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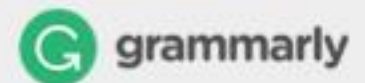
Information fo Author

- Author Guidelines
- Template
- Online Submissions

Tools



- Mendeley User Guide
- Insert Citation using Mendeley



Index

[Google Scholar](#)

Notifications

- View
- Subscribe

Journal Content

Search Search Scope [All](#) ▼[Browse](#)

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[HOME](#) [ABOUT](#) [LOGIN](#) [REGISTER](#) [SEARCH](#) [CURRENT](#) [ARCHIVES](#) [ANNOUNCEMENTS](#) [SITE MAP](#) [CONTACT](#)[Home](#) > [Archives](#) > [Vol 8, No 2 \(2019\)](#)**Vol 8, No 2 (2019)****Table of Contents****Articles**

- Job Satisfaction, Job Fairness, and Job Evaluation as an Initial Step of Reward Management System Development: The Implementation of Quality of Work Life Concept** pp. 73-88
Laurentia Verina Halim Secapramana, Heidi Patricia, Eko Nugroho
- Critical Analysis of Sharpe, Treynor and Jensen Methods in Analyzing Stock Portfolio Performance LQ-45 Stock Studies** pp. 89-104
Qur'anitasari Qur'anitasari, Nila Firdausi Nuzula, Ari Darmawan
- The Effect of Earnings Quality on Financial Performance in Indonesia : is the State-Owned Bank better than Private Bank?** pp. 105-116
Rachma Bhakti Utami, Nila Firdausi Nuzula, Cacik Rut Damayanti
- The Characteristics of MSME Entrepreneurs in Surakarta, Indonesia** pp. 117-132
Asri Laksmi Riani, Agung Prabowo, Mega Shintya Andriyani
- Human Resources Competences in Economics Higher Education Provider in East Java, Indonesia : The determinant of organizational performances** pp. 133-144
Fariz Fariz
- Board Size and Gender Diversity on Boardrooms and Its Impact of Corporate Risk Taking: Evidence from Indonesia** pp. 145-164
Kusuma Ratnawati

About APMBA

- Aim and Scope
- Editorial Team
- Reviewer
- Publication Ethics
- Visitor Statistic

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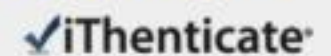
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- Author Guidelines
- Template
- Online Submissions

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- Mendeley User Guide
- Insert Citation using Mendeley

**Index**[Google Scholar](#)**Notifications**

- View
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Malang, 10th December 2019

Dear Mr. Fariz

Thank you for your consideration in publishing your manuscript with the title **“Human Resources Competences in Economics Higher Education Provider in East Java, Indonesia : The Determinant of Organizational Performances”** to the Asia Pacific Management and Business Application: An International Journal.

On behalf of the editor, I'm pleased to inform you that your article is suitable for publication. Again, congratulations. The reviewers generally felt that your article was good enough but need major revision, however, for making this article high standard I noted several things that you need to consider.

The journal will publish your paper, **“Human Resources Competences in Economics Higher Education Provider in East Java, Indonesia : The Determinant of Organizational Performances”** in the up coming Volume 8, 2nd edition in December 2019. Thank you again for submitting your article.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Dodi Wirawan Irawanto', is written over a horizontal line.

Dodi Wirawan Irawanto, SE., M.Com., Ph.D

Editor-in-Chief

Asia Pacific Management and Business Application

Human Resources Competences in Economics Higher Education Provider in East Java, Indonesia: The determinant of organizational performances

Fariz*

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Abstract

This study seeks to fill a gap (gap) is to integrate human resource competencies, and a culture of innovation in improving organizational performance and competitiveness, especially in the Economics Higher Education Institutes (STIE) in East Java. The study population was the whole STIE in East Java as it listed in LLDIKTI who has at least 50% of study program accredited "B from BAN PT (body of national accreditation) resulting 11 STIE. This study used a sample of saturated (census) on the grounds that the number of population in this study include small, Respondents from the entity unit examined in STIE institution is the Chairman, Vice Chairman I (Academic Affairs) and Chairman of the Program with a total of as many as 49 (the Forty-Nine) man. Results of testing the hypothesis can be explained: Competence of human resources has a positive impact on organizational performance and exhibited significantly STIE. The results of this study indicate that the first hypothesis (H1) is accepted; Competence of human resources through a culture of innovation has a positive impact on organizational performance and exhibited significantly STIE these results indicate that the second hypothesis (H2) is received. Organizational performance and exhibited significantly have a positive effect on the competitiveness of STIE. The results of this study indicate that the third hypothesis (H3) is received.

Keywords

HR Competency, Innovation Culture, Organizational Performance, Competitiveness

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Introduction

In terms of quantity, there has been an encouraging development in the number of PTS (Private University) and study programs, but quality has not been accompanied by an increase in performance. This is proven during the last five years the results of BAN-PT institutional accreditation shows that of

the 40 Colleges of Economics (STIE) in East Java, only four STIEs have been institutionally accredited with only 10% of the total STIE. In fact, the accreditation status of a tertiary institution is a reflection of the performance of the tertiary institution concerned and illustrates the quality, efficiency and relevance of a study program that is held.

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The following description explains several research gaps related to research on human resource competencies, learning orientation, performance and competitiveness and empirical phenomena in Higher Education shows that there are different results. The differences lie in the results of previous studies due to differences in research variables, research objects, and determination of indicators. The difference in the results of this study by Ferdinand (2006) is called the research gap which include the following aspects. First, Segal et al. (2009) conducted a research on HR competencies (education and experience) for managers and the findings showed that HR competencies had a significant effect on company performance, and what was interesting from this study was the manager's experience was more dominant in improving organizational performance. Another research was conducted by Ongkohardjo et al. (2008) on KAP in Indonesia which found that HR competencies (individual capability and organizational climate) significantly influence the performance of KAP in Indonesia. Based on the results of those two previous studies, it is clear that the results support the framework of superior educational performance from Baldrige, where human resource competence directly influences the organizational performance.

Researches linking human competence to organizational performance were also conducted in universities one of which was conducted by Stiles and Kulvisaechana (2002). It was conducted at the university in Cambridge which found that human capital (intellectual capital, social capital, organizational capital and knowledge) significantly influence university performance. Another research was conducted by Hansson et al. (2004) who conducted research at 34 universities in Europe (Germany, Spain, France, Sweden and the United Kingdom). The results of their

research indicate that human resource competencies (education, skills and competencies) have a significant effect on organizational performance at both State and Private Universities. This research also found that education provides the greatest contribution in human resource competencies.

Research that found that human resource competency did not significantly influence organizational performance was conducted by Chang et al. (2006) examining the influence of human resource competencies, group dynamics, organizational innovation and performance at The Hsinchu Science Park and The Tainan Science Park in Taiwan. The results show that human resource competency does not have any significant effect on organizational performance. However, if human resource competence is associated with innovation, the results can improve organizational performance, so that one of the determinants of improving organizational performance is organizational innovation (Lopez et al., 2005).

There are also several studies linking human resource competency, innovation and organizational performance one of which is a research conducted by Walker et al. (1997) and Adler and Kwon (2002) who found that innovation affects human resource competencies and organizational performance. Meanwhile, Guthrie (2001) says that organizations that have intellectual capital and innovation will create competitiveness and superior performance. Organizational performance is also influenced by human resource competence and innovation (Morales et al., 2007).

Secondly, Ulrich (1991) got a significant positive result while Strandkov's research (2008) got a significant positive result. The research gap arises so this research is still needed especially in reviewing performance indicators from the perspective of higher education as a consequence of achieving competitiveness. For this reason, in this study the relationship between performance

and competitiveness is adjusted to a typical indicator with the college context and organizational performance indicator adjusted to the BAN -PT criteria by adopting and modifying the Malcolm Baldrige concept.

Therefore, the researcher would like to identify this relationship into 5 (five) hypotheses. First, Hypothesis One states that human resource competence has a positive and significant influence on the performance of STIE organizations. Next, hypothesis Two states human resources (HR) competence through innovation culture has a positive and significant impact on the performance of STIE organizations. Then, hypothesis three states that organizational performance has a positive and significant impact on STIE competitiveness.

Research Method

The population of this research is the entire College of Economics which has a minimum of 50% accredited study program "B from BAN PT (bearing in mind the minimum limit of study program accreditation required by the Ministry of Administrative Reform in the selection of the State Civil Apparatus (ASN) is" B "accreditation).

The sample is part of the population, so by examining a portion of the population it is expected that the results obtained will be able to describe the nature of the population concerned (Singarimbun and Effendi, 2006). This study took all 11 (eleven) population members of the School of Economics so that this study used a saturated sample (census) on the grounds that the population in this study was small.

The respondents from the entity units examined in STIE institutions are the Chairperson, Assistant Chairperson I (Academic Affairs) and Chair of the Study Program. The reason for using respondents in this study is that

respondents have a direct and responsible role in the use of budgeted funds, determining policies and decision-making institutions that are expected to be able to understand human resource competencies, innovation culture, performance and competitiveness in STIE with a total of 49 (Forty-Nine) People.

Completing the questionnaire by the respondent takes between 1 (one) to 2 (two) weeks. But every 5 (five) days the researchers always check either by telephone or come directly to the study site, to see whether the questionnaire has been filled or not. If the questionnaire that was filled in by the respondent was ready to be taken, then the researcher, assisted by one friend, took the questionnaire. Interviews are also conducted to obtain information or in-depth explanation of the phenomenon of the object of study or to certain information related to the research variables. For this reason, interviews are data collection techniques to support information and data obtained through questionnaires.

Descriptive analysis is used to describe and interpret the characteristics of the respondents and each variable used. In this study the characteristics of respondents included: gender, age, education, position, duration of leadership of STIE, and status of higher education. While the variable description includes the variables of human resource competency, innovation culture, organizational performance and competitiveness. In the analysis using PLS, there are two important things that must be done: (1) Assess the outer model or measurement model to test the validity and reliability of research variables. There are three criteria to assess the outer model, namely convergent validity, discriminant validity, and composite reliability; (2) Evaluating the inner model or structural model. This is done to see the relationship between constructs, assess significance and see R Square from the research model.

Result and Discussion

The object of this study is the College of Economics (STIE) at LLDIKTI Region VII East Java. The total number of STIE registered at LLDIKTI VII East Java is 40 (Forty) College of Economics. In this study, not all Colleges of Economics are used as research objects, but only STIE which has a minimum of 50% BAN-PT accredited study programs with a B grade, which according to the Minister of Education and Culture Republic of Indonesia Regulation No.87 of 2014 concerning Program Accreditation Study and Higher Education means the rank of accreditation B is to meet the National Standards of Higher Education

(Permendikbud, 2014). Respondents in this study were the leaders of the School of Economics at LLDIKTI VII East Java consisting of the Chairperson, Assistant / Deputy Chairperson and Head of the Study Program in the BAN-PT accredited study program with a B grade.

Based on the results of the study, there was no difference in emphasis between the indicators of HR Competence and conditions in the field. In detail, it can be seen in table 1 that the most dominant or perceived indicators that are most important are the Personal Attribute (loading value = 0.8862), followed by capability (loading value = 0.8523) and Knowledge (value loading = 0.8142).

Table 1. The value of Outer Loading and the Mean Indicator of HR Competency

Indicator	Outer Loading	Mean
Knowledge	0,8142	3,381
Atribut Personal Personal Attributes	0,8862	3,485
Skill	0,8523	3,464

Source : data processed (2019)

Less important indicator in Human Resource Competency is Knowledge. Of course this is a challenge for the Leadership of STIE to always provide advice and information to its members to improve knowledge through further study and promotion of academic functional positions. The second aspect by referring

to the Law on Teachers and Lecturers that is a lecturer must have a minimum degree of S-2 (master degree) education.

Based on the results of the study, there was no difference in emphasis between the indicators of Innovation Culture and conditions in the field.

Table 2. Value of Outer Loading and the Mean Indicator of Innovation Culture

Indicator	Outer Loading	Mean
Innovation involvement	0,8942	3,367
Innovation Consistency	0,7903	3,184
Innovation Adaptation	0,8782	3,286
Innovation Mission	0,8771	3,306

Source : processed (2019)

Based on Table 2, the most important indicator in innovation culture are innovation involvement (loading value = 0.8942). Next is innovation adaptation

(loading value = 0.8782), innovation mission (loading value = 0.8771) and finally innovation consistency (loading value = 0.7903). Therefore, the College of

Economics in order to improve its performance must always require the involvement of all parties in innovating where the organization must strive (1) to equate language and categorization; (2) set limits and criteria for groups or membership; (3) distribute power and status to manage feelings of aggression; (4) develop norms; (5) establish and allocate rewards and punishments.

Facts on the field show the same conditions, where indicators that are perceived as important in the innovation culture are innovation involvement with a mean of 3,367 followed by an innovation mission with a mean of 3,306, innovation adaptation to a mean value of 3,286 and finally the innovation consistency with a mean value of 3,184. The College of Economics considers it important to direct

all members of the organization to always innovate in the face of a changing environment and must innovate in accordance to the mission set by the organization with the development of new study programs and the development of administrative processes and learning can be used as a solution.

In this study, the performance measurement of the College of Economics in East Java uses the concept of Malcolm Baldrige in the criteria and accreditation standards applied to all Higher Education Institutions in Indonesia. Based on the results of the study, it showed a difference between the results of the analysis with the facts in the field. For more details, the results of the study can be seen in table 3.

Table 3. The Value of Outer Loading and the Mean of Organizational Performance Indicators

Indicator	<i>Outer Loading</i>	Mean
Information and Analysis	0,8112	3,592
Leadership	0,8063	4,026
Organizational Performance Result	0,7342	3,893
Strategic Planning	0,7610	3,689
Faculty and Staff Focus	0,7953	4,082
Educational and Support Process Management	0,8362	3,694
Customer and market focus	0,8443	3,490

Source : appendix 5, processed (2015)

Based on Table 3, it shows that the indicators that are perceived as the most dominant or the most important indicators in Higher Education organizational performance are Customer and Market Focus (loading value = 0.8443). The next important indicator in a row is Educational and Support Process Management (loading value = 0.8362); Information and Analysis (loading value = 0.8362); Leadership (loading value = 0.8063), Faculty and Staff Focus (loading value = 0.7953), Strategic Planning (loading value = 0.7610), Organizational Performance Result (loading value = 0.7342). Therefore, this explains that

Student services, academic services and communication and information services are the main factors in the formation of Organizational Performance in the College of Economics in East Java where supported curriculum of learning, academic atmosphere, academic administration, evaluation of academic processes will support high organizational performance.

Conditions in the field indicate that there are differences in emphasis applied by College of Economics in East Jawa. In this study, it turns out that it is emphasized on Faculty and Staff Focus (mean value = 4.082), namely performance appraisals,

assessments of lecturer performance, and employee performance appraisals are carried out routinely. Of course this is related to the existence of infrastructure and facilities owned by the College of Economics at this time and also the limited funding which is largely sourced from students and the academic atmosphere is less conducive.

The condition that is perceived as less important is Customer and Market Focus (mean value = 3.490). In fact, student services; academic services; communication and information services

are the most important forming indicators in the performance of Higher Education organizations. Thus, the phenomenon of a bad learning system will not only be felt by students, but also by other stakeholders such as companies both government and private as users of higher education services, so there needs to be a strong commitment so that service performance can improve.

Based on the results of the study, there is no difference in emphasis between the indicators of Competitiveness with conditions in the field in Table 4.

Table 4. The Values of Outer Loading and the Mean Competitiveness Indicators

Indicator	<i>Outer Loading</i>	Mean
Physical aspect	0,7962	3,680
Location	0,8312	3,612
Program Issue	0,7532	3,714
Reputation	0,8534	4,107
Study Factor	0,8531	3,837

Source : processed (2019)

Table 4 shows the indicators that form the most important competitiveness variables which are Reputation (loading value = 0.8534), Study Factor (loading value = 0.8531), Location (loading value = 0.8312), Physical Aspects (loading value = 0.7962) and finally the Program Issue (loading value = 0.7532). Therefore, Universities in order to increase their competitiveness must always pay attention consistently to the administrative procedures of new students, the reputation of the degrees produced by the College of Economics, the competence and quality of instructors and lecturers, the timeliness of completion of education, the appropriateness of costs incurred during their education, and the availability of information on opportunities or job vacancies. Meanwhile, there is also less important indicator but it must be still considered and get the attention from the organization is the issue of the program which include diversity and completeness of the choice of program or concentration

for students and ease of procedure to move concentration for students.

Facts in the field show the similarity of the results of an important indicator emphasis, where the indicator that is perceived as important in competitiveness is reputation (mean value = 4.107) of College of Economics itself. The ease of administrative procedures for new students will affect the reputation of STIE. If the procedures of new students in the Management Masters Program are complicated, the community can assume that the quality of service at the STIE is not good for the first time. Especially for the reputation of the title produced greatly affects the reputation of the STIE. If the reputation of the degree produced by STIE is classified as good, then the community will choose STIE. Similarly, there are variables of competence and quality of instructors and lecturers. If the lecturer and instructor are competent and qualified, it can raise a reputation of that school which according to Alma (2000), it is stated that lecturer is a very

potential resource in determining the quality of education provided so he/she serves as a "marketing agent" who creates a special attraction for students.

The condition that is perceived as less important in the field is the location variable (mean value = 3.612), namely the ease of reaching the College of Economics. To get a positive perception, the organizers of higher education must facilitate the availability of educational products. According to Kotler and Fox (1995: 331) the location and scheduling of

educational programs can be a determinant of the success of an institution of higher education. It was further stated that prospective students usually avoid dangerous urban areas, unpleasant and unsafe environments or isolated and boring areas.

To answer the research hypothesis we can see the results of the t-statistic of direct influence test in Table 5 below:

Table 5. Test Table of Direct Influence

Path	Original sample estimate	t statistic	Note
HR Competence (X ₁) → organizational performance (Y)	0,6492	3,3744	significant
HR Competence (X ₁) → innovation Culture (X ₂)	0,5113	2,691	significant
Innovation culture (X ₂) → organization performance (Y)	0,4712	2,2998	significant
Organization performnace (Y) → competitiveness (Z)	0,5812	2,791	significant

Source: processed (2019)

Table 5 explained the results of the direct influence test as follows: T value of HR Competency (X₁) → organizational performance (Y) is of 3.3744 because the value of t arithmetic > 1.96, so it can be said that HR competence affects organizational performance. HR competencies affect organizational performance for 0.6492.

The value of t count of HR Competency (X₁) → Culture of innovation (X₂) is of 2.691, because the value of t count > 1.96, so it can be said that HR competence influences innovation culture. HR competencies affect the innovation culture for 0.5113.

The value of t count of innovation culture (X₂) → organizational performance (Y) is of 2.2998 because the value of t count > 1.96, so it can be said that the innovation

culture influences organizational performance. Innovation culture influences organizational performance for 0.4712.

The value of t count of organizational performance (Y) → competitiveness (Z) is of 2.791 because the value of t count > 1.96, so it can be said that organizational performance influences competitiveness. Organizational performance affects competitiveness for 0.5812.

At this stage the indirect effect of the two stages will be tested, namely the Effect of HR Competence on Organizational Performance through a Innovation Culture. PLS results shows that the indirect effect of HR competencies on organizational performance through innovation culture can be seen in Figure 1.

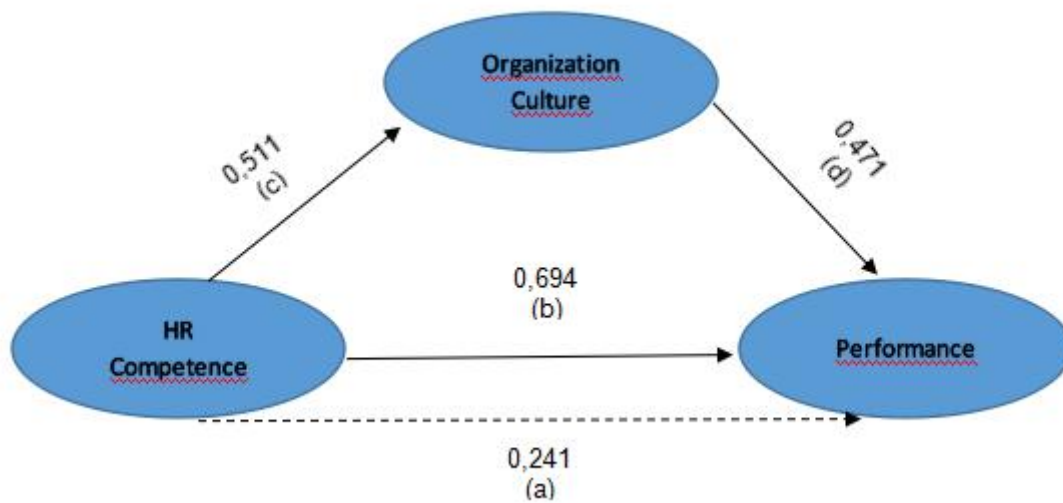


Figure 1. The Indirect Effect of HR Competence on Organizational Performance Through Innovation Culture (Source: processed (2019))

HR competence has a significant effect on innovation culture by 0.511. Innovation culture has a significant effect of 0.471 on organizational performance. HR competency has a significant effect on performance by 0.694. HR competency has an indirect effect on performance through innovation culture of 0.241.

To test the level of intervention of mediating variable whether it has a full mediation or partial mediation or even there is mediation. The mediation variable examination method used is following (Hair et al, 2010) that is first by checking the indirect effect of HR competency variable on organizational performance variable in the model by involving mediation variable (innovation culture). The results show that the indirect effect is 0.241 and the results are significant. Next, it is done by examining the effect of the independent variable (HR competence) on the dependent variable (organizational performance) on the model without involving mediating variable. The effect of HR competency on performance is 0.694 and the results are significant. Third, it is continued by examining the effect of the independent variable (HR competence)

on mediating variable (organizational culture). The effect of HR competence on innovation culture is 0.511 and the results are significant. Last, it is examining the effect of mediation variable (innovation culture) on the dependent variable (organizational performance). The influence of innovation culture on innovation culture is 0.471 and the results are significant.

Based on the results of the investigation of the four effects above (a, b, c, d), it can be said that the innovation culture variable can be said to be a mediating variable because at (c), (d) and (a) are significant and (a) is smaller than (b) so it is said to have a partial mediation variable.

The results of the analysis of the influence of human resource competencies on organizational performance indicate a positive and significant influence. The results of this analysis indicate that the higher the competency of human resources, the higher the performance of the organization. Based on the analysis of the model, it shows that human resource competencies are more reflected by personal attributes. Other personal attributes that are able to differentiate between

someone who is performing and not performing include achievement, dedication and HR loyalty. By investing in human resources, it will increase the competence of human resources which in turn will improve organizational performance.

The low aspect of knowledge is due to several factors including the limited financial capability of STIE or because of the bureaucracy between PTS (private University) Managers and Foundations. The financial capability of PTS which is still dominated by student acceptance, allocates more to expenditures for the interests of the teaching and learning process, so it requires the direct role of STIE lecturers to seek scholarships from both the government and private sector and parties from STIE to give awards to members who have participated in further studies so that they are motivated.

Based on the results of the analysis, it shows that the competence of human resources through innovation culture has a positive and significant impact on STIE organizational performance. This reflects the competence of human resources which can encourage an increase in the innovation culture. Thus, the higher the culture of innovation, the better the organizational performance. Innovation can be done by improving the quality of study programs, learning processes and service areas. To foster a culture of innovation, it needs to be continuously improved because it is proven that innovation can mediate organizational performance improvement. Therefore, leaders of the College of Economics in East Java are advised to give awards to all members of the organization that produce innovation, both product innovation (new study programs), learning process innovation and innovation in the service sector.

Based on the results of the research above, reputation has an important role in determining competitiveness since it has

the biggest loading factor consisting of ease of administrative procedures for new students, reputation of the degree produced, competence and quality of instructors and lecturers, timeliness of completion of education, suitability of costs issued during education, and the availability of information on opportunities or job vacancies.

The ease of administrative procedures for new students will affect the reputation of the STIE. If the procedure of new students is complicated, the community can assume that the performance of the STIE is not good for the first time. Especially for the reputation of the title produced greatly affects the reputation of the STIE. If the reputation of the degree produced by STIE is classified as good, then the community will choose STIE. Similarly, the factors of competence and quality of instructors and lecturers also play a vital part. If the lecturers and instructors are competent and qualified, they can raise the STIE's reputation. Other, the timeliness of education completion variable obviously greatly affects the reputation. If all students can complete their education on time, it will create a good image in the eyes of the community, so that it will lead to a good reputation.

To achieve organizational performance and the high competitiveness of STIE, university leaders must develop a learning system that is in accordance to the changing times which is suited with the vision and mission goals of the institution which is published in academic guidelines and used as a reference by all learning implementing units. In addition, it must provide learning facilities and infrastructure that are centralized and can be accessed and utilized to support academic interaction between students, lecturers and other resource persons in learning activities considering the physical aspect indicators are still perceived lowly by respondents in building competitiveness variable.

This research provides the opportunity for further researchers to conduct research in different service industries or in the manufacturing industry. This study is only limited to the human resource competency variable, innovation culture and organizational performance, and competitiveness. Of course, there are still many other variables that need to be examined. Moreover, mediating variables need to be explored further. Further studies are expected to provide further understanding of various factors that can affect performance and competitiveness.

Conclusion

Based on the results of the analysis and discussion in the previous chapter, there are some conclusions drawn. The results of the analysis on the influence of human resource (HR) competencies on STIE organizational performance indicate a positive and significant effect. The results of this analysis indicate that the higher the competency of human resources, the higher the performance of STIE organizations. Based on the analysis of the model, it shows that human resource competencies are more reflected by personal attributes.

The analysis shows that human resource competency through a culture of innovation has a positive and significant influence on STIE organizational performance. This reflects that the competence of human resources can encourage an increase in the innovation culture. Thus, the higher the innovation culture, the better the organizational performance. Innovation can be done by improving the quality of study programs, learning processes, and service areas. The results of this study support previous research by Dakhli and Clercq (2003), who found that innovation will improve organizational performance. Furthermore, Chang et al. (2006) and this present research also supports the theory of innovation (Hamel, 1999).

Based on the results of the analysis, it was found out that reputation has an important role in determining competitiveness since it has the biggest loading factor. The results of the study stating that organizational performance has a positive and significant influence on the competitiveness of STIE supports the research of Strandskov (2006), Cavanagh and Clifford (1986) and Menon et al. (1996).

Notes on Contributor

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