

ANALYSIS OF HUMAN CAPITAL AND ORGANIZATIONAL COMMITMENT IN SAFA INDUSTRIAL GROUP IN IRAN

Masoud Ghorbanhosseini*

Abstract

This study was conducted for studying relationship between human capital and organizational commitment in safa industrial group in Iran. Human capital investment is becoming strong and important aspect of business in developed countries as businesses are growing and are becoming more dynamic. This research is done in order to understand and to highlight important place of human resource development in safa industrial group in Iran. For studying correlation between human capital and organizational commitment in this factory ,many intervening variable for instance , training and development, employee empowerment, employees learning , innovation are studied .This is qualitative and quantitative research and for collection of data sample size of 200 respondents from diversified organizations including worker and supervisors. Random sampling technique was used for collection of data while tool for collection of data was based on likert scale. This study demonstrates that if organizations focus their investment in human capital then this will increase growth of their profit and growth of size of organization by innovating new processes and techniques, and innovation will then provide support for capturing market shares.

Keywords: Human Capital, organizational commitment safa industrial group, Correlation

* MasoudGhorbanhosseini department of management ,Islamic Azad university ,Saveh branch, Saveh , Iran.

Human capital theory is accepted as one of the foundational theories of socioeconomic Development. Any acquired qualities and abilities that help individuals and groups be economically productive can be considered as individual or group human capital, the classical human capital model focuses on schooling and training as the major factors comprising human capital on individual, group, and national levels. Consequently, current human capital measurement tools generally assess only educational attainment on these levels. Traditionally human capital is defined as incarnated fund of human abilities, knowledge, skills and motivations to encourage human productivity. so human capital is not only the body of knowledge, abilities that a human has; at the same time human capital involves acquired knowledge as well as to use in this or that area of social activity that contributes to growing productivity of labour and production.

What is human capital?

The skills, knowledge, and experience possessed by an individual or population, viewed in terms of their value or cost to an organization or country. (Oxford dictionary). According Schultz (1993), the term "human capital" has been defined as a key element in improving a firm assets and employees in order to increase productive as well as sustain competitive advantage. To sustain competitiveness in the organization human capital becomes an instrument used to increase productivity. Human capitals refer to processes that relate to training, education and other professional initiatives in order to increase the levels of knowledge, skills, abilities, values, and social assets of an employee which will lead to the employee's satisfaction and performance, and eventually on a firm performance. Rastogi (2000) stated that human capital is an important input for organizations especially for employees' continuous improvement mainly on knowledge, skills, and abilities. Thus, the definition of human capital is referred to as "the knowledge, skills, competencies, and attributes embodied in individuals that facilitate the creation of personal, social and economic well-being" The definition used by Peter Husz is as follows: "By human capital we mean the time, experience, knowledge and abilities of an individual household or a generation, which can be used in the production process" (1998, p. 9). Others only define human capital investment, e.g. Schultz (1992) defines human capital investments as enrolment rates multiplied by the cost of education for one individual. Lucas (1988) measures human capital probably by expenditures on education and "external" human capital, which he believes to be able to measure by calculating the returns to land.

Organizational commitment

The organizational commitment is an attitude about personnel loyalty to organization and it is a process through which the members of organization show their interest in organization and its success and efficiency. Organizational Commitment is highly valuable. Studies have highlighted that commitment has a great impact on the successful performance of an organization. This is because a highly committed employee will identify with the goals and values of the organization, has a stronger desire to belong to the organization and is willing to display greater organizational citizenship behavior. The concept of organizational commitment has attracted considerable Attention over recent years and has become a central objective of human resource management (Organizational Commitment: A Longitudinal Study of Attitudinal and Behavioral Commitment among United Kingdom. Graduates, Henley Management College, 1994 by Helen Lydka).

Organizational commitment is important in the eyes of a company. It is important for organizations to keep talented individual who are engaged in their jobs and are productive workers. Organizational commitment involves the loyalty a worker feels towards the company he works for. Organizational commitment involves more than just company loyalty, it entails employee's intrinsically wanting to defend against criticism both internal and external (Business Daily Review, 2008). Organization commitment is related to job satisfaction in ways such as an employee's emotional reaction to their job. A worker may not be satisfied with his job but may still be satisfied with the company. Therefore, the individuals work commitment may be low but organizational commitment may be high (PSU Psych. 484 Commentary, 2011, Lesson 12, p).

Organizational Commitment Components

Organizational commitment is an employee's psychological attachment and sense of loyalty and allegiance to an organization. In many cases it can be connected to other aspects of the job such as job satisfaction which is a person's feelings about their job and organizational identification which is when a person feels a sense of closeness to the organization. There are three different components of organizational commitment which Meyer and Allen (1991) identified as: Affective commitment, Continuance commitment, and Normative Commitment

Affective Commitment

The most commonly studied type of commitment is Affective commitment, an employee's emotional attachment to and identification with the organization which is commonly seen in

response to a supportive organizational climate in which the employee feels a sense of importance and high value to the company. Affective commitment can enhance job satisfaction because employees agree with the organization's objectives and principles and because employees feel they are treated fairly in terms of equity, and receive organizational care, concern and support (Hawkins, 1998). Affective organizational commitment is defined as the emotional bond an employee has with the company they work for. The employee chooses to stay with the company because of this bond. When an employee is effectively committed to the organization, they feel a sense of belonging. This feeling of belonging and of identification increases their involvement in the work they do. Studies have shown that absenteeism and turnover are associated with affective commitment.

Continuance Commitment

It is an unfortunate fact that some employees stay with an organization because they feel they have to. Continuance commitment is when an employee feels that they are tied to the company as they weigh the cost of leaving an organization versus staying. It is becoming increasingly difficult to secure good paying jobs in addition to finding jobs with health benefits, retirement plans, etc., so employees must carefully weigh their options before deciding on making any changes to their employment status. Over the last few years as costs are increasing, companies have been cutting back on many of the costly benefits once offered to employees, leaving employees feeling stuck. Employees are subject to a range of all types of circumstances and situations, and benefits and pay are major considerations when accepting or changing positions. Continuance commitment studies two antecedents: investments and alternatives (Florkowski & Schuster, 1992). These studies often look at investments such as time, money, or effort. Florkowski and Schuster (1992) found a positive relationship between profit sharing and job satisfaction and commitment.

Normative Commitment

Finally, the component that has had the least amount of research attention is Normative Commitment which refers to how individual perceptions of what is morally right can have an effect on the reasoning behind staying with an organization (PSU Psych. 484 Commentary, 2011, Lesson 12, p. 5). Besides staying at a job because one wants to, or has to, an employee with a high normative commitment is apt to stay at a job because they feel they ought to (PSU Psych. 484 Commentary, 2011, Lesson 12, p. 5). Feelings of obligation to an organization or position,

and perceptions of what actions are expected of them can cause an employee to stay in a position and with an organization in spite of more secure and lucrative opportunities elsewhere

Problem description

The most of problems in a wide range and most of private and government firms is rooted in the non-efficiency of management procedures and lack of efficiency and effective systems, not in the short age of resources and investment. So is the time ripe for the hierarchy of managers, especially employees decides to replace the efficient and effective ways to procedures that their non-efficiency has been proven. Aragón-Sanchez, Barba-Aragón, and Sanz-Valle (2003) found companies that make higher investment in their employees 'training are more likely to achieve better results in profitability than are those that make lower investment. Similarly, the research findings of García (2005) in Spanish firms demonstrated that training-oriented policy for human capital development considerably influences the satisfaction of workers, clients, and owners/shareholders and finally organizational productivity.

Research Question and Research Hypotheses

The researcher sought to answer the following research question:

What are the relationships among human capital and organizational commitment? Then for the above research question was explained using the following research: There is a positive co – relation between human capital and organizational commitment.

Purpose of the Study

The purpose of the quantitative co relational study was to determine if a relationship existed between the perceived human capital and the level of organizational commitment experienced in worker of Safa industrial group. The independent variable, human capital, using the Multifactor questionnaire the Organizational Commitment Questionnaire determined the dependent variable, the organizational commitment of the Worker of Safa Industrial Group. The study's sample included 200 person of worker in factory. The worker Were located at various locations throughout the factory. The quantitative Study, using a co relational approach, identified human capital factors affecting retention of Commitment of worker in Safa industrial group.

Research Design & Research Instrument

Sample Design:

It is an exploratory research design. The sample population comprises of employees working in Safa Industries group. Total 132 employees responded to the questionnaire, which would be further used for the analysis. The sampling would be representative sampling, where all the employees at corporate researcher, are considered on a probability basis, and from which information was obtained and statistical inferences were made about the entire population within Safa Industries group.

Survey Questionnaire:

The questionnaire was designed using 5-point Likert scale. The tool was used to measure the level of agreement employees had with respect to 60 questionnaire items, which represented potential factors such as Openness, Confrontation, Trust, Authenticity, Pro action, Autonomy, Collaboration and Experimentation that influence employee's perception about the culture of the organization. The survey was also designed to measure the level of agreement the employees had with respect to, which represented potential factors such as interesting their job, Goal setting; Communication, Transparency, and Developmental focus that influence employee's perception about management of the organization.

No. of Items	Reliability
10	.903

From description of above table it is found that reliability between ten items (statements) is 0.903 which means human capital and organizational commitment are reliable to each other and highly correlated to each other

CORRELATIONS

	N	Correlation
Human Capital&commitment	123	.763

REGRESSION HUMAN CAPITAL AND COMMITMENT

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.763 ^a	.582	.578	7.06222

a. Predictors (Constant) Commitment.

In the above given table Commitment is constant and Human Capital is a dependent variable. For these variables and multiple correlation coefficients is the linear correlation between the Human Capital and Commitment. It is large value indicates strong relationship and according to it, Human Capital and Commitment have $r = 0.763$ and $r^2 = .582$.

On the average, if human capital changes, one unit commitment is expected to change by .582 units. That is if we change Human Capital then it affects the commitment of the company

ANOVA ON HUMAN CAPITAL AND COMMITMENT

Model	Sum of Square	Df	Mean Square	F	Sig.
Regression	8397.476	1	8397.476	168.371	.000 ^a
Residual	6034.866	122	49.875		
Total	14432.341	123			

The computed F value is compared with the critical value of F at a 0.05 level of significance and it is found that computed value of F is less than tabulated value. So “There Is a Positive Co-Relation between Human Capital and Organizational Commitment (Human Capital)” is accepted.

References:

- 1-Marani MARIMUTHU, Lawrence AROKIASAMY, Maimunah ISMAIL, HUMAN CAPITAL DEVELOPMENT AND ITS IMPACT ON FIRM PERFORMANCE: EVIDENCE FROM DEVELOPMENTAL ECONOMICS
- 2-(MartinHusz, "Human Capital, Endogenous Growth, and Government Policy", Peter Lang GmbH, Frankfurt am Main, 1998.)
- 3-OLHA VERKHOHLIYAD Submitted to the Office of Graduate Studies of Texas A&M University).
- 4-Antonio Arago'n-Sanchez, Isabel Barba-Arago'n and Raquel Sanz-Valle Effects of training on business results Garc'ia Fernando, M. (2006), "Posmodernidad y Deportee: Entre la Individualization laMasificaci3n. Encuestah'bitosdeportivos de los Espanola", 2005, Madrid,
- 5-Business Daily.(2008,). "Crisis Has Eroded Commitment to Work". Africa News., Kenya; February . 2008

- 6-Hawkins, W. D. (1998). “*Predictors of Affective Organizational Commitment among High School Principals.*” Allen & Meyer, 1990; cited in PSU Psych. 484 Commentary, Lesson 12, p. 5).
- 7-Florkowski, G & Schuster, M. (1992) “Support for profit sharing and organizational commitment: A path analysis”. Human Relations, 45, 5, 507-523.
- 8- (Fisher, Hunter, & Macrosson, 1997; Johnson & Johnson, 1995, 1999; Parker, 1990)
- 9-Helen mlydka (1994). “Organizational commitment: a review of research Organizational Commitment”: A Longitudinal Study of Attitudinal and Behavioral Commitment among United Kingdom. Graduates, Henley Management College, 1994 by Helen Lydka).
- 10-Likert, R. (1967). “The human organization: Its management and value”. New York, USA: McGraw-Hill.
- 11-Meyer, J.P. & Allen, N.J. (1991). “A Tree-component conceptualization of organizational commitment”. Human Resource Management Review, 1, pp.61-89.
- 12--susan g cohen ,diane baily university of southern California , journal of management 1997
- 13- Luca, J., & Tarricone, P. (2001). Does emotional intelligence affect successful teamwork? Proceedings of the 18th Annual Conference of the Australasian Society for Computers in Learning in Tertiary Education at the ASCILITE, p. 367 – 376, Melbourne: University of Melbourne.
- 14- Smith, K. (1996). Cooperative Learning: make group work. New Directions for Teaching and Learning, 67, fall, pp. 71-82
- 15-Scarnati, J. T. (2001). On becoming a team player. Team Performance Management: An International Journal, 7(1/2), 5-10.
- 16-Rastogi, P.N. (2002). Sustaining enterprise competitiveness –is human capital the answer. Human System Management.(3), 193-203.
- 17- Lucas, R. E. J. (1988). On the mechanics of economic development. Journal of Monetary Economics, 22(1):3–42.
- 18-anale .seriainformatica . vol .IVfase . I - 2006