

# **ENHANCING INFLUENCE OF HUMAN CAPITAL ON FIRM INNOVATION: ROLE OF EMPLOYMENT RELATIONSHIP**

**By**

**IFRA MAJEED  
32559**

A thesis presented to the Department of Management Sciences,  
Bahria University Karachi Campus, in partial fulfillment of the  
requirements  
for the MBA degree



**FALL, 2018**

**Bahria University Karachi Campus**



## MBA Thesis 2nd Half-Semester Progress Report & Thesis Approval Statement

### Supervisor – Student Meeting Record

S#	Date	Place of Meeting	Topic Discussed	Signature of Student
1	9-9-2018	Cubicle	Finalizing of topic and framework	<i>[Signature]</i>
2	28-10-2018	Cubicle	Submission of first 3 chapters + plagiarism	<i>[Signature]</i>
3	5-12-2018	Cubicle	Submission + final review of thesis	<i>[Signature]</i>

### APPROVAL FOR EXAMINATION

Candidate's Name: *Iqsa Majeed*  
Thesis Title: \_\_\_\_\_

Registration No.: 32559

I hereby certify that the above candidate's thesis has been completed to my satisfaction and, to my belief, its standard is appropriate for submission for examination. I have also conducted plagiarism test of this thesis using HEC prescribed software and found similarity index at \_\_\_\_\_ that is within the permissible limit set by the HEC for the MBA thesis. I have also found the thesis in a format recognized by the Department of Management Sciences.

Supervisor's Signature: \_\_\_\_\_

Date: \_\_\_\_\_

*08/02/19*

Supervisor's Name: \_\_\_\_\_

*Eessa Khan*

HoD's Signature: \_\_\_\_\_

*[Signature]*

Date: \_\_\_\_\_

*8.2.2019*



## Acknowledgement

First of all I would like to thank and dedicate this thesis to my family, especially my parents who had put up with my upset routine. Their tireless support and encouragement enabled me to complete my thesis.

I would like to give my hearty gratitude to my supervisor Sir Essa Khan for providing his generous help and time throughout the research process.

I would like to convey my heartiest gratefulness to all those who helped me to complete this research paper. Especially the respondents without whose contribution with data collection, this thesis would not have been possible. I am earnestly grateful to all the respondents who participated in my survey.

## **Abstract**

### **Purpose**

In numerous organizations, investment in human capital has not been focused as compare to other organizations and countries. A few organizations who focused on investment in human capital and also work on employment relationship for firm innovation. Innovation is the most important part for any firm because it leads the firm towards profitability and success.

This study examines the impact of human capital and employment relationship on firm innovation. Study also identifying how these factors influencing on innovation of the company. This research also define the direct or indirect effect which means finding the impact of mediation or without mediation as well on Pharmaceutical sector of Karachi at National Level companies.

### **Methodology & Design**

This study is basically a descriptive study and shows cause and effect relationship. This research is defined as a quantitative research which makes use of primary data and data collecting method is survey questionnaires. Closed end questionnaires were developed to get the data required from the respondents.

### **Findings**

The finding shows that human capital directly influences firm innovation and there's a partial mediation of employment relationship between human capital and firm innovation. .

### **Limitations**

This analysis is limited to a precise number of responses that were collected in a specific time frame. Data has only been collected from those employees who are working on the management level of the pharmaceutical sector of Karachi only at national level companies.



TABLE OF CONTENTS

**Recommendations**

Future analysis ought to look at others mediators than employment relationship that might modifies the human capital on firm innovation. Future analysis ought to incorporate an additional intensive illustration of other level of employees not only the management level and also focus on other management level or other levels who working on other sectors.

**Keywords**

Human capital, employment relationship, firm innovation

**TABLE OF CONTENTS**

CHAPTER 1 .....1

INTRODUCTION .....1

    1.1 Introduction .....1

    1.2 Background .....2

    1.3 Problem Statement .....3

    1.4 Research Objectives .....4

    1.5 Research Questions .....5

    1.6 Scope of the Research .....5

CHAPTER 2 .....7

LITERATUREREVIEW .....7

    2.1 Human Capital.....7

    2.2 Employment Relationship .....9

    2.3 Firm Innovation .....13

    2.4 Relationship Between Human Capital And Firm Innovation .....16

    2.5 Relationship Between Employment Relationship And Firm Innovation .....17

    2.6 Human Capital And Employment Relationship .....18

    2.7 Summary of Literature Review .....19

    2.8 Research Hypotheses.....20

Research Methodology .....21

    3.1 Research Method .....21

    3.2 Nature Of Research .....22

    3.3 Sampling Technique.....22

    3.4 Sample Size .....22

    3.5 Data Collection Method .....23

    3.6 Data Integration Method .....23

CHAPTER 4 .....24

Results.....24

    4.1 Respondent Profile .....24

    4.2 Reliability Analyses .....26



- 4.3 Hypothesis Testing .....32
  - 4.3.1 Hypothesis 1..... 32
  - 4.3.2 Hypothesis 2..... 32
  - 4.3.3 Hypothesis 3..... 33
  - 4.3.4 Hypothesis 4..... 33
- 4.4 Summary of Hypotheses Testing .....34
- CHAPTER 5 .....35
- Discussion.....35
  - 5.1 Discussion .....35
    - 5.1.1 Hypothesis 1 Discussion..... 35
    - 5.1.2 Hypothesis 2 Discussion ..... 35
    - 5.1.3 Hypothesis 3 Discussion ..... 36
    - 5.1.4 Hypothesis 4 Discussion ..... 36
- CHAPTER 6 .....37
- Recommendations and Conclusion.....37
  - 6.1 Recommendations .....37
  - 6.2 Limitations of the Research.....38
  - 6.3 Future Research.....38
  - 6.4 Conclusion.....39
- References.....40
- APPENDIX.....45