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EFFECT OF INTELLECTUAL CAPITAL AND TURNOVER INTENTIONS ON LECTURERS' PERFORMANCE, STUDENT VALUE AND LOYALTY IN PRIVATE UNIVERSITIES OF WEST JAVA

The aims of this research are the following: 1) description of intellectual capital, turnover intentions, lecturer's performance, student value and loyalty; 2) to test the hypothesis about the effect of intellectual capital on turnover intentions and performance; intellectual capital on student value and loyalty, lecturer's turnover intentions on lecturer's performance, and lecturer's performance on student value and loyalty. The object of this research is private universities in West Java. The method used in this research is survey with testing hypotheses. The researcher uses path analysis as the analysis procedure. The research result shows that: 1) intellectual capital has positive and significant influence on lecturer's turnover intentions and performance; 2) intellectual capital has positive and significant influence on student value and loyalty; 3) lecturer's turnover intention has negative and significant influence on lecturer's performance and student loyalty; 4) lecturer's performance has positive and significant influence on student value and loyalty.

Keywords: intellectual capital; turnover intentions; private university; student loyalty.

Едді Соерянто Соегото

ВПЛИВ ІНТЕЛЕКТУАЛЬНОГО КАПІТАЛУ ВИКЛАДАЧІВ ТА ЇХ НАМІРУ ЗВІЛЬНИТИСЯ НА ПОКАЗНИКИ РОБОТИ УНІВЕРСИТЕТУ, ЙОГО ЦІННІСТЬ ДЛЯ СТУДЕНТІВ ТА ЇХ ЛОЯЛЬНІСТЬ: ЗА ДАНИМИ ПРИВАТНИХ УНІВЕРСИТЕТІВ ЗАХІДНОЇ ЯВИ

У статті мається на меті: 1) опис інтелектуального капіталу, наміру звільнитися, показників роботи викладачів, цінності університету для студентів та їх лояльності; 2) протестувати гіпотези відносно впливу інтелектуального капіталу на показники роботи викладачів та їх намір змінити місце роботи, впливу інтелектуального капіталу на лояльність студентів та цінність університетів для них, впливу якості роботи викладачів на їх намір змінити місце роботи. Об'єкт дослідження – приватні університети Західної Яви (Індонезія). Методи дослідження: опитування та подальший доказ гіпотез на основі зібраних даних на базі пат-аналізу. Результати аналізу виявили, що: 1) інтелектуальний капітал позитивно та значно впливає на показники роботи викладачів та їх намір змінити місце роботи; 2) інтелектуальний капітал має позитивний та значний вплив на лояльність студентів та цінність університету для них; 3) намір змінити місце роботи негативно впливає на показники роботи викладачів, а також на лояльність студентів та цінність університету; 4) якість роботи викладачів позитивно та суттєво впливає на цінність університету для студентів та їх лояльність.

Ключові слова: інтелектуальний капітал; намір змінити місце роботи; приватний університет; лояльність студентів.

Рис. 1. Літ. 15.

Эдди Соерянто Соегото

ВЛИЯНИЕ ИНТЕЛЛЕКТУАЛЬНОГО КАПИТАЛА ПРЕПОДАВАТЕЛЕЙ И ИХ НАМЕРЕНИЯ УВОЛИТЬСЯ НА ПОКАЗАТЕЛИ РАБОТЫ УНИВЕРСИТЕТА, ЕГО ЦЕННОСТЬ ДЛЯ СТУДЕНТОВ И ИХ ЛОЯЛЬНОСТЬ: ПО ДАННЫМ ЧАСТНЫХ УНИВЕРСИТЕТОВ ЗАПАДНОЙ ЯВЫ

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В статье преследуются следующие цели: 1) описание интеллектуального капитала, намерений уволиться, показателей работы преподавателей, ценности университета для студентов и их лояльности; 2) протестировать гипотезы касательно влияния интеллектуального капитала на показатели работы преподавателей и их намерение сменить место работы, влияния интеллектуального капитала на лояльность студентов и ценность университета для них, влияния качества работы преподавателей на их намерение сменить место работы. Объект исследования – частные университеты Западной Явы (Индонезия). Методы исследования: опрос и дальнейшие доказательства гипотез на основе собранных данных на базе пат-анализа. Результаты анализа выявили, что: 1) интеллектуальный капитал позитивно и существенно влияет на показатели работы преподавателей и их намерение сменить место работы; 2) интеллектуальный капитал имеет позитивное и значительное влияние на лояльность студентов и ценность университета для них; 3) намерение сменить место работы негативно влияет на показатели работы преподавателей, а также на лояльность студентов и ценность университета; 4) качество работы преподавателя позитивно и существенно влияет на ценность университета для студентов и их лояльность.

Ключевые слова: интеллектуальный капитал; намерение сменить место работы; частный университет; лояльность студентов.

Introduction. Education is one of the basic human needs. Low quality of education affects all components of life, both individual, within family as well as national, state life. According to Government Regulation # 30 1999, private universities have been present in the world of formal education as an institution being acknowledged as equal to state universities. Private higher education institution has become a rational alternative to encounter the phenomenon of increasing social demand for higher education. Normatively private universities have the same duties and functions to state universities. Nevertheless, historically the public has not fully accepted this. This can be portrayed in the following example: after the completion of secondary education, parents tend to recommend their children choose state universities rather than private ones. According to public opinion, state universities are more qualified than the private ones, while the latter are acknowledged as always "second choice" by prospective students. This creates a dilemma. The public demands the same quality and output. Therefore, private universities are required to work twice harder and have professional management to prove they are better than "second choice".

Accordingly, improving management and constant of development private universities are strongly needed. Besides, we undergo globalization in the world of education which demands high quality in management. Universities must give more priority to the development of education relevance in the implementation of what is called "link and match". Only with indepth knowledge of what is needed for the development of society, higher education will be able to achieve results in line with the mission and functions.

According to the official report of the Department of Education and Research and Development 1999/2000 "From the number of universities in Indonesia, 94% of which are private universities", the number of private universities in West Java increased very rapidly as compared to other regions of Indonesia. Nevertheless, the more is the growth of private universities, the higher is the level of competition between universities. This is a positive challenge for leaders of private universities in improving quality.

Faculty resources have a very important role in shaping the image quality of graduates and the quality of institutions overall. Such position is reinforced by the fact that lecturers have high authority in all academic processes. For that reason lecturers' performance should be paid much attention by university management. Low performance of lecturers at private universities in the Province of West Java is caused by the lack of abilities, low job satisfaction, and lack of opportunity to do the job right. All these factors affect the level of lecturers' performance. The performance of lecturer can be viewed through the implementation of "tri dharma", namely teaching, research and community service. Private university lecturers' performance in West Java is low, especially in what concerns research and community service (Sutisna, 1999; Kusumaastuti, 2001).

Based on the research background, the research problem can be identified as follows: 1) how intellectual capital, job satisfaction and faculty performance match together; 2) what is the influence of intellectual capital on job satisfaction and lecturers' performance; what is the effect of lecturers' job satisfaction on performance; and what is the effect of intellectual capital on lecturers' performance through job satisfaction as mediation.

The goals of this study are to find the following: 1) a description of the intellectual capital, job satisfaction, and lecturer's performance; 2) explanation that proves the effect of: intellectual capital on job satisfaction and lecturers' performance, job satisfaction on lecturer performance, as well as intellectual capital on lecturer's performance through job satisfaction.

The results of the research will contribute to the following matters: 1) theoretical results of this study are expected to contribute to the development of HR management and organizational behavior as well as the basis for further research because there are many other variables beyond intellectual capital and satisfaction influencing lecturers' performance that are not studied in this research; 2) the applied results of this study are expected to provide input in policy- and decision-making, especially to the development and enhancement of intellectual capital, job satisfaction, and lecturers performance.

Literature review. At the individual level of analysis, R. Burr and A. Girardi (2002: 77) define that intellectual capital is a product of interaction between competence, organizational commitment, and control over employees work. Competence and commitment to organization are the elements of intellectual capital inherent in human capital, while job control is included in structural capital. L. Spencer and S. Spencer (1993: 34) classify individual competencies into 3 dimensions, namely: a) intellectual competence; b) emotional competence; c) social competence. Intellectual competence is internalized in the form of 9 competencies: a) achievement; b) job security; c) initiative; d) acquisition of information; e) analytic thinking; f) conceptual thinking; g) practical skills; h) linguistic ability; i) the ability of narratives (Nahapiet and Ghoshal, 1998: 245). Emotional competence is internalized in the form of 6 individual willingness and ability levels: a) understanding; b) awareness of internal and external customer satisfaction; c) self-control; d) self-confidence; e) adaptability; f) commitment to organization. Social competence in the form of 7 individual internalized discipline include: a) the influence and impact; b) organizational awareness; c) establishing a working relationship; d) developing others;

e) directing subordinates; f) teamwork; g) leadership group (Nahapiet and Ghoshal, 1998: 247).

Furthermore, R. Burr and A. Girardi (2002: 80) define that "commitment is a job attitude or belief that reflects the relative strength of individual's identification and involvement in a particular organization". J. Greenberg and R. Baron (1995: 183) and J. Newstrom and K. Davis (2002: 211) consider "organization commitment as the result of three factors: a) acceptance of organization's goals and values; b) willingness to help the organization to achieve its goals; c) the desire to remain within the organization". J. Meyer and N. Allen (1991: 65) have developed a three-factor model of commitment's organizations, namely: a) affective commitment; b) continuance commitment; c) normative commitment. The third commitment of organization uses the following indicators: a) affective commitment with indicators: employee trust owned by an organization, emotional connection with organization of workers in a workplace, workers feelings about organization as a part of life, and feelings of workers to working in organization; b) continuous commitment of the indicators: interest and durability of workers at work, personal sacrifice to delay work, keep on a current job because there is no other choice, and no disruption of life if left; c) normative commitment uses the following indicators: reluctance to leave organization, concerns of employers if they leave the organization, feeling obliged to survive on the current job, and less prejudices than others when leaving a job.

Job satisfaction is an attitude and a general feeling of workers (Robbins, 2001: 76). F. Luthans (2000: 157) stated that job satisfaction of employees consists of: a) job itself (intrinsic factors); b) relevant working environment (extrinsic factors); c) satisfaction with work processes and outcomes. Job satisfaction can be measured by comparing the things perceived through 5 dimensions of job satisfaction: a) pay; b) work itself; c) promotion; d) coworkers; e) working condition (Porter, 1967: 25). Performance is a record of outcomes of a particular job or activity for a certain period of time (Wood et al., 2001: 114). There are three types of performance assessment that differ from each other: 1) results-based performance evaluation; 2) behavior-based performance evaluation; 3) judgment-performance evaluation (Gomes, 1995: 137). In this study the measurement (assessment) of lecturers' performance refers to the judgment-performance approach to evaluation that is the type of performance appraisal assessing or evaluating the performance of employees based on specific descriptions of behaviors. J. Ivancevich (2001: 253) and F.C. Gomes (1995: 142) stated there are 8 dimensions or criteria that require attention in assessing performance of employees based on specific descriptions of behavior, namely: 1) the volume of work; 2) quality employment; 3) knowledge of work; 4) creativity; 5) collaboration; 6) reliance; 7) initiative; 8) personal qualities. Moreover, competence, commitment, and job control are the elements of intellectual capital that interact and relate to each other in the form of intellectual capital. This means intellectual capital will increase if competence and commitment of lecturers is supported by adequate job control. If one element or several elements are decreased, this will consequently lower down other elements and will ultimately reduce the overall intellectual capital. This is supported by R. Burr and A. Girardi (2002: 77) who concluded that "intellectual capital is a product of interaction between competence, commitment, and job control ... and moderated relationships among competence, commitment and job control in predicting intellectual capital".

Research model and methodology.

1. Research model. Figure 1 describes lecturers' intellectual capital and turnover intentions through lecturers' performance as the intervening variable affecting student's value and loyalty.

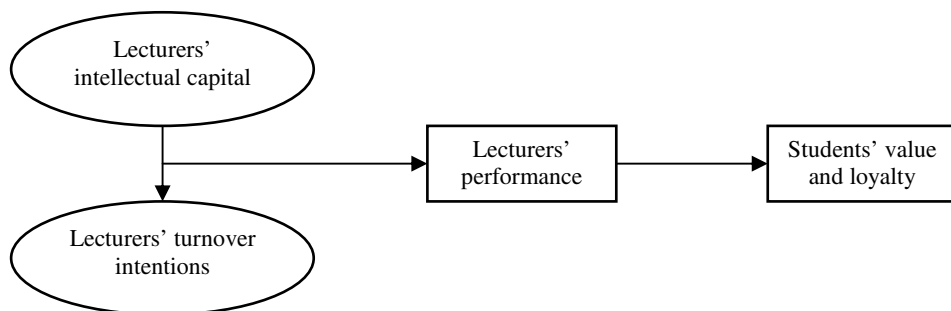


Figure 1. Model of research, authors'

2. Methodology. This study uses verification research and survey methods. The object of this study is a lecturer in private universities in West Java province with its 16 cities: Bandung, Cimahi, Cianjur, Sukabumi, Bogor, Bekasi, Tangerang, Indramayu, Cirebon, Sumedang, Kudat, Tasikmalaya, and Garut. The sampling technique uses stratified random sampling in two stages. The first stage is to determine the number of private universities for the sample and then perform the second stage to determine the number of lecturers who become respondents of the research. Data collected in this study are: 1) the primary data collected by using observation, interviews, and questionnaires; 2) secondary data collected through the technique of document recording. Questionnaires were used to collect data on intellectual capital and performance using the Likert scale. For job satisfaction we were using the Minnesota Job Satisfaction models. The questionnaire was first tested for validity and reliability. The formula used are Pearson Product-Moment correlation and Spearman Brown. Methods for data analysis is descriptive analysis and path analysis.

Result and discussion.

1. The intellectual capital variable. Intellectual capital is assessed as a high factor, with the score of 70,904. Total score of intellectual capital is between 68–83% which is included in the third category. This is quite high due to the interaction of components or elements forming lecturers' intellectual capital: 1) competence; 2) organizational commitment; 3) control of work. Each score is fairly high, indicating that leadership of private universities still need to be payed attention to. Improving intellectual capital of lecturers is a must. This is viewed from the components of competence, organizational commitment and job control; accordingly in the future lecturers' intellectual capital can be increased and be included into high or very high category.

2. The turnover intention variable. Turnover intention is assessed as a high factor, with the score of 67.58%. The total value of turnover intention is classified in the range between 56–68% and is included into the moderate category. Generally, turnover intention is triggered by the availability of another alternative work outside the current institution.

3. The performance variable. The performance variable as a whole is put into at high category, with the total score of 67,472. Total performance score is clasified in range between 56–67.99% to be included into the moderate category, while the dimensions of lecturers' performance in research and community service are included in the low category. This fact indicates that the performance of private universities' lecturers in West Java as a whole still needs to be improved further, especially in what concerns research and community service in the future.

4. The value variable. Values accepted by students viewed as benefits include: main product, service, human resources, and image undergone by students. Cost, energy, time, and psychological sacrifice are put into the low category with the score as much as 0.89 which is lower than 1. This proves that students have not received the value as they expect comparing to the financial sacrifice they have already spent.

5. The loyalty variable. Loyalty of students is measured by registration by which they become active students, giving recommendation to other parties to become students in their institution, and the level of commitment to become students in the institution concerned. This variable is put into the moderate category with the score of 65.13% which is below 68%. This proves that students still have commitment and loyalty to institutions under study.

6. The effect of intellectual capital on turnover intentions. The calculations under path analysis show that intellectual capital with its 3 dimensions simultaneously affect negatively and significantly turnover intentions as seen from the value of $F_{count} = 37.7556 > F_{table} = 2.6712$. This means that faculty intellectual capital simultaneously plays an important role in the efforts to support the process of lecturer's job satisfaction formation in private universities. Accordingly, intellectual capital affects turnover intentions as much as 0.4544 (45.44%), while the influence of other variables outside the 3 components of intellectual capital is as much as 0.5456 (54.56%). This indicates there are many other variables that affect lecturers' job satisfaction outside intellectual capital, and this requires further research.

The competence indicator as a component of intellectual capital shows a significant and negative effect on turnover intentions as seen in the value of $t_{count} = -2.9272 > t_{table} = 1.6561$. The influence of competence on turnover intention is demonstrated by the correlation coefficient of -0.2318. The contribution of competence is -5.37% and it increases in interaction through organizational commitment of -1.99% and job control of -5.02%. The total contribution of turnover intentions is -12.58%. This suggests that the contribution of intellectual capital components affect organizational commitment and job control on turnover intentions. This gives us an indication of the two components of intellectual capital showing effective influence on intellectual capital components that should stimulate efforts to decrease turnover intentions.

The organizational commitment indicator as a component of intellectual capital shows a significant and negative effect on turnover intentions as seen in the value of $t_{count} = -2.1949 > t_{table} = -1.6561$. The influence of organizational commitment on turnover intentions is indicated by the correlation coefficient of 0.1706. Contribution of organizational commitment to turnover intentions increases by 2.91% in interaction through competence of 1.99% and job control of 3.52%. So the total contribu-

tion is -8.42%. This shows that the contribution of intellectual capital components of competence and job control affect turnover intentions.

The job control indicator shows a significant and negative effect on turnover intentions as seen from $t_{count} = -5.0235 > t_{table} = 1.6561$. The effect of job control on turnover intentions of lecturers is indicated by the correlation coefficient as much as -0.4012. Contribution of job control to turnover intentions is increased by 16.10% in the interaction through competence of 5.02%, and organizational commitment of 3.52%. So the total contribution on turnover intentions would be -24.64%. This suggests that the contribution of job control on turnover intentions is significant. In conclusion, components of intellectual capital showing the most dominant influence on turnover intentions are job control, followed by competence and organization commitment.

7. The effect of intellectual capital on lecturers' performance. Calculations under path analysis show that intellectual capital that includes: competence, organizational commitment, and job control simultaneously affect the performance of lecturers positively and significantly as seen in the value of $F_{count} = 51.2439 > F_{table} = 2.6712$. This means that intellectual capital with its dimensions simultaneously play an important role in supporting the formation of performance in implementing the tri dharma. Therefore, intellectual capital affects the performance of lecturers as much as 0.5306 (53.06%), while the influence of other variables outside the study is 0.4694 (46.94%).

The competence indicator as a component of intellectual capital shows significant and positive effect on the performance of lecturers as seen from the value of $t_{count} = 5.5098 > t_{table} = 1.6561$. Influence of competence is demonstrated by the correlation coefficient of 0.4047. Contribution of competence by 16.38% increases in interaction through organizational commitment by as much as 4.52% and job control – as much as 5.43%. Accordingly, the total contribution is 26.33%. This suggests that the contribution of competence to performance is significant.

Organizational commitment has a significant and positive effect on lecturers' performance as seen from the value of $t_{count} = 3.0807 > t_{table} = 1.6561$. The influence of organizational commitment on performance is indicated by the correlation coefficient of 0.2221. Contribution of organizational commitment to performance is as much as 4.93% and increases in interaction with competence by 4.52% and job control – 2.84%. So the total contribution is 12.29%. This shows that the contribution of organizational commitment to performance is significant.

The job control indicator shows a significant and positive effect on lecturers' performance as seen from the value of $t_{count} = 3.3546 > t_{table} = 1.6561$. The control indicator affects on performance is indicated by the correlation coefficient of 0.2485. Contribution of job control on performance is 6.17% and increases in interaction through competence as much as 5.43%, and organizational commitment as much as 2.84%. So the total contribution is 14.44%. This shows that the contribution of job control to performance is significant. Thus, the components of intellectual capital showing the most dominant influence on performance is competence, followed by job control and organizational commitment.

8. Effect of intellectual capital and turnover intentions on performance lecturer and its impact on student value and loyalty. Lecturer's intellectual capital with its three

dimensions simultaneously and significantly affect the turnover intention with the level of significance as much as 5%. Individually, organizational commitment variable contributes the most to the turnover intention as much as -0.38, followed by competence (-0.27), while the lowest contribution comes from job control (-0.16). Furthermore, lecturer's intellectual capital simultaneously and partially affect significantly lecturer's performance. The competence variable has the most dominant effect on lecturer's performance, as much as 0.67, followed by organizational commitment (0.45), the lowest contribution comes from job control (0.25).

Variables of intellectual capital, turnover intention and lecturer's performance both simultaneously and partially affect significantly on the value obtained by students. Partially, intellectual capital contributes the most to the value, as much as 0.52, followed by turnover intention (-0.46), while the lowest contribution comes from performance (0.43).

These 3 independent variables both simultaneously and partially affect significantly students' loyalty. Partially, intellectual capital variable has the most dominant effect on students' loyalty (0.48), followed by lecturers' performance (0.43), while the lowest contribution comes from turnover intention (0.36). This reveals that the value accepted by students affects significantly their loyalty (0,56).

Conclusions and suggestions:

1. Conclusions. The conclusions from this research are as follows: 1) intellectual capital of lecturers is included into high category; the management factor is in the low category; 2) turnover intentions among lecturers is included into the moderate category; 3) performance of lecturers is included into the moderate category, and its components of research and community service are low; 4) value received by students is in the low category; 5) loyalty of students is moderate; 6) lecturer's intellectual capital affects negatively and significantly the turnover intention; affects positively and significantly lecturers' performance; 7) lecturers' intellectual capital and turnover intentions affect significantly students' value and loyalty; 8) students' value affects significantly students' loyalty.

2. Suggestions. Based on the conclusion above, the recommendations carried out are: 1) it is necessary to concentrate on intellectual capital at the individual level of student by developing spiritual competence; 2) it is necessary to conduct further research on the factors affecting turnover among the private universities' lecturers; 3) lecturers should manage and distribute widely their time on the activities of teaching, research and community service; 4) private universities should improve the value accepted by students in order to gain higher value than the competitors; 5) since students loyalty is still low, it is recommended private universities improve the whole performance in order to be able to survive in tight competition for prospective students.

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