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# A Comprehensive Review of the Role and Importance of Strategic Human Resource, Human Resources Management Practices and Human Capital Management

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## Abstract

This study aimed to investigate the relationship between strategic human resource management functions and intellectual capital components in Ashgabat, Turkmenistan. The research is a correlational type and the method of collecting field data. The statistical population of the research includes professional and higher-level employees in Ashgabat, totaling 255 people, of whom 151 people were selected as a statistical sample based on the Morgan table and using a proportional and simple random sampling method. The data collection tool included a researcher-made and standardized questionnaire, the face validity and content of which were examined and approved using the opinions of experts, and its reliability was estimated to be 0.93 based on Cronbach's alpha for the index of strategic human resource management functions. The results show that there is a significant relationship between the functions of "learning" and "participation" with human capital.

**Keywords:** Human Capital, Strategic Management, Human Resources

## 1. Introduction

Standards are the highest government and governance institution in the province, which is responsible for planning, supervising, and guiding other executive bodies of the province. The performance of standards in this field directly plays a significant role in the growth and development of the provinces. In addition, an important factor in the organization achieving its goals and missions is the performance of human resources employed in the organization. One of the duties of senior managers of an organization is to determine the strategy and management of human resources. This strategy is a competency-based approach from which managers view their employees and emphasize the development of human resources and a competitive advantage with stability and sustainability. (Baker, 1999: 452–477) (James et al. 1994) considered functions including career path, training, result-oriented evaluation, employee security, rights and benefits, and career development (Harel & Tzafirir 1999:185-200) identified the functions as recruitment, selection, compensation, employee participation, and training (Collins and Clark,2003) added performance appraisal and employee rewards to these functions. (Chen & Huang,2009:104-

114) have introduced training, compensation, performance appraisal, human resource provision, and employee participation as functions of human resource management.

Intellectual capital consists of three main and interrelated components (human capital, structural capital, and relational capital). Since a competent human resource in terms of knowledge and skills is an important factor in the success and development of an organization in achieving the goals and missions of organizations and similar standard groups. In this regard, the role of employees and managers at various levels of standardization and their proper management as intangible assets that represent a set of standard capabilities and capabilities is of great importance. And considering that sufficient research has not been conducted in this regard in the country, the present study aims to examine and analyze the relationships between strategic human resource management, capital components Human is in the Ashgabat Standard Set (Qalich Li and Hajari, 2009).

Since the development of the province in all areas of civil, economic, social and political life requires knowledge-based and dynamic planning and management. And one of the important and effective factors in this matter is the existence and management of a specialized and rich human resource for the purpose of accompaniment and the main factor in solving the problem as the intellectual capital of the organization (Andriessen, 2005).

If the organization's human resources cannot be developed based on the needs of the community, then the Standards Committee, as the highest administrative institution of the province and, consequently, the provincial community, will face problems in the processes of economic and social development. To achieve the main missions of the organization, the standards managers must carry out major planning in various fields. In this regard, the role of employees and managers at various levels of the organization and their proper management as intangible assets that reflect a set of capabilities and capabilities of the province for economic, political and social growth and development, and the creation of competitive advantages, is of great importance (Bontis, et al.2008).

Given that there has not been sufficient research in this field in the country, the present study aims to examine and analyze the relationships between strategic human resource management and human capital components in the Ashgabat Standard Set.

The ultimate goal of the study is to improve the knowledge and skills of employees and optimize their experiences, as well as to enhance the intellectual capital of the organization by strengthening and implementing the functions of strategic human resource management in the Ashgabat Standardization Complex (Favras, 2010).

The objective of the study is: To examine the relationship between the functions of strategic human resource management and the components of human capital in the Ashgabat Standardization Complex, Turkmenistan. This study seeks to answer the following questions:

1 What is the relationship between strategic human resource management functions (training, compensation, performance appraisal, human resource provision and participation) and human capital?

*The research hypothesis is:*

1. There is a significant multiple correlation between strategic human resource management functions (training, compensation, performance appraisal, human resource provision and participation) and human capital.

## **2. Strategic Human Resource Management**

Strategic human resource management means "the planned pattern of human resources and human resource management activities to achieve the objectives of the organization" (Patrick et al. 1999: 23).

In other words, strategic human resource management means that in order to achieve effectiveness, organizations must manage their human resources with long-term management functions so that these resources, behaviors, and competencies Perform the need in accordance with the internal and external environment of the organization.

The main objective of strategic human resource management is to create strategic capability by ensuring that the organization has skilled, committed and motivated employees to strive towards achieving a sustainable competitive advantage (Edvinsson, and Sullivan, 1996)

The goal of this management is to create a sense of purpose and direction in often turbulent environments (Ferris et al,2002). human resource provision means providing human resources in line with the organization's goals and strategies, identifying opportunities and threats in the organization's external environment, and determining the strengths, weaknesses, and core capabilities of existing resources; training means increasing the specialized abilities and skills of employees in performing assigned tasks and activating some of their potential abilities in order to create a learning and thought-producing organization; Performance appraisal, meaning the systematic and regular measurement of individuals' work in relation to how they perform their duties in assigned tasks and determining their potential for growth and improvement; Service rewards, meaning the design of all financial and non-financial benefits in accordance with the conditions inside and outside the organization; Employee participation means involving employees in decision-making and using their opinions and suggestions for the improvement and development of the organization (Chen & Huang, 2009).

### **3. Related Research**

Abbaspour (2002) writes in an article titled *New Approaches in Human Resource Management Practices* that the role of human resource management in organizations has changed dramatically in recent years.

The function of human resources has evolved from areas of limited and independent influence to a source of sustainable competitive advantage in the global arena, and inspired by strategic thinking, it has focused on developing coordination between the set of policies, programs, and methods implemented to facilitate the achievement of the organization's strategic goals.

In this article, by examining the evolution of human resources, three perspectives - strategic, international and political - have been examined as new approaches to human resource management practices, and new changes have been pointed out that have reshaped the role of human resources and have created a transformation in human resource management practices.

Mamian, Gholizadeh Bagheri, (2017) in an article titled *Intellectual Capital and Its Measurement Methods* write that in a knowledge-based economy, intellectual capital is used to create value for the organization.

Today, we are witnessing the growing importance of intellectual capital as an effective tool for increasing the competitiveness of companies, and this has led to an increase in the importance of intellectual capital as a research and economic category.

The role and contribution of intellectual capital in managerial, technical, social, and economic progress has become the subject of new research, as it is considered a valuable tool for the development of an organization's key assets. (Marr and Schiuma, 2001)

Measuring intellectual capital for the purpose of comparing different companies, determining their real value, and even improving their controls is based on a strategic approach to intangible assets. Therefore, in this article, which is based on descriptive studies on intellectual capital and its role in social development, an attempt has been made to present the concept and definitions of intellectual capital, its constituent elements (human capital, structural capital, relational capital), its importance, characteristics, reasons, and various methods of measuring it (Roos et al.1997).

### **4. External Research**

John et al. (2008) in their study of strategic human resource management in knowledge users showed that strategic human resource management had a significant relationship with knowledge management systems, management systems, and evaluation.

Kong and Thompson (2006) showed that the relationship between strategic human resource management practices and structural and relational capital in social service organizations was significant and positive.

Sullivan, P. H. (2000), also showed that human capital had a positive effect on structural capital, structural capital had a positive effect on relational capital, and relational capital had a positive effect on human capital.

## 5. Research Method

In terms of the purpose of the research, it is of the applied type, in terms of the method of data analysis and analysis, it is descriptive and correlational. The present research is of the applied type in terms of its objectives, and in terms of the method, it is inferential multivariate correlation. One of the non-experimental methods is correlation studies. The aim of this research is to discover the relationships between variables using correlation statistics.

Multivariate correlation studies in a unit of time, without manipulating or artificializing the situation, quantitatively determine the degree of relationship between several variables and provide the possibility of determining social and organizational phenomena in the form of regression models. In the multivariate correlation method, the internal relationships between three or more variables are identified, and its goal is to discover the relationship between the variables and also predict the test score on one of the variables. On his scores, there is another variable. Therefore, in terms of the method of collecting information, the research method in question is field research. The collection of information required for the research was carried out in the field, with the questionnaires being sent to the Ashgabat Standardization Office and interviews with employees (Statistical Unit).

The present study, after completing the questionnaire, collected data was coded based on the measurement scales of the variables and processed, analyzed, and analyzed using SPSS software. After processing the data and indexing them, various statistical methods were used to analyze and analyze the collected data with respect to the different levels of measurement of the research hypothesis. These methods are mainly used to measure correlation coefficients between items and scales, analyze relationships between variables, and deduce theoretical concepts (Anvari et al.2005).

## 6. Research Results

This section deals with a multiple regression analysis of the data. The aim of this analysis is to identify the contribution and impact of strategic human resource management practices in explaining the dimensions of intellectual capital. In other words, multiple regression helps explain and predict the variance of the dependent variable – intellectual capital – by estimating the contribution of the variables to the variance of the dimensions of intellectual capital. For multiple regression analysis, independent variables measured at the interval and relative levels are selected and used in a regression equation to obtain the final equation.

The proposed hypothesis is based on the assumption that there is a significant multiple correlation between the functions of strategic human resource management (training, compensation, performance appraisal, human resource provision, and participation) and human capital.

Model 1: Multiple regression between strategic human resource management functions and human capital

Model	Multiple Coefficient Solidarity	Coefficient Demonstrate	Amended Coefficient Demonstrate	Durbin-Watson
1	0.566/	0.320	0.296	2/097

In summary, as observed in the table, the final coefficient of multiple regression is  $R = 0.566$ . This statistic shows the correlation between the observed and predicted values of the dependent variable, with a higher value indicating a stronger relationship, and its square root, i.e., its coefficient of explanation, is equal to 0.32.

This coefficient indicates the proportion of changes in the dependent variable accounted for in the regression model. In other words, approximately 32 percent of the variance and changes in human capital are explained by

the variables in the equation (training, compensation, performance appraisal, human resource provision, and participation). The remaining variance is due to external and unknown factors and variables.

Model 2: Multivariate Regression Analysis of Variance

Model	Plus Squares	Freedom Degree	Median Squares	F Quantity	Significant Level
Regression effect	9.346	5	1.869	13.639	0.000
Remaining	19.873	145	0.137		
Total	29.219	150			

Table 2 summarizes the results of the ANOVA test. It shows the total intercepts, degrees of freedom, mean intercepts for the two sources of variation in the regression, and the residuals. The regression tables provide information about the variations accounted for in the model, and the residual tables provide information about the variations not accounted for in the model.

Based on the data in the table, considering that the significance level of the F value is less than 0.05, it is concluded that the independent variables included in the model (training, compensation, performance evaluation, human resource provision, and participation) provide a good explanation of the changes in the dependent variable (human capital).

Model 3: The relationship between each of the strategic human resource management functions and human capital

Model	Un-coefficient Standard		Coefficient Standard	T Quantity	Significant level
	B	Error Standard	Beta		
*(Fixed amount)	1.557	0.225		6.926	0.000
*Education	0.167	0.052	0.252	3.239	0.001
*Reward	0.032	0.067	0.042	0.481	0.631
*Performance evaluation	0.114	0.076	0.185	1.506	0.134
*Providing Resources	0.079	0.082	0.102	0.968	0.335
*Partnership	0.195	0.066	0.320	2.974	0.003

Based on the table above, the larger the beta and t values and the smaller the significance level, the stronger the independent variable has an effect on the dependent variable. The data in Table 3 show that, based on the beta coefficient, which is an indicator of the standard coefficient, the function of "education" is more effective than all independent variables in human capital with respect to the beta value (3.239). In addition, among other variables, the function of "participation" has an effect on human capital with respect to the standard beta coefficient (2.974). Therefore, among the functions of strategic human resource management, there is a significant relationship between the functions of training and participation with human capital. However, according to the beta coefficient, there is no significant relationship between the functions of reward ( $p=0.631$ ), performance appraisal ( $p=0.134$ ), and resource provision ( $p=0.335$ ) with human capital.

## 7. Conclusion

The hypothesis put forward in the study predicted that there is a significant multiple correlation between the functions of strategic human resource management (training, compensation, performance appraisal, human resource provision, and participation) and human capital. The results of the study show that among the functions

of strategic human resource management, there is a significant relationship between the functions of training and participation with human capital. However, there is no significant relationship between reward functions, performance appraisal, and resource provision with human capital.

In the proposed hypothesis, the results are consistent with the findings of Bahrami et al. (2011) in terms of learning and participation functions, but they are inconsistent in terms of reward functions, performance appraisal, and resource provision.

It is also consistent with the research results of Chen et al. (2004) and Brown, (2002) who confirm the multiple correlation between strategic human resource management functions and human capital and believe that human resource management strategies will have a significant impact on improving intellectual capital in the organization.

## 8. Research Suggestions

Regarding the results of the research hypothesis test that confirms the impact of training and participation on the human capital of the organization, it is proposed:

(1) In order to improve the training performance, the following items should be considered:

1.1. Organizing training courses for employees continuously and alternately.

1.2 Allocating sufficient budget for training employees in the organization.

1.3 Designing and implementing the training process Documented for the career path plan of all employees.

(2) Also, in the direction of the participatory function of strategic human resource management in order to improve the level of human capital, the following are proposed:

2.1 Employees should be given the opportunity to participate in the organization's decision-making.

2.2 Organization managers should receive and use the suggestions and opinions of employees to improve and progress the work of the organization.

2.3 Employee opinions in the organization.

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