The Effect of Human Capital and Structural Capital on Business Performance with Relational Capital as an Intervening Variable in PT. Pegadaian (Persero) Kanwil I Medan

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Abstract: *Business performance is the organization's ability to use its resources. The business performance of PT Pegadaian (Persero) Regional Office I Medan is still relatively low when compared with other Regional Offices, then conducted research with the aim to determine the variables of human capital and relational capital, structural capital to business performance at PT Pegadaian (Persero) Regional Office I Medan. Path analysis research method, using Partial Least Square (PLS) Smart PLS 3.0 software to determine the concept of the truth of the factors that influence the business performance of PT Pegadaian (Persero) Regional Office I Medan. The results showed that the variables of human capital and relational capital, structural capital had a positive and significant influence on business performance at PT Pegadaian (Persero) Regional Office I Medan with a significant 5%, except the influence of modality on business performance directly. Human capital (HC) and structural capital have a positive and significant influence on business performance (BP) through relational capital (RC). Business performance variables include human capital, structural capital and relational capital variables of 95.2% and the rest by other variables. Capital relational variables are seen with variables of human capital and structural capital variables of 83.2% and the rest by other variables. In this study conducted that the influence of human capital in influencing business performance. The implications in this study are overall training, training, employee training, cross selling, staying in touch with customers.*
Keywords: *Business Performance, Human Capital, Structural Capital, Relational Capital*

I. Introduction

In 2016, the Financial Services Authority issued OJK (POJK) Regulation No.31/2016 concerning Pawnshop Business. Through these regulations, private pawnshops must establish a limited liability company or cooperative legal entity. This regulation will cause the emergence of PT Pegadaian (Persero) competitors. If previously PT Pegadaian (Persero) was a pawn service in banks such as gold pawning with competitive interest rates, other private mortgage services will emerge that have the potential to replace the position of pawnshops as the market leader.

Actually in 2017 PT Pegadaian (Persero) as a whole had incised a brilliant performance by posting a profit of Rp1.16 trillion in the first semester. The achievement of this profit increased compared to the same period in 2016 of Rp1.08 trillion. However, not only PT Pegadaian (Persero), the financial business outside the mortgage service also experienced an increase in profits, even though these companies were not engaged in Pawn but were still in the same business segment, namely capital lending. Like banking, it targets revenue growth of more than 10% in 2016.

The challenge faced by PT Pegadaian (Persero) is not only obtained from regulations issued by the government and its competitors (other financial companies), but also caused by expectations of shareholders who have increased followed by improved national economic conditions that improved in 2017. Investors' expectations increased with PT Pegadaian (Persero) to generate profits and better business performance compared to other financial institutions and the previous year. However, this opportunity also becomes the same opportunity for companies engaged in finance to increase profits and business performance.

Therefore, if the company wants to increase profits and business performance amid an increasingly competitive market, the company must strengthen its internal conditions. These conditions relate to human capital, customer capital, structural capital known as Intellectual Capital (IC) within the company. Competition in the world of business and internal PT Pegadaian (Persero) makes IC evaluation as an important thing in improving business performance that will affect the value of the company in the future.

Part of the internal business of PT Pegadaian (Persero) is a regional office that is spread throughout the territory of Indonesia. The results of the review indicate that several branches have not produced the specified performance. One of them is the performance of PT Pegadaian (Persero) Regional Office I Medan. Pawnshop Regional Office (Kanwil) I Medan is located at Jalan Pegadaian No. 112 Medan.

The Regional Office of Medan has indications of business performance which has been under several other regional offices in almost the past few years. This is important to analyze because it will affect the condition of PT Pegadaian (Persero) as a whole.

Based on data, earnings per employee in 2017 (October) PT Pegadaian Kanwil I Medan is Rp. 359,171,631, almost slightly lower than the other three regions, namely Balikpapan Regional Office Rp. 375,817,927. Supposedly, the higher the income per employee, the more efficient the company uses its employees. In other words, the use of human resources in the company is not efficient compared to other regional offices. In addition, Chenget al. (2010) show that companies that have high human capital efficiency tend to have higher financial performance than companies with low human capital efficiency. This is based on the data the authors obtained in Table 1.1, Medan Regional Office gained profit of Rp. 266,954,335,410 (2015) and Rp. 290,755,527,883 (2016). This achievement is lower compared to the other two regions, and some other financial performance.

Based on this, the authors conducted research related to the interaction of human capital, structural capital, relational capital to business performance. Because, seeing the existing conditions that the business performance of PT Pegadaian (Persero) Medan Regional Office I is still low. Measuring IC is very important to make comparisons of different companies and within the company, to estimate the company's real value or even to control improvements that can be done by the company. measuring ICs can improve the way a company manages intellectual resources, which can generate value and provide maximum profits for the company (Jurczak, 2008). This also applies to global markets which continue to move towards knowledge and technology innovation, continuing to look for methods to enhance competitive advantage. For many years IC has been synonymous with intangible assets and knowledge capital.

II. Theoretical Review

2.1 Intellectual Capital

Armstrong (2010) says IC can be defined as the flow of knowledge available to an organization and as an intangible resource related to humans in the organization. Bontis in Armstrong (2010) said that intangible resources are factors other than financial assets and physical assets that contribute to processes that can generate value for the company.
Moeheriono (2012) says intellectual capital can be divided into three parts:
1. Human capital or human capital
2. Structural capital or structural capital
3. Customer capital or customer capital

2.2 Human Capital

Human Capital (HC) is one of the three IC components. Armstrong (2010) describes HC as all human abilities, which can be in the form of innate abilities (taken from birth) or acquired abilities.
Nasution (2015) describes that human capital capabilities are a combination of the following factors:
a. Characteristics of a person in carrying out his work in the form of intelligence, energy, positive behavior, reliability and commitment.
b. The ability that a person has to learn, develop talents possessed, imagination, creativity and abilities possessed to solve an object of problem.
c. One's motivation in various forms such as various information and knowledge, goal-oriented group work spirit.

In the business concept, human capital within the company is an asset that has the biggest contribution to the development and growth of the organization, because basically human capital manages the physical capital, machinery, buildings and money capital that is in the organization (Nasution, 2015).

2.3 Structural Capital

Structural Capital (SC) is one component of three IC components. Moeheriono (2012) said "Structural Capital or Organizational Capital is the ability of organizations or companies that support the fulfillment of company routine processes and structures that support employees' efforts to produce optimal intellectual performance and overall business performance, for example the company's operational systems, manufacturing processes, culture organization, management philosophy and all forms of intellectual property owned by the company."

"An individual can have a high level of Intellectual Capital, but if the organization has a poor system and procedure, Intellectual Capital cannot achieve optimal performance and the existing potential cannot achieve optimal performance and the existing potential cannot be maximally utilized" (Moeheriono, 2012).

2.4 Relational Capital or Customer Capital

Moeheriono (2012) said "RC is a harmonious relationship that is owned by the company and its partners, both from existing suppliers and quality, coming from loyal customers and satisfied with the services of the company concerned, derived from the company's relationship with the government or with the community around. "Hubert Saint Onge in Moeheriono (2012) provides a definition of" relational capital or customer capital as depth (penetration), width (coverage) and linkages (loyalty) from the company, "

2.5 Business Performance

Organizational performance as an organization's ability to utilize its resources to achieve organizational goals effectively and efficiently. Business performance or organizational performance, is part of the effectiveness of the organization that includes operational and financial results.

III. Materials and Method

3.1 Type of Research

According to Kuncoro (2003) research methods can be classified into 1) Historical research 2) Descriptive research 3) Correlational research 4) Comparative causal research 5) Experimental research.

The method in this study is Causal research. According to Kuncoro (2003) this study seeks to determine whether there is a relationship between two or more variables, and how far the correlation exists between the variables studied.

3.2 Location and Time of Research

This research was conducted at the Management of PT Pegadaian Medan Regional Office (Kanwil) in each branch (specifically the branch head) who were aware of the general condition of the company with the research period in May 2018 - July 2018.

3.3 Research Populations and Samples

Population is a generalization area consisting of objects / research subjects that have certain quantities and characteristics set by researchers to be studied and then drawn to conclusions (Sugiyono, 2014). The population in this study was 171 Outlets of PT Pegadaian Medan Regional Office I in North Sumatra. With the unit of analysis namely manager, assistant manager and unit manager at PT Pegadaian Outlet Regional Office I Medan.

Kuncoro (2003) says the sample is part of the population that is expected to represent the study population.

In this study, such as constructs of human capital, structural capital, customer capital, innovation capital and business performance. So based on this, the largest number of arrows that affect one construct is 3. Then with a significance level of 5% and R^2 0.25, the minimum sample is 59. As for the analysis unit for the sample is the PT Pegadaian (Persero) Kanwil I outlet Field.

Because each member of the population is known, in this study the author uses probability sampling, namely by using stratified sampling, which is divided into 3 levels of managers, assistant managers and unit managers.

3.4 Data Analysis Method

This study uses descriptive qualitative analysis method to determine the existence of relationships between dependent variables and independent using inductive statistics correlation with multiple regression analysis. The qualitative descriptive objective in this study is to provide a systematic, factual and accurate description of certain facts.

a. Descriptive Analysis

Kuncoro (2014) explains that qualitative research methods are research methods used to examine natural objects, where researchers are key instruments, while data collection techniques are conducted by interview methods, data analysis is inductive, and the results of qualitative research emphasize meaning rather than generalization.

b. Data Analysis Techniques

Partial Least Square (PLS) is one of the alternative methods of SEM (Structural Equation Modeling), an alternative method with a variance-based approach (Yamin and Kurniawan, 2009).

The evaluation of the PLS model consists of two stages: evaluation of the outer model and evaluation of the inner model. Evaluation of the outer model is grouped into two other parts, namely the reflective model and the normative model.

IV. Results and Discussion

4.1 Descriptive Analysis

The results of the study show that the majority (most) respondents in PT Pegadaian Regional Office I are men with a percentage of 71%, and the remaining 29% are women. This means that the Man of PT Pegadaian Kanwil I Medan plays a more important role in the sustainability of the company's internal business, because the majority of leaders in this Regional Office are Men.

The majority of respondents working at PT Pegadaian Kanwil I are mostly more than 2 years with a presentation of 97% and the remaining 3% are in the range of 1-2 years. This means that to be one of the leaders in PT Pegadaian, someone must have more than 2 years working experience. Because experience is needed to lead subordinates. In addition, it can be seen from a long period of work which is more than 2 years and even some employees have been more than 15 years, that employees are quite loyal to the company to last for a long time.

Most of the respondents have positions as managers at PT Pegadaian Kanwil I Medan with 32% presentation, the rest have positions as assistant managers by 14% and the remaining 54% as managers of units. PT Pegadaian branch office.

4.2 Results and Discussion
Results
Hypothesis Testing

To test the hypothesis two-tailed test is used with an error rate of 5%. Then the critical value that must be fulfilled in this hypothesis test is 1.96. If the value of tcount is greater than ttable which is 1.96, then there is a significant effect between exogenous latent variables on endogenous latent variables. These values can be seen in Table 1 below:

Table 1. Resultl t_{count} Research Variable

Variable Relationships	t_{count}	t_{tabel}	Conclusion
$X_1 \rightarrow Z$	3,561	1,96	H_0 Rejected
$X_2 \rightarrow Z$	2,518	1,96	H_0 Rejected
$Z \rightarrow Y$	8,067	1,96	H_0 Rejected
$X_1 \rightarrow Y$	4,112	1,96	H_0 Rejected
$X_2 \rightarrow Y$	1,052	1,96	H_0 Accepted
$X_1 \rightarrow Z \rightarrow Y$	3,229	1,96	H_0 Rejected
$X_2 \rightarrow Z \rightarrow Y$	2,407	1,96	H_0 Rejected

Source: Research Result

Based on the results of calculations in Table 1, it can be seen that the results of the hypothesis test conducted obtained results:

a. Human capital (HC) has a significant influence with relational capital (RC) at PT Pegadaian (Persero) Medan Regional Office I.

b. Structural capital (SC) has a significant influence with relational capital (RC) at PT Pegadaian (Persero) Medan Regional Office I.

c. Relational capital (RC) has a significant influence on business performance (BP) capital at PT Pegadaian (Persero) Medan Regional Office I.

d. Human capital (HC) has a significant influence on business performance (BP) at PT Pegadaian (Persero) Medan Regional Office I.

e. Structural capital (SC) does not have a significant influence with business performance (BP) at PT Pegadaian (Persero) Medan Regional Office I.

f. Human capital (HC) has a significant influence on business performance (BP) through relational capital (RC) Regional Office of PT Pegadaian (Persero) Medan Regional Office I.

g. Structural capital (SC) has a significant influence on business performance (BP) through relational capital (RC) Regional Office of PT Pegadaian (Persero) Medan Regional Office I.

Untuk mengetahui apakah masing-masing variabel berpengaruh secara positif atau negatif terdapat pada Tabel 2.

Table 2. Total Effect

Variable Relationships	Path Coefficient	T Statistic	P Values
$X_1 \rightarrow Y$	0,336	4,112	0,000
$X_1 \rightarrow Z$	0,536	0,351	0,000
$X_2 \rightarrow Y$	0,097	1,052	0,293
$X_2 \rightarrow Z$	0,390	2,518	0,012
$Z \rightarrow Y$	0,570	8,067	0,000
$X_1 \rightarrow Z \rightarrow Y$	0,306	3,229	0,001
$X_2 \rightarrow Z \rightarrow Y$	0,222	2,407	0,016

Source: Research Result

Table 2 shows the positive or negative effects of each variable in the study, if previously the researchers measured significance through the T Statistic, to measure the positive and negative influences used path coefficient on the table with the following details:

a. Human capital (X_1) has a significant influence with relational capital (Z) at PT Pegadaian (Persero) Medan Region I Office. The original value of the sample is 0.536 so the effect of X1 to Z is positive. In other words X_1 has a positive and significant influence on Z.

b. Structural capital (X_2) has a significant influence with relational capital (Z) at PT Pegadaian (Persero) Medan Regional Office I. The original value of the sample is 0.390 so that the effect of X_2 to Z is positive. In other words X_2 has a positive and significant influence on Z.

c. Relational capital (Z) has a significant influence on business performance (Y) capital at PT Pegadaian (Persero) Medan Region I Office. The original value of the sample is 0.570 so that the effect of Z to Y is positive. In other words, Z has a positive and significant influence on Y.

d. Human capital (X_1) has a significant influence on business performance (Y) at PT Pegadaian (Persero) Medan Region I Office. The original value of the sample is 0.690 so the effect of X_1 to Y is positive. In other words X_1 has a positive and significant influence on Y.

e. Structural capital (X_2) does not have a significant influence with business performance (Y) at PT Pegadaian (Persero) Medan Regional Office I. The original value of the sample is 0.336 so the effect of X_2 to Y is positive. In other words X_2 has a positive and not significant effect on Y.

f. Human capital (X_1) has a significant influence on business performance (Y) through relational capital (Z) Regional Office of PT Pegadaian (Persero) Medan Regional Office. The original sample value is 0.306 so the effect of $X_1 \rightarrow Z \rightarrow Y$ is positive. In other words X1 has a positive and significant influence on Y through Z.

g. Structural capital (X_2) has a significant influence on business performance (Y) through relational capital (Z) Regional Office of PT Pegadaian (Persero) Regional Office I Medan. Pegadaian (Persero) Regional Office I. The original sample value is 0.222 so that the effect of $X_2 \rightarrow Z \rightarrow Y$ is positive. In other words X_2 has a positive and significant influence on Y through Z.

h. Based on the data in the table the biggest influence is the relational capital variable on direct business performance (direct effect). Meanwhile, the relational capital variable is more influenced by human capital when compared to structural capital. If the total effect value is calculated as a whole, the results show that the influence between $X_1 \rightarrow Y$ is the largest, which is worth 0.641. While the influence between $X_1 \rightarrow Z$ is 0.536. In addition, $X_2 \rightarrow Y$ is 0.320 and $X_2 \rightarrow Z$ is 0.396 and $Z \rightarrow Y$ is 0.570.

V. Discussion

Based on the calculations that have been made regarding existing data, the following results are obtained:

a. Human capital (HC) has a positive and significant influence on relational capital (RC) at PT Pegadaian (Persero) Medan Regional Office I. This is in line with Maditinos et al. (2010) who tested Human Capital and Customer Capital showed a positive relationship between the two. Human capital is actually another mention in Human Resources which is capital that continues to experience development and change in accordance with the demands of the business environment. Sometimes companies often ignore the management of human capital. In this study, it has been shown the importance of capital in influencing several other variables so that this becomes important to be considered by PT Pegadaian Kanwil I Medan. Leaders should see HR in their company as a unit that contains knowledge and skills and has unique competencies, or a unique set of business assets that can distinguish products or services from its competitors. So that the uniqueness of HR owned by PT Pegadaian Kanwil I Medan, which is good, will create a good service relationship to customers. Ability and expertise can be used to find out the needs and desires of customers from ideas, suggestions, opinions given to companies, so that it can ultimately improve relational capital. Management of human capital within the company can be an opportunity to improve relationships with customers of PT Pegadaian Kanwil I Medan.

b. Structural capital (SC) has a positive and significant influence with relational capital (RC) at PT Pegadaian (Persero) Medan Regional Office I. This is in line with the results of the study of Cabrita and Bontis (2008)

which shows that structural capital has a positive and direct effect on relational capital. With regard to structural capital there is empirical evidence that employee satisfaction, motivation and commitment have a positive influence on customer satisfaction, loyalty and retention, which leads to higher company productivity (Kaplan et al., 1999) in Cabrita and Bontis (2008). Companies that have strong structural capital will create a culture that makes employees in the company try new, innovative, creative things. While relational capital activities are mostly related to product innovation, product image, service innovation, customer satisfaction, customer loyalty and also relating to society. So that with structural capital at PT Pegadaian Kanwil I Medan, which allows employees to create, innovate, and try new things, it will make relational capital performance increase.

c. Relational capital (RC) has a positive influence and significant business performance (BP) at PT Pegadaian (Persero) Medan Regional Office I. The relationship of relational capital (customer capital) to business performance is in accordance with Bontis (1998) in Astuti and Sabeni (2005) who propose the diamond specification model and shows that the relationship between customer capital and business performance is positive and significant. It can be explained that if a company is able to manage good relational capital for example by giving satisfaction to consumers so that consumers become loyal to the company's products or services, then business performance will increase, as well as creating a good relationship with the community so that the company has a good image in the eyes of the public, business performance will be easy to improve and a distinct advantage for the company, this also applies to PT Pegadaian Kanwil I Medan.

d. Human capital (HC) has a positive influence and significant business performance (BP) at PT Pegadaian (Persero) Medan Regional Office I. Conducted a study of the relationship between human capital and business performance showing the results of research that HR use was more associated with turnover rates, therefore a low workforce was able to generate profit per person higher work, but low productivity. Estimates of performance, show a very strong relationship between HR, productivity and financial performance.

e. Structural capital (SC) does not have a positive and significant influence with business performance (BP) at PT Pegadaian (Persero) Medan Regional Office I.

f. Human capital (HC) has a positive and significant influence on business performance (BP) through relational capital (RC) PT Pegadaian (Persero) Medan Regional Office I. This is in line with the research conducted by Anggraini (2007) that human capital can directly influence business performance and not directly affect business performance through customer capital variables (intervening variables). The discussion about this research is that human capital can influence business performance directly in PT Pegadaian Kanwil 1 Medan, for example in the productivity of its human resources and also indirectly influence through relational capital, meaning good relational capital for example by giving satisfaction to consumers so that consumers being loyal to the company's products or services, the business performance will increase, so if a good relationship with the community is created so that the company has a good image in the eyes of the community, business performance will be easy to improve and become a distinct advantage for the company.

g. Structural capital (SC) has a positive influence and significant business performance (BP) through relational capital (RC) Regional Office of PT Pegadaian (Persero) Medan Regional Office. This means that culture, values, processes and systems exist in PT Pegadaian Kanwil I Medan help companies improve relationships and service to customers. Information systems, for example, such as data provide an opportunity for companies to get to know the identity of customers and provide opportunities for companies to find out the needs and desires of customers. Then if the company is able to manage good relational capital for example by giving satisfaction to consumers so that consumers become loyal to the company's products or services, then business performance will increase, as well as creating good relationships with the community so that the company has a good image in the eyes of the business community performance will be easy to improve and a distinct advantage for the company.

h. If the total effect value is calculated as a whole, the results show that the influence between $X_1 \rightarrow Y$ is the biggest, which is worth 0.641. While the influence between $X_1 \rightarrow Z$ is 0.536. In addition, $X_2 \rightarrow Y$ is 0.320 and $X_2 \rightarrow Z$ is 0.396 and $Z \rightarrow Y$ is 0.570. Then the effect of human capital on business performance is greater when compared to the effect of other variables in total effect. In addition, the second influence on business performance is the variable relational capital. So based on these two things the most important thing to be noticed by PT Pegadaian Kanwil I Medan is human Capital, then how the human capital can create good relationships with customers in this case relational capital can ultimately improve business performance.

VI. Conclusion and Suggestion

5.1 Conclusion

Based on the research that has been done by the authors, it can be concluded several points regarding this research. These are:

a. Human capital (HC) has a positive influence and significant national capital (RC) at PT Pegadaian (Persero) Medan Regional Office I.

b. Structural capital (SC) has a positive and significant effect on relational capital RC).

c. Relational capital (RC) has a positive and significant effect on business performance (BP) capital.

d. Human capital (HC) has a positive and significant influence on business performance (BP).

e. Structural capital (SC) does not have a positive and significant influence on business performance (BP).

f. Human capital (HC) has a positive and significant influence on business performance (BP) through relational capital (RC).

g. Structural capital (SC) has a positive and significant influence on business performance (BP) through relational capital (RC)

h. The influence of human capital on business performance is the biggest.

5.2 Suggestion

Based on the results of research conducted by the author to PT Pegadaian Kanwil I, the suggestions that can be given by the author are as follows:

a. It is necessary to conduct training evenly to achieve equal human capital and systems that have been standardized by the company.

b. Monitoring employee performance results after conducting training needs to be conducted regularly.

c. When the customer comes to the employee counter must be proactive and the office equipment needed must be provided properly.

d. PT Pegadaian (Persero) 's frontliner, namely cashiers and estimators as HR, should be able to understand and offer company products cross-selling.

e. Marketing agent PT Pegadaian (Persero) should continue to be a good contact when they are still customers and existing customers.

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