

# Investigating the Relationship between Intellectual Capital and Organizational Learning with Job Creation of Employees (Case study: Municipalities of Sirjan)

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## Abstract

The purpose of this study was to the study of investigating the relationship between intellectual capital and organizational learning with job creation of employees. A descriptive, quantitative, co relational design was used. The statistic population of research consist all municipal employees in Sirjan. The population consist of 292 employees. A data collection instrument is included demographic questionnaire, questionnaire of intellectual capital, organizational learning and job creation. Data analysis included descriptive statistics, pearson's r and spearman's correlations, regression analysis, ANOVA analyses and SPSS software [package of Spss/pc + + ver21]. The results of this study show the there is a significant relationship between intellectual capital and job creation of employees. According the results, there is a significant relationship between organizational learning and job creation. The results showed that average organizational learning, intellectual capital and creativity were moderate.

**Key words:** Intellectual capital, Organizational learning, Job creation, Sirjan

## INTRODUCTION

Intellectual capital is becoming a crucial factor for a firm's long-term profit and performance in the knowledge-based economy as more and more firms identify their core competence as invisible assets rather than visible assets [1]. Intellectual capital is the ability to utilize knowledge, industry knowledge, organizational structures and flows, customer relationships and special techniques [2]. Nonaka and Takeuchi pointed out the future society is a knowledge-based society in which knowledge storage and application are the basis of economic growth and accumulated capital [3]. Intellectual capital is a heart of organizational capabilities. The importance of intellectual capital is highly recognized as a successful factor not only in knowledge-intensive organizations but also for most other

types of organizations intellectual capital is used to create and enhance the organizational value and performance [4]. Organizations have found that the sustainable competitive advantage is based on intellectual asset management. Increasing organizational learning provide an appropriate competitive position as a strategic orientation for the survival and competitive advantage [1].

## INTELLECTUAL CAPITAL

Intellectual capital (IC) is a term now in common usage across different fields of academic and managerial activity. Intellectual capital is a term that a first time introduced by economist John Kenneth Galbraith in 1969 and it refers to the difference between an organization's market value and book value. Intellectual capital prepares a new tool to perceive the hidden values of an organization [5].

Many researchers have come to regard intellectual capital as a firm's primary means of creating competitive advantage. Some researchers also contend that accumulating intellectual capital is beneficial to creating competitive advantage or business values. Following the above-mention

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literature, this study thus defines intellectual capital as the total capabilities, knowledge, culture, strategy, process, intellectual property, and relational networks of a company that create value or competitive advantages and help a company achieve its goals [6]. Bontis et al, (2001) have adopted human capital, structural capital, and relational capital as the three basic dimensions of intellectual capital, also we adopted them in this study. In particular, intellectual capital is described, in one of its numerous and most famous definitions, as economic value of the combination of three categories of intangible assets [7]:

- “Human capital” refers to the abilities, competences, and know-how of human resources;
- “Structural capital” defines the organizational knowledge, mainly contained in business processes, procedures, and systems;
- “Relational capital” takes account of the knowledge embedded in business networks, which includes connections outside the organization such as customer loyalty, goodwill, and supplier relations. These three categories are strongly complementary.

**Organizational Learning**

Organizational learning is defined as the organizational and managerial characteristics or factors that facilitate the organizational learning process or allow an organization to learn [8]. Organizational learning is the success key of organizations. So, if the most successful organizations face with poor learning capabilities, they could not benefit from all their capabilities in the field of today’s various environments [9].

Chiva identified five essential facilitating factors of organizational learning: experimentation, risk taking, interaction with the external environment, dialogue and participative decision making. Experimentation can be defined as the degree to which new ideas and suggestions are attended to and dealt with sympathetically [8]. Experimentation involves trying out new ideas, being curious about how things work, or carrying out changes in work processes. Risk taking can be understood as the tolerance of ambiguity, uncertainty and errors. Interaction with the external environment is defined as the scope of relationships with the external environment. The external environment of an organization is defined as factors that are beyond the organization’s direct control of influence. Environmental characteristics play an important role in learning. Dialogue is considered as an essential process to develop common understanding for organizations, could help individuals to understand the hidden meanings in the communications. Participative decision making refers

to the level of influence employees have in the decision-making process [8]. Organizations implement participative decision making to benefit from the motivational effects of increased employee involvement, job satisfaction and organizational commitment [1].

**Job Creation**

Organizations today are living in a changing and complex environment in such a way that the past can not predict. In today’s world organizations to survive in the competition are required to have new and creative ideas. Our era to survive and thrive, should be continued during the renovation and innovation in organizations to prevent it from stagnation and destruction. Job creation is difficult to evaluate because it is difficult to measure. Creativity means to combine ideas in a unique way to create continuity between ideas. Creative dimensions include: Fluids, expansion, innovation and flexibility [3].

**Conceptual Model**

Figure 1 show the Conceptual Model of Research.

**Principal Hypotheses**

1. There is a significant relationship between intellectual capital and job creation of employees.
2. There is a significant relationship between organizational learning and job creation of employees.

**Secondary Hypotheses**

1. There is a significant relationship between structural capital and job creation of employees.

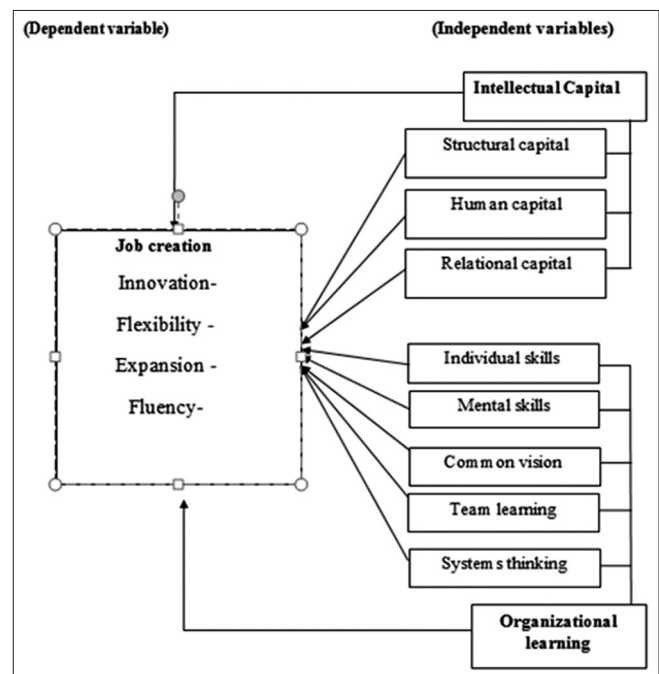


Figure 1: The Conceptual Model of Research

2. There is a significant relationship between human capital and job creation of employees.
3. There is a significant relationship between relational capital and job creation of employees.
4. There is a significant relationship between individual skills and job creation of employees.
5. There is a significant relationship between mental skills and job creation of employees.
6. There is a significant relationship between common vision and job creation of employees.
7. There is a significant relationship between team learning and job creation of employees.
8. There is a significant relationship between systems thinking and job creation of employees.

## MATERIALS AND METHODS

A descriptive, quantitative, co relational design was used. The Statistic population of research consist all municipal employees in Sirjan. 292 staff were selected with sampling method. A data collection instrument is included demographic questionnaire, questionnaire of intellectual capital, organizational learning and job creation. The staff answered the same questionnaire including, intellectual capital [7](including 17 questions), organizational learning [4] (including 24 questions), and job creation [6](including 20 questions). The cronbach's alpha that obtained from the pilot data was 0.84 for intellectual capital, 0.83 for organizational learning and 0.98 for job creation [7]. Data analysis included descriptive statistics, pearson's  $r$  correlations, regression analysis, ANOVA analyses and SPSS software (package of Spss/pc + ver18).

### Demographics Results

Of the 292 subjects enrolled in the study, 71.38 % were male and 28.62% were female. Among respondents aged 31 to 40 years were most frequent and least frequent in the age group 51 and older.

## RESULTS

### Principal Hypotheses

*There is a significant relationship between intellectual capital and job creation of employees*

H0: There is a not significant relationship between intellectual capital and job creation of employees

H0: There is a significant relationship between intellectual capital and job creation of employees

The results of pearson and spearman correlation test show the there is a significant relationship between intellectual

capital and job creation of employees and this relationship is the direct and at high level (Table 1). Thus  $H_0$  is rejected and research hypotheses is approved. According the results of analysis, the modified  $r^2$  between two variables is 0.558 (Table 2).

*There is a significant relationship between organizational learning and job creation of employees*

H0: There is a not significant relationship between organizational learning and job creation

H0: There is a significant relationship between organizational learning and job creation.

The results of pearson and spearman correlation test show the there is a significant relationship between organizational learning and job creation and this relationship is the direct and at high level (Table 3). Thus  $H_0$  is rejected and research hypotheses is approved. According the results of analysis, the modified  $r^2$  between two variables is 0.242 (Table 4).

### Secondary Hypotheses

*There is a significant relationship between structural capital and job creation of employees.*

H0: There is a not significant relationship between structural capital and job creation

H0: There is a significant relationship between structural capital and job creation

The results of pearson and spearman correlation test show the there is a significant relationship between structural capital and job creation and this relationship is the direct and at high level (Table 5). Thus  $H_0$  is rejected and research hypotheses is approved. According the results of analysis, the modified  $r^2$  between two variables is 0.557 (Table 6).

*There is a significant relationship between human capital and job creation of employees*

H0: There is a not significant relationship between human capital and job creation

H0: There is a significant relationship between human capital and job creation

The results of pearson and spearman correlation test show the there is a significant relationship between human capital and job creation and this relationship is the direct and at moderate level (Table 7). Thus  $H_0$  is rejected and research hypotheses is approved. According the results of analysis, the modified  $r^2$  between two variables is 0.223 (Table 8).

**Table 1: Correlation coefficient between intellectual capital and job creation**

Variable	Job creation						Direct	Type of relationship
	Pearson correlation coefficient			Spearman correlation coefficients				
	Correlation coefficient	Significance level	Number	Correlation coefficient	Significance level	Number		
Intellectual capital	0.750**	0.000	292	0.728**	0.000	292	Yes	Direct

**Table 2: Result of regression model**

Model	R	r <sup>2</sup>	Modified r <sup>2</sup>	Standard error
1	0.750	0.563	0.558	0.31758

**Table 3: Correlation coefficient between organizational learning and job creation**

Variable	Job creation						Direct	Type of relationship
	Pearson correlation coefficient			Spearman correlation coefficients				
	Correlation coefficient	Significance level	Number	Correlation coefficient	Significance level	Number		
Organizational learning	0.481**	0.000	292	0.492**	0.000	292	Yes	Direct

**Table 4: Result of regression model**

Model	R	r <sup>2</sup>	Modified r <sup>2</sup>	Standard error
1	0.492	0.230	0.242	0.211858

**Table 5: Correlation coefficient between structural capital and job creation**

Variable	Job creation						Direct	Type of relationship
	Pearson correlation coefficient			Spearman correlation coefficients				
	Correlation coefficient	Significance level	Number	Correlation coefficient	Significance level	Number		
Structural capital	0.669**	0.000	292	0.750**	0.000	292	Yes	Direct

**Table 6: Result of regression model**

Model	R	r <sup>2</sup>	Modified r <sup>2</sup>	Standard error
1	0.750	0.562	0.557	0.211858

**Table 7: Correlation coefficient between human capital and job creation**

Variable	Job creation						Direct	Type of relationship
	Pearson correlation coefficient			Spearman correlation coefficients				
	Correlation coefficient	Significance level	Number	Correlation coefficient	Significance level	Number		
Human capital	0.467**	0.000	292	0.480**	0.000	292	Yes	Direct

**Table 8: Result of regression model**

Model	R	r <sup>2</sup>	Modified r <sup>2</sup>	Standard error
1	0.480	0.231	0.223	0.42136

*There is a significant relationship between relational capital and job creation of employees*

H0: There is a not significant relationship between relational capital and job creation

H0: There is a significant relationship between relational capital and job creation

The results of pearson and spearman correlation test show the there is a significant relationship between relational capital and job creation and this relationship is the direct and at moderate level (Table 9). Thus  $H_0$  is rejected and research hypotheses is approved. According the results of analysis, the modified  $r^2$  between two variables is 0.379 (Table 10).

***There is a significant relationship between individual skills and job creation of employees***

H0: There is a not significant relationship between individual skills and job creation

H0: There is a significant relationship between individual skills and job creation

The results of pearson and spearman correlation test show the there is a significant relationship between individual skills and job creation and this relationship is the direct and at moderate level (Table 11). Thus  $H_0$  is rejected and research hypotheses is approved. According the results of analysis, the modified  $r^2$  between two variables is 0.307 (Table 12).

***There is a significant relationship between mental skills and job creation of employees***

H0: There is a not significant relationship between mental skills and job creation

H0: There is a significant relationship between mental skills and job creation.

The results of pearson and spearman correlation test show the there is a significant relationship between mental skills and job creation and this relationship is the direct and at moderate level (Table 13). Thus  $H_0$  is rejected and research hypotheses is approved. According the results of analysis, the modified  $r^2$  between two variables is 0.204 (Table 14).

***There is a significant relationship between common vision and job creation of employees***

H0: There is a not significant relationship between common vision and job creation

H0: There is a significant relationship between common vision and job creation

The results of pearson and spearman correlation test show the there is a significant relationship between common vision and job creation and this relationship is the direct and at moderate level (Table 15). Thus  $H_0$  is rejected and

**Table 9: Correlation coefficient between relational capital and job creation**

Variable	Job creation						Direct	Type of relationship
	Pearson correlation coefficient			Spearman correlation coefficients				
	Correlation coefficient	Significance level	Number	Correlation coefficient	Significance level	Number		
Relational capital	0.621**	0.000	292	0.629**	0.000	292	Yes	Direct

**Table 10: Result of regression model**

Model	R	$r^2$	Modified $r^2$	Standard error
1	0.480	0.385	0.379	0.42136

**Table 11: Correlation coefficient between individual skills and job creation**

Variable	Job creation						Direct	Type of relationship
	Pearson correlation coefficient			Spearman correlation coefficients				
	Correlation coefficient	Significance level	Number	Correlation coefficient	Significance level	Number		
Individual skills	0.561**	0.000	292	0.557**	0.000	292	Yes	Direct

**Table 12: Result of regression model**

Model	R	$r^2$	Modified $r^2$	Standard error
1	0.561	0.314	0.307	0.39775

research hypotheses is approved. According the results of analysis, the modified  $r^2$  between two variables is 0.124 (Table 16).

*There is a significant relationship between team learning and job creation of employees*

H0: There is a not significant relationship between team learning and job creation

H0: There is a significant relationship between team learning and job creation

The results of pearson and spearman correlation test show the there is a significant relationship between team

learning and job creation and this relationship is the direct and at moderate level (Table 17). Thus  $H_0$  is rejected and research hypotheses is approved. According the results of analysis, the modified  $r^2$  between two variables is 0.232 (Table 18).

*There is a significant relationship between systems thinking and job creation of employees*

H0: There is a not significant relationship between systems thinking and job creation

H0: There is a significant relationship between systems thinking and job creation

**Table 13: Correlation coefficient between mental skills and job creation**

Variable	Job creation						Direct	Type of relationship
	Pearson correlation coefficient			Spearman correlation coefficients				
	Correlation coefficient	Significance level	Number	Correlation coefficient	Significance level	Number		
Mental skills	0.461**	0.000	292	0.379**	0.000	292	Yes	Direct

**Table 14: Result of regression model**

Model	R	$r^2$	Modified $r^2$	Standard error
1	0.461	0.212	0.204	0.39775

**Table 15: Correlation coefficient between common vision and job creation**

Variable	Job creation						Direct	Type of relationship
	Pearson correlation coefficient			Spearman correlation coefficients				
	Correlation coefficient	Significance level	Number	Correlation coefficient	Significance level	Number		
Common vision	0.236**	0.000	292	0.249**	0.000	292	Yes	Direct

**Table 16: Result of regression model**

Model	R	$r^2$	Modified $r^2$	Standard error
1	0.236	0.112	0.124	0.39775

**Table 17: Correlation coefficient between common vision and job creation**

Variable	Job creation						Direct	Type of relationship
	Pearson correlation coefficient			Spearman correlation coefficients				
	Correlation coefficient	Significance level	Number	Correlation coefficient	Significance level	Number		
Common vision	0.485**	0.000	292	0.411**	0.000	292	Yes	Direct

**Table 18: Result of regression model**

Model	R	$r^2$	Modified $r^2$	Standard error
1	0.485	0.223	0.232	0.39775

**Table 19: Correlation coefficient between systems thinking and job creation**

Variable	Job creation						Direct	Type of relationship
	Pearson correlation coefficient			Spearman correlation coefficients				
	Correlation coefficient	Significance level	Number	Correlation coefficient	Significance level	Number		
Systems thinking	0.449**	0.000	292	0.481**	0.000	292	Yes	Direct

**Table 20: Result of regression model**

Model	R	r <sup>2</sup>	Modified r <sup>2</sup>	Standard error
1	0.449	0.233	0.242	0.32762

The results of pearson and spearman correlation test show the there is a significant relationship between systems thinking and job creation and this relationship is the direct and at moderate level (Table 19). Thus  $H_0$  is rejected and research hypotheses is approved. According the results of analysis, the modified  $r^2$  between two variables is 0.242 (Table 20).

## DISCUSSION

The purpose of this study was to the study of investigating the relationship between intellectual capital and organizational learning with job creation of employees. The results of this study show the there is a significant relationship between intellectual capital and job creation of employees. The intellectual capital on firm performance has a considerable impact[10]. Intellectual capital in the field of innovation plays an important role. Jimenez-Jimenez (2008) reports the intellectual capital is an important source of innovation[11]. Ahmed Al-Dujaili(2012) reports the there is a significant relationship between intellectual capital, innovation and creativity[12]. So intellectual capital is caused creativity and innovation. According the results, there is a significant relationship between organizational learning and job creation. In today's complex world, individuals of creative and innovative are valuable, that learning of continuous and permanent is essential to the survival of the organization[13]. The learning inject new ideas into the organization and capacity for understanding new ideas to enhance and improve the ability to explore new opportunities. So organizational learning, is structure factor for creativity. The learning is the bridge between work and creativity [14]. So organizational learning can also lead to job creation. Jorj(2009) reports the organizational learning has a positive and significant impact on creativity and innovation. Its findings indicate that when organizational learning is increased consequently also increases job creation[15]. Therefore, we can say that in organizations of creative or knowledge-creation, individuals continually increase your abilities to achieve intended results. In these

organizations are encouraged thinking, group discussions, ideas and explore views and ideas and innovators are bred[16]. According to the findings of this study suggest that managers of municipalities, encourage their employees to provide innovative solutions and creative ideals. The managers of company by taking necessary actions, including staff training were enhance creativity. Because by increasing learning and knowledge assets also increased creativity. Managers can through group activities, projects and encourages employees to learn and increase their knowledge and skills. The results showed that, inspirational motivation and individualized consideration received less points than other dimensions.

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