

## Human Capital and State Civil Apparatus Development

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### ARTICLE INFO

*Keywords:* Human Capital, Resources, Public Organizations, State Civil Apparatus

*Received :* 10, April

*Revised :* 11, May

*Accepted:* 15, June

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### ABSTRACT

This research focuses on the role of human capital in supporting the achievement of the vision and mission of public organizations. This focus is based on the assumption that organizations tend to be more rigid than private organizations, which tend to be more dynamic in dealing with change. The type of research used in this study is qualitative research. Observations are used to cross-check the data. Observations were made with the aim of exploring concrete manifestations of the results of human capital in improving ASN performance. Based on the research results, the human capital dimension is an important key to improving the performance and career development of ASNs in government organizations. Law No. 14 of 2014 concerning State Civil Apparatus Article 12 ASN states that employees who act as planners, executors, and supervisors of the implementation of general government and national development tasks through implementing policies. The human capital dimension is internal to ASN itself and does not depend on the organizational culture or existing regulations related to ASN.

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## **INTRODUCTION**

With the issuance of Law Number 23 of 2014 concerning Regional Government, a division of affairs and authority was carried out between the central government and the Provincial, Regency and City Governments. This is in accordance with the mandate of the constitution which gives authority to regional governments to organize their government independently, in accordance with their potential. However, to achieve the goals of regional autonomy, quality human resources are needed.

Improving the quality of employee performance is strongly supported by the quality of human resources (HR), work with full discipline and career paths that can be managed properly as factors that are very important and cannot be separated from an organization or government institution. These three factors are also the keys that determine the development of the wheel of government. Human resources, work discipline and career development (management of admissions, appointments and pensions) are the drivers of government institutions as well as thinkers, formulators and implementers to achieve the goals of government services to the public. This means that in principle human resources are not a mere resource, but rather in the form of capital or assets for government institutions that can work with full discipline and continue to improve their careers after retirement. In that connection, the term Human Capital emerged which relates to a radical new way of thinking and behaving and is much needed in conditions of changing institutional, societal, and individual environments (Prasojo et al., 2017).

Kasmawati (2017) states that human capital can be beneficial for the results and the transformation process because it includes the work force factor as a new reality that is constantly being updated. Within human resources and human capital there is a growing belief that the purpose of forming an organization is based on commitment and openness to each other in a work environment that supports a responsible attitude in completing work. Then human capital determines the success of institutional or organizational goals. Experts realize that Human Resources (HR), if placed according to intellectual capital (talent, knowledge and skills) and relationship capital (relationships with customers and stakeholders) can improve the quality of work of institutions or organizations. Another factor of human capital is the power of adaptive strategy. With this exposure, Whatever the form and purpose, the organization is formed based on a vision for the benefit of humans and in carrying out its mission it is managed and managed by humans. So humans are a strategic factor in all organizational activities. For this reason, handling reliable human resources must be done as human capital.

With the strategic role of human capital in supporting the achievement of organizational goals, this research focuses on the role of human capital in supporting the achievement of the vision and mission of public organizations. This focus is based on the assumption that organizations tend to be more rigid than private organizations which tend to be more dynamic in dealing with change. As is well known, the Law on State Civil Apparatus (ASN) has changed from time to time. However, this change did not occur in a short time. So that

the adjustment of employee performance tends to be slow. We can see it from the implementation of Law no. 8 of 1974, which was later followed by Law no. 43 of 1999 and Law no. 5 of 20014. This assumption about public organizations which is considered rigid encourages research to explore more deeply how this human capital operates in the performance of ASN in Indonesia.

## **THEORETICAL REVIEW**

### **Previous Research**

Several previous studies have exposed how the performance of human resources in ASN uses empirical approaches. However, previous research is an important preference to review the gaps that this research can enter. The first research was conducted by Jejen (2021) who proposed the integration of intellectual capital in the use of information technology. This proposal is based on the fact that information technology support can contribute to improving employee performance. Kalangi's research (2015) showed different things. According to the results of his research, Kalangi explained that good government management requires that ASN performance orientation is fully oriented to public needs. there are two factors to achieve this, namely ASN that adheres to bureaucratic ethics and professionalism.

### **ASN Management**

The ASN management policy based on Law Number 5 of 1974 concerning ASN is the management of ASN to produce ASN employees who are professional, have basic values, are responsible, professional ethics, are free from political intervention, are clean from practices of corruption, collusion, nepotism, are honest and fair through coaching based on a work performance system. ASN management arrangements are contained in Chapter VIII of the ASN Law. ASN management always prioritizes arrangements for employees so that there are always superior ASN resources with current developments (Musaneff, 1996).

Management is the process of structuring activities which will be carried out through management functions is of course useful as a benchmark to determine success as a form of achieving agreed common goals (Naway, in Wambrauw, 2023). In the context of the management of the State Civil Apparatus (ASN), the term merit system is known. The concept of a merit system is an integral part of ASN management. This merit system is the same as remuneration related to employee performance (Laksmi & Markeling, 2017). This system is objective, the objective assessment is usually the measure used as an educational diploma. The merit system is basically contained in Article 51 of the ASN Law which reads ASN management is organized based on a merit system. This system is a concept in HR management that describes the application of objectivity throughout all processes in the management of ASN, namely in consideration of individual abilities and achievements to carry out their work (competence and performance). This system is usually accompanied by a spoil system, in which the application of HR management prioritizes subjective considerations such as political, personal, closeness and other

subjective considerations. For organizations, the merit system supports the existence of the principle of accountability which is currently a demand in the public sector. As for employees, this system guarantees fairness which will increase employee performance motivation and also provide open space in an employee's career journey.

### **Human Capital**

Schultz (1961) states that humans are a form of capital, just like physical and technological capital. Human capital is a qualitative dimension of human resources. The qualitative dimensions of human resources, such as expertise and skills, possessed by a person will affect that person's productive abilities. Expertise, skills and knowledge can be increased through a good education process and maintained health conditions. According to Becker (2009) spending on education and health is an investment because, like investing in buildings or land, these expenses will generate returns in the future. Spending on education, training and health will increase a person's health and knowledge so that the person's productivity and income will increase in the future.

### **METHODOLOGY**

The type of research that will be used in this study is qualitative research. So the data needed is qualitative. Moleong, cited by Ilham et al., (2021) synthesizes that qualitative research intends to gain an understanding of what is experienced by research subjects, such as; perception, behavior, motivation, and action, and others. Data collection techniques used in this study are observation techniques and literature review. Observation is used for crosscheck data. Observations were made with the aim of exploring concrete manifestations of the results of human capital in improving ASN performance. Analysis of research data was carried out from literature and observation through several steps. First, the processing stage by preparing data for analysis which includes typing the collected data. Second, categorizing data and rearranging data based on type (Creswell, 2012: 276). Third, record the general idea of the data found. Fourth, do a detailed analysis and codify the data and put it into sentences or paragraphs or images in the form of categories and give them special labels. Fourth, re-presentation in a narrative manner as well as connecting with themes that have been previously codified. Finally, interpreting the data by comparing research results with literature or literature (Creswell, 2016: 285).

### **RESULTS**

#### **Direction and Improvement in the Quality of Human Resources According to the ASN Law**

In the understanding of the ASN Law, human resources are actually seen not only as the main asset. However, it is a multiplied value and capital owned by an institution or organization to be continuously developed as an investment portfolio or assets and human resources and not vice versa liability (burden/cost). HR in that case, has a big role in a government institution or organization, especially in achieving its goals. For example, in improving the

quality of employee performance, the Civil Service Law (UU) continues to change from; Law No. 8 of 1974 concerning Personnel Principles became Law No. 43 of 1999 concerning Personnel and changed to Law No. 5 of 2014 concerning State Civil Apparatus. Changes to statutory policies are to improve the quality of human resources, spur high work discipline and encourage competence or regulate employee career paths in public services. In Law No. 14 of 2014 concerning the State Civil Apparatus Article 1 paragraph (2) and (3) states that employees are not merely employees because they are State Civil Apparatuses (ASN). ASN in this case is a government employee with a work agreement and is appointed by a staffing officer and assigned a government position or other state duties and is paid based on statutory regulations. In Law No. 14 of 2014 concerning State Civil Apparatus Article 12 it is explained that

According to Law No. 14 of 2014 concerning State Civil Apparatus Article 12 ASN states employees who act as planners, executors and supervisors of the implementation of general government and national development tasks through implementing policies. ASN employees are also professional public service workers, free from political intervention, free from Corruption, Collusion and Nepotism practices. The problem of the lack of professionalism in the work of ASN employees, the bureaucracy which is co-opted with political intervention, the occurrence of KKN in the implementation of government and public services is the mission of Law No. 14 of 2014 concerning the State Civil Apparatus. This law is a state order that it is the duty of every ASN employee to work with full discipline and be able to improve his career and serve the public without KKN, work professionally and be able to control political intervention that hinders the bureaucracy or ANS work to realize the public interest. The problems above are very classic and apply from the national-regional and bureaucratic reform policies are the most important reference in improving the work quality of ASN employees by referring to the work principles of good governance, namely realizing quality ASN work that; effective, efficient, transparent, accountable and law-abiding and ASN able to act economically, without political intervention, safe, peaceful and social justice. These things are actually problems that have existed for a long time, but the national-regional government through a policy of bureaucratic reform has provided a firm solution to solve them together (central-regional) permanently.

Article 2 of Law No. 14 of 2014 concerning State Civil Apparatus Article 2 has emphasized that ASN can carry out its performance in a disciplined manner and develop its career by taking into account indicators of improving the quality of ASN employees by taking into account the principles which include: a). Legal certainty. b). Professionalism. c). Proportionality. d). integration. e). Delegation. f). Neutrality. g). Accountability. h). Effective. i). Efficient; j). openness k). Non-discriminatory. l). Unity, m). Unity. n). Justice. o). equality. and p). Well-being

Human capital is a qualitative dimension of human resources. In this case it is known that government institutions are still continuing to improve the quality of human resources (ASN employees) which is the most important factor in the success of government institutions. The logic is that the higher the

quality of human resources (ASN employees), the better the work performance that will be produced. Good ASN employee work performance will greatly facilitate a government agency or organization to achieve the desired goals (Afrizal et al., 2014).

Inhibiting factors such as ineffectiveness, inefficiency, slow transparency, accountability, slow law enforcement in KKN issues within government agencies are still there. The expected efforts for ASN employees to enforce the ASN Law as intended continue to be carried out on an ongoing basis. The quality of the performance of ASN employees can increase from success in minimizing the principles of the civil service role as bureaucrats serving the public. This means that ASN employees are drivers of public activities. Therefore, it is important for every ASN employee to view their main duties as the spirit of public service.

The quality of human resources or ASN employees can be traced through Matutina's (2001) thinking, including: 1) Knowledge; capabilities possessed by ASN employees and oriented towards intelligence, thinking and broad mastery of knowledge as basic abilities possessed by employees, 2) Skills; operational technical ability and mastery in certain fields owned by ASN employees, 3) Capability; is formed from a number of competencies possessed by an ASN employee and includes loyalty, discipline, cooperation and responsibility. On the other hand, the factors inhibiting the work discipline of ASN employees in general according to Fathoni, (2006) are the lack of understanding and capability of ASN; lack of exemplary leaders; lack of fairness; punitive sanctions; and lack of firmness.

### **Human Capital, Work Discipline Improvement, and ASN Career Development**

According to Singodimedjo (2000) work discipline refers to regulations on entry, return and rest hours. The importance of the work discipline of ASN employees greatly determines the quality of public service performance because it is the main characteristic of government institutions. In general understanding William et al. (1985) suggested that the career development of ASN employees or other employees is related to planning a future career in the agency concerned. Meanwhile, according to Martoyo (2007) career development for ASN employees and other employees aims to improve a person's status at work. Thus, career development for ASN employees includes the process of increasing their work abilities and they are expected to have the ability to improve work performance in their positions. In addition, Muftiani (2004) said that every career development activity for an ASN employee must be provided with facilities as regulated in the organization which include work performance, proportional assignments, promotion to position, productivity, cost efficiency. This effort is a career enhancement activity for ASN employees or other employees. Therefore, career development is needed for ASN employees or other employees so that they can provide job satisfaction for the benefit of the government/state.

The definition of work discipline is the inculcation of respect, appreciation, obedience and adherence to written and unwritten regulations, as

well as being able to carry out and accept sanctions in the event of a violation of duties and authority (Sastrohadiwiryo, 2003). In line with the statement of Sutrisno (2009) which defines employee discipline as compliance with the rules or framework set by the organization which is reflected in attitudes and actions. The orientation of career development is that organizational development must acknowledge its existence based on the quality of its human resources (Nawawi, 2006). With skilled human resources, an organization will develop and be able to beat its competitors from different organizations. Conversely, without qualified human resources, an organization will decline and even be set aside because of its inability to face different competitors. However, the use of the word competitor refers to an organization engaged in profit.

### **CONCLUSIONS AND RECOMMENDATIONS**

Based on the research results, the human capital dimension is an important key for improving the performance and career development of ASN in government organizations. Law No. 14 of 2014 concerning State Civil Apparatus Article 12 ASN states employees who act as planners, executors, and supervisors of the implementation of general government and national development tasks through implementing policies. Human capital is a qualitative dimension of resource man. In this case it is known that government institutions are still continuing to improve the quality of human resources (ASN employees) which is the most important factor in the success of government institutions. The ASN employee career development includes the process of improving his work skills and he is expected to have the ability to improve work performance in his position. Expertise, skills and knowledge can be increased through a good education process and maintaining health conditions. So that the human capital dimension is within the internal ASN itself and does not depend on the organizational culture or existing regulations related to ASN.

### **FURTHER STUDY**

Research only describes how human capital influences ASN performance in line with the mandate contained in the ASN Law. In addition, the conceptualization of human capital in this study requires the integration of social capital and intellectual capital as supporting capital for better performance. So this research requires a follow-up study that describes in detail human capital and intellectual capital in ASN career development that departs from empirical studies.

### **ACKNOWLEDGMENT**

Acknowledgments from the author to all parties who have contributed starting from the data collection stage, preparation until this article can be published.

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