International Journal of Management, Accounting and Economics
Vol. 5, No. 1, January, 2018
ISSN 2383-2126 (Online)

www.ijmae.com

Examining Organizational Innovation and Knowledge Management Capacity by the Role of Strategic HR Practices: The Combined Transport IRISL

Arash Hosseinpour[1]
PhD Student of Accounting, Islamic Azad University, Science Research Branch-Qeshm, International Campus, Iran

Hamid Reza Kordlouie
Associate Professor and Member of the Accounting Department and member of the Young Researchers Club, Islamic Azad University of Islamshahr Branch, Tehran, Iran

Abstract

The present study is an applied-analytical research in which employees of combined transport of Islamic Republic of Iran Shipping Lines were chosen as statistical population and 105 of them were selected as sample through stratified random sampling. The required data were collected by means of a questionnaire. The validity of the questionnaire was confirmed by content validity and its reliability was confirmed by Cronbach's alpha. Data were analyzed by structural equation modeling and path analysis through SPSS and PLS. The results confirmed the impact of strategic approaches of human resources on knowledge management and organizational innovation capacity. Examining the impact of strategic approaches to human resources aspects on knowledge management and organizational innovation capacity, the impact of training aspect from strategic approaches to human resources was the only aspect to be approved by all aspects of the two variables.

Keywords: Strategic approaches to human resources, knowledge management, and organizational innovation capacity.

Cite this article: Hosseinpour, A., & Kordlouie, H. R. (2018). Examining Organizational Innovation and Knowledge Management Capacity by the Role of Strategic HR Practices: The Combined Transport IRISL. *International Journal of Management, Accounting and Economics, 5*(1), 10-27.

[1] *Corresponding author's email: arash.hosseinpour3 @gmail.com*

Introduction

The world is industrializing at a rapid pace. This increases the need for innovation, flexibility, productivity, and accountability for the survival and success of organizations (Kohli and Jaworski, 1990). With a glance at the performance of various organizations in the country, it can be seen that none of these organizations have been able to meet the expectations of customers in a desirable manner in the current prevailing and challenging age. Therefore, in order to get rid of this chaos, serious measures must be taken for scientific management. One of the new concepts introduced in order to improve the performance of organizations is knowledge management capacity. Knowledge management capacity refers to a great view that takes into account the ability of the economy to exploit and absorb external information and resources. In 1990, Cohen and Levintel introduced this macroeconomic concept into the field of organizational theories. They simulate management capacity as the ability of an organization to recognize the value of new information from external resources and considered it for commercial purposes. Management capacity is not an end itself, but it can create important organizational outcomes such as innovative performance (Kostopoulos, Papalexandris, Papachroni and Ioannou, 2011). Innovation does not necessarily mean using the latest technology, but focusing on the ways to think and find innovative solutions within the company rather than addressing the issue of technology. Innovation occurs when the workforce shares knowledge with the organization. Thus, a common and new insight is created in the process of conflict and reconciliation (divergence and convergence) and is a new guide for the capabilities of the organization that increases innovation (Imani, Gaskari, and Qeitani, 2015). Several factors affect organizational knowledge management capacity, including strategic human resource practices and approaches (Fındıkli, Yozgat and Rofcanin, 2015). That is because strategic human resource approaches help the success of processes and activities by facilitating knowledge management in order to encourage the sharing of knowledge through rewards systems and improving knowledge through education and development (Kase, Paauwe and Zupan, 2009; Turner, Huemann, and Keegan, 2008). Thus, human resources strategic approaches and approaches are expected to positively affect the capacity to absorb knowledge and organizational innovation Fındıkli, Yozgat and Rofcanin, 2015). Since human resources are a very important factor in the success of the organization's processes and operations, the significant role of strategic human resources approaches to managing organizational processes should be considered. That is because despite the help of previous findings on the exact roles of strategic human resources approaches, it is not clear which approach or method of human resources will be useful for managing organizational processes and practices (Popaitoon and Siengthai, 2014). However, human resource management scholars have shown that a human resources strategy is most effective when developing individuals in terms of their ability, motivation, and opportunity to be effective (Boxall and Purcell, 2003; Gerhart, 2007). Obviously, human resource management approaches are expected to affect both knowledge management capacity and organizational innovation. However, the relationship between these structures is rarely measured (Fındıklı, Yozgat and Rofcanin, 2015). Considering the importance of the subject, the present research aims to investigate the effect of strategic human resources approaches on organizational innovation and knowledge management capacity to answer the main research question: Can strategic human resource activities affect the organizational

innovation and knowledge management capacity of the staff working in Islamic Republic of Iran Shipping Lines?

Literature Review

Bahrami, Yarmohammadian, Rajaipour and Bakhtiyar Nasrabadi (2012) conducted a research entitled "Simple and Multiple Relationships between Strategic Human Resources Management and Administrative Innovations in Medical Sciences and Non-Medical Universities of Isfahan". They investigated the simple and multiple relationships between strategic human resources management functions and administrative innovation in medical universities and non-medical universities in Isfahan. The statistical population of this study consisted of all faculty members of Isfahan state universities (n=1830). Using random stratified sampling method, 480 subjects were selected. The research tool was strategic human resource management functions questionnaire and administrative innovation questionnaire. The face and content validity of the questionnaires were approved and the reliability was calculated using Cronbach's alpha coefficient. Data were analyzed using descriptive and inferential statistics. The findings show that the mean scores of strategic human resource management functions and administrative innovation scores in state universities were less than average. On the other hand, there was a multiple significant correlation between strategic human resource management functions and administrative innovation. Beta coefficients were significant between all strategic human resource management functions and administrative innovation. As a result, it was found that educational organizations could provide the ground for the emergence of organizational innovation by adopting appropriate human resources functions.

Ranjbar and Poorkiyaee (2014) performed a research entitled "Providing an Appropriate Model for Strategic Human Resource Management with Approach to Creating Organizational Knowledge in Government Organizations of the Islamic Republic of Iran" investigated how to use strategic human resource management in Iranian governmental organizations to create and protect the ability of organizational knowledge and how this ability is associated with organizational innovation. In this regard, heads and deputies of all organizations, general authorities and the government of the Islamic Republic of Iran as the statistical community and statistical sample were determined to be 756 using Cochran's formula. The required data were collected through a questionnaire and then analyzed. The results showed that the quadruple infrastructures of strategic human resources management were significantly related to three characteristics of workforce (human capital, employee motivation and employee turnover). Finally, the results showed a significant relationship between the ability to create organizational knowledge and organizational innovation.

Khorshidi Masouleh and Yousefi (2016) performed a research entitled "The Mediating Role of Knowledge Management in The Effect of Strategic Human Resources Management on Organizational Innovation in Ferro Guilan Complex". They investigated the relationship between strategic human resource management and innovative performance with a knowledge management approach. This study is of an applied and descriptive-survey research type. The statistical population of the research was all senior managers and executives of Ferro Guilan Complex. The data gathering instrument was a

questionnaire. To analyze the data, structural equation model was used by AMOS 1.8 and SPSS18. Research findings showed that human resource management had an impact on organizational innovation, strategic human resource management had an impact on knowledge management, and knowledge management influenced organizational innovation.

Chen and Huang (2009) in a research entitled "Strategies for Human Resource Management and Innovation Performance Considering the Mediating Role of Knowledge Management Capacity". This research studied the role of knowledge management capacity in the relationship between strategic human resource practices and innovation performance from a knowledge-based perspective. The statistical population of this research consisted of 5000 Taiwanese companies from which 146 companies were selected as the sample. Data were collected using questionnaires and analyzed by SPSS. The results showed that strategic human resource practices were positively related to knowledge management capacity, which, in turn, had a positive effect on innovation performance. These findings suggested that knowledge management capacity played a mediating role between strategic human resource practices and innovation actions and practices.

Al-bahussin and El-garaihy (2013) conducted a research entitled "The Impact of Human Resources Management Practices, Organizational Culture, Organizational Innovation and Knowledge Management on Organizational Performance in Saudi Organizations: Structural Equation Modeling with a Conceptual Framework". They tried to find the relationships between organizational culture, knowledge management and organizational innovation using causal models. In this regard, a sample of 203 human resource managers working in large organizations in eastern region of Saudi Arabia was selected. The questionnaire was used to collect data. The data was analyzed through structural equations. The results showed that human resource management practices had a positive and significant effect on organizational culture, knowledge management, organizational innovation and organizational performance.

Rosa Maruyama and Barbosa Braga (2014) performed a research entitled " Strategic Human Resource practices, Innovation Performance, and Knowledge Management: A Plan for Brazilian Organizations". They attempted to study the integrated model by Chen and Huang (2009) with a theoretical descriptive approach through the analysis of existing literature. The mediating role of knowledge management in the strategic ways of human resources and innovation performance provided by these authors was compared with national and international literature. The findings showed that three approaches presented by the eastern authors should incorporate into the integrated concept model proposed for Brazil, which are intellectual management, intellectual capital management, and strategic management of intellectual capital.

Aryanto, Fontana, and Afiff (2015) conducted a research entitled "Strategic Human Resources Management, Innovation Capacity and Performance: An Empirical Study of Software Industry in Indonesia". They examined the relationship between strategic human resource management, innovation capability and innovation performance. In this regard, a sample of 91 online customers of this industry was selected in Indonesia. Data

was gathered by online questionnaire and analyzed using PLS software. The findings showed that strategic human resource management practices were positively associated with innovation capacity, which, in turn, had a positive effect on innovation performance.

Fındıklıa, Yozgatb and Rofcanin (2015) conducted a research entitled "Organizational Innovation and Knowledge Management Capacity Considering the Central Role of Strategic Human Resource Approaches". In this regard, 109 companies from Turkey were selected as statistical sample and the required data was collected through a questionnaire instrument. Finally, the collected data was analyzed. The results showed that strategic human resource approaches had a positive and significant effect on organizational innovation and knowledge management capacity in the organization.

Hypotheses and Conceptual Model

The Relationship between Strategic Human Resources Approaches and Knowledge Management Capacity

Creating knowledge through human resource management for individuals and teams is achieved by creating a supportive environment that challenges the problems to create solutions and organizational innovation. Knowledge management at a glance means the development, sharing and application of knowledge for the benefit of organizational constraints. Human resource management is usually defined as the management of organizational staff. Findings of researchers on the dependence of knowledge management and human resources indicate the close relationship between employees and knowledge management. If human resource management is the effective management of staff and if the most valuable source of staff is knowledge, then human resource management and knowledge management are closely related.

Collins and Clark (2003) believe that exploiting the involvement and participation of employees through knowledge management is important for organizations, and strategic human resource management is the main approach to inferring and reinforcing employee knowledge and specializing the core needs of the organization. Chen and Huang (2009) argued that strategic human resource measures were positively related to knowledge management capacity and this had a positive impact on innovation performance as well. Pastor, Santana and Sierra (2010) studied 64 Spanish organizations and showed that human resource practices influenced motivation, sharing and maintenance of employee knowledge.

- H_A: Strategic human resource activities affect knowledge management capacity of the staff working in Islamic Republic of Iran Shipping Lines.

- H_{A1}: Training affects employees' knowledge acquisition process.

- H_{A2}: Training affects employees' knowledge sharing process.

- H_{A3}: Training affects employees' knowledge application process.

- H_{A4}: Participation affects employees' knowledge acquisition process.

- H_{A5}: Participation affects employees' knowledge sharing process.
- H_{A6}: Participation affects employees' knowledge application process.
- H_{A7}: Recruitment affects employees' knowledge acquisition process.
- H_{A8}: Recruitment affects employees' knowledge sharing process.
- H_{A9}: Recruitment affects employees' knowledge application process.
- H_{A10}: Reward affects employees' knowledge acquisition process.
- H_{A11}: Reward affects employees' knowledge sharing process.
- H_{A12}: Reward affects employees' knowledge application process.
- H_{A13}: Evaluation affects employees' knowledge acquisition process.
- H_{A14}: Evaluation affects employees' knowledge sharing process.
- H_{A15}: Evaluation affects employees' knowledge application process.

The Relationship between Strategic Human Resource Approaches and Organizational Innovation

Laursen and Foss (2003) examined the impact of new human resource management practices on the innovation performance of companies in different sectors. They studied 9 variables of human resource management including interdisciplinary working groups, quality cycles, systems for collecting employee suggestions, planned job rotation, delegation of responsibility, integration of tasks, performance-based payments, company's internal and external training. The results showed that the innovation performance of four manufacturing sectors in a telecommunications sector was associated with most of the nine variables of human resource management. Yount, Snell, Dean and Lepak (2011) considering four dimensions of human resource management practices, i.e. recruitment, training, performance evaluation and payment, showed that the system of human resource management measures was directly related to the multiple dimensions of performance. Beugelsdijk (2008) conducted a research entitled "Strategic Human Resources Practices and Product Innovation". The empirical test of this study in a sample of 988 Dutch companies showed the importance of work autonomy, training, and performance-based payments for incremental innovation. Regarding radical innovations, the results point to the importance of work autonomy and flexible working hours. The findings of this research showed that, in contrast to radical innovation, incremental innovation is relatively easier to organize. Implementing some of the human resource practices, managers can increase the company's innovative incremental outflow. Mohaqar, Ahmadi, and Mohaqar (2009) conducted a research on the impact of strategic human resource interventions on innovative performance in automotive parts companies. The finding showed that knowledge management capacity had a positive and significant effect on organizational performance. It also showed that strategic human resources

measures had no significant effect on innovative performance, but could have a positive and significant effect on innovative performance indirectly and influencing knowledge management capacity. Moreover, from the five dimensions of human resource strategic interventions, only training and service compensation had a positive and significant effect on innovative performance.

- H_B: Strategic human resource activities affect organizational innovation of the staff working in Islamic Republic of Iran Shipping Lines.

- H_{B1}: Training affects employees' innovative discovery process.

- H_{B2}: Training affects exploiting knowledge innovation.

- H_{B3}: Participation affects employees' innovative discovery process.

- H_{B4}: Participation affects exploiting knowledge innovation.

- H_{B5}: Recruitment affects employees' innovative discovery process.

- H_{B6}: Recruitment affects exploiting knowledge innovation.

- H_{B7}: Reward affects employees' innovative discovery process.

- H_{B8}: Reward affects employees' innovative discovery process.

- H_{B9}: Evaluation affects employees' knowledge acquisition process.

- H_{B10}: Evaluation affects exploiting knowledge innovation.

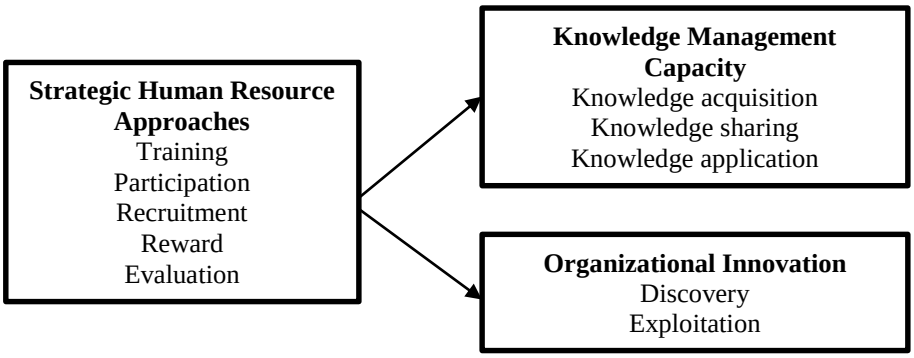

Figure 1: Conceptual model

Method

The study is an applied descriptive research. The statistical population of this research consisted of all staff working in Islamic Republic of Iran Shipping Lines. According to the recorded data, the number of staff was 145.

Table 1 Introduction of research variables and their measurement indicators

	Components	Indicators	Source
Knowledge Management Capacity	knowledge acquisition	knowledge acquisition from customers	Chen and Huang (2009)
		Knowledge acquisition from colleagues	
		Knowledge acquisition from staff	
	Knowledge sharing	Knowledge sharing between supervisor and subordinates	
		Knowledge sharing between employees	
		Knowledge sharing between sectors	
	Knowledge application	Effective knowledge management in order to make practical use of it	
		Effective knowledge exploitation in order to make practical use of it	
Organizational innovation	Innovative discovery	Introducing a new generation of products	He and Wong (2004)
		Expanding the product range	
		Opening up new markets	
		Introducing new technological backgrounds	
	Exploiting innovation	Improving the quality of existing products	
		Improving the flexibility of products	
		Reducing production costs	
		Improving performance or reducing substance use	
Strategic HResource Approaches	Training	Availability of formal education services	Chen and Huang (2009)
		Availability of comprehensive training programs and policies	
		Availability of training for newly recruited staff	
		Availability of training in problem solving ability	
	Participation	Allowing employees to participate in decision making	
		Allowing personnel to offer improvement solutions	
		Valuing and hearing the voices of employees	
	Recruitment	Selection of employment	
		Selection of expertise and skill	
		Selection for potential future	
	Reward	Splitting profits	
		Incentive payment	
		Relationship between performance and rewards	
	Evaluation	Focusing on development and progress	
		Results-based Evaluation	
		Behavior-based Evaluation	

Considering that the statistical society of the research includes a general department in Tehran and 8 sub-departments in Tehran and other cities, the researcher chose a random stratified sampling method. Thus, the contribution of each department from the society was first determined and then the contribution of each department from the total sample was determined according to the estimated sample size. Thus, according to Cochran's formula, minimum sample size with 95% confidence level and 5% error rate was determined to be 105. A questionnaire was used to collect the data. The questionnaire was a standard questionnaire with 5-point Likert-scale items (1: completely disagree-5: completely agree). The questions and sources are as described in Table 1.

In this research, content validity method was used to examine the variables. The reliability coefficient of the questionnaire was calculated with an emphasis on the internal consistency of the questions through Cronbach's alpha coefficient.

Table 2 Cronbach's alpha coefficients

Variables	N of questions	Alpha coefficient	Variables	N of questions	Alpha coefficient
Strategic HR activities	16	0.910	Knowledge management capacity	8	0.886
Training	4	0.782	acquisition	3	0.878
Participation	3	0.807	sharing	3	0.756
Recruitment	3	0.787	application	2	0.733
Reward	3	0.752	Organizational innovation	8	0.804
Evaluation	3	0.838	discovery	4	0.753
			exploitation	4	0.932

Cronbach's alpha coefficients indicate the desirable reliability of the questionnaire.

Data analysis

Descriptive statistics of demographic variables

In descriptive statistics, the distribution of the statistical sample in terms of demographic variables such as gender, age, level of education, and occupational history was studied. The results showed that 35 out of 105 samples (33.3%) were female and 70 (66.7%) were male. Also, 14 (13.2%) were between 20 and 30 years old, 17 (16.2%) were between 31 and 40 years old, 52 (49.5%) were between 41 and 50 years old, and 22 (21%) were more than 50 years old. 18 subjects (17.1%) had an associated degree, 49 (46.7%) had bachelor, 35 (33.3%) had a master degree, and 3 (2.9%) had a doctoral degree. 14 (13.3%) had work experience of between 1 and 5 years, 12 (11.4%) had between 6 and

10 years, 40 (38.1%) had between 11 and 15 years, 23 (21.9%) had between 16 and 20, and 16 (15.2%) had more than 20 years of work experience in Islamic Republic of Iran Shipping Lines.

Table 3 Describing the variables

Variables	Number	Mean	Standard deviation	Variance
Knowledge management capacity	105	3.5690	0.51457	0.265
knowledge Acquisition	105	3.4951	0.63908	0.408
Knowledge Sharing	105	3.6883	0.46031	0.212
Knowledge Application	105	3.4905	0.62396	0.389
Organizational innovation	105	3.9190	0.42030	0.177
Innovative Discovery	105	3.8119	0.47760	0.228
Innovative Exploitation	105	4.0214	0.44142	0.195
Strategic activities	105	3.5098	0.51519	0.265
Training	105	3.3381	0.53370	0.285
Participation	105	3.3839	0.62334	0.389
Recruitment	105	3.4953	0.60824	0.370
Reward	105	3.6349	0.57292	0.328
Evaluation	105	3.7464	0.69112	0.478

Descriptive statistics' indicators such as mean, standard deviation, and variance were studied. As you can see, the lowest mean in the 5-point Likert scale was related to training variable and the highest score was related to the innovative exploitation.

Inferential statistics of research variables

Before testing the research hypotheses, the accuracy of the questions related to the variables should be ensured. Therefore, confirmatory factor analysis was used. Depending on how accurately the researcher considers deletion of the questions, criterion values were introduced from 0.5 to 0.7 for factor loads. In this study, criterion value was considered to be 0.6. The results of factor load measurement also showed that all the questions measured their variables with a high percentage and structures had a high correlation with their variables. Therefore, no question was expelled from analysis process. Then, in order to test the model, research hypotheses were studied in PLS software. To answer the hypotheses, the conceptual model was studied in two levels. The first level was the main hypotheses testing and the second was the model of sub-hypotheses testing (path analysis of variable dimensions of strategic HR activities on the variable dimensions of knowledge absorption capacity and organizational innovation) in SmartPLS software. The results are presented in figures (1)-(4):

International Journal of Management, Accounting and Economics
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ISSN 2383-2126 (Online)

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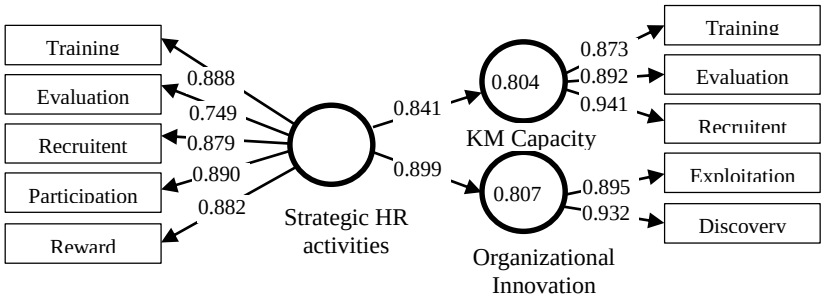

Figure 1 The first level model in standard mode

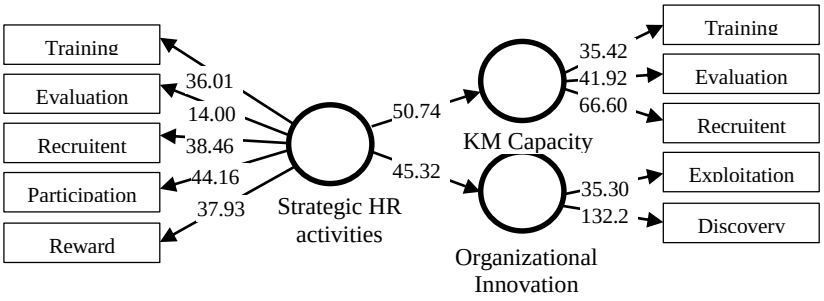

Figure 2 The first level model in significance mode

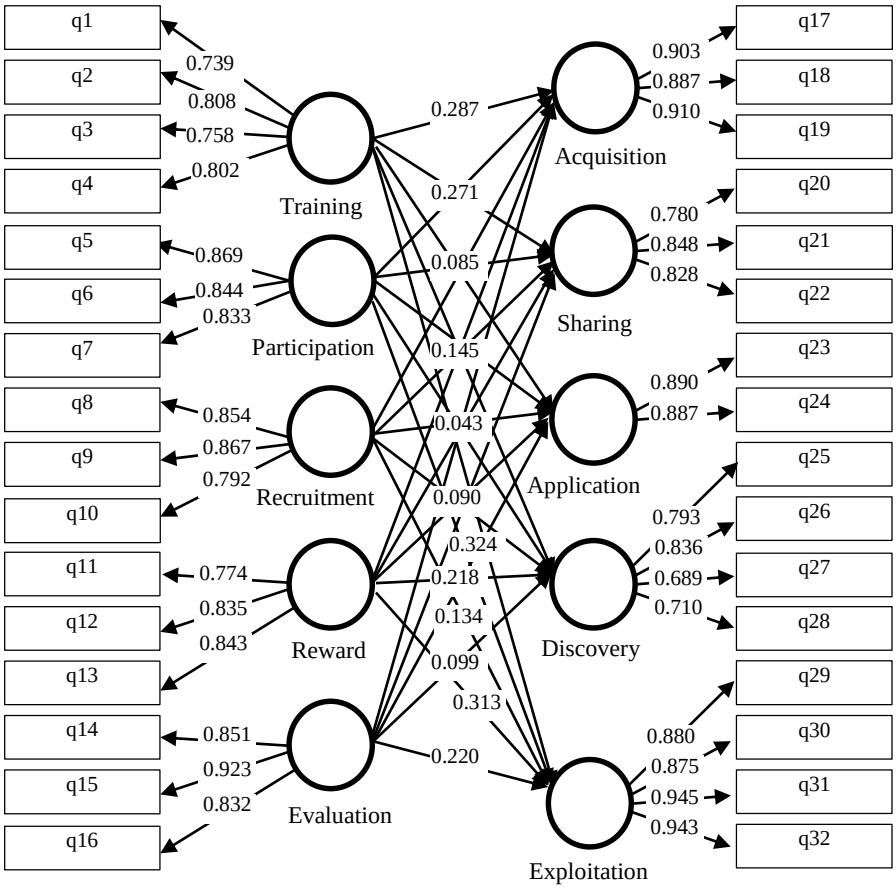

Figure 3 The second level model in standard mode

International Journal of Management, Accounting and Economics
Vol. 5, No. 1, January, 2018
ISSN 2383-2126 (Online)

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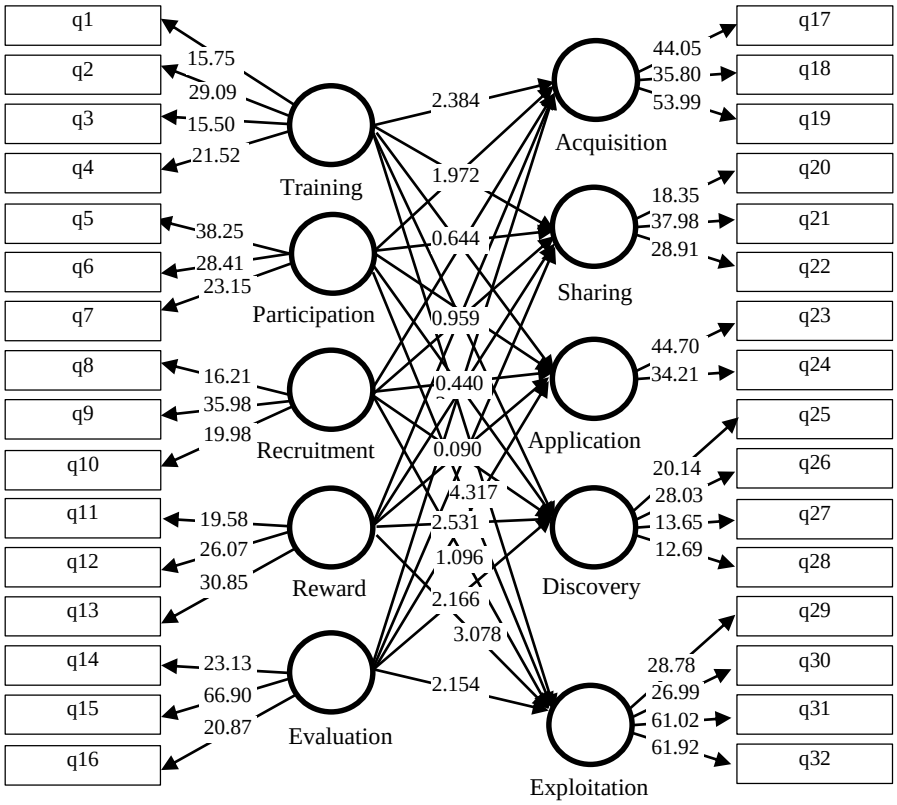

Figure 4 The second level model in significance mode

Figures 1 and 3 show standard coefficients of direct paths of the model (standard beta) and the values of R^2 (coefficient of determination). Using the standard method, the correlation between latent variables can be found, the severity of the relationship between two latent variables can be measured and it would be possible to comment on the effect of the variables on each other. For example, Figure 1 shows that strategic human resource activities can affect knowledge management capacity by 84.1% in Islamic Republic of Iran Shipping Lines. The values in diagrams 2 and 4 measure the relationships between the latent variables. If the t-value is more than 1/96, then it is significant in the level of 5% and if the value is greater than 2.5, then it is significant in the level of 0.01. To fit research models, R^2 and GOF, which are used in the least squares method, were used. R^2 value for dependent variables of knowledge management capacity and organizational innovation was 0.804 and 0.807, respectively. This means that about 80.4% of changes in knowledge management capacity and about 80.7% of changes in organizational innovation were determined by the variable of strategic human resources activities. The researchers identified three values of 0.19, 0.32, and 0.67 as the criterion value for weak, moderate and strong R^2 values. On this basis, we can conclude that the model has a relatively good predictive capability. Although given the appropriate amount of determination coefficient (R^2), the quality of the research model could be determined; the global goodness of fit (GOF) was also calculated to achieve higher reliability. Accordingly, the values obtained for both of these criteria are presented in Table (4).

Table 4 The research model's fitness

Model	Variable	R^2	Communality	GOF
First level	Strategic human resource activities	-	0.602	Gof=$\sqrt{\overline{Communalities} \times \overline{R^2}}$ GOF=0.665
	Knowledge management capacity	0.804	0.598	
	Organizational innovation	0.443	0.807	
	Mean	0.548	0.806	
Second level	Training	-	0.339	Gof=$\sqrt{\overline{Communalities} \times \overline{R^2}}$ GOF=0.538
	Participation	-	0.429	
	Recruitment	-	0.395	
	Reward	-	0.329	
	Evaluation	-	0.496	
	Knowledge acquisition	0.550	0.580	
	Knowledge sharing	0.713	0.338	
	Knowledge application	0.769	0.334	
	Innovative discovery	0.814	0.290	
	Innovative exploitation	0.578	0.703	
	Mean	0.685	0.423	

Achieving 0.665 and 0.538 for the two research models confirms the fitness of the research models.

Table 5 Summary of the results of research hypotheses

Hypothesis	β	t-value	Sig.	Accept/reject
Activities>Knowledge management capacity	0.841	50.748	Sig<0.01	Accepted
Activities>Organizational innovation	0.899	45.321	Sig<0.01	Accepted
Training> knowledge acquisition	0.287	2.384	Sig<0.05	Accepted
Training> knowledge sharing	0.316	3.938	Sig<0.01	Accepted
Training> knowledge application	0.302	3.009	Sig<0.01	Accepted
Training> Innovative discovery	0.224	2.799	Sig<0.01	Accepted
Training> Innovative exploitation	0.345	3.225	Sig<0.01	Accepted
Participation> knowledge acquisition	0.271	1.972	Sig<0.05	Accepted
Participation > knowledge sharing	0.272	2.507	Sig<0.05	Accepted

Hypothesis	β	t-value	Sig.	Accept/reject
Participation > knowledge application	0.117	1.335	Sig<0.05	Rejected
Participation > Innovative discovery	0.317	3.746	Sig<0.01	Accepted
Participation > Innovative exploitation	-0.148	1.176	Sig<0.05	Rejected
Recruitment> knowledge acquisition	0.085	0.644	Sig<0.05	Rejected
Recruitment> knowledge sharing	0.124	1.258	Sig<0.05	Rejected
Recruitment> knowledge application	0.004	0.045	Sig<0.05	Rejected
Recruitment> Innovative discovery	0.169	2.015	Sig<0.05	Accepted
Recruitment> Innovative exploitation	0.134	1.096	Sig<0.05	Rejected
Reward> knowledge acquisition	0.145	0.959	Sig<0.05	Rejected
Reward> knowledge sharing	0.158	1.551	Sig<0.05	Rejected
Reward> knowledge application	0.274	2.156	Sig<0.05	Accepted
Reward> Innovative discovery	0.218	2.531	Sig<0.05	Accepted
Reward> Innovative exploitation	0.313	3.078	Sig<0.01	Accepted
Evaluation > Knowledge acquisition	0.043	0.440	Sig<0.05	Rejected
Evaluation > knowledge sharing	0.090	1.211	Sig<0.05	Rejected
Evaluation > knowledge application	0.324	4.317	Sig<0.01	Accepted
Evaluation > Innovative discovery	0.099	2.166	Sig<0.05	Accepted
Evaluation > Innovative exploitation	0.220	2.154	Sig<0.05	Accepted

Conclusion

The main hypothesis test showed that the t-value was 50.748 and larger than the 1.96 boundary value. As a result, the effect of strategic human resources activities on knowledge management capacity was confirmed with at least 99% confidence. Also, standard path coefficient was 0.841, which indicated the positive effect of strategic human resources activities on management capacity. Comparing the above result with other researches, it can be said that this finding was in line with findings of Ranjbar and Poorkiaee (2014), Khorshidi Masouleh and Yousefi (2016), Chen and Huang (2009), Al-bahussin and El-garaihy (2013), Moreno and Melendz (2011), Rosa Maruyama and Barbosa Braga (2014), and Fındıklıa, Yozgatb and Rofcanin (2015). In the second main hypothesis test, it was observed that the t-value was 45.321 and larger than the 1.96 boundary value. As a result, the effect of strategic human resources activities on organizational innovation was confirmed with at least 99% confidence. Also, standard path coefficient was 0.899, which indicated the positive effect of strategic human resources activities on organizational innovation. Comparing the above result with other researches, it can be said that this finding was in line with findings of Sadeqi and Mohtashami (2011), Bahrami, Rajaeepoor, Aqahosseini, and Bakhtiar Nasrabadi (2011), Bahrami, Yarmohamadian, Rajaeepoor, and Bakhtiar Nasrabadi (2012), Ranjbar and Poorkiaee (2014), Khorshidi Masouleh and Yousefi (2016), Chen and Huang (2009), Al-bahussin and El-garaihy (2013), Moreno and Melendz (2011), Rosa Maruyama and Barbosa Braga (2014), and Fındıklıa, Yozgatb and Rofcanin (2015). Participation also influenced knowledge acquisition, knowledge sharing, and innovative discovery.

Recruitment had an impact on innovative discovery. Reward and evaluation had an effect on knowledge application, innovative exploration and exploitation. These findings were consistent with Chen and Huang (2009) and Fındıklıa, Yozgatb and Rofcanin (2015).

Recommendations

✓ According to the findings of the main and sub-hypotheses it is recommended:

- to identify and formulate the codes related to the basic processes of knowledge acquisition.

- to form a knowledge committee to advance knowledge acquisition goals and programs in order to help knowledge acquisition and guide the team by providing better solutions.

- to enhance the level of staff knowledge through the implementation of policies such as resource mobilization and continuing training while working as well as transferring new skills to staff for organizational activities. It is also recommended to consider knowledge acquisition programs to develop new services and provide programs to create new knowledge based on existing knowledge. Performance evaluation, service compensation, increased commitment, reduced turnover, and increased performance through the impact on employees' development and motivation promoted knowledge management.

- to create an atmosphere where the clear exchange of knowledge and innovation is emphasized in such a way that staff have a greater willingness to share and apply their new knowledge

- to encourage staff to share and disseminate their knowledge by focusing on the following:

  - fair decision making processes
  - meeting employees' expectations from human resources and culture practices
  - providing a satisfactory job
  - putting knowledge sharing in the evaluation and reward system of the organization
  - rewarding knowledge sharing through organizational culture
  - increasing organizational trust among employees in order to facilitate the dissemination of organizational knowledge
  - creating a supportive atmosphere in the organization regarding the willingness to share organizational knowledge

- to have a significant effect on the change in organizational structure and create appropriate conditions for innovation by designing high-quality training courses, a flexible rewards and benefits system, evaluating impact-oriented performance, providing expert human resources and involving them in decision making.

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