

Optimising Human Capital via Positive Organisational Behaviour: A Case Study of Indonesia's Textile Industry

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ABSTRACT

This study examines how Indonesian textile companies can maximise its human capital through adopting positive organisational behavior. The Neuroresearch method used here combines proportionally qualitative research method (exploration) and the quantitative research method (explanatory and confirmatory). Research instrument is calibrated by calculating the construct validity with the Rasch model approach. The findings of the study show the strongest determinant of an Indonesian textile company that manifest in the form of human capital is the indicator Value, which is formed and driven by the indicator Hope.

Keywords: Behavior, human capital, indicators, neuroresearch, organisational, positive

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INTRODUCTION

A company's employees drive its performance based on their capabilities. Employees with the capacity to produce such solutions are referred to as human capital. Human capital is based on employee knowledge, talent, understanding and experience (Souleh, 2014). It is a combination of three factors, namely the character or nature that an employee

brings to the job, such as intelligence, energy, positive attitude, reliability, and commitment; the person's ability to learn, i.e., intelligence, imagination, creativity and talent; and the person's motivation to share information and knowledge, i.e., team spirit and goal orientation (Bontis & Fitz-enz, 2002).

Human capital is one of the key factors that is key to success of any company. We can assume that successful companies manage, or at least organise, their human capital management system by applying competency management and knowledge management practices (Souleh, 2014). Human capital refers to managerial fundamentals in which education, training, and health care among others are considered as corporate investments. Human capital is the total value of a company's human resources, consisting of its staff's ability to perform their jobs well (Wang, Shieh, & Wang, 2008). Human capital is also an invisible asset that must be understood and identified, because it can be logically argued that human capital contributes to the growth of value of a company (Mayo, 2000). Human capital is also not available in the labour market, is not easily duplicated by other companies and is a potential source of competitive advantage (Lepak & Snell, 2002).

A company must build what is commonly known as positive organisational behavior to maximise its human capital. Positive organisational behavior is the learning and application of the power of human resource orientation and psychological

capacity that can be effectively measured, developed and managed for performance improvement (Youssef & Luthans, 2007). All companies need employees who are energised, dedicated, give their best, perform extra work or, in other words, who are engaged; this behaviour is enabled when the companies have a culture of positive need for organisational behavior (Bakker & Demerouti, 2008).

One factor that affects organisational efficiency in different ways is related to psychological problems that must be addressed in order to improve efficiency, both qualitatively and quantitatively. This can improve relationships, identify personality and individual habits, as well as provisions to prevent deficiencies, absences, and work slowness, waste of labour, troubles, and disturbances. Currently, when human capital and positive organisational behavior (positive organizational behavior) have are established, they can be seen as a competitive advantage in an organisation (Memari, Valikhani, Aghababae, & Davali, 2013).

Indonesia is developing various kinds of industries to support the country's economy. This is in accordance with Presidential Decree no. 20 of 2008 in the National Industrial Policy, which states that the development of national industries aims to enhance the competitiveness of the country's industries by creating a healthy, fair, and sustainable business environment and that strengthening the national resilience requires a clear national industrial policy. The textile industry is one of the few

industries developed in Indonesia. The garment sector in Indonesia is the largest in the world; its growth rate exceeds 8% per year, in line with the relocation of various companies from China to Indonesia (International Finance Corporation (IFC) & International Labor Organization (ILO), 2012).

Ownership of human capital and having a culture of positive organisational behavior will greatly and positively affect the textile industry's development in Indonesia, including its ability to compete globally. However, the facts show that there are two textile industries: one sees and treats its employees as human capital, but the other sees and treats its employees as just factory workers, so the work climate for employees becomes less comfortable. Positive organisational behavior will have an impact on a company's productivity and stability, such that the employee turnover rate becomes very low (Gennaioli, Porta, Lopez-de-Silanes, & Shleifer, 2011). The level of employee welfare will increase. The company or factory is basically the owner's property, but all the elements involved in the business activity must be considered as capital including, in this case, the company's employees. Positive organisational behavior will turn employees into capital, not tools. However, there are still many textile companies that have not applied the above concept. These companies have not built their businesses on the basis of their employees participation. They treat employees only as a tool.

Data collected by the IFC and ILO

between July 2011 and March 2012 in 20 factories in the Jabodetabek area found that these factories employed 40,562 workers from the estimated total of 500,000 workers in the export-oriented garment industry. The sample of the present study consists of factories employing between 708 and 8,253 employees. The following are the findings of the study in the context of a textile factory.

In the Field of Core Employment Standards:

- a. Underage workers in a factory
- b. Full compliance

c. Non-compliance was found in all 20 factories relating to the hiring process of persons with disabilities. Six factories have inaccurate recruitment procedures relating to gender issues, in particular, with regard to job applicants who are pregnant.

d. Almost all factories can apply freedom of association as mandated by Law no. 21 of 2000 on Trade Unions, but there are also some small factories that have not fulfilled the implementation of freedom of association in the workplace. In the Field of Working Conditions (National Law):

a. Two factories do not provide minimum wage while 10 factories do not provide overtime pay. There are also ten factories that provide health insurance benefits through private health services but with lower benefits from government-administered health services (JAMSOSTEK) or collect labour contributions for old-age benefits (JAMSOSTEK) but with inaccurate deductions.

b. In three factories, there were intimidating actions, the use of harsh

words and threats from supervisors and management to workers.

c. Of the 20 factories assessed, all the factories have established the Working Safety and Health Management Committee (P2K3), but only P2K3 only functioned properly in one company which held regular meetings and it is headed by top management and has appointed a Public Safety Specialist as Secretary of P2K3. 13 factories of which have compiled OSH policy.

d. Sixteen of the 20 factories do not comply with the rules of overtime.

Almost all of the data compiled from 20 textile companies show there are still shortcomings in creating a positive organisational culture for workers' convenience. Companies that intentionally do not, or inadequately, maintain their employees as human capital are a major concern for workers, but this situation can change when companies provide a positive and conducive environment.

When companies in the textile industry view employees as human capital - which means accessing employees' knowledge, skills, and abilities to produce optimal service for the company - this condition reflects the company's collective ability to produce the best solution based on its employees' knowledge. When employees are treated as human capital, the company also benefits. Moderate changes in organisational behavior will optimize the company's employees as human capital. One way to achieve this is through a culture of positive organisational behavior. Employees who

are in a positive organisational behavior situation will be able to optimise their talents and will naturally become more productive.

Therefore, this research examines which indicators are most decisive for Indonesian textile companies to maximise human capital through their positive organisational behavior.

LITERATURE REVIEW

The role of human capital in economic growth is an ongoing debate, wherein human capital is believed to be able to increase productivity (Cohen & Soto, 2007; Rosenthal & Strange, 2008). Davemport (1999) had described human capital as comprising abilities, behavior, effort, and time - all of which the employee owned and controlled (Endri, 2011). Human capital is believed to increase the ability of owners to find and explore business opportunities in which human capital can help their employees to optimise their basic capital as an accumulation of knowledge and skills (Unger, Rauch, Frese, & Rosenbusch, 2011). Human capital is created through education, training, on-the-job learning and socialisation processes. Human capital can also be created through appropriate and complementary interpersonal interactions (Storper & Scott, 2009).

Human capital is also defined as the source level of the unit created from the knowledge, skills, abilities, and characteristics of the individual. This construct provides new insight into how human capital as a human resource has a strategic value derived from an individual's

psychological attributes and is transformed into a unit level involving both micro and macro human capacities (Ployhart & Moliterno, 2011).

Human capital is a combination of three factors, namely the character or nature that an employee brings to the job, such as intelligence, energy, positive attitude, reliability, and commitment; the person's ability to learn, i.e., intelligence, imagination, creativity and talent; and the person's motivation to share information and knowledge, i.e., team spirit and goal orientation (Bontis & Fitz-enz, 2002). The literature explains that human capital also involves how individuals make choices about their basic investments with unit level constructions that are related to groups, organisations, and even countries, so that the human capital concept is not just describing individuals but, rather, more broadly explores the basic capital phenomenon (Wright & McMahan, 2011).

An added value to the human capital is its humanistic work ideology coloured by compassion, virtue, resilience and positive characteristics, so that an organisation is equipped with a dynamic ability to adapt and has a responsible attitude toward strategic environment changes through positive efforts and approaches. The positive nature and condition of an organisation are measured through the employees' positive attitude (Luthans & Youssef, 2007; Wooten & Crane, 2004).

The study and application of positive organisational behavior are positively oriented towards the power of human

resources and the psychological capacities that a person possesses that can be measured, developed and managed effectively to improve their performance (Luthans, 2002). Positive organisational behavior sees positively what organisations can develop and contribute; it refers to improvements and organisational outcomes involving interpersonal dynamics that take into account the context in which these positive conditions occur (Bakker & Schaufeli, 2012).

MATERIALS AND METHODS

Research Methods with Heresiarch

Heresiarch is one of the research methods in the social science field that tries to combine proportionally qualitative research methods (exploration) and quantitative research methods (explanatory and confirmatory) (Fios, Samika, & Gear, 2016; Samika & Ying, 2015).

The researchers used data collection techniques with a Likert scale questionnaire for scaled ordinals and the Rasch model technique to convert all ordinal data to an equal interval scale. The research population comprised employees of Indonesian textile companies as the unit of analysis. This limited or subset of the total textile company population engaged in spinning, weaving, knitting/embroidery, and dyeing/printing/finishing activities on the production line. The research sample had a proportional representation consists of 1300 people, or 10 employees per industry. The research instrument trial used a sample of 30 people at random. The research instrument

calibration was performed by calculating the construct validity using the Rasch model approach. The Rasch model is a model of calculation analysis wherein item parameters can be estimated independently of the characteristics of sample calibration parameters (Curtis & Bowman, 2007; Goh, Marais, & Ireland, 2015; Lewandowski, Co-investigator, & Lewandowski, 2015; Masters, 1982).

Valid and drop points are based on 3 (three) aspects: (a) outlier-sensitive fit of mean-square fit statistic between 0.5 to 1.5; (b) standardize fit statistic that is test (t) for fit data with model equal to $-1,9 s / d + 1,9$; and (c) the point of correlation (Pt Mean Corer) value of $0.4 s / d 0.85$ (Karabatsos, 2001; Kim & Hong, 2004). Based on the

calculation of construct validity, of the 36 items planned, there were 2 points in the drop; Thus, in this research the valid instrument only used 34 items with a reliability index equals to 0,69.

RESULTS AND DISCUSSIONS

Table 1 below summarizes the results of the first study to prove the influence of Self-Confidence Indicators (X1), Hope (X2), Optimism (X3), Value (X4), and Uniqueness (X5) on Positive Organizational Behavior of an Indonesian Textile Company that uses Employees as Human Capital.

Table 1 explains that an indicator of Value (X4) is the most dominant influence on the formation of Positive Organizational

Table 1
Result of calculation of effect of self-confidence indicator (X1), hope (X2), optimism (X3), and value (X4) on positive organisational behavior of an Indonesian textile company that uses employee as human capital (Y)

	X ₁ →Y	X ₂ →Y	X ₃ →Y	X ₄ →Y	X ₅ →Y
r _{un}	0,595	0,712	0,768	0,762	0,710
r ² _{yn}	0,354	0,507	0,590	0,580	0,504
r ² _{yn} (%)	35,40	50,7	59,0	58,0	50,4
t	26,674	36,55	43,244	42,330	36,30
Sig.	0,00	0,00	0,00	0,00	0,00
Y	0,292 X ₁	0,398 X ₂	0,405 X ₃	0,429 X ₄	0,385 X ₅
F _{R,reg}	711,529	1335,876	1870,016	1791,805	1319,9
Sig	0,0000	0,00	0,00	0,00	0,00
r ² _{yn,m}	0,7400	0,779	0,807	0,840	0,777
r ² _{yn,m} (%)	54,76	60,70	65,12	70,56	60,37

Behavior of an Indonesian Textile Company that Manifests Employees as Human Capital (Y). The result of relationship analysis in the sample between Value (X4) with Positive Organizational Behavior of an Indonesian Textile Company that Realizes Employees as Human Capital (Y) is r_{y4} of 0.762, which shows a positive relationship. Determination of variance depicting the closeness of the relationship between Value (X4) and Positive Organizational Behavior of an Indonesian Textile Company that **Achieves** Employees as Human Capital (Y) is r^2_{y4} of 0.354 (35.4%). The relation in population between Value (X4) and Positive Organizational Behavior of an Indonesian Textile Company that manifests Employees as Human Capital (Y) is shown by (t) equal to 42,33, which is very significant at $\alpha < 0,01$. The influence on Value (X4) samples on Positive Organizational Behavior of an

Indonesian Textile Company that Achieves Employees as Human Capital (Y) is shown through linear regression equation $\hat{Y} = 0,429 X4$. Being influenced in population Value (X4) to Positive Organizational Behavior of an Indonesian Textile Company which manifests Employees as Human Capital (Y) is shown through Freg <?> of 1791,805 is very significant at $\alpha < 0,01$. The greatest pure relationship between Value (X4) and Positive Organizational Behavior of Indonesian Textile Company that manifests Employees as Human Capital (Y) occurs after being controlled by Optimism Indicator (X3) is $r_{y4.3}$ of 0.840. That is the contribution of Value (X4) to the Positive Organisational Behaviour of an Indonesian Textile Companies that uses Employees as Human Capital (Y) of 70.56%. Figure 1 portrays this.

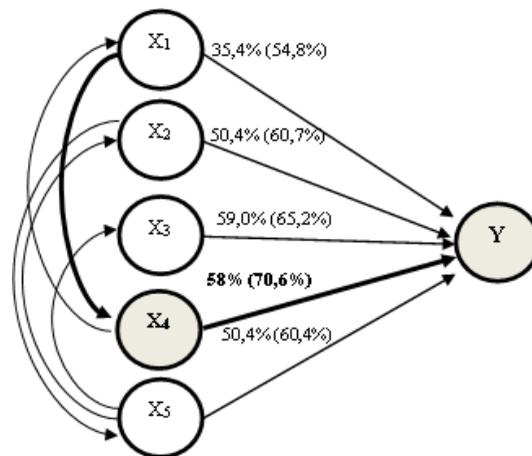


Figure 1. Value (X4) is the most decisive indicator in establishing positive Organisational behavior of an Indonesian textile company that achieves employees as human capital (Y)

Legend:

- Y : Positive Organizational Behavior Indonesian Textile Company That Brings Employee as Human Capital
- X₁ : Self Confidence
- X₂ : Hope
- X₃ : Optimism
- X₄ : Value
- X₅ : Uniqueness

CONCLUSION

The results show a textile company must have a culture of positive organisational behavior in order to optimize its employees as human capital. Only then can the company own and develop value.

Developing a value is not an easy matter for a company. Establishing, implementing and developing value for the company is a challenge to be addressed, given the key role of values as a foundation of corporate culture (Sparrow & Makram, 2015). Value is usually conceptualized as ideals, so every company tries to approach that ideal condition. Value has a central role for companies that are rooted in their mission and guidance for the company so that employment and employee responsibilities are identical to the company's goals (van Dijke, De Cremer, Mayer, & Van Quaquebeke, 2012).

Value for a company is the foundation that allows formation of a culture such that employees can find a match between their personal value and the company's value. Developing value means that companies and employees together create a climate of unity in which to work. With a strong value, a company can implement a strategic system in accordance with its corporate objectives.

A company can make various efforts

to develop and implement value. Planning is the first activity that a company's management should perform. Planning needs to be properly understood, because the right plan will contribute to the company's effectiveness (Oroh, 2016) and help it to focus its efforts on achieving its goals and vision. Companies that focus on achieving goals and a long-term vision will usually do a variety of planning exercises on both long- and short-term scales. One way to realise the plan is having a commitment and value umbrella underlying every activity determined to be essential and then to apply value in every core function of the company's business, from the selection and recruitment process to compensation. This means that companies must share their value so new employees can align their personal value with the value owned by the company. Regarding the role of value in recruitment, it demonstrates the company's commitment to building a community that always adheres to the established path to achieve the organisation's goals, as this will have an impact on the practical decisions that employees must make in order to retain the correct principles.

Improvements in the recruitment system involving the implementation of the company's value indicate that the company tries to pay attention to whether the characteristics of prospective employees are in accordance with the company's characteristics. Adding one indicator in the recruitment system that is a prospective employee characteristic will ensure that employees will greater conformity to the

organization and want to be fully involved, thus providing optimal performance.

The existence of a leader who can run the value correctly and inspire employees in applying the value is essential. Each leader must play an active role to provide support for each subordinate so that subordinates feel that support during their development process. Leaders need to approach to each subordinate personally to establish an intimacy that can improve the employee's suitability within the organisation. These improvements can help employees improve their performance that comes from within themselves, which will ultimately impact on improving the performance of departments and organisations.

Employees should also be aware of every effort the company makes so they will welcome the policy by taking an active role in carrying out duties and responsibilities based on the value set by the company. Employees should be aware that the company compensates every job done by each employee. When compensation expectations are in accordance with the employment agreement, then the company will receive reciprocity from employees through optimal performance. Employees need to realise that their performance contributions will help improve the company's performance, such that if the company's performance increases, that will increase incomes and some other things that will also be felt as positive impacts by the employees themselves. This demonstrates the need for cooperation and a good understanding between employees and their companies so their efforts are

complementary for the sake of progress together.

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