

HUMAN CAPITAL AND ORGANIZATIONAL PERFORMANCE OF MALAYSIAN GOVERNMENT AGENCIES: A CONCEPTUAL PAPER

Muhammad Majid^{a*},
Sarminah Samad^b,
Mohd Danial Afiq Khamar Tazilah^c,
Jalal Rajeh Hanaysha^d,

ABSTRACT

The purpose of this paper was to draw the attention on the impacts of human capital on organizational performance of selected Malaysian government agencies. This conceptual paper was derived based on the critical review of literature, journal articles, proceedings, and audit reports which are pertinent to the research area and related to the targeted keywords. The focus of this paper was to extend from existing theoretical and empirical research in the fields of human capital and organizational performance. This paper is conceptual and the approach adopted is analytical. The aim of this study was to provide a novel conceptualization of value drivers in government agencies. This paper is limited to conceptualization discussion of the two constructs. Nevertheless, it has provided a useful discussion to identify human capital drivers in numerous industries. In addition, the dimensions of human capital - leadership practices, learning capacity, and knowledge accessibility - can offer other organizations on these value characteristics making comparisons across and within industries more readily available.

Keywords: Human capital, knowledge accessibility, leadership practices, learning capacity, organizational performance, government agencies

1. INTRODUCTION

Organizational performance is one of the most widely researched topics that have been the focus of many researchers and practitioners. Studies have examined both private and public organizations. Areas of organizational performances commonly studied have been financial and non-financial components. Some examples of non-financial performance components, which can be measured in intangible aspects, include employee satisfaction, service delivery, quality services, efficiency, effectiveness, service outcomes, and customer satisfaction. In practice, different types of organizations prioritize their performance measures variably. Thus, this is particularly relevant when discussing the performance between private and public organizations, specifically government agencies.

While private organizations prioritize profit-driven performance, public organizations generally focus on intangible non-financial performance such as efficiency and the outcomes of service. Although emphasis of performance studies differ between public and private organizations, researchers have stressed that the performance of government agencies are just as important as profit-making organizations, as in the case of Malaysia. The study of public organizational performance is pivotal in Malaysia because government agencies have to provide important services to people and other stakeholders (Beh, 2014; Mohd Saudi, 2014). Understandably, government agencies play a major role in implementing strategic plans not only for the people's betterment and survival, but for the nation's sustainability as well (Sargent, 2009). Additionally, the research on the performance of government organizations is also warranted and has always been given priority by most government agencies. This is no exception for Malaysian government agencies. Despite the significant amount of research which has been conducted on organizational performance, the central issue relates to the identification of key factors influencing the performance of government agencies. As documented in the literature, various factors that have been linked to organizational performance include organizational factors, strategic management, human capital, service quality, and organizational culture (Kulkalyenyong, 2012; Makanyeza, Kwandayi & Ikobe 2013; Majid, 2017). Different factors could be linked to the performance of private and public organizations respectively. Conversely, different organizations may experience different factors that could influence the performance. Undoubtedly, the performance of government agencies in Malaysia has become the central attention by all stakeholders as huge sums of investment are involved and certainly, a positive outcome in terms of high performance is expected by the citizens.

In relation to the performance of Malaysian government agencies, several issues have been highlighted by the Auditor-General's Report 2016 (National Audit Department Malaysia, 2016) and subsequently convinced the researchers to conduct this study. Among the weaknesses highlighted were insufficient manpower, lack of training in financial management, inadequate supervision, the need for close monitoring in response to negligence in compliance with stipulated financial rules and procedures. Beh (2014) also stressed that the government has made numerous efforts in refining strategies to enhance public administration performance. The researcher also highlighted the importance of human capital (employee performance) and organizational performance. In summary, the weaknesses of government agencies highlighted were due to management and monitoring factors of human capital. This suggests that internal resources such as human capital need to be given priority to help improve the performance of Malaysian government agencies. This paper provides a summary of the key concept and literature related with the theoretical model that serves as the foundation for this study.

2. STATEMENT OF THE PROBLEM

Organizational performance of the public sector is one of the most important focus areas among researchers. This is due to the fact that its organizational outcomes impact the country's sustainability and people's survivability. Inherently, research focus has been on government agencies' ability to deliver efficient and effective services as well as the extent these organizations are able to implement the formulated programs and projects. The performance of Malaysian government agencies, for example, is very pertinent as it indicates the achievements of all the implemented government programs based on the defined standards.

Over past decades, ministries, federal departments, and local authorities in Malaysia have experienced a loss of trust and confidence from Malaysian citizens due to unsatisfactory performance. This sentiment was reported by the Edelman Trust Barometer where Malaysians' trust in the government, media and business has weakened as Malaysians cultivate drained of indignities over a succession of scandals, and how these have been handled. The Edelman Trust Barometer 2016 was conducted in 2015 between October 13 and November 16. It surveyed more than 33,000 individuals across 28 countries. The Malaysian survey sample size consisted of 1,150 respondents from the general population and 200 respondents defined as informed public, respectively. The informed public respondents were aged 25 to 64, have tertiary education, and are in the top 25% in household income per age group in each country. Also, these respondents follow business and news media several times a week, and keep informed of public policy issues in the news several times a week.

This report recorded a 7 percentage point decrease in trust in Putrajaya among the general population, from 46% in the 2015 to 39% in 2016. Among the informed public, the trust saw a bigger dip of 11 percentage points, from 45% to 34%. In addition, trust in the government dropped 9 percentage points from 54% in 2014 to 45% in 2015 (Edelman Malaysia, 2014, 2015 & 2016). Edelman Malaysia's managing director Robert Kay indicated this trust drop as being contributed by "significant issues around alleged corruption and freedom of expression, along with the real and perceived lack of transparency and widespread allegations of mismanagement at state-linked companies". Against the scale of global scores, the Malaysian score still topped half of the 28 countries surveyed in comparing how much the citizens trust their government.

While the trust in government, media and business falls, it is noted that it can be solved if the chief senior officials step up with considerable transparency and greater commitment in tackling broader social challenges (Edelman Malaysia, 2016). The 2015 Edelman Trust Barometer also revealed that Malaysians were not alone in how they felt towards their leaders, noting the same trend in other countries around the world. The study found that the government remained the least trusted institution globally for the fourth year running, with trust levels below 50% in 19 out of 27 countries (Edelman, 2014, 2015 & 2016).

This situation still exists and has caught the attention of the Malaysian government. Nevertheless, this phenomenon is not uncommon among the public sector in other countries, including those in the most developed countries such as the United States (U.S.) and the United Kingdom (U.K.) (Julnes & Holzer, 2001). This situation suggests that there is a need to improve public sector performance in order to regain trust and confidence from citizens and the society at large in many countries, including Malaysia.

Against the current landscape of economic turmoil, the demand for a more rigorous organizational monitoring of deliverables, and evaluation of its outcomes and impacts, are highly required. However, as highlighted by the Malaysian Auditor-General's Report, the performances of some Malaysian government agencies are not satisfactory. Also, the report emphasized on people's concerns pertaining to their disappointments with incompetent employees which relates to the quality of human capital (National Audit Department Malaysia, 2015, 2016). These problems are worrying and cause uneasiness among people who are taxpayers with certain expectations of public service standards rendered by government agencies.

The Auditor-General's Report 2016 has concluded that among the causes of unsatisfactory performance of government agencies are human capital related matters. This is in line with what has been highlighted by Yunus (2008) on the issues pertaining to human capital development and performance management, thus the government has introduced six strategic goals to propel the public sector forward in achieving a unified, high performance public service. This scenario raised a question whether a relationship between human capital and the performance of Malaysian government agencies exists. This study attempts to answer the above question.

3. SIGNIFICANCE OF STUDY

The study examines the relationship between human capital and organizational performance, with an aim to provide findings that will help officers of Malaysian government agencies to identify factors that can influence organizational performance. Additionally, this study aims to provide additional knowledge in translating the role of human capital on organizational performance. Internationally, it will contribute to the existing body knowledge and thus offer a useful locus and reference for other studies and research. The author also considered this study as a potential support stature for the government and relevant experts in informing perceptions of the organizational performance of contemporary Malaysian ministries. The study is important as it provides a number of vital managerial contributions, where the insights offered can help government agencies firstly, in facing ongoing challenges in serving the needs of Malaysians, and consequently leading towards positive performance. In addition to that, as there is a lack of study investigating the relationship and influence of human capital on the impact of organizational performance in the local context, especially the Malaysian government ministries and other public organizations, thus this study is timely. Findings of this study can add-on existing knowledge in emphasizing the role and importance of human capital on organizational performance. The present study could be of significance to the literature in the areas of human capital and organizational performance. Also, it gives advantages to the practitioners in the field of general business management and academia, and including being of organizational significance to decision makers in the government agencies. The lack of clarity

on the relationship between human capital and organizational performance in the government agencies revealed a gap in the literature on the topic. Jamal (2008) recommended studies to be extended to different national contexts to address this gap.

Secondly, the findings of this study can benefit policymakers in government agencies in terms of understanding public organizational performance and the tough workforce environment they have to deal with. This study also serves as an important platform for the Malaysian government's National Key Results Areas (NKRAs) efforts to further improve and build excellent government agencies with competent human capital. These agencies should then be able to direct countries towards becoming competitive countries within their regions, and respond well to future uncertainties (McKinsey, 2015).

The results obtained from this study can benefit the academia in terms of providing new insights into the contribution of human capital to organizational performance in the government agencies. The end goal is that the findings would be able to inform Malaysian government agencies to achieve better performance from improved planning from a human capital perspective.

4. HUMAN DEVELOPMENT

The Human Development Index (HDI) was formed to stress that people and their competencies, not just economic growth alone, should be the crucial criteria in assessing the progress and development of a country. Also, the HDI can be used to question national policy choices. As a measurement, the HDI is an effective comparison tool to analyze two countries: those with similar gross national income (GNI) per capita levels yet with differing human development outcomes. The said differences could arouse the debate about priorities of government policy. Furthermore, the HDI provides a summary measurement of the average HD achievement in the areas of health and longevity, knowledge acquisition, and a decent standard of living. The index reports a composite measurement of three dimensions as follows: health and longevity (measured by the life expectancy at birth); education (measured by the average and expected schooling years); and a decent standard of living (measured by the GNI per capita). The HDI practices the logarithm of income to replicate the importance of income with GNI. Then, the scores for the three dimension indices are combined into a composite index using geometric mean. The HDI simplifies and captures only part of what human development entails. It does not reflect inequalities, poverty, human security, and empowerment. The Inequality-Adjusted Human Development Index (IHDI) offers the other composite indices such as broader proxy on some of the key issues of human development such as inequality, gender disparity, and human poverty.

Table 1. Human Development Index Malaysia (Year 2005 – 2014)

Data	Year
0.78	2014
0.77	2013
0.77	2012
0.77	2011
0.77	2010
0.76	2009
0.76	2008
0.75	2007
0.75	2006
0.74	2005

According to the report, Malaysia's 2014 HDI recorded an index rise of 0.01 point, from a four-year plateau of 0.77 (2010 to 2013), to achieve 0.78. Subsequently, Malaysia's ranking performance was a commendable 62nd place out of 188 countries (UNDP, 2014). From the statistics in Table 1.1, Malaysia's HDI value ranged from 0.74 to 0.78 between 2005 to 2014. Even though the index scored a small increase (value = 0.01), it is still grossly insufficient for a country directing towards a developed nation as the index score experience near stagnation for almost 10 years (UNDP, 2014). Currently, the Malaysian workforce standard has trailed behind other high-income countries. Notably, Malaysia suffers from a lack of skilled workforce, low-growth in terms of productivity (owing to the lack of creativity and innovation), and depends heavily on low-wage and low-skilled workforce (National Economic Advisory Council, 2010).

4.1 HUMAN CAPITAL

The meaning of human capital is alluded to as "the information, aptitudes, capabilities, and traits exemplified in people that encourage the making of individual, social and monetary prosperity" (Organization for Economic Co-Operation and Development, 2001).

4.11 HUMAN CAPITAL AND ORGANIZATIONAL PERFORMANCE

Nowadays, organizations are validating the significance of investing in human capital development. A study conducted by Majid (2017) with 432 Malaysian ministerial officers found that there is a significant and positive relationship between human capital, and the organizational performance of ministries. Researchers further posit that human capital, recognized as a crucial contributor to organizational performance (Uzuegbunam, Liao, Pittaway, & Jolley, 2017), and paired up with service delivery are important elements of organizational performance improvements (Agus et al., 2007; Baharud-din et al., 2014; Beh, 2014; Holbeche, 2001; Mohd Ali, 2009; Mohd Saudi, 2014).

In a study of 100 officers working in private banks in the district of Batticaloa, Aqeela & Victor (2016) found that the level of human resources management (HRM) practices and human capital development had a significant relationship between them. The

researchers claimed that human capital is one of the most vital elements towards achieving a competitive advantage. Embracing human capital involves the process of nurturing environments where employees are freely acquiring fresh and new ideas.

Delery and Gupta's (2016) conceptualizations highlighted the relationship between human resource management (HRM) and organizational performance and effectiveness. In their study, the findings revealed that HRM practices are important in enhancing the organizational effectiveness. Furthermore, the authors revealed that the HRM system, comprising of staff selection, pay, and opportunities in decision-making processes, contributed significantly in increasing organizational effectiveness. Based on critical literature analysis, this study suggests three dimensions of human capital impacting organizational performance: leadership practices, knowledge accessibility, and learning capacity.

4.1. LEADERSHIP PRACTICES

This study acknowledged the importance of leadership practices and thus posited it as one of the dimensions of human capital. The study is focused on exploring whether and how leadership practices relates to organizational performance. Studies have found that leadership practices in an organization contribute towards the improvement of overall organizational outcomes (Ozcelik et al., 2008). This notion is supported by previous studies conducted on company performance from the perspective of strategic HRM. Considerable support was found in that leadership practices, aimed at improving individual-level outcomes, such as motivation, engagement and commitment, subsequently lead to better organizational performance (Becker and Gerhart, 1996; Becker and Huselid, 1998; Combs, Liu, Hall & Ketchen 2006).

The discussion above follows that employees, while being engaged by leaders and their leadership practices, demonstrate increased support towards the organization in terms of thoughts and ideas contribution. Therefore, this dimension potentially adds towards strategic growth.

Additionally, another study has found that leadership practices promoted a positive environment in an organization thereon creating a significant effect on organizational performance. Interestingly, these results add to current knowledge of how some factors relate to the outcomes of organization, by showing that company leaders' management practices could be one of the important factors that potentially determine organizational outcomes. Ozcelik et al., (2008) suggested that future research could simultaneously examine previously studied high-performance work practices to determine their relative contributions to organizational performance and organizational-level outcomes. Bassi and McMurrer (2007) also conducted a similar study on improving sales and safety at American Standard Companies. They found that leadership practices were most closely associated with high performance, in this case sales performance. This result highlights the possible nature of relationship between leadership practices and organizational performance.

Numerous leadership practices and characteristics have been positively linked to the performance of learning organizations such as schools (Hanse, 2016). Scholars, policymakers, and practitioners have agreed that school leadership is one of the contributing factors in improving system performance (Fullan, 2007; Harris et al., 2017; Harris, 2014; Leithwood et al., 2005). According to Khan, Asghar & Zaheer (2014), leadership style has a significant influence on organizational activities. Thus, organizations must give special attention to the effects of leadership styles on employee's job satisfaction.

Burg-Brown (2016) conducted a study to identify the ability of Full Range Leadership Theory in order to find the relationship between leadership styles, in particular (transformational and transactional, organizational performance, and employee job satisfaction as a moderating variable. The study was conducted among full-time staffs of U.S. government agencies. The researcher discovered that leadership styles, both transformational and transactional, were positively linked to a number of organizational outcomes. However, as stressed by the same study, that albeit numerous studies were conducted from public sector perspectives, there is still a lack of empirical research done specifically on government ministries. Overall, the results supported existing theories that leadership styles and employee job satisfaction play a major role in influencing organizational performance. In addition, the study showed public organizations embracing the transformational leadership style to enhance the performance level of U.S. government employees (Burg-Brown, 2016).

Observing the significant consensus of international empirical evidence (Day et al., 2008; Leithwood et al., 2006), it is generally understood that leadership contributes to better performance. Therefore, continuous improvement on leadership practices and leadership development is vital enough to be highlighted to policymakers in the pursuit of better outcomes on education (Harris & Jones, 2015). A study conducted on public universities in Ethiopia showed that transformational leadership style better explained the variance on organizational commitment compared to transactional and laissez faire leadership behaviours demonstrated by heads. Further, the researchers recommended universities to emphasize more on transformational leadership practices which can help to improve organizational commitment (Sudarsana & Tadesse, 2017).

Essentially, researches on leadership practices in most developing countries are still in the early stages (Hallinger & Walker, 2014; Harris & Jones, 2015; Harris et al., 2017). From the Asian perspective, the indications on leadership practices remain irregular and still relatively under-developed (Hallinger, 2011; Hallinger & Chen, 2015; Harris and Jones, 2015). Leadership behaviours and styles of top-level superiors or managers contribute significant results on organisational outcomes (Waldman, Ramirez, House & Puranam 2001). Leadership practices which intended to mobilize employees' resources can be an important factor in determining the level of organizational performance. Leadership practices, for instance, include those related to managerial communication, supervisory skills, inclusiveness, executive skills, leadership development, and succession planning systems (Bassi & McMurrer, 2007).

4.2. LEARNING CAPACITY

Organizational learning is a platform to gain a competitive advantage and also considered one of the key variables that enhance performance (Brockmand & Morgan, 2003). Organizations that are able to learn and improve have a better sense in understanding important trends (Tippins & Sohi, 2003). Learning organizations are more flexible and quicker in responding than others (Slater & Narver, 1995), and combined, they help firms to retain and remain competitive.

A study conducted by Rhodes, Lok, Hung, and Fang (2008) confirmed the significant positive correlation between learning organization characteristics, namely learning intention, absorption capacity, and integration capacity, and organizational performance and innovation. Furthermore, Prieto and Revilla (2006) concluded that the performance of organizations, in terms of both financial and non-financial, depended on the configuration of organizational learning capability. Similarly, a study conducted by López, Peón, and Ordás (2005) also revealed the correlation between learning, innovation and competitiveness, where the correlation between innovation and competitiveness, and organizational financial performance indicated positively. This study supported a previous one by Lane, Salk, and Lyles (2001) which found that the knowledge acquired from organizational absorptive capacity increased performance. The results are also in line with Jamal's (2008) study which discovered that organizational learning capacity is related to the performance of organizations, reporting a positive correlation between the two. Not surprisingly, management studies have stressed on the importance of organizational learning in enhancing a firm's performance thus creating a competitive advantage (Brockmand & Morgan, 2003; Jiménez-Jiménez, 2011).

Most researchers of organizational learning embrace the concept of cultural perspective in measuring the concept, yet the lack of research conducted in this area provides opportunities to analyse organizational learning processes (Darroch & McNaughton, 2003; Tippins & Sohi, 2003). Expectedly, organizational learning is the process whereby organizations build new knowledge, experiences and improve organizational capabilities (Slater & Narver, 1995).

Researches on organizational learning have increased in recent years (Bontis et al., 2002). As culture values are more difficult to change as compared to actions, thus focusing more on the process may be helpful for practitioners, in general.

Extending further, some researches presented evidence of a relationship between organizational learning and performance. For example, Baker and Sinkula (1999) found that learning orientation has an effect on organizational performance. Other studies, which employed the culture measurement of learning, have found similar results (Ussahawanitchakit, 2008). Based on a research conducted by Bontis et al. (2002), evidence shows a positive relationship between learning and performance at three levels: individual, group, and organisation. Darroch and McNaughton (2003) found that the process of organizational learning produced better performance. The study investigated the relationships by using SEM with data obtained from 451 Spanish organizations. Based on the results, empirical findings are consistent and provide evidence that supports the positive relationship between organizational learning and performance (Jiménez-Jiménez, 2011).

Additionally, literature that presented research on learning outcomes, resultant from workplace-learning, articulated various outcomes such as abilities and skills, employee performance, learning motivation, knowledge, performance of organization, and commitment (Dysvik & Kuvaas, 2008; Lankau & Scandura, 2002; Velada et al., 2007). As scholars continue to debate about the importance of learning in refining performance, they cautioned the inadequacy of current research (Daryoush et al., 2013; Velada et al., 2007). Human resource development, with reference to elements of performance, ranges from human behaviours, effective results, to efficiency are acquired through studies and experience gained within a particular field or domain. A research conducted by Aragon-Sanchez et al., (2003) examined the effects of training programmes impacting learning capacity on performance. The researchers found that training has a positive relationship with performance, thus concluded that organizations which ignored the importance of training may face negative effects on productivity and subsequently, profitability.

Essentially, learning capacity can be defined as the organization's overall ability to learn, change, innovate, and continually improve through training and development, as well as value and support (Jamal, 2008). On the other hand, innovation is defined as the process where employees' input are sought, not only for the solutions of problems but also to find better ways of getting a job done. This is referred to as a process where new ways of working is encouraged. To further embrace the learning capacity, practical training is provided for new jobs with technology-related scopes, herein extending support in the accomplishment of organizational goals. Therefore, putting in place formal development plans are significant towards the achievement of employee career goals. Furthermore to nurture value and support, learning is a priority as demonstrated by the behavior of leaders.

4.3. KNOWLEDGE ACCESSIBILITY

Knowledge is one of the factors that is essential to sustain a competitive advantage for all organizations particularly business organizations (Kassim et al., 2016). In the current era of rapid change and ambiguity, it is appealed that effective organizations are those that constantly embrace new knowledge, circulate them throughout the organization, and embody them in services and technologies. Technically and organically, an organization's foundation is created, described and defined as an entity capable of solving problems while constantly growing, developing, and applying existing and new stocks of knowledge. However, Georg von Krogh (2000) debated that in most organizations, creating and developing new knowledge are far more significant than keeping track of the existing ones.

Globally, much interest in organizational learning has grown in the wake of a number of weakening well-established organizations. Against an increasingly globalized market, their diminishing competitive power has been observed, and the need for organizational renewal and transformation is urgent. The top management in organizations are convinced on the importance

of refining learning in their firms (López et al., 2005). In the public sector, government agencies are executing knowledge management (KM) practices to improve operations and public service deliverables to the people. In establishing refining performance approaches, organizations including government agencies, need look at being innovative and at the same time enhancing accountability as a service provider. Undoubtedly, government agencies are determined to improve and harness existing internal knowledge within their environment to nurture problem solving skills of employees of all levels. Therefore, KM is one of the key components in the way these agencies function (Moon, 2002). Yet, effective KM is being hampered by an entrenched non-sharing and non-collaborative organizational culture on data and information, contributing to one of the reasons why KM adoption across government agencies' operations may have decelerated (Harris, 2001).

This is in line with a research conducted by Esteve and Ysa (2011) who have acknowledged the differences between government and private firms in terms of decision making, information systems, and personnel management. In addition, the researchers have defined environmental factors as the interaction between their stakeholders and environments, and between structures of organizations and processes. Government agencies are reserved in their selection of procedures and implement activities that are instructed by political influences. In today's knowledge economy, technology has embraced KM to grow into what it has become today. Technology is a key management tool that is important for institutions and agencies to operate and grow positively. Managers and key industry players agree that KM's combination of culture, technology, people, and processes is key towards organizational improvement. Furthermore, government agencies had started to accept KM practices, recognizing the fact that it had been adopted by knowledge industries. The effectiveness of KM will have positive impacts: reduced errors, independence in time and space for knowledge workers, less work, improved-customer relations, better services and increased profitability. In essence, KM requires a good understanding by all parties involved because it will contribute to success.

It is further posited that KM is the ability of organizations to associate cultures, infrastructures and contexts in the execution of delivering information. It will lead to the process of decision making and service delivery for improved organizational performance (Drucker, 1995). KM and knowledge are observed as progressively significant structures for organizational survivability (Martensson, 2000). It has been observed that KM practices impact performance. Organizations that encourage knowledge sharing have scored better performance in areas such as customer satisfaction, product innovation, and the most important, profitability. In order to survive, organizations have to compete with one and another, and due to globalization, most organizations are required to respond more strategically to challenges. While also being influence by these external conditions, organization's management respond to internal conditions is by launching their own KM systems. This achievement requires organizations to be managed properly. To make KM work, the skills of knowledge professionals are undoubtedly an absolute necessity. KM has absorbed elements of content management, project management, competitive intelligence, environmental scanning, and knowledge audit. Marques and Simon (2006) conducted a research and discovered that organizations that adopted the KM practices produced better results compared to others that did not. KM is a dynamic activity that requires commitment by organizations. Pertinent in the Malaysian landscape, KM is an important factor in the continuation of organizational success. Previous studies have stressed the significance and importance of KM to local agencies (Rahman, 2004). In addition, for Malaysia to remain competitive, especially in attracting foreign direct investments, there is a need for an effective transition from labour to a technology-based and knowledge-based economy (Yu, 2003). The researcher stressed the need for multiple indicators to allow a smooth transition, one of which KM practices. Understanding KM within the Malaysian context is challenging as there is lack of research done related to the subject matter (Kassim et al., 2016).

In a study of 237 Indian business and professional service providers, Singh and Rao (2017) reported the respondents' view that the role of HR practices and learning-oriented culture affect KM processes, thus subsequently demonstrated a positive influence on human capital. Further, the findings showed that KM has a mediating role between learning culture, HR practices, and organizational human capital.

Further, there are a few factors that can influence the implementation of KM practices in Malaysia. According to Goh (2002), the main challenge faced by organizations in Malaysia is altering workers' practices and behaviours. This is because Malaysian organizations are highly bureaucratic where decision making is centralized with low levels of knowledge in management applications and systems in place. In addition, public and private organizations alike have yet to manage their information effectively in order to achieve a knowledge-based society and economy.

Syed-Ikhsan and Rowland (2004) studied the accessibility of KM strategy applied in Malaysian government agencies. The researchers revealed that employees believed organizations should have an effective KM strategy so as to obtain potential benefits. In a concluding note, KM is a practice that could influence KM processes in these agencies. The government of Malaysia has demonstrated its commitment in transforming Malaysia into a knowledge-based economy (K-economy) through the implementation of the Knowledge-based Economy Master Plan (KEMP) initiative, introduced in 2002. Previous studies that had associated knowledge accessibility with information sharing, which included factors such as employee skills and organizational structure, discovered a significant positive correlation with organizational performance (Delaney & Huselid, 1996; Huselid, 1995; Jantunen, 2005). These researchers have confirmed that the organizational capabilities of processing knowledge have a significant impact on the organization's innovation process. Another research, conducted by Lin and Zhao (2007), proved the correlation between the organization's capabilities and innovation. A further study by Harjanti and Noerchoidah (2017) examined social capital and knowledge-sharing effects on innovation capability among university lecturers. This study analysed social capital using the network of three dimensions; norm, trust, and knowledge sharing, which was divided into two variables namely knowledge donating and collecting. The capability of innovation was described at individual level based on behavioural, personality, and output perceptions. The results of the study demonstrated that social capital significantly influences capacity. In addition, high level of knowledge donating and collecting can lead to high levels of innovation capacity.

Extending the literature, Jamal (2008) posited that knowledge accessibility is associated to organizational performance whereby the result indicated a significant correlation between knowledge accessibility and organizational performance. The researcher also stressed that “No previous research has taken knowledge accessibility as a separate dimension”. The researcher further defined knowledge accessibility as the extent of the organization’s “collaborativeness” and its capacity for making knowledge and ideas widely available to employees in the following ways: a) ensure adequate manuals, clear procedures, and all relevant job information are available and in place to allow access to training; b) provide adequate space for formal and informal meetings to foster collaboration and teamwork; c) promote an information-sharing culture for continuous improvements across units and departments; and d) establish effective information management systems and ensure availability to all employees.

5. CONCLUSIONS AND DIRECTIONS FOR FURTHER RESEARCH

As espoused by Alshebli (2016), public institutions exist to organize public service activities to fulfil the general interest of the people. The researcher noted that organizational fit impacts organizational performance, especially apparent in the public sector. In addition, the researcher confirmed that the subject of organizational performance of government agencies is becoming increasingly important especially as the literature has shown that, globally, managers in the government agencies are facing the same concerns as their private sector counterparts (Campbell et al., 2014; Worthington & Dollery, 2001). These diverse views seem to highlight the lack of clarity on human capital and organizational performance, as there have been very few studies on the relationship between the two constructs in a public sector context.

Not only is human capital a hotly debated topic mentioned widely in the literature, but also a factor that has been proposed that could improve performance in various fields and industries. Through the conceptual model proposed in this paper, and through further research, other factors like service delivery and organizational culture could be considered as an addition. This paper provides a summary of the key concept and literature related with the theoretical model that serves as the foundation for this study. This research has significance contribution to the business management field, for example, in the areas of general business, organizational, and HRM studies. Other contributions include addressing research gaps in the body of literature on human resource practices, service delivery, organizational culture, and organizational performance.

Furthermore, since there are significant differences between public and private organizations, the results of this research could provide insight into whether a human capital perspective may be more appropriate for public organizations than private ones. If managers of private organizations and government agencies understand the relationship between human capital and organizational performance, from the perspective of Malaysian ministerial officers, they could use this information to formulate human resource strategies and management practices that could effectively increase organizational performance among Malaysian government agencies.

Owing to the limits of a conceptual paper, it is proposed that future research to conduct further testing and analysis of the proposed model for validation.

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Muhammad Majid,
Faculty of Business and Management, DRB-HICOM
University of Automotive Malaysia, Pekan Pahang,
Email: muhdmajid86@gmail.com*/muhammad@dhu.edu.my

Sarminah Samad,
College of Business Administration,
Princess Nora bint Abdul Rahman University,

Mohd Danial Afiq Khamar Tazilah,
Faculty of Business and Finance,
Universiti Tunku Abdul Rahman, Malaysia (UTAR),

Jalal Rajeh Hanaysha,
Faculty of Business and Management, DRB-HICOM
University of Automotive Malaysia, Pekan Pahang,