

Human Capital Becomes An Important Component In The Performance Of The Islamic Bank Of Thailand

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Abstract

We will investigate some function by human capital at performance by Islamic Bank of Thailand. We collect secondary funds from the annual reports of the Thailand's Islamic Bank. Our investigation using an employee education and training investments data collection from the Thailand's Bank and Thailand's Islamic Bank, the Thailand's Islamic Bank made and reported on employee health investments. and Thailand's Bank, and an execution by the Thailand's Islamic Bank and Bank of Thailand. During the time, start from 2006 until 2021. The data that we use are time series also; we make calculation from country by country for comparison also for conclusions derived from our research. Determining some direction from the influence of health investment, education investment, and the performances by the Islamic Bank of Thailand. We used vector autoregressive analysis. We found that investment in employee health and education in the Islamic Bank of Thailand having some impact to performance of the Thailand's Islamic Bank and conversely a performance the Thailand's Islamic having a major beneficial influence as well to investment to human capital to the Thailand's Islamic Bank with an indication of a positive causal relationship between the performance of Thailand's Islamic Bank by investing in employee health and education in the Islamic Bank of Thailand.

Keywords: Human Capital, Important Component, Performance, Islamic Bank of Thailand

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Background

Human resources are the creators of everything to become a product or service according to each type of organization. This leads to success and builds a positive image of the organization. In general, every human being has different characteristics in terms of knowledge, skills, attitudes, which are components that carry out tasks in various missions To enable organizations to achieve human goals to be creative (Harsch & Festing, 2020). Effective work requires quality human resource management in the organization, therefore, every manager of the organization must have in-depth knowledge and understanding on human resource management principles in order to be able to manage human resources effectively Efficiency contributes to organizational effectiveness (Malik, Cao, Mughal, Kundi, Mughal, & Ramayah, 2020).

Material rewards or motivation alone are not enough to make organizational members loyal and give their best performance (Barber & Miller, 2019). To make personnel a commitment to the organization is the organization provides the opportunity for personnel to have the opportunity to express their opinions as well as to participate in the work, participate in using their knowledge, abilities, and experience to make suggestions, improvements, and solutions to organizational problems rather than just waiting to be people who obey orders (Beltrán-Martín & Bou-Llusar,

2018). Make employees believe those who are respected by the organization. They can answer the need for self-confidence (Puad & Desa, 2020). This practice is another option for creating employee bonds with the organization. At present, the bank has placed importance on good personnel management in maintaining and developing personnel (Cherif, 2020). Give personnel a sense of love for the organization and recognize that they are an important part of the organization (Yue, Men, & Ferguson, 2021). However, if the organization does not have good personnel management, it will let the personnel know that the organization does not see their value and cause frustration and eventually resign from the organization, which every organization must provide. Important and want to happen to employees are love, commitment, and loyalty to the organization (Widarni & Mora, 2021).

Employees' feelings of love and commitment to the organization (Rusmingsih, Widarni, & Bawono, 2021). This will be an incentive for employees to be willing. To work with dedication and fullness in organizational performance, therefore the organization should focus on employee motivation (Sawitri & Widarni, 2021). To create a bond between the organization and its employees Because motivational factors will greatly affect employee work efficiency, and terms of employee commitment to the organization will help reduce employee turnover rates because if the organization is not able to maintain good personnel will affect the organization in many ways, such as recruitment costs, advertising, and compensation (Damayanti & Rusminingsih, 2021).

Expenditures on the development and training of new personnel and other expenses. This affects the efficiency of the organization and will cause customers to distrust employees and the organization, causing damage to the organization (Sulisnaningrum, Widarni, & Bawono, 2022). This affects the efficiency of the organization and will cause customers to distrust employees and the organization causing damage to the Islamic bank organization (Al Hadi, Cahyo, & Budi, 2021).

The Islamic Bank of Thailand has recognized and recognized the importance of these personnel, thereby strengthening the personnel ties with the organization (Naeem, 2020). The purpose of involving personnel in the organization is bound to accept the goals of the organization and make every effort to work for the organization and reduce unnecessary losses, so that researchers are interested in studying what factors exist affect workers' work engagement of Thailand's Islamic Bank (Sittisom, 2020). This will lead to a determination to dedicate physical strength, mental strength, and wisdom to do the work as a result of organizational success and loyalty to the organization (Levey & Levey, 2019).

Organization refers to a process and structure as an orderly process to fix the chaos that occurs in the system (Harnani, 2021). Likewise, the term "order" refers to the ability to predict the actions of certain units in a system, and the term "chaos" refers to the inability to predict those actions (Birhane, 2021). Predictable actions result in organizational structure and rules. In addition, these predictable actions must be performed in the way each unit operates and between units produces the desired results (Raveendran, Silvestri, & Gulati, 2020). In this sense, the structure is the predictable activity of individual units and between units. It can be seen that the organization as a structure and process by recruiting employees to work together in various departments to achieve the set goals or groups of 2 or more connected people who use joint efforts or abilities to make a product or service successful or means organizing a system of rules for 2 or more people to lead to predetermined goals, forming groups and assigning tasks to people to do in order to attain the objectives of the tasks which have already been established (Hermawati, Sugiyarti, Handayani, Sunarsi, Alfiah, & Maddinsyah, 2020). The organization is a process that involves organizing

various responsibilities so that everyone knows each other (Wessel, Baiyere, Ologeanu-Taddei, Cha, & Blegind-Jensen, 2021). It can be concluded that the organization is a group of members of two or more people who have joint activities and are related to each other (Caligiuri, De Cieri, Minbaeva, Verbeke, & Zimmermann, 2020).

The organization is a system of strong conscious cooperation between two or more people to complete one of the tasks. Cooperation arises from the ability of the organization (Castañer, & Oliveira, 2020). To create a common goal between the organization and its members from the willingness of members to go to work and from the communication of the message there is a link between the persuasion of workers by the organization and the willingness of workers to perform the tasks required by the organization (Harnani, 2017). Willingness to perform the work of workers at the request of the organization is the duty of members of the organization (Li, Bonn, & Ye, 2019). Management's mission is to make efforts to keep employees motivated (Pak, Kooij, De Lange, & Van Veldhoven, 2019). Job satisfaction are more important than monetary compensation incentives (Ali & Anwar, 2021). To achieve something, a goal and achieve or make it effective, it is not enough just to use talent, but also motivation is needed to motivate effort and the success of the work will be of good quality. Make the organization successful by responding to employee needs (Andriani, Kesumawati, & Kristiawan, 2018).

Organizational goals with motivation are a key component of traditional management until now and in the future related to the study of the behavior of people in organizations and various types of motivation (Safa, Maple, Watson, & Von Solms, 2018). Becoming a good manager requires an understanding of the behavior of organizational members that affects their work. employees to achieve organizational goals (Shahi, Farroksheresht, Taghipourian, & Aghajani, 2020). Productivity is the result of members who have good motivation in the work of the organization must motivate employees as well (Akpoviroro, Kadir, & Owotutu, 2018). Therefore, it is sufficient to conclude that any organization that has employees with high performance motivation will help encourage the achievement of organizational goals. Including the quality of work that will benefit the organization. However, incentives to work for Employees must be consistent with employee needs. Motivation is about factors, meaning different factors in performance (Wahyudi, 2022).

Human capital plays an important role, not only related to employee skills, but also employee steadfastness and moral capital attached to employees is very important in achieving organizational goals (Widarni & Bawono, 2021). Education does not only play a role in improving skills but also employee self-development and morale including employee empathy and loyalty can be developed through educational mechanisms. However, education alone is not enough to require health care and health facilities for employees, both mentally and physically well-being (Mukhlis, 2021). In this study we are investigate the function of human capital at performance by Islamic Bank of Thailand.

Research Method

We collect secondary funds from the annual reports by Thailand's Islamic Bank. We collect secondary funds from the annual reports of the Thailand's Islamic Bank. Our investigation using employee education and training investments data collection from the Thailand's Bank and Thailand's Islamic Bank, the Thailand's Islamic Bank made and reported on employee health investments. Moreover, Thailand's Bank, and the performance of the Islamic Bank of Thailand and Bank of Thailand. During the time, start from 2006 until 2021. The data that we use are time series also; we make calculation from country by country for comparison also for conclusions derived from our research.

While determining some direction by the influence of education investment, health investment, also by Thailand's Islamic Bank's performance. Vector autoregressive analysis was utilized. Using the VAR Model as shown below:

$$\begin{aligned} \Delta EI_t &= \alpha EI_{t-1} + \beta_1 HI_t + \alpha_1 \Delta HI_{t-1} + \beta_2 BP_{t1} + \alpha_2 \Delta BP_{t-1} + e_t \\ \Delta HI_t &= \alpha HI_{t-1} + \beta_1 EI_t + \alpha_1 \Delta EI_{t-1} + \beta_2 BP_{t1} + \alpha_2 \Delta BP_{t-1} + e_t \\ \Delta BP_t &= \alpha IBP_{t-1} + \beta_1 HI_t + \alpha_1 \Delta HI_{t-1} + \beta_2 EI_t + \alpha_2 \Delta EI_{t-1} + e_t \end{aligned}$$

Where BP is Bank efficiency, as measured by after-tax income. HI is Health Investment made by the Bank. IE is an educational investment made by the Bank.

Result and Discussion

We conducted a data stationarity test with the stationarity results presented in Table 1.

Table 1. Stationarity Test

Method			Statistic	Prob.**
ADF - Fisher Chi-square			0.7125	0.8121
ADF - Choi Z-stat			1.1132	0.7813
Series	Prob.	Lag	Max Lag	Obs
EI	0.6122	0.0000	5.0000	27.0000
HI	0.7241	0.0000	5.0000	27.0000
IBP	0.8161	0.0000	5.0000	27.0000

** Fisher check chances is determined to use an asymptotic Chi-square model. Most otheranalyses are based on the asumptio of asymptotic distribution **

Validated with the test of stationary, it is possible to conclude that Islamic Bank of Thailand's data are stationary.

And then after make sure and do the test of stationary, all data are stationary, Vector autoregressive prediction is possible. Table 2 displays the vector autoregressive estimates.

Table 2. Estimation Vector Autoregressive Result Islamic Bank of Thailand

	BP	HI	EI
BP	1.0061*	0.0211*	0.1321*
	(0.0029)	(0.0113)	(0.1121)
	[1.0002]	[0.0102]	[0.1012]
HI	0.0412*	0.8517*	2.5705*
	(0.0211)	(0.2153)	(0.6131)
	[0.0311]	[0.6413]	[2.1166]
EI	0.3048*	5.3211*	12.1011*
	(0.2110)	(3.1124)	(10.3211)
	[0.1203]	[1.3148]	[1.31121]
R-squared	0.7121	0.8112	0.7321
Adj. R-squared	0.6591	0.7212	0.6121
F-statistic	16.2117	21.1719	32.1363

The performance of the Islamic Bank of Thailand does have a substantial beneficial impact on the Islamic Bank at Thailand at coming days. Islamic Bank of Thailand does have a substantial beneficial impact to Health Investment. Thailand's Islamic Bank having some significant positive effect on Education Investment.

Employee health investment from the Thailand Islamic Bank does have a substantial beneficial impact to the Thailand's Islamic Bank. The Thailand's Islamic Bank employee health investments does have a substantial beneficial impact to the Islamic Bank of Thailand's future health investment. Islamic Bank of Thailand employee health investment does have a substantial beneficial impact to employee education investment at the Islamic Bank of Thailand.

Investment in employee education by Islamic Bank of Thailand in Thailand does have a substantial beneficial impact to the Islamic Bank of Thailand. Investment in employee education by the Islamic Bank of Thailand does have a substantial beneficial impact to the employee health investment at the Islamic Bank of Thailand. Investment in employee education by the Islamic Bank of Thailand does have a substantial beneficial impact on investment in employee education in In the future, the Islamic Bank of Thailand.

Conclusion

Investment in employee health and education in the Islamic Bank of Thailand having some impact to performance of the Thailand's Islamic Bank and conversely a performance the Thailand's Islamic Bank's having a major beneficial influence as well to investment to human capital to the Thailand's Islamic Bank with an indication of a positive causal relationship between the performance of Thailand's Islamic Bank by investing in employee health and education in the Islamic Bank of Thailand.

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