STUDYING THE PATTERN OF EMPLOYEE LOYALTY BASED ON SOCIAL CAPITAL AND SUSTAINABLE HUMAN RESOURCE MANAGEMENT

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ABSTRACT

In the management of organizations, the term employee loyalty is utilized as a key to motivating and maintaining employees with higher efficiency and has a significant impact on well-being, employee effectiveness, attachment and job satisfaction, and organizational performance. The current study seeks to answer the question of whether sustainable human resource management can develop employee loyalty through social capital. In this research, a random sampling method was utilized to select the sample. The sample size in this study was estimated to be 150 people according to Morgan's table. To collect the desired information and measure the research variables, a standard questionnaire was used. The validity of the measurement tool has been verified through content, and its reliability through Cronbach's alpha coefficient. Smart Pls software was utilized to analyze the data. The results of the findings show that human resource management has a direct effect on social capital. In addition, the results of the path analysis showed that sustainable human resources have a significant effect on employee loyalty. Research results show that social capital has a direct impact on employee loyalty. These results can facilitate the improvement of organizations' performance, increase employee satisfaction, and ultimately help to achieve long-term success.

Keywords: Employee loyalty, Social capital, Human resource management, Well-being, Job satisfaction.

INTRODUCTION

In the management of organizations, the term employee loyalty is utilized as a key to motivating and maintaining employees with higher efficiency and has a significant impact on well-being, employee effectiveness, attachment and job satisfaction, and organizational performance. Enthusiastic employees entirely integrate with the organization and consider the organization as their personality, consider the success and failure of the organization as their success and failure, strengthen each other in critical and difficult times, cover the weak points of the organization and take steps towards doing impossible things (Jones & Taylor, 2012; Guillon & Cezanne, 2014; Osho, 2023).

Employee loyalty is defined as positive, satisfying, and work-related mental states, which are distinguished by three indicators enthusiasm, dedication, and fascination. Enthusiasm is distinguished by a high level of mental resilience and energy when working. Devotion refers to a person's intense involvement with meaningful work and experience. Fascination is distinguished by concentration in work, whereby time passes quickly and it is difficult to

separate a person from work (Amjad *et al.*, 2021; Awwad Al-Shammari *et al.*, 2022; Navajas-Romero *et al.*, 2022).

Research in the field of management shows that the stability of human resources plays a fundamental role in employee loyalty. Man is a unique resource in the organization that has the power to think, judge, and make decisions and is the designer and implementer of organizational systems and processes (Abu-Mahfouz *et al.*, 2023; Farmanesh *et al.*, 2023). Considering that all the activities of an organization depend on how to manage its resources, and human resources are the main core of all resources and the focus of attention of all managers, especially human resource managers of the organization, therefore, this human resource should be considered as a valuable factor and Irreplaceable to be managed to develop and strengthen. The discussion of sustainability in human resource management is a complex concept that includes different dimensions (Ahn & Kim, 2017; ul zia *et al.*, 2023).

Thom and Zaugg (2004) consider sustainable human resource management as long-term approaches and activities that emphasize the recruitment, selection, development, and appropriate use of employees in terms of social and economic aspects. In a more comprehensive definition, Chams and García-Blandón (2019) introduced sustainable human resource management to identify, select, recruit, train, and develop human resources to achieve the four goals of the organization, including justice and equality, transparent human resource practices, and employee profitability and welfare.

Today, extensive research has emerged in the field of sustainability and human resource management, as researchers try to collaborate in interdisciplinary groups in the field of sustainable human resource management. Also, a wider understanding of the role of human resource management in creating sustainable and responsible organizations from an economic, social, and ecological point of view has been created, and the concept of social responsibility has been emphasized. According to the latest definitions of sustainable human resource management, it is built around multiple organizational goals, not just commercial. The focus of this approach is the link between human resource management and sustainability. Sustainable human resource management seeks to achieve positive economic, social, human, and environmental results at the same time, in the short and long term (Ko *et al.*, 2018; Zhao *et al.*, 2022; Yuwono *et al.*, 2023).

The mediating variable of this research is social capital. Today, Because of the extensive changes in organizational operations, traditional forms of capital including equipment, buildings, and financial resources have been transformed and new capital has been proposed. These intangible capitals play a big role in the growth of the organization. Among these capitals is social capital. Unlike human capital or physical capital, social capital is a concept that goes far beyond the assets that a person possesses (Buntornwon, 2019; Pucci *et al.*, 2020). Social capital is considered a suitable platform for the productivity of physical and human capital and a way to achieve success and improve the performance of organizations and companies. Managers who can create social capital in the company pave the way for their career and organizational success. By using social capital, we can understand why an organization or group moves successfully and why an organization is on the path of failure.

Social capital emphasizes the cooperation and coordination of human forces of the organization and the norms that increase cooperation and coordination in the organization. Carefully in the

definitions of social capital, we will find that this concept relies on and emphasizes concepts such as trust, cooperation, and mutual relations between members of an organization and group (Basu *et al.*, 2017). Therefore, the current study seeks to answer the question of whether sustainable human resource management can develop employee loyalty through social capital.

MATERIALS AND METHODS

In terms of purpose, the present research is applied, and in terms of the method of data collection, it is a correlational descriptive research. In this research, a random sampling method was utilized to select the sample. This method provides the possibility of a random and unbiased selection of samples and ensures a more accurate and reliable visualization of the statistical population. The sample size in this study was estimated to be 150 people to Morgan's table.

In this research, data is collected using two methods library and field collection. The data collection tool is a questionnaire consisting of two parts. In the first part, the individual characteristics of the participants and in the second part, the variables of the research were examined through the standard questionnaire. Sustainable human resources management was used from the Osranek and Zink (2013) questionnaire with 9 items, employee loyalty from the Rodríguez *et al.* (2019) questionnaire with 3 items, and finally social capital from the Nahapiet and Ghoshal (1998) questionnaire with 9 items. In this research, validity was measured and confirmed using the opinions of experts and university professors. In this way, after the final design of the questionnaire, the original version was sent to these experts and they gave their opinion. Cronbach's alpha method, which is an internal consistency index, was used to measure the reliability of the tool.

In the data analysis part, the structural equation modeling technique was used using 3 smart pls software to check the conceptual model of the research. Smart LS systems are used in the field of data analysis and Structural Equation Modeling (SEM). As one of the common tools in data analysis and evaluation of research models, Smart PLS offers unique capabilities.

RESULTS AND DISCUSSION

Findings Structural Equations

In this study, structural equation modeling was utilized with the help of PLS Smart software and the partial least squares method to test the assumptions and accuracy of the main model. The advantage of using this method is that this technique does not rely on the assumption of normality of the population as well as the sample size. The structural equation model is divided into two general phases: path analysis and confirmatory factor analysis. In PLS models, two models are tested: 1. The external model, which is equivalent to the measurement model, in which the relationship between the indicators or the questions of the questionnaire with the constructs is checked through the factor loadings of the observed variables, and 2. The internal model is similar to path analysis in structural equation models.

Significance Coefficient Test

The significance coefficients of the hypotheses show the research models in the significance state of the coefficients (t-value). This model practically tests all equations for measuring structural equations (path coefficients) and factor loads using t-statistics. Based on the type of hypotheses

expressed in the current research, naturally, the hypotheses will be approved when the relevant path coefficient is positive and its significant number, which is the same as the t statistic, is significant. Based on this model, the factor loading and path coefficient is significant at the 95% confidence level if the value of the t statistic falls outside the range (~1.96 to +1.96) and if the value of the t statistic falls within this range, as a result, the path coefficient or load Factor is not significant. The coefficient of path and factor loading is significant at the confidence level of 99 if the value of the statistic is outside the range (~2.58 to +2.58). **Figures 1 and 2** show factor loading values and significant coefficients for the questions of each variable.
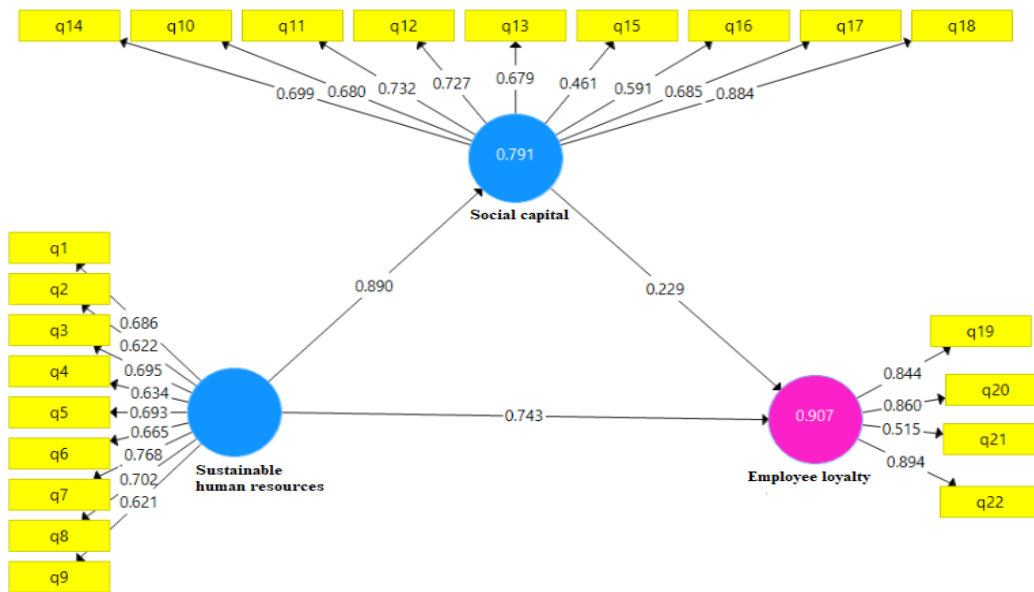

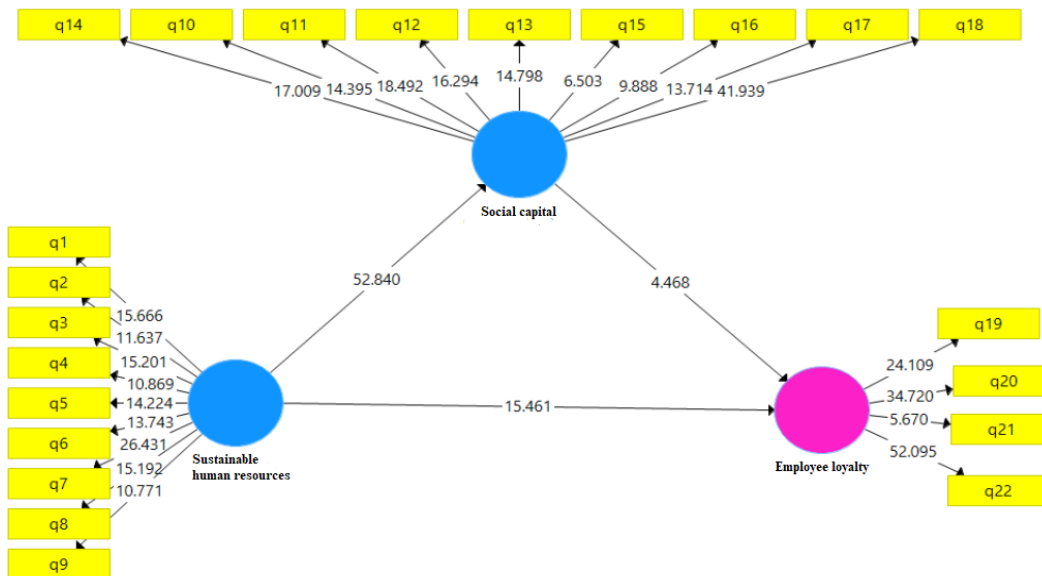**Figure 1.** Confirmatory factor analysis (factor loading) for the whole model.

Figure 2. Analysis of significant coefficients (t-values) for the entire model.

Confirmatory Factor Analysis

Confirmatory factor analysis is utilized to measure the validity and reliability of the measurement scale. In confirmatory factor analysis, certain hypotheses about standardized loading and mutual correlations between variables are tested. In confirmatory factor analysis, the closer the factor loading is to one, it means that the questionnaire questions have a lot of relationship with the variables, and if the standard factor loading is 0, it means there is no relationship between the questionnaire question and the variable. The final results of the confirmatory factor analysis are shown in **Table 1**. Factor loadings higher than 0.4 have good validity.

Table 1. Confirmatory factor analysis of questionnaire items.

Objects	Factor load	Objects	Factor load	Objects	Factor load
Q1	0.686	Q9	0.621	Q17	0.685
Q2	0.622	Q10	0.680	Q18	0.884
Q3	0.695	Q11	0.732	Q19	0.884
Q4	0.634	Q12	0.727	Q20	0.860
Q5	0.693	Q13	0.679	Q21	0.515
Q6	0.665	Q14	0.699	Q22	0.894
Q7	0.768	Q15	0.461	Q23	~
Q8	0.702	Q16	0.591	Q24	~

According to **Table 1**, all the obtained numbers for factor loadings higher than 0.4 have good validity.

Cronbach's Alpha, Convergent Validity, and Composite Reliability

Cronbach's alpha is a classic index for reliability analysis. This index provides an estimate for reliability according to the internal correlation of the indicators, and the appropriate value for it is greater than 0.7. To determine reliability, there is another criterion that brings benefits over the traditional method of calculating it by Cronbach's alpha, and it is called composite reliability (CR). The superiority of composite reliability over alpha is that the structure's reliability is not calculated in absolute terms, but based on the correlation of their structures with each other. In addition, for that, indicators with higher factor load are vital. As a result, both criteria are utilized to better measure reliability. For the reliability of the composite, a value above 0.7 is suitable. Convergent validity is another criterion that is applied to fit measurement models in the structural equation modeling method. Fornell and Larker have introduced the use of AVE (Average Variance Extracted) as a measure of convergent discretion; the criterion that is displayed for desirability (AVE) is higher than 0.5. **Table 2** shows the above values for the variables.

Table 2. Research model fit criteria.

Variable	Average explained variance (AVE ≥ 0.5)	Composite reliability (CR ≥ 0.7)	Cronbach's alpha (Alpha ≥ 0.7)	The coefficient of determination (R^2)	Predictive power factor (Q^2)
Sustainable human resources	0.536	0.874	0.801	~	~
Social capital	0.518	0.823	0.785	0.791	0.539
Employee loyalty	0.652	0.811	0.741	0.907	0.758

According to **Table 2**, all the numbers obtained for Cronbach's alpha coefficient are higher than 0.7, for the combined reliability coefficient higher than 0.7, and for the average combined variance is also higher than 0.5, which indicates the fit of the model at a favorable level.

Structural Model Evaluation
After measuring the reliability and validity of the measurement model, the structural model was studied through the relationships between the variables. In this article, three criteria of significance coefficient (t-values), coefficient of determination (R2), and coefficient of predictive power (Q2) are used. The first criterion of structural model fit is significant coefficients. These coefficients for the implemented model are shown in **Table 3**. Based on this, most of the significant coefficients are bigger than 1.96, which shows the significance of the relationships between the variables at the 0.95% confidence level. The results obtained from the structural model analysis in **Table 2** show the criterion (R2) for the endogenous variable of the research model. The results of this criterion show that, according to Chin, the fit of the structural model was generally good. In addition, to check the predictive power of the model, a criterion under the title (Q2) has been analyzed. For this purpose, considering the results of this criterion in **Table 2**, it can be stated that the model has a high, moderate, and good predictive power. Finally, for the general fit of the model, a measure called GoF has been used. Considering that the mentioned criterion is equal to 0.530, therefore, according to the results, the overall fit of the model is strongly confirmed.

Testing Research Hypotheses
After checking the fit of the measurement and structural model and having the proper fit of the models, we will examine and test the research hypotheses. The standardized coefficients of the paths related to each of the hypotheses, the results of the significant coefficients for each of the hypotheses, and the results of the hypothesis testing are presented in **Table 3**.

Table 3. The results of statistical tests of research hypotheses.

Conceptual model relationships			Path coefficient	t statistic	Result
Sustainable human resources	➡	Social capital	0.890	52.840	Confirmed

Conceptual model relationships	→	Employee loyalty	0.743	15.461	Confirmed
Social capital	→	Employee loyalty	0.229	4.468	Confirmed
Conceptual model relationships	Through the role of mediator	Employee loyalty	0.324	8.751	Confirmed

The results of the findings show that human resource management has a direct effect on social capital. Human resource management has direct effects on social capital in organizations. These direct impacts are manifested through measures and strategies implemented by the HR department, particularly in areas such as employee communications, professional development, and creating a positive work culture. One of the main ways that human resource management has a direct impact on social capital is communication between employees. Human resource management strategies that encourage and promote effective communication in the organization can create positive and reciprocal relationships between employees. These effective connections can lead to the sharing of knowledge and experiences, facilitate the performance of group tasks, and strengthen the sense of belonging to a work community, all of which are effective in building social capital. In addition to communication, attention to the professional development of employees is also an important factor in the direct impact of human resource management on social capital. Facilitating opportunities for training and career growth can increase the skills and abilities of employees, which ultimately leads to the strengthening of social capital and communication of employees. In general, research shows that human resource management through communication strategies, professional development, and creating a positive work culture have a direct impact on the social capital of organizations (Stankevičiūtė & Savanevičienė, 2018; Piwowar-Sulej, 2021; Järlström *et al.*, 2023). These direct effects can help strengthen communication among employees, create an atmosphere of trust and belonging to the organization, and ultimately strengthen employee loyalty.

The results of the findings show that human resource management has a direct effect on employee loyalty. In these studies, the positive and significant effects of human resource management on creating and strengthening employee loyalty are observed. Human resource management strategies and measures that improve working conditions, professional development, promotion of participation, and encouraging employee commitment lead to strengthening the relationship of loyalty between employees and the organization. Human resource management is closely related to increasing employee loyalty by creating training and professional development programs, increasing career growth opportunities, and creating a positive work culture. By improving the skills and capabilities of employees, they are encouraged to feel a deeper connection and belonging to the organization, which ultimately leads to increased loyalty and commitment to the organization. In summary, research results emphasize that human resource management has a direct and significant impact on employee loyalty through the use of strategies that improve working conditions, and professional development, and create a positive work culture (Mohiuddin *et al.*, 2022; Apostu & Gigauri, 2023; Piwowar-Sulej *et al.*, 2024).

These results emphasize the importance of human resource management measures in creating positive relationships with employees and creating sustainable relationships between them and

the organization. Research results show that social capital has a direct impact on employee loyalty. In these studies, observations show that there is a close and positive relationship between social capital and employee loyalty. Social capital includes relationships between employees, relationships between groups, and a sense of belonging to the organization, which is directly related to employee loyalty. Effective communication in organizations increases social capital. Creating opportunities for interaction and encouraging the sharing of knowledge and experiences strengthens social capital and creates creative connections among employees. These connections can gradually strengthen the feeling of close connection and belonging to the organization, which will increase employee loyalty to the organization (Boon *et al.*, 2019; Azizi *et al.*, 2021). Research shows that social capital has a direct impact on employee loyalty by creating effective communication and strengthening the sense of belonging to the organization. This result is consistent with the research of Liang *et al.* (2020).

CONCLUSION

The current study seeks to answer the question of whether sustainable human resource management can develop employee loyalty through social capital. The results of the findings show that human resource management has a direct impact on social capital. In addition, the results of the path analysis showed that sustainable human resources have a significant effect on employee loyalty. Research results show that social capital has a direct impact on employee loyalty. These results can facilitate the improvement of organizations' performance, increase employee satisfaction, and ultimately help to achieve long-term success.

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