The Influence of Human Capital and Relationship on Employee Productivity

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Abstract: This study examines the impact of human capital and human relations on employee productivity in the Youth and Sports Office of Gorontalo Province. A quantitative-descriptive approach was used, with purposive sampling to determine the population and sampling technique. Data collection included observation, interviews, and questionnaires, while path analysis was used for analysis. The study found that human capital and human relations significantly affect productivity, with a combined effect of 41.2%. Human capital accounts for 39.2% of the partial effect, while human relations account for 41.2%. In conclusion, the study suggests that human capital and human relations are critical in enhancing employee productivity.

Keywords: Human Capital, Human Relations, Work Productivity, Employee

1. INTRODUCTION

Competition is fierce in the current globalized environment, especially in human resource development. Human resources agents must proactively adapt to ongoing changes to maximize human potential. This is essential when individuals or groups are productive and interested in learning. Human resources are vital for any organization, as they actively participate in operations and decision-making. Increasing productivity is necessary to achieve organizational goals, making it a key to success.

Work productivity is influenced by various factors, including human capital, which encompasses skills, knowledge, innovation, and individual abilities to create value (Frimayasa & Lawu, 2020). The significance of human capital in boosting innovation capacity, human resources quality, and company performance makes human resource management essential (Djatola & Hilal, 2021). Additionally, Human relations factors, which highlight interpersonal relationships and psychological aspects, such as nature, character, and behavior, also significantly impact work productivity (Adawiyah, 2020). Thus, these two factors are relevant in comprehending and enhancing work productivity and organizational performance.

According to the latest report, the number of active civil servants in the country decreased by 0.1% in June 2022 compared to the previous year's data in July (BKN, 2022). This workforce decline can adversely affect productivity, particularly in government institutions like the Gorontalo Provincial Youth and Sports Office. The office is responsible for promoting youth development and sports performance in the region but is grappling with various productivity challenges. Among them is the difficulty experienced by senior employees in adapting to new digital technologies. Furthermore, employee relationships also affect productivity levels, with interviews confirming that skills and relationship problems significantly influence work productivity. This calls for prompt and practical solutions to be implemented.

However, there is growing concern over low productivity within the office. A recent observation of the office revealed several challenges that impact work efficiency, such as difficulties in senior employees' adoption of modern technology, vision problems, and reduced mobility affecting performance. These productivity challenges are significant, and addressing them requires a comprehensive strategy that tackles technical and interpersonal aspects. The office must prioritize training programs that equip senior employees with digital skills and knowledge. Additionally, improving employee relationships through team-building activities and conflict-resolution mechanisms can help improve productivity. The office can also consider implementing assistive technologies to address the unique challenges faced by employees with vision problems and mobility issues. By
adopting these measures, the Gorontalo Provincial Youth and Sports Office can improve its productivity levels and achieve its mandate of promoting youth development and sports performance in the region.

Aside from the various technical and operational obstacles, fostering positive connections among team members is vital in upholding efficiency. Discord and animosity among colleagues can hinder progress and reduce overall performance. Personal differences, ineffective communication, divergent perspectives, and conflicting interests can all contribute to strained organizational relationships. Through employee interviews, it was discovered that both skill-related and interpersonal matters impact service productivity.

2. LITERATURE REVIEW

Human Capital

Human capital is a term that refers to the extensive collection of valuable knowledge, skills, and competencies that employees possess and can effectively apply to various work situations (Sedarmayanti et al., 2020). This term acknowledges the crucial role that employee expertise and experience play in enhancing the efficiency and effectiveness of company operations. According to Sedarmayanti, Nurliawati, Hamdani, Herawati, and Kamariyah's (2020) research, human capital is a critical resource for organizations.

Human capital has three fundamental concepts: individual skills, knowledge, and skills obtained through education and experience (Ritonga, 2019). However, the idea of education alone overlooks the role of experience in forming human capital. Hence, human capital encompasses an individual's knowledge, skills, innovation, and ability to create value and contribute to specific goals.

In addition, an individual's contribution of human capital towards generating sustainable income for an organization is essential in ensuring its success and sustainability (Hadi & Tasri, 2022). Therefore, human capital is a crucial aspect that determines the success and sustainability of an organization.

In summary, human capital is a valuable collection of knowledge, skills, experience, and individual abilities essential for increasing the value and productivity of organizations and society. It is a fundamental factor that determines the success and sustainability of an organization, and thus, it should be given the utmost importance and value.

Human Relation

Human Relations are a crucial aspect of any work or organizational setting. These relations encompass individuals' character, behavior, and psychology rather than physicality. As explained by Adawiyah (2020), the emphasis of human relations lies in the relationship with humanity.

The primary objective of human relations is to act as a bridge between leaders, employees, and colleagues to increase job satisfaction and productivity. This is achieved by creating a comfortable and conducive work environment that promotes effective collaboration and financial, psychological, and social satisfaction, as Ferdiansyah et al. (2021) stated.

Furthermore, human relations are complex, multifaceted relationships extending beyond surface-level interactions. Financial and psychological factors influence these relationships and are essential for creating a harmonious and comfortable organizational space (Indrawaty et al., 2022).

In summary, human relations involve more than just surface-level interactions. They require effective collaboration and communication among employees, leaders, and colleagues. The success of these relations is critical in ensuring a harmonious, conducive, and productive organizational space that promotes financial, psychological, and social satisfaction.
Work Productivity

Productivity is a term used to describe the output generated by various production tools compared to one another (Sedarmayanti et al., 2020). On the other hand, labor productivity measures the output achieved by labor per unit of time or output per person or group of workers.

Furthermore, productivity reflects the relationship between output (quantity of goods and services produced) and available resources (such as labor, capital, and land) (Panjaitan, 2017). It is closely related to how efficiently a process generates output by consuming specific inputs. Productivity is the relationship between input and output, focusing on the output produced by a process that can be combined to create different output levels.

Productivity is a measure of the efficiency of a process that generates results. It is a relationship between input and output, with labor input and output measured by relevance and value. Productivity reflects the efficiency level in producing goods and services (Wahyuningsih, 2018).

3. METHOD

This study employs a questionnaire as a data collection tool. Before administering the questionnaire, assessing the accuracy and relevance of the data collected at the research site is imperative. The assessment process involves conducting validity and reliability tests on the questionnaire. A valid questionnaire is one where the calculated r-value exceeds the table r-value, while a reliable questionnaire has a Cronbach's Alpha value greater than 0.05.

This study focuses on 70 individuals employed by the Youth and Sports Department. The sampling technique used is Purposive Sampling, which involves selecting samples based on specific criteria. In this case, the requirements for sampling were employees of the Youth and Sports Department who held the status of State Civil Apparatus. The sample was 51 employees from all Gorontalo Province Youth and Sports Office fields.

4. RESULT

Validity and Reliability Test

Table 1. Variable Validity Test and Reliability Test Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Indicator</th>
<th>Validity test</th>
<th>Reliability Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human capital</td>
<td>Knowledge</td>
<td>0.876</td>
<td>Decision</td>
</tr>
<tr>
<td></td>
<td>Expertise</td>
<td>0.876</td>
<td>Alpha</td>
</tr>
<tr>
<td></td>
<td>Ability</td>
<td>0.932</td>
<td>0.909</td>
</tr>
<tr>
<td></td>
<td>Skills</td>
<td>0.864</td>
<td></td>
</tr>
<tr>
<td>Human relations</td>
<td>The need for cooperation</td>
<td>0.876</td>
<td>Decision</td>
</tr>
<tr>
<td></td>
<td>Mental readiness</td>
<td>0.876</td>
<td>&gt; 0.3</td>
</tr>
<tr>
<td></td>
<td>Emotional control</td>
<td>0.932</td>
<td>Alpha</td>
</tr>
<tr>
<td></td>
<td>Cultural background</td>
<td>0.864</td>
<td></td>
</tr>
<tr>
<td>Work productivity</td>
<td>Ability</td>
<td>0.643</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Increased work results</td>
<td>0.813</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Work spirit</td>
<td>0.864</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Self-development</td>
<td>0.885</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Work Quality</td>
<td>0.811</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Work efficiency</td>
<td>0.878</td>
<td></td>
</tr>
</tbody>
</table>

Based on Table 1, the present study evaluated the validity and reliability of the variable for human capital and found it to be in congruence with the established criteria. The calculated r-values exceeded 0.3, and the
Cronbach’s alpha value of 0.909 demonstrated a strong correlation and consistency within the measuring instrument. The variable "human relation" consistently surpassed the limit value for validity, with high R-values, indicating a notable association with the aggregate score. The reliability test for the "human relation” variable also showed a Cronbach’s alpha value of 0.895, indicating exceptional intrinsic consistency. The variable "work productivity” also surpassed the validity limit of 0.3 and demonstrated a significant correlation with the human relations variable, with an excellent intrinsic consistency indicated by a Cronbach's alpha value of 0.900.

**Statistical Analysis**

Through path analysis in statistical analysis, we can determine whether the independent variables significantly influence the dependent variable, both together and individually. After analyzing the data from 51 respondents using path analysis, we derived the following equation.

\[ Y = 0.392X_1 + 0.412X_2 + 0.588\varepsilon \]

The provided equation indicates that the coefficient for the independent variable of human capital on employee work productivity is 0.392, or 39.2%. Likewise, the coefficient for the human relations variable on employee work productivity is 0.412, or 41.2%. However, the equation accounts for only 41.2% of the variance, leaving 58.8% (0.588) unexplained. This unexplained variance may arise from other variables such as leadership, education, training, and work environment (Latif & Wilanda, 2019). It is, hence, essential to consider the impact of these variables on employee work productivity while analyzing the equation.

**Table 2. Partial and Simultaneous Effects of Human Capital and Human Relations on Work Productivity**

<table>
<thead>
<tr>
<th>Variable Relationships</th>
<th>Influence</th>
<th>Joint Contribution (R²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human capital on work productivity</td>
<td>0.392</td>
<td>39.2%</td>
</tr>
<tr>
<td>Human relations on work productivity</td>
<td>0.412</td>
<td>41.2%</td>
</tr>
<tr>
<td>Influence of external variables</td>
<td>0.588</td>
<td>58.8%</td>
</tr>
<tr>
<td>Human Capital and Relationship on Work Productivity</td>
<td>0.412</td>
<td>41.2%</td>
</tr>
</tbody>
</table>

The analysis shows that the R Square value is 0.412 (Table 2), which means that 41.2% of the combined influence of human capital and human relations on employee work productivity is accounted for. However, 58.8% of the influence is attributed to other variables that require further research.

**Table 3. Significance Level Tests**

<table>
<thead>
<tr>
<th>Influence Between Variables</th>
<th>Value Sig</th>
<th>Alpha(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>X₁, X₂ → Y</td>
<td>0</td>
<td>0.05</td>
</tr>
<tr>
<td>X₁ → Y</td>
<td>0.001</td>
<td></td>
</tr>
<tr>
<td>X₂ → Y</td>
<td>0.001</td>
<td></td>
</tr>
</tbody>
</table>

This study utilized hypothesis testing to explore the relationship between selected research variables and employee work productivity at the Youth and Sports Department of Gorontalo Province. The analysis revealed that the calculated F value (16.831) was significantly higher than the F value in Table 3 at a significance level of 0.00, indicating that the variables of human capital and human relations positively and significantly impact employee productivity. Therefore, the first hypothesis was accepted.

The study further examined the impact of human capital variables on employee productivity, which resulted in a coefficient value of 0.392 and a significance level of 0.001. The positive coefficient value suggests a direct relationship between human capital and employee productivity. Thus, it can be concluded that human capital
significantly affects the work productivity of employees at the Gorontalo Province Youth and Sports Service, leading to the acceptance of the second hypothesis.

Finally, the study explored the effect of human relations on productivity within the Gorontalo Province Youth and Sports Service. The analysis revealed a positive correlation between human relations and productivity, with a coefficient of 0.412 and a significance level of 0.001. These findings suggest that improving relationships among individuals in the workplace can enhance workforce productivity. Therefore, it is evident that human relations significantly influence employees’ productivity at the Gorontalo Province Youth and Sports Service. These results have important implications for organizations seeking to increase productivity and promote positive workplace relationships.

5. DISCUSSION

Human Capital and Human Relations Simultaneously Have a Positive and Significant Influence on Work Productivity

The analysis indicates that both Human Capital and Human Relations are independent variables that positively and significantly impact employee work productivity at the Gorontalo Province Youth and Sports Service. Human Capital encompasses employee skills, knowledge, and experience, crucial in enhancing work efficiency and outcomes. Furthermore, positive human relations, effective communication, and team support foster trust and motivation, leading to increased collaboration, job satisfaction, and productivity. This discovery aligns with recent research, confirming that combining Human Capital and Human Relations influences work productivity (Al-Tit et al., 2022).

Human Capital Partially Has a Positive and Significant Influence on Work Productivity

Based on the results of data analysis, it has been determined that the human capital variable has a noteworthy influence on productivity. Fostering human resource development through investments such as training can boost productivity, as individuals with a solid understanding of their roles and knowledge and skills tend to be more adept and effective. Moreover, Human Capital also fosters innovation in the workplace, where proficient and knowledgeable individuals can offer fresh ideas and creative solutions to enhance operational efficiency and organizational value. This conclusion aligns with prior studies, which indicate that human capital positively and significantly impacts productivity (Thaib et al., 2022).

Human Relations Partially Has a Positive and Significant Influence on Work Productivity

According to the analysis, the variable of human relations has a significant impact on productivity. When an organization or work team has good human relations, it can contribute positively to productivity. Trust, effective communication, support, and cooperation are crucial in increasing employees' or team members' productivity. An organization's quality of interpersonal relationships can influence productivity, create a positive work environment, and facilitate team collaboration. Moreover, good interpersonal relationships can boost morale and motivation, encouraging them to do their best work. Therefore, positive social interactions, teamwork, and strong personal motivation can increase productivity. This finding aligns with previous research that suggests human relations have a positive and significant impact on the productivity of PDAM Tapanuli Tengah employees (Fauziah et al., 2020).

6. CONCLUSION

After conducting a comprehensive analysis of the available data, it has become abundantly clear that the presence of highly skilled and motivated employees and solid interpersonal relationships among them are two of the most significant factors that positively impact work productivity. Management must emphasize these crucial aspects to maximize employee performance and ensure long-term success.
REFERENCES