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RESEARCH ARTICLE

EFFECT OF TALENT MANAGEMENT AND RELATIONAL CAPITAL ON ORGANIZATIONAL PERFORMANCE THROUGH ENTREPRENEURIAL ORIENTATION.

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Abstract

This study aimed to examine and analyze the influence of talent management and relational capital on organizational performance through entrepreneurial orientation in the context of rural banks in South Sulawesi province, Indonesia. This study utilized a survey method with data collection techniques using questionnaires and interviews. The research data were analyzed using structural equation modeling (SEM) with the Partial Least Square (PLS) approach. There were 16 rural banks used as sample from a total of 20 rural banks of population. Furthermore, 69 respondents were used which composed of commissioners and managers from the 16 rural banks. This study showed that (1) talent management directly had a positive and significant effect on entrepreneurial orientation based on *p-value* <0.01; (2) talent management directly has a positive and significant effect on organizational performance based on *p-value* 0.03; (3) relational capital directly affects positively and significantly on entrepreneurial orientation shown by *p-value* <0.01; (4) relational capital directly had a positive and significant effect on organizational performance indicated by *p-value* 0.03; (5) and entrepreneurial orientation directly had a positive and significant effect on organizational performance indicated by *p-value* <0.01.

Introduction:-

The legal basis for operational rural banks (BPR) in Indonesia is Act No.7/1992 on Banking as amended by Act No.10/1998, the law states that the rural banks are banks conducting business in a conventional or based on sharia principles in its activities that do not provide services in payment traffic. In its operations, rural banks provide access to banking services to the public that are difficult or do not have access to commercial banks, help the government educate the public in understanding national patterns so that development in the rural sector can be accelerated, and create opportunities for business opportunities, especially for the public to avoid from usurer.

Currently the business competition between companies is very high *(hyper competition)*, including BPR as one of the banking industry. In Indonesia, one indicator of the level of competition for rural banks development is based on assets owned. At the end of December 2017, BPR Surya Yudhakencana (Central Java Province) recorded the largest

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asset with a value of Rp 1.86 trillion, second place was BPR Modern Express (Maluku Province) with total assets of Rp 1.78 trillion, followed by BPR Irian Sentosa (Papua Province) with an asset value of Rp 1.19 trillion in third place, BPR Dana Nusantara (Riau Islands Province) in fourth place with an asset value of Rp 1.22 trillion and fifth place occupied by BPR Eka Bumi Artha with asset value of Rp 1.22 trillion (Biro riset Infobank, 2018). In addition to competition among BPRs themselves, BPRs are also faced with competition over the presence of financial institutions, such as commercial banks, fintech, savings and loan cooperatives, and others.

The main issue of this study is to investigate the relationship between entrepreneurial orientation (EO) and organizational performance (OP). Next, to examine further the relationship between EO and talent management and relational capital. Subsequent, study the EO relationship with talent management and relational capital. The two predictor variables were built based on a preliminary survey conducted on the object of research, specifically BPR in South Sulawesi. One of the motivational factors in this research is the existence of a research gap between research variables.

Empirical studies regarding the relationship of talent management and EO have been carried out by several experts. Research by Soetjipto and Arif (2017) was conducted on the CEO of the newspaper industry in Indonesia. The research equation lies in the indicators used to measure talent management. While the difference lies in mediation variables and organizational performance indicators. Their research used corporate entrepreneurship as a mediating variable with indicators of innovation, venturing, and strategic renewal.While this research is mediated by entrepreneurial orientation with indicators of autonomy, innovation, proactivity, competitive aggressiveness, and taking risks. The results of the research by Soetjipto and Arif found that talent management contributed positively and significantly to corporate entrepreneurship. Furthermore, the study conducted by Ziyae, B (2016) showed that strategic HRM (organizational structure, human resource development, performance management, supervision and supervision, training and empowerment, and reward management) had a positive and significant effect on corporate entrepreneurship. The difference with this research is talent management indicators, Ziyae's research used moderating variables, and corporate entrepreneurship as mediating variables, while this study uses entrepreneurial orientation as a mediating variable. In contrast, a study by Ram *et.al* (2000) concluded that business training failed to improve employee skills which impacted on entrepreneurial progress in *independent ethnic-owned* restaurants in Birmingham, England. Their research only used training as an indicator of entrepreneurship as a dependent variable and used a qualitative study. Likewise, Twomey and Harris (2000) found that HRM practices through the dimensions of reward and recogniation were not significantly related to innovation. The studies of Twomey and Harris did not include career development and retaining as HRM practices, the entrepreneurial dimension included risk-taking, proactivity and innovation, not including the dimensions of autonomy and competitive aggressiveness.
Some results of empirical research regarding talent management relationships and company performance. The study conducted by Ingram (2016) shows that the climate factor for creativity mediates the relationship between Talent Management and company performance. The results of the study recommended that to achieve high corporate performance, the company must manage talent management well. Research results of Ahmad *et al.* (2015) shown that talent management and management of change have a significant and positive effect on company performance. Independent variables include talent management and management of change and the dependent variable is organizational performance with indicators of cost, quality, social and environmental responsibility. In contrast, Wang *et al.* (2008) states that career development is negatively related and not significant with competitiveness. Research by Wang *et al.*use career development and performance management as independent variables, while the dependent variable is measured by market share, profitability, and competitiveness. Furthermore, Storey (2002) concluded that there was no significant relationship between Education, Training and Development (ETD) and the performance of SME companies in the UK. Storey's research uses Education, Training and Development (ETD) as the independent variable of the study and the economic performance of the company as the dependent variable.

The study of the relationship between relationa capital and EO has been carried out by several experts. The study of Faccin *et al*., (2017) found that all components of social capital influence the dimensions of increasing competitiveness and ultimately affect innovation. In this study, social capital is measured in three dimensions: structure capital, relational capital, and cognitive. Relational capital is measured by dimensions: trust, norms of reciprocity, participation, obligations, and diversity tolerance. The difference between this research and Faccin *et al* are indicator of relational capital and entrepreneurial orientation indicators used. Furthermore, Jamshidinavid (2014) argued that there is a positive and significant relationship between social capital (structural, cognitive and relational) and entrepreneurship. The difference between this research and Jamshidinavid's research lies in the indicators of relational capital and entrepreneurial orientation indicators used. However, some of the results of other studies regarding the relationship of relational capital and entrepreneurial orientation are not significant. Okapor (2012) found that the dimensions of reputation and informal relations have no significant effect on the success of a company's entrepreneurship. The difference between this research and Okapor's research is on indicators of relational capital and entrepreneurial orientation indicators used.

The study of the relationship of relational capital and company performance has been carried out by Datta and Tanushree De, (2017) and Gutierez *et al*. (2016). Datta and Tanushree De, (2017) argued that relational relationships have an effect on significantly affecting the level of company performance. The dimensions of relational capital include suppliers, sharing of technological knowledge, bonding with external groups, informal relations with firm in clusters, location, reputation, trust and good faith relationships. Otherwise, Gutierez *et al*. (2016) argued that all dimensions of intellectual capital, including relational capital, affect the performance of SMEs as measured by competitiveness. Gutierez *et al.* used competitiveness as a measure of company performance. However, Chan (2009) stated that there was no conclusive evidence to support the relationship between IC (relational capital, structural capital and human capital), as measured by VAIC *(Value Added Intelect),* and four dimensions of financial performance, namely market valuation, productivity, ROE, and profitability. Chan's research only measured financial performance, while this study used the BSC concept. Furthermore, F-Jardon and Martos (2009) stated that RC measured by customers, clients, and loyalty systems did not directly influence the company's performance as measured by profit, cash flow, productivity, and employee professionalism. The difference in this research with the F-Jardon and Martos research is on mediation variables and performance indicators used.

In the context of markets that have high turbulence and high rates of change, companies need to innovate continuously to increase flexibility, competitiveness and creativity. Therefore, these companies need to gain access to competitive advantage through entrepreneurial activities (Littunen and Virtanen, 2006). One of the entrepreneurial concepts that have been applied in the company's strategy is entrepreneurial orientation. Covin, Green and Slevin (2006) stated that EO was a corporate strategy oriented to innovation and growth through the company's capacity in relevant risk taking. This mean that one important dimension in the EO is the innovation of the company.

The relationship between entrepreneurial orientation and company performance has been carried out in several empirical studies. Guzman at el. (2017) stated that the dimensions of EO (creativity, risk taking and innovation along with the aggressiveness of competition and competitive autonomy) have a significant and positive effect on the growth of SMEs. The difference with this research is on the EO dimension and company performance used. Furthermore, in Alarape's (2014) study, the EO dimensions applied were innovativeness, risk-taking, and proactive. The results showed that the performance growth of SMEs in Southwestern Nigeria was generally low and the EO was positively related to performance. The difference with this research is on the EO dimension and company performance used. In contrast, Ambad & Wahab (2016) concluded that the dimensions that built CE, namely innovate, take-risks, proactive and corporate venturing did not have a significant relationship with company performance as measured by company growth. The difference with this research is on the EO dimension and company performance used. Next, Brownhilder (2016) found that the dimensions of innovation and proactive dimensions did not significantly influence company performance. Meanwhile, the relationship between risk taking and performance was moderated negatively by environmental hostility. Both Arshad *at el.* and Brownhilder's research did not use the five EO dimensions and did not use the BSC concept as a measure of performance.

The Financial Services Authority (OJK) reports that several BPR issues in South Sulawesi and in Indonesia in general. These problems include: (1). Capital issues; (2). Human resource problems; (3). Problems of corporate governance; (4). The problem is the high level of competition; (5). Less collaboration with other institutions (relations or networks); and (6). Weaknesses in information technology systems. This research only focuses on HR issues and collaboration.

HR owned by BPR are concentrated in the low management level the competence and experience of prospective employees is lacking, and the salaries and facilities offered are still small. According to the OJK report (2016) the number of BPR employees throughout Indonesia reached 69,658 people, of which 42.6% were dominated by high school graduates, the rest were doctoral graduates as much as 0.1%, postgraduates were 0.8%, and undergraduate graduates were 42%. This data indicates that conseptual skills are still lacking, which influences the ideas of developing BPR. OJK (2016) reports that the cooperation of BPR with external parties is still lacking, for example cooperation with (1) Commercial Banks: networking, capacity building, and cooperation in banking services (2) Securities Companies: capital market products; and (4) ICT Companies.

Based on the previous explanation, there was an empirical research gap and the existence of phenomena about problems in the object of research. Therefore research is needed to investigate the influence of talent management, relational capital, and entrepreneurial orientation on the performance of rural banks in South Sulawesi, Indonesia.

Literature review

Strategic Management

Strategic management as an academic field began to be traced around the 1950s and 1960s through several scientific publications in the field of management. Scientific publications by Philip Selznick, Alfred D. Chandler, and Igor P. Ansoff are considered the most influential publications in the field of strategic management, so they are considered the father of strategic management. Strategic management research is generally related to the identification of company performance by testing the company's efforts to develop sustainable competitive advantage as a determinant of a company's ability to create value (Ireland *et al*., 2003).

According to Bracker (1980) “strategy management is the direct organizational application of the concept of the business strategy that have been develoved in the academic relam. That, is, strategic management entalils the analysis of internal and external invironment of a firm to maximize the utilization of resource in relation to objectives.”

Strategic management research is generally related to the identification of company performance by testing the company's efforts to develop sustainable competitive advantage as a determinant of a company's ability to create value (Ireland *et al*., 2003). Strategic management research often gives the impression that entrepreneurship can be treated as part of strategic management. One of the clearest relationships between entrepreneurship and strategic management is opportunity. Opportunities are at the heart of entrepreneurship and are part of the SWOT analysis of strategic management (Ireland *et al*., 2003).

Mintzberg in Kraus and Kauranen (2009) has divided the three schools of thought that are directly related to entrepreneurial and managerial capability within an organization. Firstly, entrepreneurial schools emphasize the central role of entrepreneurs in strategic management. this means that the vision and intuition of entrepreneurs is said to be more important than the right and formal plan. Secondly, is a cognitive school agreement that emphasizes the mental process of developing strategies.This means the formulation of strategies as mental processes, which are based in part on individual perceptions. Thirdly, is a learning school where learning to see the development of learning strategies as a learning process. This means that formal plans are not static, but need to be reviewed and adjusted, for example when environmental conditions change, the strategy also changes.

Resource-Based View (RBV)

The basic concept of Resource-Based View/RBV introduced by Barney (1991); RBV is characterized by searching for resources companies that have more value than the competitor company resources. More valuable achievements of RBV are achieved when formulating criteria from company resources to produce sustainable competitive advantages (Peteraf & Barney, 2003). At present RBV is the dominant paradigm in strategic management research (Peteraf, 1993). Barney (1991) stated “A firm is said to have a sustained competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy”.

Knowledge-Based View (KBV)

KBV was developed by Kogut and Zander I (1992) and Grant (1996). KBV is a new extension of a *resource-based theory* (RBT) from the company and provides a strong theoretical support for intellectual capital. KBV is a part of RBT which shows that knowledge in various forms is a company resource that needs to be utilized and developed to achieve competitive advantage. Literature regarding the subject of intellectual capital is an important discussion in the perspective of KBV (Husinki *et al*., 2017). KBV sees knowledge as a resource and ability of a company, where exploiting and developing it is needed to achieve competitive advantage (Grant, 1996). The KBV approach considers the company as an organization that produces, integrates and distributes knowledge (Narasimha, 2000).

Talent management (TM)

Talent management is widely discussed in the HRM and HRD literature (Stahl *et al*., 2007; Collings *et al.*, 2011).TM is a process of how to attract, choose, develop and manage employees in an integrated and strategic manner (Scullion and Collings, 2011). In the era of globalization that is increasingly widespread and increasingly fierce competition, every organization realizes that knowledge, skills and abilities of employees are the main sources of competitive advantages (Collings and Mellahi, 2009). Talent management has been significantly influenced by the theoretical framework of the RBV, which considers internal factors, both physical and intellectual, as the main sources of competitive advantage. In view of the RBV, companies must pay special attention to the role of human resources as the main source of sustainable competitive advantage.

Relational capital (RC)

Relational capital is an important part of the concept of intellectual capital (IC). IC is an important discussion in the perspective of KBV *(Knowledge Base View)* (Husinki *et al*., 2017). In general, IC are grouped into three elements, human capital, structural capital (structural capital) and relational capital (Bontis, 1998; Tovstiga and Tulugurova, 2009). Relational capital concerns relationships with corporate clients, suppliers, and company collaborations or in other words relational capital describes the company's relationship with stakeholders (Dzinkowski, 2000). Das *et al.*, (2003) argued that relational capital will create added value for stakeholders, for example customers, partners, investors, suppliers, distributors, and government. Das et al., (2003) stated that the relational Capital will create added value for stakeholders, such as customers, partners, investors, suppliers, distributors, and the government. In the current era of global uncertainty, where the use of financial assets and the application of environmental norms are very strict regarding the use of physical capital, companies tend to more efficiently maintain relational capital that is not tangible as an additional intellectual capital (Datta and Tanushree De, 2017).

Entrepreneurial Orientation (EO)

According to Kraus and Kauranen (2009) entrepreneurship emerged as a field of academic study when Karl Vesper founded an interest group in the Division of Business Policy and Strategy of the Academy of Management (AoM) in 1974. The operationalization of the EO concept was first introduced by Miller (1983) in his research *"The correlates of entrepreneurship in three types of firms"*. Miller defined EO as follows: "Entrepreneurial Orientation is an entrepreneurial firm as one that" engages in product marketing innovation, undertakes are somewhat risky ventures, and is first to come up with proactive innovations ". More than two decades ago, Miller (1983) and Lumpkin & Dess (1996) established a conceptual basis for conducting research on EO, they became pioneers in defining EOs and can be measured in five dimensions, namely proactive, risk-taking, innovation, aggression and competitive autonomy and assume that EO is related to company performance. At first, the EO definition published by Miller (1983) showed that EO contains three important dimensions, namely innovation, risk-taking, and activity. Then Lumpkin & Dess (1996) added two factors, namely autonomy, and competitive aggressiveness to form a five-dimensional EO model.

Organizational Performance (OP)

Organizational Performance is the result of a management process that benefits the organization. OP in this study uses the concept of the Balanced Scorecard (BSC) developed by Kaplan and Norton (1992) which was one part of strategic management theory. According to Kaplan and Norton that to assess organizational performance must use four dimensions in the BSC perspective, namely *internal business process, learning and growth, customer and finance* that can be used as management of organizational strategy in the context of competitive advantage. The application of BSC as a concept in assessing company performance has been carried out by several experts. For example, Owusu (2017) argued that the Business intelligence (BI) system has a significant positive influence on learning and growth, internal performance and bank customer performance. Addition, the results of the research by Wu and Chen (2014) showed that all BSC performance perspectives have been well realized at the assimilation stage and concluded that *time-lag effects* and measurement methods were the main determinants that affect *iT* performance as measured by the BSC concept.

Based on existing empirical studies, it has been found that talent management and relational capital as predictor variables influence entrepreneurial orientation and organizational performance. Because of that the predictor variable relationship, the mediating variable on the performance of rural banks in the province of South Sulawesi is shown in our research model.

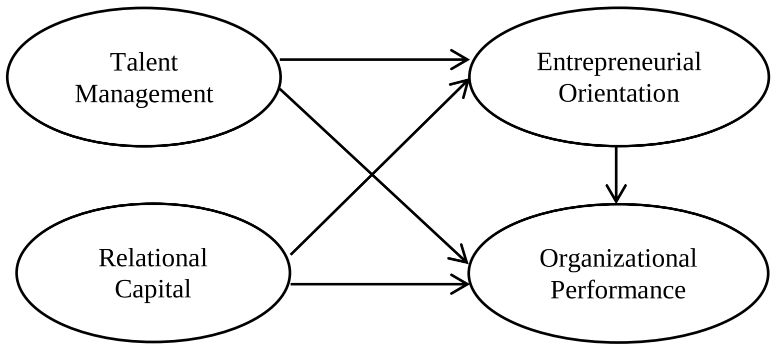

Figure 1:-Model of Study

Based on the correlation of theory and previous research, the hypotheses to be tested in this study are as follows.
1. H1: talent management influences entrepreneurship orientation.
2. H2: talent management influences organizational performance.
3. H3: Relational Capital influences entrepreneurship orientation
4. H4: Relational Capital influences organizational performance.
5. H5: entrepreneurship orientation influences organizational performance

Methodology:-

This study uses a quantitative research approach using primary data. The data was collection using questionnaires and interviews techniques. There are 16 rural banks from a total of 20 rural banks used as samples in this study. Sample criteria consist of commissioners and managers. Furthermore, 69 respondents were finally composed of commissioners and managers from the 16 samples. This study uses saturated samples because the population is relatively small. *Saturated samples* are sampling from all existing populations (Sekaran and Bougie, 2013).

The organizational performance variable used the Kaplan and Norton (1992) instrument's, relational capital variable used Bontis (1998); Das, *et al.* (2003) instrument's, entrepreneurship orientation variable used Miller(1983), Lumpkin and Dess (1996) instrument's. The research data were analyzed using structural equation modeling (SEM) with the Partial Least Square (PLS) then is processed using the WarpPLS 5.0 application.

Result and Discussion:-

The numbers of questionnaires distributed to respondents were 90 questionnaires, where 16 questionnaires that were not returned and 5 questionnaires were incomplete, so that the total questionnaire was feasible to use for processing data was 69 questionnaires. In data analysis techniques using SEM-PLS, there are two measurement models *(outer model),* namely reflective measurement models and formative measurement models. This study uses a reflective measurement model. The criteria for the reflective measurement model include convergent validity, discriminant validity and internal consistency reliability: composite reliability and Cronbach Alpha (Hair *et al*., 2011).

Outer models have convergent validity for reflective constructs, namely (1) loading factors must be above 0.70 and (2) significant value or p-value <0.5 (Hair *at al.*, 2011). In some cases, often the conditions for loading factors above 0.70 are often not fulfilled especially for newly developed questionnaires. Therefore, loading factors from 0.40 to 0.70 must be considered and maintained (Hair *et al*., 2011).

Convergent validity testing can be seen from the loading factor of each indicator. The results of testing this study indicate that the talent managemet variable with four indicators has an average loading factor of 0.70; the relational capital variable with two indicators has an average loading factor of 0.80. Next, the variable entrepreneurship orientation with three indicators has an average loading factor of 0.80. Finally, the variable organizational performance with three indicators has an average loading factor of 0.80 (see table 1). Testing shows that all loading factors have values above 0.60 so that the indicators for all variables are nonexistent eliminated from the model.

Table 1:-Reliability and convergent validity.

Latent Variabel	*loading factor*	*p-value*
Talent Management (composite reliability=0.875; AVE= 0.638)		
TM_1	0.797	<0.001
TM_2	0.857	<0.001
TM_3	0.780	<0.001
TM_4	0.737	<0.001
Relational Capital (composite reliability=0.893; AVE= 0.807)		
RC_1	0.898	<0.001
RC_2	0.898	<0.001
entrepreneurship orientation (composite reliability=0.825; AVE= 0.612)		
EO_1	0.687	<0.001
EO_2	0.813	<0.001
EO_3	0.839	<0.001
organizational performance (composite reliability=0.884; AVE= 0.718)		
OP_1	0.836	<0.001
OP_2	0.843	<0.001
OP_3	0.863	<0.001

Table 2:-Discriminant validity.

	Talent Management	Relational Capital	entrepreneurship orientation	organizational performance
Talent Management	0.798			
Relational Capital	0.648	0.898		
entrepreneurship orientation	0.597	0.577	0.782	
organizational performance	0.577	0.559	0.620	0.847

Diagonal element: square root of AVE; off-diagonal: correlation between constructs.

Discriminant validity describes whether a construct has more variants than other constructs. This was evaluated by comparing the square root AVE with the correlation between indicators. If the square root of the construct AVE is greater than the correlation between the construct and the other construct, it means valid. These results are shown in Table 2 which includes correlations between off-diagonal constructs and AVE square roots in diagonals. The diagonal elements are all greater than the respective off-diagonal element, which indicates that discriminant validity is good. Overall, the analysis shows that the measurement model is valid and reliable.

After evaluating the measurement model, the next is evaluating the structural model test by looking at the R-squared value (R^2) or the coefficient terminated by the relationship between constructs. R-squared shows what proportion of response variables can be explained by predictor variables. The higher the R-squared then the model is getting better, conversely the lower R-squared then the model is getting ugly (Hair *et.al*, 2011).

Based on the results of data processing, it can be seen the amount of R-squared shown in table 3

Table 3:-R-squared (R^2) of Latent Variabel

Latent Variabel	*R-squared (R^2)*
talent management	
relational capital	
entrepreneurship orientation	0.471
organizational performance	0.510

Based on table 3, the R^2 value of entrepreneurial orientation is 0.471, this indicates that the contribution of the influence of talent management, and relationship capital to entrepreneurial orientation is 47%, the remaining 53% is determined by other variables outside the research model. Next, the value of R^2 of company performance is 0.510. This indicates that the contribution of talent management variables, relationship capital and entrepreneurial orientation to company performance is 51%, the remaining 49% is determined by other variables outside the research model.

Testing the first hypothesis about the direct influence of talent management on entrepreneurship orientation shows the path coefficient values of 0.44 and p <0.01. This result means that talent management has a significant positive influence on the entrepreneurship orientation. Testing the first hypothesis about the direct influence of talent management on entrepreneurship orientation shows the path coefficient values of 0.44 and p <0.01. This result means that talent management has a significant positive influence on the entrepreneurship orientation. Thus, the first hypothesis is accepted. next, testing the direct effect of talent management on organizational performance shows the path coefficient value of 0.22 and p value of 0.03. This result means that talent management has a significant positive influence on organizational performance. Thus the second hypothesis is supported.

Testing the third hypothesis about the direct effect of relational capital on entrepreneurship orientation shows the path coefficient value of 0.32 and p <0.01. This result means that relational capital has a significant positive effect on entrepreneurship orientation. Thus the third hypothesis is accepted.

Testing the fourth hypothesis about the direct effect of relational capital on organizational performance shows the path coefficient value of 0.21 and p value of 0.03. These results mean that relational capital has a significant positive effect on organizational performance. thus the fourth hypothesis is supported.

Testing the last hypothesis, the direct influence of entrepreneurship orientation on organizational performance shows the path coefficient values of 0.38 and p <0.01. This result means that entrepreneurship orientation has a significant positive effect on organizational performance. Thus the fifth hypothesis is accepted.

The structure of the direct effect of each latent variable is shown in table 4 below:

Tabel 4:-Structure of Direct Effect

Variabel	Direct Effect	P-Value	Sig/No sig
TM -> EO	0.44	<0.01	Significant
TM -> OP	0.22	0.03	Significant
RC -> EO	0.32	<0.01	Significant
RC -> OP	0.21	0.03	Significant
EO -> OP	0.38	<0.001	Significant

Conclusion:-

Based on the results of testing hypotheses and discussing the influence of talent management and relational capital on organizational performance by mediating entrepreneurship orientation, conclusions can be drawn as follows:
Talent management has a positive and significant effect on entrepreneurship orientation. The results of this study support the research results of Soetjipto and Arif (2017) which stated that talent management provided a positive and significant contribution to corporate entrepreneurship. Next, the study conducted by Ziyae B (2016) was also in line with the results of this study. Ziyae B argued that HRM strategy (organizational structure, human resource development, performance management, supervision and supervision, training and empowerment, and reward management) has a positive and significant effect on corporate entrepreneurship.

In contrast, the results of this study do not support the research Ram et al (2000) concluded that the business failed to improve the skills training of employees who have an impact on the progress of independent entrepreneurship in the restaurant owned by ethnic minorities in Birmingham, the UK. Next, the results of the study of Twomey and Harris (2000) found that the practice of HRM through the dimensions of reward and recogniation were not significantly associated with innovation.

Talent management has a positive and significant effect on organizational performance. The results of this study support the research conducted by Ingram (2016) showed that the climate for creativity factor mediates the relationship between talent management and organizational performance. The results of the study suggest that to achieve high company performance through talent management, employee creativity must be improved. Likewise, the study conducted by Ahmad *et al.* (2015) who found that talent management and *management of change* had a significant and positive effect on company performance with indicators of cost, quality, social and environmental responsibility.

However, the results of this study don't support the research of Wang *et al*. (2008) who argued that: (a) career development is negatively related and not significant with competitiveness, profitability and market share. Likewise, the results of the Storey (2002) study concluded that there was not significant relationship between *education, training and development* (ETD) and the performance of SME companies in the UK.

Relational capital has a positive and significant effect on entrepreneurship orientation. The results of this study support the study of Faccin *et al*., (2017) who found that all components of social capital influence the dimensions of increasing competitiveness and ultimately, affect innovation. In Faccin's research, relational capital is measured by trust dimensions, norms of reciprocity, participation, obligations, and diversity tolerance. Likewise the results of the Jamshidinavid (2014) study showed that there is a positive and significant relationship between social capital (structural, cognitive and relational) and entrepreneurship. However, some results of research on the relationship of RC and entrepreneurship orientation do not support the results of this study. Okapor study (2012) found that the dimensions of reputation and informal relationships not significant effect on the success of the company enterprenurship.

Relational capital has a positive and significant effect on organizational performance. The results of this study support the research of Datta and Tanushree De (2017) who stated that relational relations have a significant influence on the level of organizational performance. Furthermore, the Gutierez *et al.* (2016) concluded that all dimensions of intellectual capital including capital relational effect on performance as measured by the competitiveness of SMEs.

However, several studies on the relationship of relational capital and organizational performance do not support the results of this study. Chan's (2009) research showed that there was not conclusive evidence to support the relationship between IC (relational capital, structural capital and human capital), as measured by VAIC *(Value Added Intelect)*, and the four dimensions of financial performance measured through market valuation, productivity, ROE, and profitability. Next, F-Jardon and Martos (2009) stated that relational capital as measured by customers, clients, and loyalty system has not direct influence on the company's performance as measured by profit, cash flow, productivity, and professionalism of employees.

Entrepreneurship orientation positively and significantly affects organizational performance. Guzman's research *at el.* (2017) supported the results of this study. Guzman argued that the dimensions of the EO (creativity, risk taking and innovation along with the aggressiveness of the competition and the competitive autonomy) have significant and positive effect on the growth of SMEs. In addition, the research that Alarape (2014) used EO dimensions, namely innovativeness, risk-taking, and proactive. Alarape concluded that the performance growth of SMEs in Southwestern Nigeria was generally low and EO was positively related to performance. Conversely, some research results are different from the results of this research.

However, some research results were different from the results of this research. Ambad & Wahab (2016) stated that the dimensions that built CE, namely innovate, take-risks, proactive and corporate venturing did not have a significant relationship with company performance as measured by company growth. Likewise, Brownhilder's study (2016) found that the dimensions of innovation and proactive dimensions influence not significantly on company performance. Meanwhile, the relationship between risk taking and performance is moderated negatively by environmental hostility.

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