

# Employee-Development Practices in Iran: Effort to enhance level of Human Capital- A Study

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**Abstract**—It is no exaggeration in the assertion that the most significant resource of any organization is often said to be its people. Of course, an organization is nothing but inter-related groups of people whose activities are planned and coordinated to meet organizational objectives. An organization that exists to produce goods and services has a good chance to survive and prosper if it consists of the right people.

This article will focus on work-culture in Iran in 'Safa Industrial Group' which employs over 2,000 people of different responsibility levels. The work-culture includes employee attitudes, motivation, role of training and development as part of the 'Employee Development Practices' for enhancing level of Human Capital with respect to level of performance

**Keywords**— Corporate, Citizenship, Engagement, Human Capital, Development, Participation, Commitment.

## I. INTRODUCTION

It is no exaggeration in the assertion that the most significant resource of any organization is often said to be its people. Of course, an organization is nothing but inter-related groups of people whose activities are planned and coordinated to meet organizational objectives. An organization that exists to produce goods and services has a good chance to survive and prosper if it consists of the right people

Organizations encounter several obstacles in meeting their goals and in a similar way, all employees report some problems in their attempts to be productive and efficient in their jobs, and to feel satisfied in their work-lives. The challenge to human resources management is to minimize these obstacles and problems.

The organisation/management prepares a Human Resource Development Plan to develop their human resources - they proudly call it as 'Human Capital'.

"Organizational culture is the product of all the organization's features" - its people objectives, size, technology, workers' unions, policies, its successes and its failures, the sum total of shared values, beliefs and habits within an organization and, in short, this composite whole may be called the organization's personality.

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After employees have been selected for various positions in an organization, their training is important. According to Edwin D.<sup>1</sup> training is the act of increasing the knowledge and skills of an employee for doing a particular job. The major outcome of training is learning.

Basically, training is understood as a learning experience that is planned and carried out by the organization to enable more skilled task behaviour from the trainee.

### *Training vs. Development:*

Training often has been referred to as teaching specific skills and behaviour.

In contrast to Training, Development is considered to be more general than training and more oriented to individual needs in addition to organizational need. Development is most often aimed towards management people.

### *Training vs. Education*

We know that the term 'education' is wider in scope and more general in purpose when compared to training. Training is the act of increasing the knowledge and skills of an employee while doing a job. It is job-oriented (skill learning).

#### *A. Current Literature*

Sohel Ahmad said, "Specifically, the mediating effect of organisational commitment which helps us better understand the nature of the relationship between HRM practices and organisational performance".<sup>2</sup>

Krystyna Joanna said, "<sup>3</sup>the companies have to implement practices that enhance development opportunities for older and low-skilled workers. So far what they receive tends to be narrow and task specific. More skill is needed across the wider workforce and its various groups, who can also exercise creativity in order to add competitive value."<sup>4</sup>

Maran Marimuthu, asserted in their published Article, stated, ".....the infusion of 'human capital enhancement' in organisations promotes innovativeness and greater firm performance. Firm performance can be viewed in two different perspectives: financial performance and non-financial performance. Financial Performance includes productivity, innovation, market share and profitability, whereas, non-financial performance includes customer

<sup>1</sup> - Edwin D. Flippo (1984, p. 51),

<sup>2</sup> - Sohel Ahmad and Roger G. Schroeder (2000)

<sup>3</sup> - Krystyna Joanna Zaleska and Lilian M. de Menezes,

<sup>4</sup> (Craig and Hall, 2005)

satisfaction, innovation, work-flow improvement and skills development".<sup>5</sup>

Pankaj Tiwari<sup>6</sup> in his published Article asserted that "HRM practices, such as working in teams, greater discretion and autonomy in the workplace and various employee-involvement and pay schemes, do motivate workers and generate higher labour productivity.

Birasnav, M. and S. Rangnekar, in their published Article<sup>7</sup> said, "These investment (HR investments) methods were reward strategy to reinforce employees' consistent innovative behaviours, career-oriented training to advance employees' career within the firm, performance appraisal to improve required skills of employees, recruitment strategy to increase the stock of human capital, career management to improve developmental behaviours of employees, and performance-oriented training to develop skills and knowledge of employees. ....".

On Employee-engagement, Geetha Jose, Sebastian Rupert Mampilly,<sup>8</sup> in their published Article, said "...based on review, this study suggests that an engaged employee is the one who is optimistic, highly focused on his work, enthusiastic and willing to go an extra mile to contribute to sustainable organisational success on a long-term basis".

On need for Training and Development, Lal Bahadur Baniya<sup>9</sup> in his published Article, said, "Training is the only development opportunity provided for employees to develop their knowledge, skills, and abilities. Both on-the-job and off-the-job training are made available to the employees". He further says, "Management is always suspicious about employees. They have a feeling that after training, employees leave for better job. Employees put forth a view that this generalization should not be made for all on the pretext of a few".

Rosemond Boohene<sup>10</sup> in his published Article, said about Management Practices on Corporate Performance that "...performance could be explained by its effective recruitment and selection practices and Performance Appraisal practices".

According to Pravin Durai<sup>11</sup>, "In this age, the organisation undertakes the necessary efforts to gradually expose the new employees to the prevailing organisational culture. This is done by facilitating the employees to learn the relevant values, beliefs and attitudes. When the pre-acquired values of the employees and the organisational culture are similar, the socialisation process becomes simple as it can easily help the employees assimilate the organisational culture and values. In contrast, the socialisation programme becomes critical when there are divergences in the new employees' values and the organisational culture ....".

Other literature references touching upon specific situations in a few cases in the corporate world are mentioned below:

<sup>5</sup> - Maran Marimuthu, et al (2009)

<sup>6</sup> Pankaj Tiwari (2012),

<sup>7</sup> Birasnav, M. and S. Rangnekar

<sup>8</sup> - Geetha Jose, Sebastian Rupert Mampilly (2012)

<sup>9</sup> - Lal Bahadur Baniya (2004)

<sup>10</sup> Rosemond Boohene (2011)

<sup>11</sup> Pravin Durai (2010, p183),

## B. Present Study

*Brief Profile of SAFA Industrial Group:* The study is confined to the 'Safa Industrial Group' which is one of the pioneer company-groups in regard to production, business volume and new industrial development plans in hand - establishment of which at the present time by means of management and diplomacy of seven manufacturing and four commercial companies - is reckoned as one of the largest Groups in the private giants Groups, where more than 2000 individuals are directly active within the group.

hypotheses.

Ho<sub>1</sub>: Work Habits Are Governed By Work Culture

Ho<sub>2</sub>: Work Culture Can Be Maintained and Enhanced By Training and Development of the Human Resource

Ho<sub>3</sub>: There is a Positive Correlation between Team Work and Organizational Commitment

Ho<sub>4</sub>: There Is a Positive Correlation between Human Capital and Organizational Commitment (concerning Human Capital)

Ho<sub>5</sub>: Use of Effective Employee Development Practices will enhance the Level of Human Capital (Employee-Development)

*Population, Sample Size and Selection of Sample:* Out of 2,000 odd employees, officials and senior people, only 266 were brought into the sample size for study. Stratified random sampling technique was used to constitute the sample. They were classified on the basis of age, education, status (responsibility levels), experience in number of years working in the organisation, origination (whether from local area or from city).

## II. METHODOLOGY

A questionnaire was specially designed and data collected on that basis from the sampled workers and supervisors by administering it. On almost similar lines, a Schedule was designed for interview with the managers and supervisors who were entrusted with overseeing the functions at corporate/head offices of the companies in the 'SAFA' Industrial Group. Statistical/mathematical tools were used like average, percentage, ANOVA, Cronbach Alpha, etc. for analyses and interpretations for arriving at the conclusion, and furnishing suggestions and recommendations.

## III. CONCLUSION

The respondents' opinion was asked about the methods by way of questionnaire as to whether those were effective way for developing appreciative positive thinking and behaviour among the workers. These were Education, team work, participation, responsibility bearing, taking responsibility, encouragement, promoting creativity, respecting others,

encouraging/enabling others, converting problems into opportunities and social Mobilization, coaching/monitoring/feedback. The responses were 'No' by majority of them.

The only positive response was relating to: whether building of their capacities, strengths and best learning would be more appropriate in **human resource capacity building process and achieving development goals** (66.2%). This is the only positive response and speaks for keenness on the part of workers to receive training (learning).

For examining the hypotheses, Pearson Product Moment Correlation and Regression Analysis were used in addition to descriptive analysis was done (mean, variance, correlation and Cronbach Alpha) in regard to Hypotheses. Also, ANOVA was used as analysis tool. Hypotheses Nos. 1 to 5 are proved:

It is inferred from the analyses that there is dire need in the Industrial Group (SAFA) to Introduce Employee-Development practices, enhance Organisational Commitment, Introduce and strengthen Team Work through bringing in Participation, organising Self-Managing Teams (SMTs), setting up Quality Circles for trust-building and promoting corporate Citizenship with autonomy; these strategies enrich work-culture and generate belongingness And loyalty towards the organisation. It appears that pointed focus requires to be given to well- Planned and need-based/perceived training programmes on ongoing basis to infuse healthy

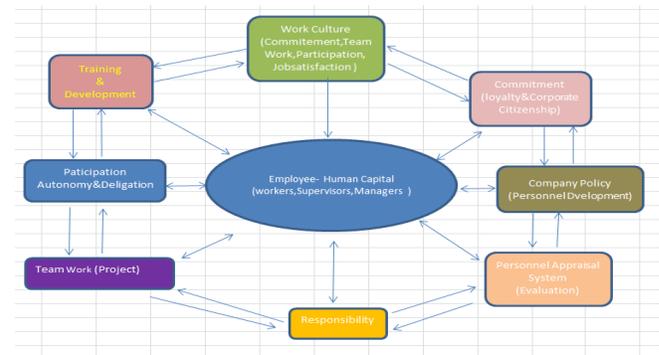
Work-culture and plan effort to enhance level of Human Capital.

The study shows that human resource management plays an important role in the management of the company. Work culture is the part of human resource management and it is affected by so many things which are important for the development of the company. Work habits are governed by work culture. Work culture can be maintained and enhanced by training and development of the human resource. There is a positive correlation between team work and organizational commitment. There is also positive correlation between Human Capital and organizational commitment. Use of effective employee-development practice can enhance the level of human capital. These all things are highly correlated to each other for the development of the company and its human development and management.

#### IV. SUGGESTIONS

(A). A Theoretical/Conceptual Framework is suggested below for achieving the broad objective of enhancing level of Human Capital. It needs hardly to emphasise that globalisation will soon intensify competition from the Multi-National Companies; their advent in the nation-states cannot be blocked for long. Those countries which resist the MNCs' entry will not be able to participate in the world economy and may remain technologically backward with their stagnant economies; standard of living of their citizens will remain low without access to benefits of modern science and technology.

#### Conceptual Framework



The suggested Theoretical/Conceptual Framework given above is self-explanatory. I hold strong opinion that company policies, work-culture, work-place environment are the foundations on which Human Resources cultivate conducive behaviour-patterns which bring in their trail higher commitment, team-work culture, enhanced productivity, improved results, interest in self-development, concern for career and development of corporate citizenship/loyalty. On such behaviour depends also the culture of Participation, Responsibility-bearing, Empowerment and need for achievement of company objectives? Although Training and Development plays its part in raising level of all the aforesaid attributes/qualities yet Corporate Policy and Work-culture can neutralize the effect of Training and Development if these are in opposition or not supportive, and, overall, if conducive work-place environment is not in place in continuity. I strongly feel that formal and informal interactions with open door policy should help the organisation to promote organisational work-culture; workers alone may not be able to bring about this transformation from bureaucratic to democratic environment and philosophy of working as a culture.

(B). There is scope of further studies in areas as company policies having bearing/influence on Work Culture; Training Needs Assessment; Job Satisfaction among Employees; Personnel Policies and Procedures relating to Employee-retention; Recruitment and Selection Process; Organisational Structure; Internal reporting System; Information Flow within the Organisation, etc.

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