



Original Article (Quantified)

Modeling human capital strategies with an emphasis on organizational structure change

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Abstract

The present study aims to model human capital strategies in Sepah Bank of Iran with an emphasis on organizational structure change. This research is an applicable research in terms of its purpose, and quantitative in terms of its method. The statistical population of the research includes 325 senior managers, middle managers, and professors of management at the Azad University of Gilan Province, selected by means of available random sampling. The data collection tool is a questionnaire derived from the qualitative method. Data analysis is through SPSS, Lisrel, and PLS software. The results showed that in the training and development subsystem, attention should be paid to educational needs, educational effectiveness, and career advancement path; in the reward and compensation subsystem, attention should be paid to the strategy and policy of pay and welfare plans, innovative methods of reward and compensation, and rewards in line with organizational goals; and in the employee relations subsystem, attention should be paid to the employee relations strategy, employee interaction and participation, and the desired design of structural change. The quantitative results showed that the most important component in the training and development subsystem is competence with a standard coefficient of 0.82; in the reward and compensation subsystem, innovative reward and compensation strategies with a standard coefficient of 0.94; and in the employee relations subsystem, employee relations strategy with a standard coefficient of 0.84.

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Extended abstract

Introduction

The human capital of any organization is made up of the employees who work in it, and the success of the organization also depends on them (Armstrong & Taylor, 2023). Human capital represents the value of the accumulated knowledge and skills of employees, which are important for the success and survival of the company and indicate the company's ability to acquire new information, skills and technology (Ognjanović, et al, 2023). Human capital is an important factor in the competitive advantage of the company to win the competition; therefore proper human capital management is needed for the organization to improve its performance (Rachmawati, et al, 2021). A good human capital strategy affects business development (Syah, et al, 2021). Human capital strategy is a comprehensive plan on how the company will achieve its vision and mission through human resources (Rachmawati et al, 2020). Change in any organization is inevitable for growth, continuity and profit in today's competitive world environment; but adapting to change is difficult (Saqlain, et al, 2021). Among the important reasons why a change in strategy is necessary or even necessitates a change in organizational structure, are that structure usually describes how policies are structured, and structure usually describes how resources are shared, and the progress of an organization depends on obeying all elements that consciously exist in synergy to achieve the expected goals. Therefore, a deep understanding of organizational theory and strategy is needed so that the organization can develop more optimally, and strategy design is a process of a set of activities aimed at creating the vision and mission of the organization (2021, Munawar). Given that if the problems are not resolved, this challenge will become the biggest threat to achieving the organization's highest goals, all these reasons prompted the researcher to understand the need to design a model of human capital strategies with an emphasis on changing the organizational structure, and to be able to provide an answer to the main research question on the topic: what will the design of modeling of human capital strategies in Sepah Bank of Iran with an emphasis on changing the organizational structure be like?

Theoretical Framework

Human Capital Strategy: Human capital strategy is a comprehensive plan on how a company will achieve its vision and mission through human resources (Rachmawati et al, 2020).

Training and Development Strategy: Training is the systematic and formal change of behavior through planned training, learning, development, and experience. Training not only enhances employees' abilities, but also enhances their thinking and creativity capacity, enabling them to make more beneficial choices in a timely and constructive manner. Furthermore, it allows workers to interact effectively with customers and respond to their concerns quickly. By substituting efficient and effective work-related behaviors for conventional hiring practices, this training enhances self-efficacy and leads to better performance at work. Training is an intentional intervention aimed at improving variables affecting individual task performance. Human capital development may be described as actions aimed at increasing knowledge, strengthening skills, creating values, and promoting behaviors needed to maximize the potential of an organization's employees. Human capital development of an organization or school entails creating opportunities for learning, training, and development in order to enhance individual, team, and corporate performance (Barinua & Akpan, 2022).

Reward Strategy: Reward strategy determines how reward management innovations and developments should support the business strategy, how they should be integrated, the priority that should be given to the initiatives, and the pace at which they should be implemented.



Reward strategy is ultimately a way of thinking that you can apply to any reward issue that arises in your organization to see how you can create value from it (Michael Rose, 2022).

Employee Relations Strategy: Employee Relations includes all those areas of human resource management practice that involve relationships with employees, whether directly or through collective bargaining agreements; the areas where trade unions are recognized (AYLOTT, 2022).

Mwangi et al, (2024) examined the impact of reward policy on strategy implementation in Kenya Electricity and Lighting Company. The research findings showed that reward policy and strategy implementation have a positive and significant coefficient. And all components of organizational policy (reward policy, factionalism, gatekeeping policy and territorialism) had a statistically significant effect on strategy implementation in the Kenyan Electricity and Lighting Company.

Salimian & Ashrafi (2023) analyzed the relationship between the types of rewards paid by managers and labor productivity. The results showed that at the equilibrium point, the managers' strategy will be to distribute continuous and equal rewards to employees with higher productivity, and employees will choose the strategy of making more effort to increase productivity (and therefore receiving rewards). Finally, it is suggested that in order to create more motivation and effort from employees and consequently increase their productivity, the distribution of rewards among employees with higher productivity should be continuous and equal.

Research Methodology

This research is an applicable research in terms of its purpose, and quantitative in terms of its method. The statistical population of the research includes 325 senior managers, middle managers, and professors of management at the Azad University of Gilan Province, selected by means of available random sampling. The data collection tool is a questionnaire derived from the qualitative method.

Research findings

Data analysis and analysis is through SPSS, Lisrel and PLS software. The results showed that in the training and development subsystem, attention should be paid to educational needs, educational effectiveness and career advancement path, in the reward and compensation subsystem, to the strategy and policy of payment and welfare plans, innovative methods of reward and compensation and rewards in line with organizational goals, and in the employee relations subsystem, to the employee relations strategy, employee interaction and participation, and the desired design of structural change. The quantitative results showed that the most important component in the training and development subsystem is competence with a standard coefficient of 0.82, in the reward and compensation subsystem, innovative reward and compensation strategies with a standard coefficient of 0.94, and in the employee relations subsystem, employee relations strategy with a standard coefficient of 0.84.

Conclusion

The present study aimed to model human capital strategies in Sepah Bank of Iran with an emphasis on organizational structure change. The results of this study are consistent with the results of Mwangi et al, (2024) Salimian & Ashrafi (2023) Zafar et al, 2023

Moradian et al, (2022), Singh et al, (2021), Al- Sufyani et al, (2021), Almutairi & Alsawalhah (2020), Shafaq Jahromi & Iranian (2019), Siddiqui & Sahar (2019), Yusefi et al, (2017).



Singh et al, (2021) showed that training and communicating change as human resource methods have important effects on implementing change. Employee resistance to change fully mediated the relationship between training and effective change implementation and partially mediated the relationship between communication and effective change implementation. Communication had a greater impact than training on employee resistance to change. This finding confirms the importance of communication but also suggests that training can enhance effective change communication and may affect performance if it is not directed towards controlling resistance.

According to the results of the study, the following suggestion is made:

In the training and development subsystem, pay special attention to employee competence because organizations need competent employees to overcome challenges and environmental changes. Employees who are competent perform assigned tasks easily because they basically have good skills to perform assigned tasks effectively, efficiently and competitively.