

HUMAN CAPITAL MANAGEMENT MODEL ON SMALL ENTERPRISES PERFORMANCE IN RURAL AREAS OF WEST BANDUNG REGENCY, INDONESIA

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Abstract:

"Small Enterprise as part of MSMEs face multiple challenges in accessing finance and other tangible assets limitations..." and intangible assets as intellectual assets play a key role in achieving and sustaining business performance. Connected to This study aims to analyze the human capital management (HCM) model in relation to the performance of small enterprises, especially the food processing sector in West Bandung regency, Indonesia. Data that had been collected was analyzed with the ANP (Analytical Network Process) method. Experts or key informants involved regulators or the government, academics, business actors and MSME associations and were located in West Bandung Regency, Indonesia. The results of this study show that the construction and prioritization of the HCM model is intellectual (human) capital, structural capital, social capital, and finally customer capital, with a Kendall concordance coefficient (W) of 0.3766 and a p-value of showed it to be 0.0004. Meanwhile, the overall 14 priority elements were related to attitudes, work processes, product quality, Intra Social, Knowledge, and Relationships with customers, Intersocial, Skills, Image, Social Innovation, technology, customer loyalty, organizational innovation results, and another intelligence. This finding could be a priority reference to improve policies or strategies for Human Capital Management in small enterprises.

Kata Kunci: Human Capital Management, Business Performance, Small Enterprises, MSMEs.

1. INTRODUCTION

According to Indonesia's Ministry of Cooperatives and SMEs data for March 2021, the number of MSMEs (Micro, Small and Medium Enterprises) reached 64.2 million, contributing 61.07% to the gross domestic product. MSMEs can absorb 97% of the total workforce and attract up to 60.42% of the total investment in Indonesia (Ministry of Finance of Republic of Indonesia, 2021).

MSMEs play an important role in driving the community's economy, because this business requires capital that can be attained by most people. MSMEs are not only conducted by individuals and households, but also small business entities. In their development, MSMEs become one of the barometers of economic growth in a region, but this should also be followed with business performance growth so that every potential owned by business actors could be increased and MSMEs is also developing into a big business. Thus, the performance of MSMEs is required to grow continuously.

In Indonesia the grouping, classification, and arrangement of MSMEs is regulated by several regulations, either through the approach of assets quantity, the turnover amount or the number of workers. One of them is according to menurut (BPS-Statistics Indonesia, 2022), grouping based on the number of workers, namely: micro-enterprises: 1-4 people, small enterprises: 5-19 people and medium-sized enterprises: 20-99 people.

Every organization or company, including MSMEs, is a typical set of resources and capabilities that established as the basis of strategy and becomes the main source in achieving company performance. One of these resources is related to assets owned by company, both tangible and intangible assets. This intangible asset can be represented through intellectual capital (IC). Tangible asset is defined as a passive asset without human resources who manage it and create value for the company.

People is the most valuable strategic business resource, as a result, there is a constant effort to create value for business through people. According to the theory (Armstrong, et al., 2014) human capital management consists of intellectual, social and organizational capital. Considering that MSMEs have constraints in physical or material and financial resources, Intellectual Capital can provide benefits for MSMEs to compensate these limitations.

IC allows MSMEs to compete with big companies. Therefore, MSMEs need to emphasize the relevance of IC by doing investment in hiring competent employees, using the right systems and technology, and improving their relationships with customers and other stakeholders. Understanding IC and HCM, could support MSMEs to achieve competitive advantage and superior performance to ensure their survival and growth.

This study aims to identify and determine the appropriate human capital management (HCM) model related to the performance of small enterprises, especially in food processing sector that located in West Bandung Regency (KBB), Indonesia.

2. METHOD

This study applies descriptive exploratory using the Analytical Network Process (ANP) method. The ANP method is an evolution of the Analytic Hierarchy Process (AHP) method that can improve upon AHP's weaknesses in the form of its ability to consider relationships between criteria or alternatives. According to (Kheybari, et al., 2020), ANP has 4 stages of working process, but generally the ANP method has three main functions as follows (Saaty, et al., 2013), (Ascarya, 2014), and (Ascarya, et al., 2018):

- 1) Model Construction, through structuring the complexity. Building or decomposing models to identify, analyze, and structure the complexity of the problem in a suitable ANP network. The elements are categorized into appropriate groups. The elements related to the decision include objectives, criteria, influences, actions, and so on. In addition to influence, all other elements can be grouped into clusters based on similar characteristics, namely homogeneous elements, which include:
 - a) Literature study, interviews or discussions with experts and practitioners to fully

- understand the problem;
- b) Preparation of the research concept framework;
 - c) Building the ANP network; and Validation of ANP network.
- 2) Quantification Model, which is conducted through measuring into a ratio scale, quantification model or pairwise comparison, including:
- a) Preparation of a paired design questionnaire according to the built ANP network;
 - b) Testing the paired questionnaire to respondents; and
 - c) Conducting Survey thoroughly towards the respondents who had filled out paired questionnaires.
- 3) Synthesis and analysis results, which include: Validation results and analysis and interpretation of results. Synthesis is the opposite of analysis, in which analysis breaks down material or abstract entities into their elements, while synthesis uniting all parts into a single unit.

Although ANP could facilitate analysis, the important function in ANP is its ability to assist researchers in measuring and synthesizing several factors in a hierarchy or network. In this study, data processing and synthesis used Super Decisions software, analysis results to calculate geometric mean and evaluator approval using MS Excel;

The following is a list of experts as key informants in this study which include government, academies, MSME Association/Forum, and small business actors in the food processing sector and MSME associations/forums who are also business actors in the food processing sector.

Table 1: Profile and Composition of Experts (Key Informants)

No	Groups	Quantity	Education	Age	Description
1	Regulator-Government	4	Bachelor (2), Master (2)	33-53	Regional Office Secretary & Head of MSMEs cooperatives & MSMEs West Bandung Regency office, Subdistrict head and village head.
2	Practitioner	4	Elementary, Junior (2) and Senior high school	39-42	Small food processing business actors, who have 5-22 years of experience
3	MSME Association/Forum	4	Senior high school, Diploma, and Master Degree (2)	31-50	Chairman and management of various MSME associations in West Bandung, as well as small business actors
4	Academics	4	Profesor (2), Dr (2)	56-61	Academics in the fields of Management, HR and Marketing

3. RESULTS AND ANALYSIS

3.1 Research Model Framework/Model Construction

After conducting a literature review and in-depth interviews, the researcher determined 4 criteria for human intellectual-based HR management in the construct of ANP model, namely: 1) intellectual (human) capital, 2) structural/organizational capital, 3) social capital and 4) customer capital. There are sub criteria in each aspect of the criteria.

The study structure on the relationship between HCM models and small enterprise (MSME) performance is described as follows:

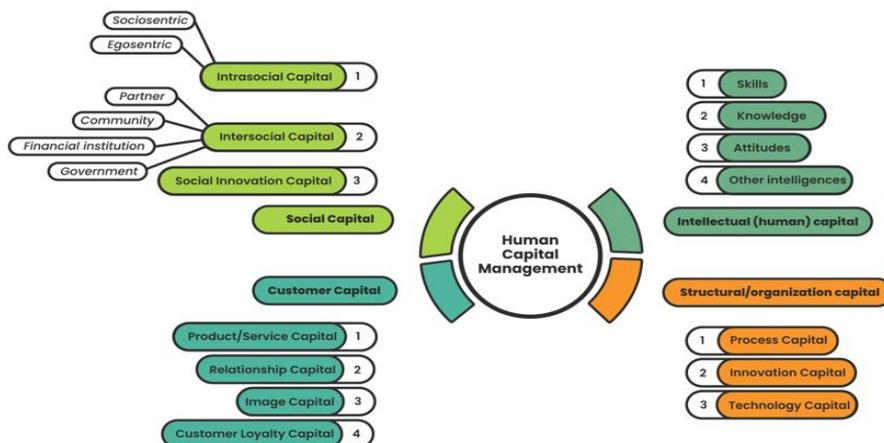


Figure 1 the construction of research model, the HCM model is a modification of the model (Armstrong, et al., 2014) and the IC model (McElroy, 2002).

The criteria for intellectual (human) capital consist of 4 sub-indicators, namely: 1) skills, 2) knowledge, 3) attitudes and 4) other intelligences. Meanwhile, for structural/organizational capital criteria, there are 3 sub-indicators: 1) process capital, 2) innovation capital, and 3) technology. Likewise, the criteria for social capital have 3 sub-criteria: 1) intra social capital, inter social capital and social innovation capital. Furthermore, on the customer capital criteria there are 4 sub-indicators: 1) product/service capital, 2) relationship capital, 3) image/brand image capital, and 4) customer loyalty capital.

In the ANP method, after the preparation of the ANP model construct and the questionnaire, then the questionnaire was filled in by the informant. Afterwards, the researcher inputted the scale that taken from the informants or experts answers into the Super Decision software. The processing results of software were reprocessed into Microsoft Excel, which could presented the priority of each aspect, criterion and element in the questionnaire. The next step was the interpretation and analysis of the priority results.

The process of creating the Analytic Network Process (ANP) network structure was carried out using the Super Decision software as follows:



Figure 2 ANP Model Framework in Superdecision Application

After the respondent/informant completed the questionnaire, the results of the data that had been collected were inputted using Super Decision software, followed by the synthesis and analysis stages.

This stage of synthesis was performed using a geometric mean (geomean) calculation. It aims to find the results of individual evaluations of informants and the determination of opinion scores. Geometric mean is a unique method because it combines priorities among experts (Saaty, et al., 2013). Questions in the form of pairwise comparisons from experts were combined and generated a consensus (Ascarya, et al., 2018). The geometric mean was calculated with Microsoft Excel software.

The processing results of Geomean through questions in the form of pairwise comparison from the informants were combined and generated a consensus. This means that the Geomean calculation showed the average results of the answers from all respondents regarding the assessment and approval of the criteria for the Human Capital Management Model (HCM) on the performance of small enterprises (MSMEs) in Rural West Bandung Regency.

The next stage was to apply the Rater Agreement, which is a measure that shows the level of conformity (approval) of the informants ($R_1 \dots R_n$) to a problem in one cluster. To measure the Rater Agreement, it was necessary to use Kendall's Coefficient of Concordance with the basis ($W; 0 < W < 1$). Where $W = 1$ indicates a perfect suitability (Moslem, et al., 2019).

3.2 Consistency

The requirement for ANP results is consistency, with allowable inconsistency level is at a maximum of 10% (Ascarya, et al., 2022). The survey results showed that the overall consistency value was at a minimum of 0.0000 and a maximum of 0.03703. According to Lipovetsky & Conklin, 2002 in (Rusyadiana, et al., 2019), the value of consistency ratio was also important because it indicated robust estimation results in the ANP.

3.3 Key Indicator Analysis (Criteria

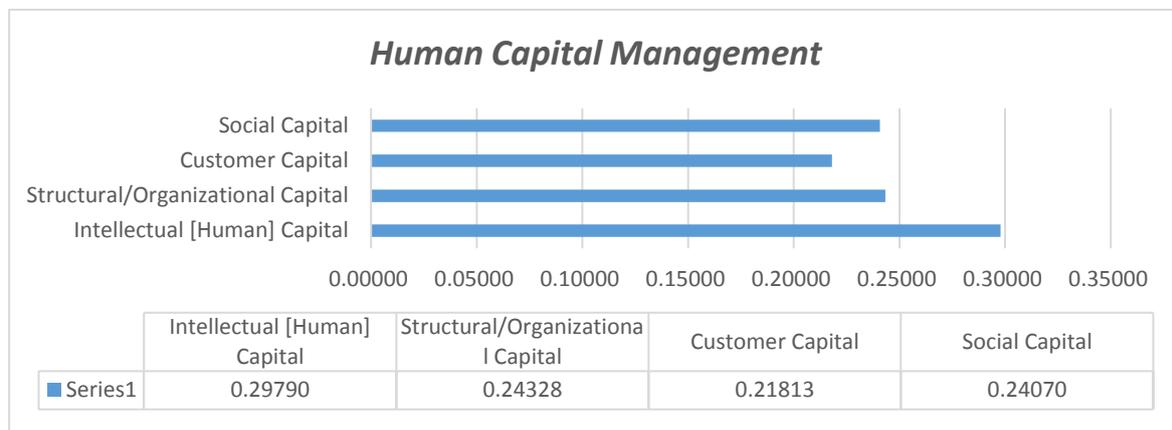


Figure 3 Priority Diagram of Success Criteria

Based on the diagram above, to achieve the successful performance of small enterprises (MSMEs) the most important indicator was Intellectual (Human) Capital with an average value of 0.29790, followed by Structural/Organizational Capital with an average value of 0.24328, then Social Capital becomes the third indicator with an average value of 0.24070 and the last was Customer Capital indicator with a value of 0.21813. The rater agreement value was 0.377 ($w=0.377$) and the P-Value on this criterion was 0.000. Which means that, the experts; including regulators, practitioners, associations and academics showed a **moderate and significant level of agreement**. This data supported that that Intellectual (Human) Capital was the main priority indicator in the Human Capital Management model that supported the successful performance of small enterprises (MSMEs) in Rural West Bandung Regency.

Table 2 Priority Criteria that Contribute in the Success of Small Enterprises

Kriteria	Rata-Rata	Ranking
Intellectual (Human) Capital	0.29790	1
Structural/Organizational Capital	0.24328	2
Customer Capital	0.21813	4
Social Capital	0.24070	3

Intellectual (Human) Capital as a part of Intangible Assets has a crucial role for the advancement of a business entity (Istanti, et al., 2017). (Demartini, et al., 2019) In his research stated that investment in human capital (HC) should be greater than others.

This finding is in line with research from (Suroso, et al., 2017) which simultaneously showed a significant relationship between human capital, entrepreneurial competence and SME performance. (Al-Jinini, et al., 2019) found that aspects of IC (human, structural, and relationship capital) have significantly positive effects on technical innovation capacity and entrepreneurial orientation. Specifically, human capital and relationship capital had the

strongest impact on innovation, while relationship capital and human skills had the strongest impact on entrepreneurship.

(Syarifah, et al., 2020) stated that human capital had a positive and significant influence on market orientation and MSME performance. This is also consistent with a study by (Faisol, et al., 2021) where human capital had a direct positive and significant impact on SME performance, while customer capital had no significant effect on the performance of SMEs and organizational capital did not directly affect the performance of SMEs. According to (Tjahjadi, et al., 2020), the readiness of human capital had a direct and positive influence on business performance, According to (Zuhir, et al., 2019), human capital and self-efficacy interacted and positively impact organizational performance.

(Surin, et al., 2017) revealed that the failure of an SME business and the absence of business growth was due to SMEs did not develop their human capital capabilities and skills. Meanwhile, according to research studies (Ali, et al., 2020) revealed that intellectual capital is the most significant predictor of sustainable competitive performance and the development of new products in a company. (Tran, et al., 2020) mentioned that the components of IC, namely, human capital and relational capital, had a positive effect on the financial performance of SMEs. Human and relational capital as key elements that improved the basic quality of service for SMEs, while structural capital could positively related to the long-term financial performance of SMEs.

A previous study conducted in Bandung and Bogor by (Yanti, et al., 2018) found that urban economic agents had higher levels of corporate sustainability than district economic agents, because the profile of business actors that reviewed from the level of understanding, education, motivation and the cosmopolitan level of MSME actors in urban areas was higher, including the most dominant factors influencing business sustainability was the perception and the utilization of ICT.

Furthermore, other literature mentioned that structural/organizational capital had a positive and significant direct effect on business performance (Narida, et al., 2021). Different perception from other study, (Faisol, et al., 2021) revealed that organizational capital did not directly affect the performance of SMEs. This result also supported by other study, (Na-Nan, et al., 2020) mentioned that Structural Capital was not appropriate in relation to SMEs and did not reflect the actual results of the IC study, the Structural Capital component of IC had no effect on entrepreneurs or their operations.

Regarding Social Capital, other studies revealed that social capital had a significant effect on company performance (Akintimehin, et al., 2019), and (Tran, et al., 2020). This finding is consistent with other study (Agyapong, et al., 2017) which showed that social capital played an important role in the success of small enterprises in developing countries and business owners need to pay attention to this aspect to earn profits. Research conducted by (Yadav, et al., 2018) showed that social capital variables (network ties, trust), education and experience, and access to finance became the main factors influencing entrepreneurial success.

(Badriyah, 2017) Found in his research that social capital has a significant impact on competitive advantage and it was considered capable of exploiting and neutralizing threats from the outside of company. Slightly different with previous research (Hafidhah, et al., 2022) which stated that social capital indirectly affects performance.

The last criteria was related to customer capital criteria, although in this study it got the last place, but as stated by (Faisol, et al., 2021) and (Hafidhah, et al., 2022) in their research, customer capital did not have a significant effect on the performance of MSMEs, but it was still considered to play a major role in encouraging strategic performance. (Day, 2020) stated that the interaction between customers and organizations reflected a continuous process of knowledge exchange, customer capital was highly dependent on human capital and structural capital. A positive relationship with customers is a key approach to gain knowledge about customer preferences and needs. In actual, the customer capital aspect also has a contribution and influence that cannot be ruled out. This is also in line with (Afshar, et al., 2019) Who mentioned that customer capital could increase the rate of customer response and the company's ability to respond effectively and quickly to the changes of customer needs was one of the main sources for obtaining a sustainable competitive advantage.

3.4 Priority Analysis Of The Sub-Indicators In Each Criterion

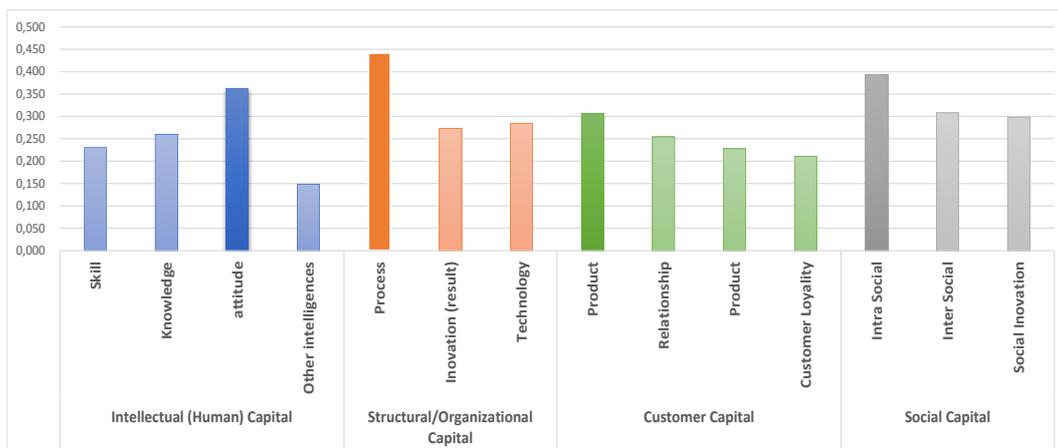


Figure 4 Priority analysis of the sub-Indicators in each Criterion

The diagram above shows that there are main sub-indicators in Intellectual (Human) Capital, namely attitude with an average value of 0.36152, then in the second place is knowledge with an average value of 0.25991, in the third place is skill with the average value is 0.23025 and other intelligences in the last sub-indicator with an average value of 0.14832. In the Intellectual (Human) Capital sub-indicator, the P-Value is 0.000, which means it is **significant** with the rater agreement value is 0.389 ($w=0.389$). This shows that the experts agreed on **the moderate agreement** level in proposing attitude as the main indicator that affects Intellectual (Human) Capital.

The main sub-indicator that has the most influence in the intellectual Human Capital indicator is attitude. From this we can conclude that in the formation of intellectual (human) capital it is

important to pay attention to the attitudes of the personnel included in the unit. This result is consistent with the previous (Agustiawati, et al., 2021) which mentioned that the main developer of human capital was the attitude dimension of the available resources in carrying out their duties, which could be managers to employees, or employees to other employees. This can be clearly proven when the indicators providing assistance if needed and the indicators is given a particular task.

According to Wright et al. and Rashid et al. in (Supono, et al., 2019), commitment as a part of attitude is significantly related to various performance measures. Meanwhile, (Boohene, et al., 2020) found in his research that emotional intelligence includes emotions, motivations, passions, the ability to reflect on past and present problems and situations, and the ability to adapt to change and situations. A positive and significant correlation between an SME's performance and emotional intelligence in everyday interactions with other people may increase the relationship between social capital and her SME's performance.

However, we also cannot deny that other indicators also have an important influence and role on intellectual (human) capital. For example, knowledge and skills of human resources provided benefit for business entities in terms of profitability, sustainable competitive advantage and prominent (Ali, et al., 2020). (Khan, et al., 2018) in his research that tested 329 SMEs in Pakistan showed that intangible resources such as skills, knowledge and abilities had a great influence on intellectual (human) capital, which can also trigger prominent performance in small and medium enterprises (SMEs). As for other intelligence indicators, (Bayu, et al., 2019) explained that in addition to intellectual intelligence which had a positive effect on MSME performance, emotional intelligence and spiritual intelligence also had a positive effect on MSME performance.

Furthermore, Structural/Organizational Capital can be divided in 3 sub-criteria, namely: 1) process, 2) innovation, and 3) technology (and information systems). The results show that the process is the main indicator in the Structural/Organizational Capital sub-criteria with an average value of 0.44216. The second indicator is technology problems with an average value of 0.28482, then innovation problems ranks third with an average value of 0.27302. In this case, it is known that the P-Value is 0.014 and the rater agreement value is 0.267 ($w=0.267$), which shows that experts have **various opinions and considered significant process sub-indicators** as the main indicators that affect this Structural/Organizational Capital.

In the Structural/Organizational Capital indicator, the sub-indicator of process is the most important sub-indicator. The results of this study are also in line with study from (Agustiawati, et al., 2021) which revealed that process structural capital played an important role in the formation of structural/organizational capital. In his research, it is stated that process structural capital has other supporting indicators such as the availability of information in structures and systems, developed creativity in working environment and accessible information. According to research from (Beltramino, et al., 2020) the process is one of the factors that have a positive and significant effect on the innovation capacity of SMEs in addition to information acquisition and knowledge management, culture and organizational structure, systems in Structural Capital. However, in his literature also added that technological structural capital also had the

same role as process structural capital. This is because the application of technology, such as promotion through the media and the utilization computers by HR could be more efficient and affected the capital structure of a business entity. This is in line with research from (Faisol, et al., 2021), the application of technology had a positive and significant effect on the performance of MSMEs and human capital that was mediated by the application of technology had a positive and significant effect on the performance of MSMEs.

Furthermore, the third indicator is the Social Capital indicator. In this study, the ANP construct has 3 sub-criteria including: 1) Intra Social, 2) Inter Social, and 3) Social Innovation. The results showed that Intra Social was the main sub-indicator with an average value of 0.39390, while Inter Social was in second place with an average value of 0.30778, and Social Innovation was the last indicator with an average value of 0.29833. The resulting P-Value on this criterion was 0.184, which means it is **significant**. Followed by the rater agreement value of 0.106 ($w=0.106$). It can be interpreted that, experts had **various opinions** towards Intra Social indicators as the main indicators that affected Social Capital in MSMEs in Rural West Bandung Regency.

In the third indicator, based on the ANP results, the intra-social was a priority sub-indicator in building Social Capital. Social capital refers to networks of interpersonal relationships that provide resources such as information, trust and support for value creation (Nahapiet, et al., 1998). This social dimension refers to the quality and type of relationships that can be developed through interaction with each other or with other parties (Lefebvre, et al., 2016). In line with that, (Agostini, et al., 2017) mentioned that internal social capital was measured through a three-item scale, which reflected the value embedded in internal relationships between employees and pays attention to the quality of these relationships in terms of employee relations: the habit of exchanging knowledge, the tendency to interact, and working in groups. Intra Social can also be defined as a corporate network, trust, norms, common goals and cooperation that exist between members/employees (Ortiz, et al., 2021). Meanwhile, according to (Nuryanto, et al., 2020) (intra) social capital can also be understood as a company's organizational culture, which has a significant positive impact on competitive advantage and company performance.

These results are in line with the research conducted by (Sutikno, et al., 2022) internal social capital could encourage increased performance. Thus, internal social capital has a major influence on increasing social capital. Relationship within a company was also important drivers for improving innovation procedures and promoting new ways of creating value. Regarding external social capital according to (Surin, et al., 2017) strategic business networks as a form of external social capital had a significant and positive effect on business performance, and human resources and the business environment moderated the relationship between strategic business networks and business performance.

Regarding Social Innovation Capital indicators, one of which is in innovation behavior, even though it ranks last on this criterion, according to (Najib, et al., 2021) in his research, innovative behavior had a positive and significant effect on organizational sustainability, and mediated the effect of human capital, structural capital, and relational capital on organizational

sustainability. According to (Afshar, et al., 2019) company-level orientation towards innovation was one of the main contributors to competitive advantage, customer satisfaction, and company survival. Meanwhile, according to (Ismail, et al., 2019), innovation significantly and positively affected competitive advantage and human capital affected innovation which ultimately affects the company's excellence and performance

According to (Hubeis, et al., 2016) the strategy in developing competitive MSMEs in food sector that located in the Bandung, Palembang, and Surabaya areas includes various aspects related to this social capital, namely: Increasing cooperation between regions to maintain the continuity of raw materials availability, development of regional /centers towards MSME products, and increasing the role of local governments, private companies or state-owned enterprises, universities, and R&D institutions.

The fourth priority indicator is Customer Capital, which divided in 4 sub-criteria, including: 1) product/service, 2) relationship, 3) image, and 4) customer loyalty. The results showed that the main indicator in this criterion was the product/service with an average value of 0.30674, the relationship with an average value of 0.25440 is the second indicator, the third indicator is occupied by the image/brand image with an average value of 0.22775 and the last is customer loyalty with an average value of 0.21111. It is acknowledged that the rater agreement value is 0.111 and the P-Value is 0.148, meaning that the experts are at the level of **weak agreement and significant** in determining the product/service sub-criteria as the main indicator that affects customer capital.

In the fourth indicator, namely Customer capital, the results showed that the product/service was a priority sub-indicator in the creation of consumer capital. (Taufiq, et al., 2020) in his research stated that product quality had a significant positive effect on the performance of MSMEs, while (Adi Kusuma, et al., 2022), his research showed that product quality has a positive and significant effect on increasing the competitive advantage of SMEs in the culinary industry, then according to (Wijayani, et al., 2020) product quality had a positive and significant effect on customer loyalty.

(Agustiawati, et al., 2021) revealed that the relationship dimension was an important element that needed to be improved to build trust and cooperation with consumers. This is in line with other statement from (Gunawan, 2021), customer relationships positively impacted customer satisfaction, which in turn positively impacted marketing performance. In addition to these results, other findings (Utomo, et al., 2021) showed that increasing customer satisfaction and building long-term relationships with customers were the main keys to maintaining customers and sales performance on an ongoing basis.

It is undeniable that other indicators such as brand image play a mediating role in influencing customer capital (Kang, et al., 2014). Brand image has a significant positive effect on competitive advantage (Wong, et al., 2022), which greatly affected customer trust and capital. In other literature mentioned that customer loyalty was also an important indicator that needed to be considered in customer capital (Liu, et al., 2007).

3.5 Overall Priority Indicator Analysis

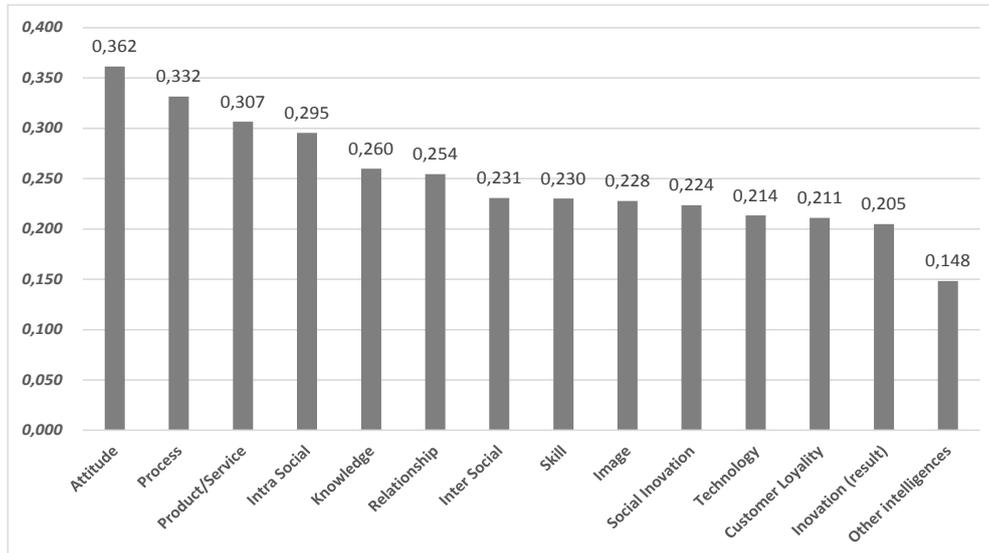


Figure 5 Priority Ranking of All indicators

In general, the 14 indicators (without being grouped into any criteria) generated the following priorities: attitudes, work processes, product quality, Intra Social, Knowledge, Relationships with customers, Intersocial, Skills, Image or image, Social Innovation, technology, customer loyalty, organizational innovation results, and other intelligences.

Table 3 recap W value and p-value

CLUSTER	regulators		practitioners		associations		academics		overall	
	(W)	P-value	(W)	P-value	(W)	P-value	(W)	P-value	(W)	P-value
HCM Model	0,650	0,0503	0,675	0,0440	0,325	0,2725	0,300	0,3080	0,3766	0,0004
Intellectual (Human) Capital	0,675	0,0440	0,531	0,0947	0,569	0,0777	0,344	0,2483	0,389	0,0003
Structural Capital	0,766	0,0468	0,563	0,1054	0,203	0,4437	0,188	0,4724	0,267	0,0140
Customer Capital	0,731	0,0324	0,356	0,2333	0,363	0,2261	0,419	0,1700	0,111	0,1483
Social Capital	0,203	0,4437	0,250	0,3679	0,672	0,0681	0,082	0,7165	0,106	0,1840

3.6 Analysis Of Priority Indicators Based On The Agreement Of The Key Informant Group (Expert)

Below are the opinions of experts in each field regarding the Human Capital Management (HCM) indicators that have the most influence on the successful performance of small enterprises (MSMEs) in Rural West Bandung Regency.

Table 4 Average Value and Ranking of HCM Indicators on Business Performance according to each Expert Group

Indicators\Expert Group	Average				Rank			
	(1)	(2)	(3)	(4)	(1)	(2)	(3)	(4)
1.1 Skill	0.227	0.199	0.232	0.263	3	3	3	2
1.2 Knowledge)	0.325	0.170	0.310	0.234	2	4	2	3
1.3 attitude	0.325	0.431	0.347	0.343	1	1	1	1
1.4 Other intelligences	0.122	0.201	0.110	0.160	4	2	4	4
2.1 Process	0.530	0.479	0.391	0.369	1	1	1	2
2.2 Inovation (result)	0.252	0.197	0.249	0.394	2	3	3	1
2.3 Technology	0.218	0.324	0.360	0.237	3	2	2	3
3.1 Product/Service	0.424	0.246	0.367	0.191	1	3	1	4
3.2 Relationship	0.227	0.141	0.236	0.414	2	4	2	1
3.3 Image	0.149	0.354	0.207	0.202	4	1	3	2
3.4 Customer Loyalty	0.201	0.259	0.191	0.194	3	2	4	3
4.1 Intra Social	0.407	0.418	0.460	0.291	1	1	1	3
4.2 Inter Social	0.346	0.324	0.203	0.358	2	2	3	1
4.3 Social Inovation	0.248	0.257	0.337	0.352	3	3	2	2
1 Intellectual Capital	0.314	0.287	0.288	0.303	1	1	1	1
2 Structural Capital	0.225	0.225	0.272	0.251	3	3	2	2
3 Customer Capital	0.198	0.209	0.225	0.240	4	4	3	3
4 Social Capital	0.264	0.278	0.215	0.205	2	2	4	4

Description: (1) regulators; (2) Practitioners; (3) Association; and (4) Academics

Source: processing results

Based on the table above, it is known that the average value of the questionnaires for each expert, both regulators, practitioners and associations, had a different priority determination agreement for each sub-indicator. This table shows that in the intellectual (human) capital indicator, all experts from each field (regulators, practitioners, associations and academics) agreed that attitude was an important indicator that affected the formation of intellectual (human) capital in a business entity. In structural/organizational capital indicator, all experts, including regulators, practitioners and associations showed similar agreement that the most influential sub-indicator on structural/organizational capital indicator was process structural capital, but academic experts showed that innovation was the main indicator that influenced in the formation of indicators of structural/organizational capital.

In the table of customer capital indicators, regulators and associations have the same agreement in determining the sub-indicators that highly influence on the formation of customer capital, namely the sub-indicators of products or services produced by business entities. However, practitioners agreed that brand image was a priority sub-indicator that had the most influence

on increasing customer capital. Furthermore, academics argued that the relationship sub-indicator was the most important influence in developed customer capital. On the last indicator, namely social capital, 3 fields of experts (regulators, practitioners, associations) agreed in determining the sub-indicators that had the most influence on social capital indicators, namely intra social or internal social. While academics agreed to determine inter social or external social as the main indicator.

All experts consisting of 4 fields (regulators, practitioners, associations and academics) **agreed** that intellectual (human) capital indicator was the main criteria in Human Capital Management (HCM) that highly influenced the success of small business performance in Rural West Bandung Regency.

4. CONCLUSION AND RECOMMENDATIONS

4.1 CONCLUSION

- 1) This study results indicated that in developing appropriate HCM Model related to the performance of small enterprises involved criterion of Intellectual (Human) Capital, Organizational Capital, Customer Capital and Social Capital.
- 2) In overall, the HCM model generated a priority sequence, namely 1) Intellectual (Human) Capital, 2) Organizational Capital, 3) Social Capital and 4) Customer Capital.
- 3) Further breakdown of all elements in each criterion generated the following priorities:
 - a. Intellectual (Human) Capital: 1) Attitude, 2) Knowledge, 3) Skills, and 4) Other intelligences.
 - b. Organizational Capital: 1) Process, 2) Technology, and 3) Innovation Results
 - c. Social Capital: 1) Intra Social, 2) Inter Social, and 3) Social Innovation
 - d. Customer Capital: 1) Products/services, 2) Relationships, 3) Image/Image, and 4) Customer loyalty.
 - e. In general, these 14 indicators generated the following priorities: attitudes, work processes, product quality, Intra Social, Knowledge, Relationship with customers, Intersocial, Skills, Image, Social Innovation, technology, customer loyalty, organizational innovation results, and other intelligence
- 4) Policies or strategies for managing HCM in Small Enterprises that can be carried out were: developing the attitudes in all levels through improving leadership styles, providing role models in the organization, as well as training and human resource development.

Improving processes as well as improving and developing product quality in the company through developing employee skills and knowledge, introducing and implementing product development technology (eg through mechanization) or other technological challenges such as digitalization,

In addition, through the development of a healthy organizational culture, including culture and innovative behaviour, good and appropriate management of organizational communication and conflict management, as well as improving service quality and relationship quality with customers or social networks and with other external parties.

4.2 RECOMMENDATIONS

- 1) After determining the priorities in HCM, then MSMEs in general and in particular for small business actors can take development policy actions related to HCM according to the priorities generated in this study.
- 2) The authors realize that there are several limitations in this study. Therefore, it is expected that this study will be improved and developed by further researchers in the following areas:
 - a. Research development by including aspects of problems and alternative solutions in the ANP research model.
 - b. It would be interesting that further research be undertaken in different locations or broader areas and in other business sectors.
 - c. To strengthen the identification and selection of clusters and elements more systematically, it is suggested that further studies could be conducted by using other methods in building the initial construction of the research.

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