

Investigating The Relationship of HRM, Intellectual Capital, and Performance of Islamic Rural Banks in Indonesia

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Abstract

Opportunities in the Islamic banking industry and the limited competence of human resources in Indonesia encourage companies to develop HRM practices that effectively increase knowledge and skills. Yet, to realize the learning at organizational level, it is not just enough to have individual competence. There must be individual exchange and share knowledge, skills, and experience. Here, the role of social networks and patterns of interaction that occur in the work process and the existence of a system to codify knowledge is obviously needed. Therefore, this study aims to explore the policies in the practice of HRM, human capital, social capital, and organizational capital; and analyze its correlation with organizational performance at the Islamic Rural Banks (BPRS) in Indonesia. The variables in this study are selection, training, compensation, performance appraisal, intellectual capital and organizational performance. The data is collected by using a survey questionnaire distributed to employees at 10 BPRS in Central Java, Indonesia, and in-depth interviews with management. Analysis of the data is by using descriptive methods. The finding shows that social capital on BPRS is more optimal than human and organizational capital. Then, the external social capital to build interaction and collaboration with stakeholders is more beneficial than the internal ones. This limitation should be supported by HR management base efforts. Unfortunately, the HRM practices are less oriented to relational skills of employees.

Keywords : *Human Resource Management, Intellectual Capital, Organizational Performance.*