

## Effective Institutions on Promoting Human Resource Productivity

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### ABSTRACT

One of the progress important channels in organization productivity improving is. Human resource productivity, the driving force of progress and development organization. This study is to explain some of the ways to improve productivity, the institutional methodology is used, and emphasized that the path to improved productivity, the institutional reform passes. Institutionalism view that, based on the belief that these institutions are, the worldview of people to determine, therefore, ideals and goals of each individual, strongly influenced by institutions that influences the direct and their indirect, has grown. The study acknowledges that a number of factors, the productivity of human resources effective, the main efficient institutions, to improve productivity, the reform of the institutions are: The educational institution: as a way to solve nodes work, the reward: to motivate to do useful work, and the generator and regulations: as an official body may, construction and improvement work in other institutions, to formally recognize forgive documented.

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### 1. Introduction

On the subject of productivity, institutional point of view, in addition to the common factors, the individual, the rules governing the labor market, institutions and organizations, education (general, work, etc.), military recruitment and ... emphasizes that. In other words, the attitudes of institutional knowledge of the facts, not only to identify the traditional knows, but knowing the matrix governing body, the community, a part of reality is considered, and so the nature of the institutional matrix, and how its components, determines the productivity obtainable, a certain amount of production is maintained. That's why you can not expect that, even with the same technology, in a set of factors of production, with certain ratios in the two organizations are the same and different.

### 2. Definition of key words

#### 2.1 Entity

To understand, how the institutions function, affect, you must first correctly identify the institutions. Different definitions of institutions is provided, and comprehensive definition of institutional scientists all agreed that there is. According to North, one of the leading institutionalists, and Nobel Prize winner, "Institutions are the rules of the game in society, the constraints imposed, on behalf of mankind, human interaction with one another, form-day. Institutions with defined structures, for everyday life, reduced uncertainty in relations to guide the interaction of human beings "(North, 20: 2006). North also states that "the institutions, limit the collection to specify options, and the institutional framework, decide, and act. So important. Institutions, by creating a stable structure, not necessarily effective for human interactions, reduce uncertainty "(North, 25: 2006). Institutions, rules and restrictions that humans interact with them, form. People because of limited mental capacity, and incomplete information, are faced with uncertainty.

Consequently, to reduce risk and uncertainty, determine the rules and norms. These rules and norms, institutions shape.

If we create institutions that, instead of the wrong mark, such as encouraging people to focus around the center rents them to continuous learning, and application guide Learning, it can be hoped that, in this way for a habit become a culture. This function includes the creation and dissemination of conceptual schemes, and learned the tools and signs. Institutions, as an important part of the cognitive processes that are perceived through sensory data they understand, and meaningful for brokers (Hodgson, 2008).

In the framework of the theoretical foundations of traditional, time explaining the reasons for the decline in productivity, the factors contained in the product or service, such as physical and human capital, and labor, but the attitude of institutional disproportionate combination of factors, only part of the reality is. From this perspective, the most important, the reality in society, lies investigated. Some of these institutions include official institutions, including laws and regulations and changes that occurred in their (labor laws, employment, etc.), and informal institutions: changes in mental models of the actors. The theoretical framework of institution; current performance, resulting in a set of institutions considered. Institutional attitude, to improve performance through policy reform, the institutions that these policies are created, they are correct. Of course, the reform of institutions in shaping the beliefs and values, too, began.

It was within this perspective, the problems are not solved on their own productivity, but also institutional and organizational contexts.

#### 2.2 Productivity

Productivity, as the rate of production of goods, defined (Manser, 1995: 329). The first time the word "productivity" in an article by Dr. " Quesnay ", appeared in 1766 AD.

In 1883, "L" productivity "of power and the ability to produce a" defined. Since the early twentieth century, the term more precise concept, as regards efficiency (output), and the factors and devices used for its production efficiency (input or data), acquired (Abtahi and Kazemi, 2001: 4). Europe Productivity Agency (EPA), as one of the oldest professional organizations, productivity is defined as follows (ibid., 6):

1. The effective use of each of the factors of production.
2. an intellectual point of view, always trying things, which are now available, improve. Productivity is based on the idea that a man could work, every day do better than yesterday.

prokopenko (of the 23), the sum of productivity, efficiency and effectiveness knows. Efficiency, the effectiveness of the resources used to produce a useful product (done properly), and effectiveness, the achievement of the objectives (do the right thing), defines. From the perspective of the Office of National Statistics in England, productivity, relationship between inputs and outputs in the production process exhibits, and a concept of operations, improvements to increase the standard of living, and economic competitiveness helps (ONS 2007, 1). Organization for Economic Co-operation and Development (OECD 2001,2008), productivity equal to the quotient output (production), defined as a factor of production. Helpman (Helpman 2004,19), the productivity of different features to describe the relationship between inputs and outputs affects, applies. Hultn (Hulten2001,5), productivity-output per unit of data defines. The difference grew and increased production of wealth. "

In summary it can be said that productivity tool for measure of how a country (or a person, industry, organization), resources at their disposal (such as labor, materials, machinery, natural resources, science and .. ), the goods and services they need, converts. In this definition, the performance is, the production of goods and services, using the resources at the disposal of the function of conversion processes for the production of the products. Effectiveness of the compliance objectives, with production measures. Each of those goals, and how to integrate them in order to achieve community goals, as well as the governing bodies of the community. So efficiency (= efficiency + effectiveness), the economic function of the type of institutions (formal or informal), the population under study.

### **3. The question of research**

In most advanced economies of the world, productivity significant contribution to economic growth. Productivity, in fact, synonymous with savings and efficient use of resources and greater capacity to develop and progress without adding new resources.

Improve productivity in organizations has always been one of the concerns of managers, because of the loss of resources, prevent, and in terms of lack of financial resources, the need to improve productivity more than ever, and on the other hand, studies have shown that, despite many common factors influencing the improvement of productivity in Iran, has been improved, but productivity in the process, did not improve over. Hence, this study tries to get another perspective on how to improve the productivity of an organization, look.

Labor productivity, as a philosophy based recovery strategy, the most important goal of any organizational form (Spin, 2004) Hence, one of the problems important facing the organization, identify the reasons for the low rate of labor productivity is , so that they can make informed actions, your

organization improve productivity. This problem has several dimensions, and they are of great importance, and none of them can be neglected. Of course identify any of those dimensions, independent research and extensive sectors. This article, the institutional prerequisites for increasing productivity, focusing on the training, reward system and reform of laws and regulations is concentrated, and the problem of identifying the institutions needed to improve the efficiency of these ways, consider.

### **4. Questions and Methodology**

Based on this research issue, the question arises:

The importance of the role and mechanism of reward systems, training institutions and laws and regulations, improving productivity like? To find an appropriate response to this question, this paper deals with the definition of labor productivity, and the effective factors on productivity improvements from the perspective of institutional attention.

### **5. The effective structure to improve productivity**

Due to the need to improve productivity, to generate knowledge to society institutions in a way that not only improve productivity, not hinder, but to pave its path.

One of the most important functions of institutions, determining the circle of individuals and communities, the choice of activity. Knowledge creation, like any other activity, the institutional framework of society. So prerequisite knowledge, there are institutions that decision-making process, and smoothed to produce knowledge. It can be seen, some communities and countries, the knowledge and innovation communities wrested the other lead generation, and a pioneer in the production of knowledge and are directly linked to existing institutions in society. The main root cause of the failure of developed societies, the scientific and technical advances, and generally in sync with the knowledge-based economy, mainly in the institutional structure, the Search. Knowledge-based economy on the production, distribution and use of knowledge is based. So the first step is to have a knowledge-based economy, paving the path for the creation of knowledge. Effective institutions of knowledge, a wide range of institutional form, but in this article to simplify the discussion, the needs of institutional knowledge creation, divided into two categories; the requirements of institutional-oriented incentive structure (separating this group from the rest, because of their key role), and other institutional requirements, and only the first category in this article, is examined.

In this paper, to limit the scope of effective institutions, on the productivity of educational institutions, reward system and laws and regulations, is emphasized.

The educational institution: In this paper, on the job training as an investment efficiently, in human resources is emphasized, the improvement of human resources, complementary system of recruitment is, therefore educational institution, as a management tool, needs job skill and resolve, and the realization of the goals of the organization (Saadat, 2006).

One of the most important factors affecting the incentive structure of the system is rewarding. It puts a cloud system determines the motives of people, to do different activities. As will become clear later on, the reward system, the incentive structure of the form.

Laws and regulations relating to the two institutions proposed, could lead to a significant improvement in the productivity.

### 5.1 Training

Employee empowerment, one of the most important factors in improving productivity in the organization, training is one of the important channels of influence, the empowerment of employees. Convenient, efficient and targeted training could be significant changes in the organization, he provided this training, take the right path.

According to Myrdal, "the purpose of education is to impart knowledge and skills and ideas, have practical significance. This means that education at all levels and in various forms, be done" (Myrdal, 1987). People always too openly, and to be trained implicitly. The training capabilities, capabilities and choice of them expand. From the perspective of the purpose and methods of training, it should be noted that special education is not a specific level. Since the new age, the production of knowledge than in the past, with a growing trend of increased training at all levels over the past, it has become important. This tutorial will not be limited to school. In fact, during this period the term graduation, not the concept. People must constantly learn, and to learn new knowledge. So should be the ultimate goal and primary education, lifelong learning is. Training of human resources,, as is done in most organizations has always been a necessity, given that the quality can be slow productivity growth, stemming from weakness in the organization's skills.

Pigorz and Myers, the role of education say good education, job dissatisfaction and rework, to a large extent reduce the staff helps, with all its capacity to work, such targets are important fulfillment do not, unless all hierarchical organization (executive staff), to be aware of the importance of education.

To create an innovative and dynamic organization, should increase the level of employee learning. In addition to the increased levels of learning, increased curiosity, enthusiasm and love of learning by exploration proper training of employees is possible. People need to learn new knowledge, to increase knowledge, and create new ideas, to be innovative. In the new era, the pace of knowledge creation and innovation, prohibitively increased. So should people be trained in a way that has the ability to absorb new knowledge and innovation have.

Azimi, the importance of education and its role in the production of human capital, says: "People needed the mind and attitude, is changed. If the scientific and technical basis of production, are today, people who are, so to fulfill, should be changed from its current state, and have the proper mindset. But it seems that only humans evolved in terms of culture and economic development, is not enough. This man has changed, requiring new expertise, and it needs special education, and have a good development. In other words, the company specializes in the production of modern humans must both be earned." (Azimi, 2006).

As this article suggests, education is the only means of instituting new routines and necessities. Proper training can, through the promotion of culture as well, to help improve productivity. Institutionalization of belief, the role of the individual in the success of the organization and its effectiveness, commitment and work ethic as well, it is possible through education.

Survey findings 1600 in the World Organization over the past decade shows that the most important factor in the development and growth of these organizations, due to manpower training was (Mohammadi, 2003)

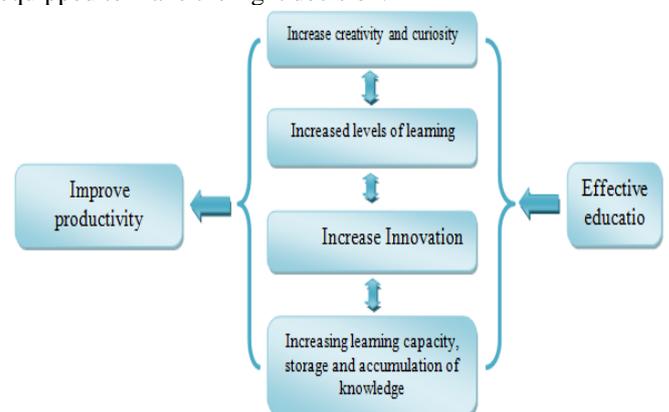
Thus human development is the most important objective is education, its ability to create great achievements. Skills emphasized this evening, all of the capabilities and potential of the human being. Foster these skills, along with technological skills can be a good start for developing countries. Provided that, never, human skills are secondary, are not, because the skills, ability, participation and understanding of existing processes and can, in continuity, at least that everyone should have. In fact, equipped with the skills, the key in response to unexpected events daily, dealing with organizational and technical changes, and adaptability and compatibility.

Another important point, Hundredfold important today than ever before is the fact that, today, due to the high volume of knowledge, continuous learning and obsolescence of prior knowledge, and habitual of doing business is a necessity.

"The most important trend of recent changes in the new era, the importance of knowledge, but that knowledge more quickly than before becoming obsolete, so that companies and employees constantly have to learn, and competencies, acquire new . »(Landvall, 2008)

"Investment for growth and development of staff, if you are not prepared for careers and higher responsibilities, promotion from within the organization is catastrophic. Organizations that employees are loyal, in education and training and their continuous development, invest. Without a doubt, training and staff development is expensive, but if you think that education is expensive, the cost of ignorance to consider, sooner or later one of the mistakes employees, by paying salaries higher, to attract those who have been trained, either through spending time there for staff, training fees to pay." (Lubov, 2003: 68)

In the new organization, the leader must go through training, to provide an environment that allows each individual to learn, grow, develop and share things. (Scott and Jaffe 1991). Education should result in a problem-solving skills, personnel and attitude, and thinking is based on continuous improvement. And this skill should be enough staff to deal with unexpected events and exceptions, are equipped to make the right decision.



**Figure 1. Explain the relationship between education and productivity improvement.**

### 5.2. Reward system

What kind of performance (useful or useless), the workforce has been observed, due to its institutions of society. Of the institutions, in line with the efforts of individuals plays an important role, is the reward system. The North, "the institutional framework determines the acquisition of knowledge and skills, and therefore determinant of long-term development of the community, will be" (North, 128: 2006).

He further states that, "Just as we have institutions that reward productive economic activities, the institutions that we have to limit production, shaving and reward crime. If we consider all aspects of the institutions of the first group to the second group institutions Preferred. But for most of human history, and in many Third World economies today, the institutions of the second group, the first group dominated institutions "(North, 129: 2006).

So, one of the most important causes of underdevelopment in the Third World, and inefficient institutional infrastructure, including the military is their reward. Reward systems in these countries, so that incentives are counterproductive activities. Obviously, in such societies, knowledge and skills in the scope counterproductive and fruitless knowledge is pushed, and the underdevelopment will continue.

"In a society where economic and social rewards, the researchers found, and cultural institutions and advertising, to promote the importance of science and their learning, a significant proportion of young people into scientific and educational activities, and are encouraged to choose such professions. So those institutions that shape the incentives of individuals and communities, and to determine its structure "(North, 1994).

Incentives that are part of the institutional framework, a decisive role in the formation of a variety of skills and sciences that are the rewards, play. (North, 128: 2006).

"The type of knowledge, skills and learn the science that members of the organization, rewards, or incentives indicates that, in the institutional constraints have been carved. Mafia leaders, compared with GM executives, will develop different skills. As an example banal in economic history, skills and knowledge needed adventurers business, with the skills and knowledge necessary for the success of modern businesses exporter of textiles, is very different. Obviously this point, however, profound implications for the institutional change there. The demand for knowledge and skills, in turn, led to a demand to increase the supply of knowledge, and its distribution, and the nature of this demand shows the implications of this reward is the acquisition of different types of knowledge is granted "(North, 123: 2006).

People of different communities, to seek knowledge are different. It's highly rewarding to the society relies on. In developing countries, reward system and institutional structure, not only to improve productivity are not, but are a hindrance to it.

In societies where existing institutions, substantial compensation to the producers of knowledge and innovation, social activities, towards the production of knowledge and innovation, dragged. That societies are on the path of industrialization, or that the economy is based on agriculture, operate, largely based on the factors mentioned above, will be. Obviously, a society that upholds non-productive activities, and these activities pay exorbitant rewards, social activities, will lead the side. So in a society that is non-productive sector, to the productive sector, receive greater rewards, an incentive is created for people who are drawn to the non-productive activities. In such communities, as long as the reward for productive activities, and activities are not driven innovation, business operations, will remain in the non-productive.

"Overall, economic performance and investment in the growth and spread of knowledge are complementary. Economic history of the United States, is a representative

sample. Tangible rewards that, in the nineteenth century to spread knowledge and training was given, prompting public and private investment in formal education, vocational training and applied research in industrial and agricultural activities, be encouraged. As a result, not only economic organization, has gradually been transformed, and educational organizations, with his program grew, and their influence on political organization grew, but the perception of politicians and voters, the value of this type of investment is also gradually changed. " (North, 130: 2006).

To redefine reward system should have enough tools such as bonuses, awards, is designed to promote staff development path. The incentive structure should be immaterial capacities of tools, such as spiritual rewards, progress, help others and so on are also considered and exploited.

The productivity of human resources, and the use of the potential, and the potential of a direct relationship exists (Davari, 2015), so if the reward, within the organization so institutionalized that, all the bonuses only require useful and productive, granted to employees, then gradually expectations of employees, unwarranted rewards, the rewards of doing business based on efficient and useful, will lead.

### **5.3. Modification of Terms**

From the perspective of institutionalism, reform is possible in two ways:

- 1) changes in informal institutions
- 2) a change in formal institutions

Official institutions, the same rules and formal contracts are human, and informal institutions customs, traditions and culture of a society, informal institutions, one of the most important causes of the different motives, the human race (North, 2003 2).

Informal institutions, including customs, beliefs, customs and cultural practices entrenched in every society, but one of the examples of formal institutions, laws and regulations that, with changes in laws and regulations, and implement them properly, the desired changes, in society has created. It is through changes in laws and regulations, regulatory reform at the national level and at the organizational level is achievable. Organizations by changing the rules, at various levels can make great achievements, earn some notable cases include:

1) Reform the system of recruitment and hiring: recruiting efficient, real jobs eligible to have, than those that are attributable to rents centers, can help organizations to improve productivity.

Recruit that personality structure is aligned with organizational goals, and the other has a physical condition, knowledge, skills and ... appropriate, before beginning his work can lead to further efficiencies in the further planning to enhance the capacity of human resources.

People with higher education are generally of better career prospects, job mobility and greater employment opportunities, and therefore a sense of competence necessary to perform their assigned tasks (Abtahi and Abbasi: 2007).

2) Reform of national laws and regulations and internal, on-the-job training courses.

In-service training courses, generally periods of hours to complete staff training, to promote the next job, and unfortunately often the real needs of the organization, and the nodes do not extracted. Even if the problem does not exist, the method of running and evaluating training courses have been held, lacked the necessary quality to be affected, to improve productivity.

Thus, regulatory reform, the decision to hold training courses and how courses and evaluate appropriate, can be effective in improving productivity.

### 3) Redefines the reward system

Reward system organization, to staff this point suggest that if you want any reward (respect, promotion, overtime and other benefits) are the only function to work, be productive and useful, these employees applicant training are all trained into real and serious and are applied, and in other cases, such as the background of their minds, synonyms and rewards of productive and useful work, resulting in improved overall productivity of the organization is.

Therefore it is necessary that senior managers regulations, in order to effectively rewarding their performance, and if necessary, make the necessary changes, in order to modify the reward system to use.

### 6. Conclusion

- The belief that improving productivity is an attitude and belief, from the perspective of institutions and institutional change, improve productivity was to analyze the route.

- To promote productivity in this study, the need for reform in educational institutions, rewarding system and laws and regulations were discussed.

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