.702 > 1.960, with a probability value of sig = 0.008 far below the value of 0.05, then H_0 is rejected and H_a is accepted, meaning significant. So Education Level Variables have a significant effect on Employee Performance.

In the Work Experience variable (X2) the value of the coefficient is 0.367 with a constant of 2.647 then the regression equation is obtained:

$$Y = 2.647 + 0.367X_2$$

From table 5.7 can be seen the value of tcount = 8.400, for the value of t table with a significance level $\alpha = 0.05$ and the degree of freedom (dk) = 151 then obtained t table = 1.960. It turns out the value of t count > t table or 8,400 > 1,960, with the probability value sig = 0,000 far below the value of 0,05, then H_0 is rejected and H_a is accepted, meaning significant. So Work Experience Variables have a significant effect on Employee Performance Variables.

In the Competency variable (X3) the value of the coefficient is 0.410 with a constant of 2.647 then the regression equation is obtained:

$$Y = 2,647 + 0,410X_3$$

From table 5.7 can be seen the value of tcount = 6.686, for the value of ttable with a significance level $\alpha = 0.05$ and the degree of freedom (dk) = 151 then obtained ttable = 1.960. It turns out that the value of tcount > ttable or 6.686 > 1.960, with a probability value of sig = 0,000 far below the value of 0.05, then H_0 is rejected and H_a is accepted, meaning significant. So, competency variables have a significant effect on employee performance variables.

Based on the results above, the regression equation obtained is:

$$Y = 2,647 + 0,157X_1 + 0,367X_2 + 0,410X_3.$$

All regression coefficients are positively marked, this means that each increase in all independent variables, namely Education Level Variables (X_1), Work Experience (X_2), and Competency Variables (X_3), will implement an increase in the dependent variable namely Employee Performance (Y).

DISCUSSION

Effect of Education level on Employee Performance

Based on the results of t test shows t_{count} value of the Education Level variable is greater than the t_{table} value, this indicates that the Education Level variable has a significant effect on the performance variable of Fisheries Company employees in North Sulawesi Province. These results indicate that with an improvement in the education level for employees in the North Sulawesi Province fisheries companies will improve employee performance.

This finding supports research from Pamungkas et. al (2017), and Wirawan et. al (2016) which states that the education level has a positive and significant effect on employee performance.

Effect of Work Experience on Employee Performance

Based on the results of t test shows t_{count} value of Work Experience variable is greater than t_{table} value, this indicates that the Work Experience variable has a significant effect on the performance variable of Fisheries Company employees in North Sulawesi Province. These results indicate that the Work Experience Improvement for employees in the North Sulawesi Province fisheries company will improve Employee Performance.

This finding supports the research from Situmeang (2017), Pamungkas et. al (2017), and Wirawan et. al (2016) which states that Work Experience has a positive and significant effect on employee performance.

Effect of Competence on Employee Performance

Based on the results of the t test shows the t_{count} value of the Competence variable is greater than the t_{table} value, this indicates that the Competency variable significantly influences the performance variable of Fisheries Company employees in North Sulawesi Province. These results indicate that with the Competency Improvement for employees in the North Sulawesi Province fisheries company will improve Employee Performance.

This finding supports research from Rumawas (2014), and Patiasina et al (2016) which states that competence has a positive and significant effect on employee performance.

CONCLUSION AND SUGGESTIONS

Based on the results of research on how much influence Human Capital through the variable Levels of Education, Work Experience, and Competence on Employee Performance can be concluded as follows: Human Capital which consists of variables Education level, work experience and competence partially have a significant influence on employee performance. This proves that the three variables are supported by empirical facts. This shows that to build Human Capital should consider the employee's specific educational background, specific work experience and competence.

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