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STUDY OF THE INFLUENCE OF CAPITAL AND INTELLECTUAL CAPITAL ON EMPLOYEE PERFORMANCE USING STRUCTURAL EQUATION MODELING

Social capital may boost economic development in companies that assume continuity. Trust, norms, and networks boost sector social capital. This study examines how social and intellectual capital affect employee performance at PT. Generation of Java-Bali Generating Unit Paiton-Probolinggo. A survey approach guided by the field's present state and participant interviews collected the research data. The research combined qualitative and quantitative methodologies. The Amos 29 software package was used to analyze questionnaire results using structural equation modeling. The research found a substantial link between social and intellectual capital and employee performance. Estimating social capital's effect on employee performance using 1.168. The correlation between intellectual capital and employee performance is 0.297, indicating a similar occurrence. Third hypothesis test showed intellectual capital's effect on employee performance was positive (0.059). At a significance level of 0.5 (5%), the computed critical value (CR) of 1.688 surpasses the barrier of ± 2.00 .

Keywords: social capital, intellectual capital, employee performance, structural equation modelling.

1. INTRODUCTION

Capital is one of the metrics used to evaluate accomplishment in the realm of business and economics. It is possible to assert that each company is perpetually engaged in a competition to accumulate and accumulate the greatest amount of wealth, regardless of its quality or quantity. In a conceptual sense, a company's capital can be divided into two major categories: physical capital, which is tangible and quantifiable, such as physical infrastructure, property, and factories, and intangible or non-physical wealth, which includes the quality of human resources, education, work ethic, and good name (Cantrell et al., 2006).

In the pre-industrial and industrial economic periods, capital was classified as tangible or corporeal, which is a critical factor for companies. In the information age, the prosperity

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of a company is no longer contingent upon its physical assets. Now, the primary determinants of a company's success are intangible assets, specifically intellectual capital and social capital. The highest position is held by social capital, which is beneficial in motivating companies to exhibit behavioral norms, values, and beliefs as a significant method of enhancing employee performance (Teece, 2000).

Intellectual capital is defined as knowledge; however, not all knowledge is intellectual capital. Intellectual capital has the capacity to contribute something or provide a contribution that can provide added value and various applications for the company. Social capital is crucial for the success of the production process, as it enables the formation of close-knit groups, which in turn reduces the diversity of formal coordination mechanisms, including contracts, hierarchies, constitutions, and legal systems (Edvinsson & Sullivan, 1996).

PT. Generation of Java-Bali Generating Unit Paiton-Probolinggo has intellectual capital, including a highly skilled workforce capable of performing a wide range of manufacturing operations using advanced technology. Furthermore, the organization implements an On The Job Training program that facilitates the transfer of information from experienced individuals to potential new members, resulting in the generation of intellectual capital turnover inside the company.

Social capital plays a crucial role in the effectiveness of the production process by facilitating the formation of tightly-knit groups. This, in turn, reduces the need for formal coordination mechanisms such as contracts, hierarchies, constitutions, legal systems, and so on. Conversely, informal norms significantly decrease transaction costs, which are the expenses associated with monitoring, contracting, decision-making, and executing formal agreements, according to economists (Landry et al., 2002).

The social capital of PT. Generation of Java-Bali Generating Unit Paiton-Probolinggo is primarily trust in the reality of the company. This trust is demonstrated by the existence of a positive attitude toward other employees, which facilitates the dissemination of information. With trust, each employee feels confident in contributing ideas and concepts without fear of their ideas being hijacked by other employees.

PT. Java-Bali Generating Unit Generation Paiton-Probolinggo is managed based on the principle of structural organization, but family elements are more prominent. Despite the existence of formal rules, the company prioritizes social relations over hierarchical work relations. The social capital that the company possesses in the form of relations such as cooperation and togetherness is a resource that is continuously nurtured and developed to further the company's interests.

The objective of this study is to evaluate the extent to which employee performance at PT. Generation of Java-Bali Generating Unit Paiton-Probolinggo is influenced by social capital and intellectual capital, in accordance with the aforementioned empirical tendencies. This investigation is crucial because it will establish concrete measures for enhancing employee performance within the company by fortifying intellectual and social capital.

2. LITERATURE REVIEW AND THEORETICAL BASIS

2.1. Literature Review

This study is grounded on the thesis research conducted by Danang Cahya Permadi, which focuses on analyzing the impact of social capital and intellectual capital inside company on achieving organizational excellence. Utilizing the structural equation

modeling technique, the variable of intellectual capital incorporates the identification from Danang's study, which refers to the knowledge and skills owned by a social collective, such as an organization, intellectual community, or professional practice. Intellectual capital refers to valuable assets and the capacity to make informed decisions and take action based on knowledge (Permadi, 2010).

Identification of intellectual capital variables with the following indicators: Mastery of Technology, Ability to Learn and Innovate (Bakhsha et al., 2018). The Social Capital variable, which is derived from social capital, encompasses trust, norms, and social networks as fundamental components according to Coleman's perspective (Bhandari, Yasunobu, 2009).

2.2. Theoretical Basis: Integrated Paradigm Theory (George Ritzer)

Social capital is primarily constructed through three levels: micro, meso, and macro. At the micro level, interpersonal relationships form a bilateral network characterized by trust and mutually beneficial patterns of interaction between two individuals. However, if one person acts opportunistically and the other feels disadvantaged, this may lead to the dissolution of the relationship (Claridge, 2020).

Social institutions at the meso level need networks, trust, reciprocity, and norms to foster the social capital embedded within them. Institutional interaction occurs when the vision and aims of one institution align with those of other organizations. At the macro level, social capital serves as a binding force between individuals and social institutions, fostering unity, solidarity, tolerance, collaboration, and empathy. These qualities are inherent in society and crucial for its functioning (Membiela-Pollán, Pena-López, 2017).

Social capital in a company refers to the intangible but influential aspects of social interactions and relationships. The author categorizes social capital into micro-objective reality, which includes small-scale patterns of action and interaction that impact the system, and macro-subjective reality, which encompasses larger non-material phenomena like norms and values. Although social capital cannot be quantified, it has a tangible effect on the overall system (Streeten, 2002).

The link between two facts gives rise to a novel synthesis in the form of social capital. In his work on the Sociology of Science, Ritzer proposes a Dual Paradigm that emphasizes the importance of integrating micro-macro relations into a simplified analytical framework. This framework revolves around the concept of "levels of social reality". However, it is crucial to note that these levels are not inherent in social reality itself, but rather a conceptual framework constructed by sociologists to understand and interpret the complexities of social phenomena. These two main social continuums, namely macroscopic-microscopic and objective-subjective, are interrelated in order to achieve a certain purpose (Sztompka, 2015).

The concept of macroscopic-microscopic dimension refers to the scale of social phenomena, ranging from the overall functioning of society to individual social actions. The subjective-objective continuum pertains to the debate around the existence of social phenomena. It questions whether these phenomena are tangible entities, such as bureaucracy and patterns of social interaction, or whether they exist only in the domain of ideas and knowledge, such as rules and values (Ritzer, 1985).

		MACROSCOPIC	
OBJECTIVE SUBJECTIVE	I. Macro-objective Examples include: society, law, bureaucracy, technology, language	II. Macro-subjective Examples include: culture, norms, and values	
	III. Micro-objective Includes: patterns of behavior, actions and social interactions	IV. Micro-subjective Includes: various social constructions of reality	
		MICROSCOPIC	

Figure 1. Main Levels of Social Reality

Source: Modern Sociological Theory (Ritzer, 2011).

In point of fact, these levels of social reality are not portrayed in a tangible manner; rather, they blend into each other as if they were a part of a larger social continuum. The purpose of this is to generate false distinction in order to describe the social reality (Tedeschi, 2017).

Ritzer (1990) explores the implications of micro and macro phenomena in contemporary sociological theory, highlighting the presence of both objective and subjective phenomena. He identifies four primary levels of social analysis and emphasizes the interconnectedness of these levels via dialectical interactions. The macro-objective level encompasses significant material aspects such as society, bureaucracy, and technology on a huge scale. The macro-subjective level encompasses broad, intangible phenomena such as ideals and conventions. Micro-objectivity refers to objective units at a small scale, such as patterns of activity and interaction. Micro-subjectivity, on the other hand, refers to the small-scale mental processes that humans use to create social reality. Each of these four levels of analysis has significance, but the most crucial aspect lies in its dialectic.

The perception of social reality is shaped by the prevailing paradigm and its corresponding scope. The social fact paradigm is a valuable framework for examining social phenomena at a specific level. The social fact paradigm is a valuable framework for examining social phenomena at both the macro-objective and macro-subjective levels (Ritzer, Bell, 1981). The social interpretation paradigm is suitable for examining social reality at the micro-objective and micro-subjective levels. If the proponents of each paradigm refrain from assuming that their method can comprehensively explain all aspects of social reality, then their paradigm will have significant relevance in the advancement of sociology (Ritzer, 1981).

Ritzer underlined that the fundamental aspect of the integrated paradigm is on the interconnection among the four levels of social reality, specifically: (1) Macro-objective, such as legal standards, language, and bureaucracy. (2) Macro-subjective factors, such as norms, values, and culture, are taken into account. (3) Micro-objective refers to specific aspects of social interaction, such as conflict, collaboration, and trade. (4) For instance, the cognitive process of reasoning and the collective formation of societal perceptions. Crucially, the integrated method must include all current layers of reality in a comprehensive way (Ritzer, 1975).

This study focuses on analyzing the macro-subjective and micro-objective aspects. The macro-subjective level refers to non-material phenomena like norms and values that have

a broad impact on the entire system. On the other hand, the micro-objective level involves small-scale objective units such as patterns of action and interaction that also influence the system (Turner, 2012).

This social phenomena is also connected to the work system of PT. Generation of Java-Bali Generating Unit Paiton-Probolinggo. In this micro-level context, interactions among workers, such as conflicts, cooperation, and social exchanges, have an impact on the work system. The work system at this firm is influenced not only by individual-level realities, but also by macro-subjective factors such as norms and corporate culture. Hence, the use of this micro-macro paradigm is very appropriate for analyzing the work phenomena inside the company.

3. RESEARCH METHODS

3.1. Research Approaches and Types

The research methodology used is quantitative, which entails studying tangible phenomena that can be quantified and seeking to comprehend them via numerical measures. Quantitative research of this kind involves the testing of preexisting hypotheses by scholars. This study used a confirmatory design. The confirmatory pattern is designed to validate a model that is constructed based on a certain hypothesis. The study methodology used is causal research, which aims to determine the potential existence of a causal link by monitoring the present effects and investigating the potential causes based on the gathered data (Hurley et al., 1997).

3.2. Research Location and Research Period

The location of the research was PT. Generation of Java-Bali Generating Unit Paiton-Probolinggo in January 2024. The researcher chose the location because PT. Generation of Java-Bali Generating Unit Paiton-Probolinggo is one of the largest steam power generation units in Indonesia. This unit possesses the necessary qualifications to become a world-class units, which is further bolstered by the company's vision to become a Steam Power Generator with world-class standards.

3.3. Population and Sample

The research focused on a population of 150 employees from PT. Generation of Java-Bali Generating Unit Paiton-Probolinggo. The Krejcie table is used to determine the sample size by measuring the number of samples utilized (Rahman, 2023). The research included a population of 150 workers. Using the Krejcie table, it was determined that a sample size of 108 responses was appropriate, considering a 5% margin of error.

3.4. Data collection technique

In this situation, the author employs a questionnaire as a means of data collection, based on the aforementioned study strategy and type. The questionnaire used is a closed-ended questionnaire. The subjects of scrutiny in this study questionnaire are employees.

3.5. Data Analysis Technique

The used analytical approach is structural equation modeling (SEM), which integrates factor analysis and correlation regression analysis. SEM is utilized to examine the interconnections between variables inside a model, including the connections between indicators and their constructs, as well as the links between different constructs (Marsh et

al., 2014). Structural Equation Modeling analysis using AMOS 29 application software. AMOS 29 was chosen because currently AMOS is an easy-to-use program.

3.6. Research Variables

In connection with the possibility of expanding problems and interpretations that have the potential to bias the research results, in order to avoid this in this research, the problems formulated above are limited by the following variables: Variabel bebas dalam penelitian ini adalah :

1. social capital with sub-variables including norms, trust, networks found in employees.
2. intellectual capital with sub-variables of technological mastery, learning ability and structural capital.
3. The dependent variable in this study is employee performance with indicators including:
 - a. Efficiency.
Productivity as an output/input ratio is a measure of the efficiency of resource use. Efficiency is a measure in comparing the use of planned input with the use of actual input. The definition of efficiency is oriented towards input.
 - b. Effectiveness.

Effectiveness is a measure that provides an overview of how far the target can be achieved both in terms of quantity and time. The greater the percentage of targets achieved, the higher the level of effectiveness. This concept is oriented towards output. Increased effectiveness is not necessarily accompanied by increased efficiency and vice versa. The principle in productivity management is effective in achieving goals and efficient in using resources.

3.7. Conceptual Definition

Conceptual definition is a definition of what we need to analyze and provide a clearer understanding of the term title. Researchers will provide an explanation of the conceptual definition of the variables contained in the following definition:

1. Social capital

Social capital according to James S. Coleman (1988, p. 22) is social capital consisting of several aspects of social structure, and they facilitate certain actions of actors or people in the corporate structure. Like other forms of capital, social capital can be productive for achieving certain goals. Like physical capital and human capital, social capital is not functional for all activities but may be specific to certain activities. A particular form of social capital is valuable in facilitating certain actions and may be useless or even harmful in other activities.

2. Intellectual Capital

Intellectual Capital according to Nahapiet and Goshal refers to the abilities and knowledge possessed by a social collectivity, such as an organization, an intellectual community, or a professional practice. Corporate culture is a term to explain the uniqueness of a group of people embedded in each individual in it by expressing their behavior consistently and persisting from one generation to the next (Schneider, 1957).

3. Performance

Performance according to Sedarmayanti (2009) is work achievement, work implementation, work achievement, so it is said that performance is the output of a process. Comparison of output effectiveness (achievement of maximum work performance) with

input efficiency (labor) which includes quantity, quality within a certain time. Performance can be measured based on measurements from Sedarmayanti, as follows:

Performance Formula

$$\text{Performance} = f(\text{Ability, Effort, Opportunity})$$

Source: Sedarmayanti Performance measurements.

This equation shows the main factors or variables that produce performance, they are inputs that when combined, will determine the results of individual and group efforts. Ability is a function of human knowledge and skills and technological capabilities. It provides an indication of the various possibilities of achievement. Effort is a function of needs, goals, expectations and rewards. The extent of human latent ability that can be realized depends on the level of motivation of individuals and/or groups to devote their physical and mental effort. But nothing will happen until the manager provides an opportunity for individual effort in a meaningful way. Thus it can be said that work performance is a number of outputs from outcomes produced by a particular group or organization, both in material and non-material forms.

Furthermore, each item will be viewed as X for the influence test with the total score of the item viewed as Y. Each value of each item with a total score will state the validity of the item. An instrument is said to be valid if it is able to measure what is desired and an instrument is said to be invalid if it cannot reveal data from the variables studied accurately. Based on Singarimbun (1989) to measure validity, the influence test formula is used as follows:

$$r_{xy} = \frac{N \sum XY - (\sum X)(\sum Y)}{\sqrt{\left\{ \sum X^2 - (\sum X)^2 \right\} \left\{ N \sum Y^2 - (\sum Y)^2 \right\}}}$$

The prediction of validity of the question items is done by observing the coefficient price with the following decision criteria:

I. The instrument item is said to be valid if the validity coefficient is followed by a probability value (p) less than 0.05 ($p < 0.05$). This means that the item has accurate and convincing validity qualifications.

II. The instrument item is said to be invalid (failed) if the validity coefficient is followed by a probability (p) greater than or equal to 0.05 ($p > 0.05$). This means that the item has less convincing validity qualifications.

The decision criteria are based on a 95% confidence level or a 5% significance level. By having tested the question items with a validity test, the items that are declared valid are sufficient to be used to collect research data.

3.8. Operational Definition

Operational definition is the meaning of the concept of the variable term used in the study so that it will be easy to measure on a measurement scale. The variables used in this study consist of independent variables and dependent variables, where variable X represents the level of social capital and intellectual capital while variable Y represents the

level of employee performance as a dependent variable. Operational definitions in this study include:

Table 1. Research Variables

Variables (Latent Variables)	Sub Variables (Manifest Variables)	Indicator
Social Capital	Trust	Trust Score For Generating Ideas
		Trust Score Involves Employees in Policy Making
		Trust Score Building Cooperation
	Norms in employment relations	Work Privacy Respect Score
		Sense of Togetherness Score Among Employees
		Score for Maintaining Personal and Workplace Hygiene
	Network	Good Relationship Score with Coworkers
		Employee Information Exchange Score
		Help Each Other If There Is A Problem Score
Intellectual Capital	Mastery of Technology	Technology Mastery Score
		Practical Skills Competency Score
		Competency Scores Increase Job Security
	Ability to Learn and Innovate	Achievement Competency Score
		Initiative Competency Score
		Spirit and Ability to Learn and Innovate Score
	Structural Capital	Harmonious Senior and Junior Relationship Score
		Information Mastery Competency Score
		Information Access Ability Score
Performance	Work Effectiveness	On-time work target completion score
		Work Result Quality Score
		Work Output Quantity Score
	Work Efficiency	Skor Efisiensi Dalam Melaksanakan Tugas
		Resource usage efficiency score
		Information dissemination score
	Work Behavior	Work Discipline Score
		Initiative Score in Solving Problems
		Accuracy Score in Work

Source: Interpretation from many sources, 2024.

4.RESULTS AND DISCUSSION

4.1. Structural Equation Modeling Analysis Results

4.1.1. Confirmatory Factor Analysis

Testing and development of the measurement model for each latent variable or latent construct indicator is carried out together to determine whether the observed variables are strong enough to reflect a dimension of a factor (Cohen et al., 1990). The confirmed variables are:

1. Social Capital Variable
2. Intellectual Capital Variable
3. Employee Performance Variable

4.1.1.1. Confirmatory Factor Analysis of Social Capital – Intellectual Capital – Employee Performance

Confirmatory analysis is crucial in determining whether each variable can adequately account for a factor's dimension (Hancock et al., 2018). A confirmatory factor analysis was performed to examine the relationship between social capital, intellectual capital, and employee performance. The findings of this analysis, which are shown in the table below, provide insights into the factors of social capital, intellectual capital, and employee performance.

Table 2. Confirmatory Factor Analysis

			Estimate	S.E.	C.R.	P	Label
Intellectual Capital	<---	Social Capital	.012	.206	.059	.953	
Employee performance	<---	Social Capital	.898	.532	1.688	.091	
Employee performance	<---	Intellectual Capital	.063	.211	.297	.766	
x3 (network)	<---	Social Capital	1.000				
x2 (norm)	<---	Social Capital	1.519	.555	2.736	.006	
x1 (trust)	<---	Social Capital	3.607	1.529	2.359	.018	
y1 (mastery of technology)	<---	Intellectual Capital	1.000				
y2 (learning ability)	<---	Intellectual Capital	2.374	1.166	2.036	.042	
y3 (structural capital)	<---	Intellectual Capital	1.201	.364	3.304	***	
z3 (work effectiveness)	<---	Employee performance	1.000				
z2 (work efficiency)	<---	Employee performance	1.303	.231	5.648	***	
z1 (work behavior)	<---	Employee performance	.609	.125	4.870	***	

Source: Processed Primary Data, 2024.

The abbreviations and symbols in the “Confirmatory Factor Analysis” above are commonly used in statistical analysis, particularly in the context of structural equation modeling. Here's a breakdown of their meanings:

RT: This abbreviation likely stands for “Reliability Test”. In the context of factor analysis, reliability tests assess the consistency and stability of the measurement instrument. It helps to determine whether the instrument is measuring the same construct consistently across different administrations or samples.

S.E.: This stands for “Standard Error”. In statistics, the standard error is a measure of the variability of an estimate. It quantifies how much the estimate might vary if the study were repeated with different samples. A smaller standard error indicates a more precise estimate.

C.R.: This abbreviation represents “Critical Ratio”. The critical ratio is a statistical test used to determine whether a parameter estimate is significantly different from zero. It is calculated by dividing the parameter estimate by its standard error. If the critical ratio is greater than the critical value associated with a desired level of significance, the parameter estimate is considered statistically significant.

P: This stands for “P-value”. The p-value is the probability of observing a result as extreme or more extreme than the one obtained, assuming the null hypothesis is true. A lower p-value indicates a stronger evidence against the null hypothesis. In factor analysis, the p-value is often used to assess the statistical significance of the factor loadings.

Label: This refers to the name or label given to a specific variable or construct in the analysis. In factor analysis, the labels are used to interpret the meaning of the factors extracted from the data. They provide a conceptual understanding of the underlying latent variables.

The numbers in the estimate column represent the loading factor of each indicator on the construct and the interrelationship between related constructs. Since the social capital construct consists of three variables, there are three loading factors. The values (3.607), (1.519), (1.000) demonstrate a robust correlation between the markers of trust, norms in work interactions, and networks in the social capital construct. Social capital is derived from the establishment of trust, adherence to rules, and the development of extensive networks among workers.

From the perspective of intellectual capital, the obtained values were (1,000), (2,374), (1,201), indicating a significant correlation between the indicators of technical expertise, learning capacity, and structural capital in respect to the intellectual capital construct. Intellectual capital is derived from the acquisition of technical expertise, aptitude for learning, and the accumulation of structural capital.

The final component, employee performance, encompasses metrics for work effectiveness, work efficiency, and work behavior. It is assigned numerical values of (1.000), (1.303), and (0.606), respectively, indicating a significant correlation between these indicators and the employee performance construct.

The Maximum Likelihood method was used to estimate the parameters of the model, and the results of this estimation are presented. The coefficient estimate with the greatest value makes the most significant contribution. These findings indicate that the Social Capital variable, with a value of 0.898, has the greatest impact on Employee Performance. The trust indicator (X1) has the greatest impact on Social Capital, while the Learning Ability indicator (Y2) has the greatest impact on Intellectual Capital. Additionally, Work Efficiency is the indicator that has the greatest impact on Employee Performance.

After finding the confirmatory factor value of each construct, the relationship between constructs can be sought as follows:

- a. The estimate value (0.898) in the social capital → Employee performance column has a loading factor of ≥ 0.50 , indicating a strong link between the social capital

construct and employee performance. The connection is positive since the number (0.898) does not have a negative sign ("-"). Therefore, there is a positive correlation between the amount of social capital possessed by workers and their level of performance. In other words, as the value of social capital increases, employee performance also increases.

- b. The estimate value (0.012) in the social capital → Intellectual Capital column represents a loading factor of < 0.50 , indicating a poor link between the social capital and intellectual capital components. Conversely, the connection is positive as shown by the absence of a negative sign ("-") in the number (0.012). Therefore, there is a positive correlation between the two; as the amount of social capital possessed by employees increases, so does the level of intellectual capital formed among them.
- c. The estimate value of 0.063 in the intellectual capital → Employee performance column has a loading factor of < 0.50 , indicating a poor link between the intellectual capital construct and employee performance. The connection is positive since the number (0.063) does not have a negative sign ("-"). Therefore, there is a positive correlation between the amount of intellectual capital possessed by workers and their level of performance.

4.2. Overall Fit Model Testing with Structural Equation Modeling

Once the model has been examined using confirmatory factor analysis, each indicator in the well-fitting model may be used to describe the underlying construct. This enables the comprehensive examination of the whole model in Structural Equation Modeling. The findings of the Structural Equation Modeling study conducted using AMOS 29 are shown in the accompanying diagram:

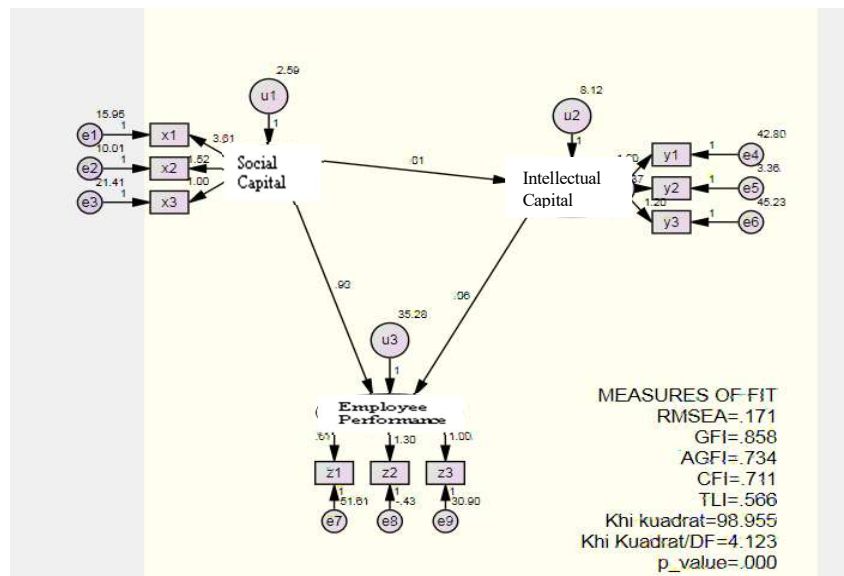


Figure 2. Structural Equation Modeling of Social Capital, Intellectual Capital, Employee Performance

Source: Processed Primary Data, 2024.

Image explanation from data processing with AMOS 29:

- Social Capital Construct with indicators
 - X1: Trust
 - X2: Norm
 - X3: Network
- Intellectual Capital Construct with indicators
 - Y1: Mastery of Technology
 - Y2: Learning Ability
 - Y3: Structural Capital
- Employee Performance Construct with indicators
 - X1: Work Effectiveness
 - X2: Work Efficiency
 - X3: Work Behavior

The analysis results are compared to the requirements specified in the cut of value to determine the overall model evaluation. The model evaluation indicates that the data used in the study is consistent with the model, as the level of significance (P) for chi-square, GF Index, AGFI, TLI, CMIN/DF, and RMSEA is within the expected value range. For further details, please refer to the accompanying table.

Table 3. Results of the Feasibility Test of the Full Structural Equation Modeling

Criteria	Cut Of Value	Results	Model Evaluation
<i>Chi-Square</i>	Small; χ^2 with df : 50; p : 5% = 67,5	98.955	Good
<i>Probability</i>	$\geq 0,05$	0.093	Good
GFI	$\geq 0,90$	0.958	Good
AGFI	$\geq 0,90$	0.934	Good
TLI	$\geq 0,95$	0.966	Good
CFI	$\geq 0,95$	0.911	Good
CMIN/DF	$\leq 2,00$	1.123	Good
RMSEA	$\leq 0,08$	0.071	Good

Source: Processed Primary Data, 2024.

Based on these results, it can be concluded that the developed model has met the requirements for model feasibility testing, which can be interpreted as meaning that the model is appropriate.

4.3. Hypothesis Test

The hypothesis proposed in this study will be analyzed based on the results of calculations conducted through confirmatory factor analysis and structural equation modeling.

Table 4. Hypothesis Testing

Hipotesis	Path	Value t (CR)
1	Social Capital (X1) → Employee performance (Y)	1.688
2	Intellectual Capital (X2) → Employee performance (Y)	0.297
3	Social Capital (X1) → Intellectual Capital (X2)	0.059

Source: Processed Primary Data, 2024.

4.3.1. The Influence of Social Capital on Employee Performance

The findings of this hypothesis test indicate a strong and statistically significant relationship between social capital and employee performance, with social capital having a favorable impact on performance. The estimated parameter between social capital and employee performance is 1.168, indicating a significant relationship in the test model. The value of C.R is 1.688, which exceeds the threshold of ± 2.00 at a significance level of 0.5 (5%). This study provides empirical evidence that there is a favorable correlation between Social Capital and Employee Performance.

Social capital has a significant influence in enhancing employee performance. This phenomenon occurs due to the structural, relational, and cognitive abilities of organizations, which allow them to anticipate both internal and external changes. Social capital facilitates the development of social connections via communication networks, which in turn accelerates the exchange and integration of collective knowledge among human resources inside the firm. Social capital has a significant role in enhancing work effectiveness, work efficiency, and employee work behavior, which in turn facilitates the transformation of learning organizations. This, undoubtedly, has a beneficial influence on the growth of employee performance.

4.3.2. The Influence of Intellectual Capital on Employee Performance

The findings of this hypothesis test indicate a significant positive correlation between intellectual capital and employee performance. The estimated parameter linking intellectual capital and employee performance is 0.297, indicating a positive relationship in the test model. The parameter has a critical ratio (C.R) value of 0.297, which above the threshold of ± 2.00 at a significance level of 0.5 (5%).

The company's intellectual capital significantly influences the development of high employee performance. This phenomenon occurs due to the organization's capacity to acquire, generate, embrace, and disseminate knowledge. Conversely, employees possessing strong intellectual capital will exhibit greater innovation in product development. This innovation proves invaluable in the advancement of knowledge research, resulting in the creation of a knowledge database. This serves as a proactive measure to anticipate potential socio-cultural shifts, enabling the company to adapt and evolve as a learning organization. Therefore, the company is capable of preserving and incorporating advantages that make it challenging for other businesses to rival.

4.3.3 The Influence of Social Capital on Intellectual Capital

The findings of this hypothesis test indicate a significant positive correlation between intellectual capital and employee performance. The estimated parameter linking intellectual capital and employee performance is 0.059, indicating a positive relationship

in the test model. The value of the critical ratio (C.R) is 0.297, which exceeds the threshold of ± 2.00 at a significance level of 0.5 (5%).

The relationship between social capital and positive intellectual capital demonstrates that trust, norms, and networks among employees align with technological mastery and structural capital, particularly learning ability, to significantly contribute to the development of intellectual capital.

The results acquired indicate that all hypotheses can be verified. The theoretical model has been subjected to the goodness of fit criteria and has yielded favorable results, as illustrated in the subsequent table.

Table 5. Hypothesis Conclusion

Hypothesis	Test results
Hypothesis 1: Social Capital Has a Positive and Significant Influence on Employee Performance	Proven
Hypothesis 2: Intellectual Capital Has a Positive and Significant Influence on Employee Performance	Proven
Hypothesis 3: Social Capital Has a Positive and Significant Influence on Intellectual Capital	Proven

Source: Processed Primary Data, 2024.

5. CONCLUSION AND SUGGESTION

From the results of data analysis and theoretical discussions, the following conclusions can be drawn:

1. The findings of this hypothesis test indicate a strong and statistically significant relationship between social capital and employee performance. The calculated coefficient between social capital and employee performance is 1.168. The predicted parameter between intellectual capital and employee performance is similarly observed to be 0.297. The estimated parameter between intellectual capital and employee performance is 0.059, indicating a positive result from the third hypothesis test. The value of the critical ratio (C.R) is 1.688, which is more than or equal to ± 2.00 at a significance level of 0.5 (5%).
2. Based on the Structural Equation Modeling analysis, relationships were found between constructs, including:
 - a. The value of 0.898 in the estimates column has a loading factor > 0.50 , indicating a strong correlation between the concept of social capital and employee performance. The connection is positive since the value 0.898 does not have a negative sign ("-"). Therefore, there is a positive correlation between the amount of social capital possessed by workers and their level of performance. In other words, as the value of social capital increases, so does employee performance.
 - b. The value of 0.012 in the estimates column has a loading factor of > 0.50 , indicating a weak link between the constructs of social capital and intellectual capital. Conversely, the connection is positive as shown by the absence of a negative sign ("-") in the number 0.012. Therefore, there is a positive correlation between the two; as the amount of social capital possessed by workers increases, so does the level of intellectual capital established among them.

- c. The loading factor value of ≥ 0.50 is indicated by the number 0.063 in the estimates column, which suggests a loose relationship between employee performance and the intellectual capital construct. The relationship is positive in nature, as the number 0.063 does not contain a negative sign ("-"). Consequently, the relationship between the two is symmetrical; the performance of employees is directly proportional to the value of their intellectual capital.

5.1. Suggestion

Future researchers investigating social capital and intellectual capital, particularly in the context of industry, may consider incorporating relational capital subvariables into the existing intellectual capital variables. These subvariables would complement the already studied aspects of technological mastery, learning ability, and structural capital.

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