

# Strategic Human Resource Management and Organizational Knowledge Creation Capability: Presenting a suitable model in Iranian public organizations

Dr Masoud Pourkiani<sup>1\*</sup>, Dr Sanjar Salajeghe<sup>2</sup>, Mokhtar Ranjbar<sup>3</sup>

<sup>1</sup> Affiliation (Department of management, Kerman branch, Islamic Azad University, Kerman, Iran)

<sup>2</sup> Affiliation (Department of management, Kerman branch, Islamic Azad University, Kerman, Iran)

<sup>3</sup> Affiliation (PHD student, Department of management, Kerman branch, Islamic Azad University, Kerman, Iran)

**Abstract.** Strategic Human Resource Management is a relatively new field of research that seeks to examine human resource practices from a macro perspective, examining the effects of HR practices on firm levels performance variables instead of individual level outcomes [1]. This article focused on the antecedents of outcomes of organizational knowledge creation capability. Specifically focus is on how Strategic Human Resource Management in Iranian public organizations can be used to build and support organizational knowledge Creation capability and how this capability is related to organizational innovation. Finally based on the results of this research, we developed the suitable model for Iranian public organization. The results showed that four configurations of SHRM were significantly related to three workforce characteristics (human capital, employee motivation and employee turnover). Also the workforce characteristics were significantly related to organizational knowledge creation capability. Finally results showed that organizational knowledge creation capability is significantly related to organizational innovation.

**Keywords:** Strategic Human Resource Management, organizational knowledge creation capability, organizational innovation, SHRM configurations and workforce characteristics.

## 1. Introduction

During the recent decades organizations have seen a dramatic shift in the business conditions in which they compete. Many of today's most influential organizations do not derive strategic advantage in the same manner that firms did past years. Organizations have primarily relied on physical assets to create wealth. In recent years, emerging industries and organizations have radically changed the nature in which wealth created. These high technologies organizations have built wealth and market power based on intellectual capital. In the new economy, organizations increasingly compete based on knowledge and rely on their human capital and knowledge workers as sources of competitive advantages. The organizations that are most likely to succeed are those that can learn how to manage and build knowledge [2]. However few organizations know how to effectively manage their intellectual capabilities and those that do are likely to be the high performance for the coming decades [3]. Although it has been widely recognized that our society and businesses are being driven by knowledge, few researchers have addressed how organizations create and process knowledge [4].

## 2. Review of literature

### 2.1. Organizational Knowledge Creation Capability

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\* Corresponding author. Tel.: +98-341-2261180/989133414813; fax: +98-341-3211405.  
E-mail address: (pourkaini@yahoo.com).

In recent decades, there has been a paradigmatic shift in the research on organizational performance and strategy researchers have begun to focus on internal resources as the drivers of organization performance [4]. Specifically, intangible resources are seen as being the key to sustained competitive advantage because they are difficult to identify and imitate [5]. Organizational knowledge creation capability, the ability of an organization to generate new knowledge through its employees, is one intangible resource that has received increased attention. This capability is seen as being especially crucial to organizational performance, because it allows organizations to continually create new sources of advantage and adapt to changes in the environment [4]. Organizational knowledge creation capability is crucial because it allows organizations to be innovative, thus helping them maintain or extend their strategic advantage over time. If the organizational ability to create knowledge is truly the primary source of sustained competitive advantage for organizations, then it is critical to understand how organizations can develop this capability. New knowledge creation takes place in the minds of individuals. If organizations are to encourage new knowledge creation, then they must encourage the sharing of information between individuals [6]. Since knowledge creation is dependent upon the knowledge and motivation of individual within the organization, it seems likely that organizational practices and policies that affect the human resource of the organization will be one of the major factors that underlay organizations knowledge creation capabilities [7]. Specific sets of human resource practices can be used to build unique firm competencies which will drive firm performance and provide sources of sustained competitive advantage [8]. Thus it appears that human resource practices may have a strong potential to be a key driver of an organizational ability to create knowledge.

## **2.2. Strategic Human Resource Management**

Strategic Human Resource Management focuses on the impact of human resource practices on performance at an organizational level of analysis. SHRM researchers examine the role that human resource play in organization performance, particularly focusing on the alignment of practices with organization strategy as a means of gaining competitive advantage [1]. There are a number of issues with the research on SHRM that must be addressed in order to understand how SHRM can affect workforce characteristics and organizational knowledge creation capability. First, it is important to identify the appropriate level of analysis at which this field should be studied. Second, it is critical to identify the most appropriate way to view systems of HR practices. Third, after determining the appropriate level of analysis and the appropriate way to view systems of practices, it is critical to identify the most appropriate means to measure these systems of practices. Finally, it is important to understand more clearly the mediating links between bundles of HR practices and organizational performance.

## **2.3. Configurational approach to SHRM**

SHRM researchers have consistently argued that organizations must internally align HR practices with one another in a coherent system that support each another and align these systems of practices with key organizational contingency variables [4]. The internal alignment of practices with one another has commonly been referred to as horizontal fit. Researcher have argued that one HR practice may only be effective in producing desired effects when certain other HR practices are also in place. A best approach to SHRM should explore unique bundles of practices that create value for a firm by creating workforce characteristics that produce a competency that is valuable for the organization in its competitive setting. This approach has been termed a configurational approach [3]. Systems of HR practices lead to organizational performance only when they are properly aligned with one or more contingent variables of the organization. If organizations are creating strategic advantage through a knowledge-creation capability, then configurations of SHRM practices should be used to build the workforce characteristics (human capital, motivation, and turnover) which lead to this capability [9].

## **3. Research Hypotheses**

This research will examine three main directional hypotheses; additionally eleven sub hypothesis will be generated from the main hypothesis as follow:

### **3.1. Main hypotheses**

H1 – There is a relation between Strategic Human Resource Management and organizational knowledge creation capability in Iranian public organizations.

H2 – There is a relation between organizational knowledge creation capability and organizational innovation in Iranian public organizations.

H3 – There is a relation between workforce characteristics and organizational knowledge creation capability in Iranian public organizations.

### **3.2. Sub hypothesis**

H1 - There is a relation between acquisition configuration of SHRM and higher levels of human capital in Iranian public organizations.

H2 - There is a relation between development configuration of SHRM and higher levels of human capital in Iranian public organizations.

H3 - There is a relation between commitment configuration of SHRM and employee motivation in Iranian public organizations.

H4 - There is a relation between retention configuration of SHRM and employee turnover in Iranian public organizations.

H5 - There is a relation between human capital and organizational knowledge creation capability in Iranian public organizations.

H6 - There is a relation between employee motivation and organizational knowledge creation capability in Iranian public organizations.

H7 - There is a relation between employee turnover and organizational knowledge creation capability in Iranian public organizations.

H8 - There is a relation between acquisition configurations of SHRM and organizational knowledge creation capability in Iranian public organizations.

H9 - There is a relation between development configurations of SHRM and organizational knowledge creation capability in Iranian public organizations.

H10 - There is a relation between commitment configurations of SHRM and organizational knowledge creation capability in Iranian public organizations.

H11 - There is a relation between retention configurations of SHRM and organizational knowledge creation capability in Iranian public organizations.

## **4. Methodology**

A survey method had been used. It is one of the most common used methods for data collection using standardized measurement tools. This research is applied research and correlation method was used for analyzing results.

## **5. Target Population**

The study populations are managers, vice presidents, HRM managers and employees in Iranian public organizations. We used multilevel cluster sampling method and in six states, public organizations were chosen for research sample.

## **6. Data collection method**

To differentiate the configurations of SHRM four organized questionnaires, for workforce characteristics (human capital, employee motivation and employee turnover) an organized questionnaire and for organizational knowledge creation capability and organizational innovation two organized questionnaires had been designed for each other. To determined validation, questionnaire was referred to 30 persons of experts and for determine reliability, we computed Cronbach`s Alpha and 88 % was computed that showed questionnaires had acceptable reliability.

## 7. Data Analysis Method

The researchers had been used the appropriate data analysis tools, which is: Descriptive statistics (E.g. mean, standard deviation) and Pearson correlation.

## 8. Results

The results of analyzing hypotheses summarized in Table1. Overall there was support for the hypothesized relationships between SHRM configurations and workforce characteristics (human capital, employee motivation and employee turnover). There was also support for the proposed relationships between the three workforce characteristics and organizational knowledge capability. Additionally the results suggested that the workforce characteristics mediate the relationship between the SHRM configurations and organizational knowledge capability. Finally there was strong support for the proposed relationship between organizational knowledge creation capability and organizational innovation also relationship between Strategic Human Resource Management and organizational innovation.

Tab. 1: the results of hypotheses analysis

Research Hypotheses	Sig(2-tailed)	Pearson correlation	Hypotheses result
H1	0.000	0.458	accepted
H2	0.000	0.368	accepted
H3	0.000	0.537	accepted
S.H1	0.000	0.542	accepted
S.H2	0.277	0.089	no accepted
S.H3	0.000	0.307	accepted
S.H4	0.000	0.287	accepted
S.H5	0.000	0.441	accepted
S.H6	0.000	0.621	accepted
S.H7	0.000	0.061	accepted
S.H8	0.000	0.517	accepted
S.H9	0.000	0.814	accepted
S.H10	0.925	0.006	no accepted
S.H11	0.055	0.120	no accepted

One of the objectives of this research was to develop a suitable model for Strategic Human Resource Management with the approach of organizational knowledge capability. Based on the results of analyzing the hypotheses, as shown in table1, SHRM configurations should be significantly related to innovation, but this relationship would be mediated through the influence of the configurations on the workforce characteristics. Also the three workforce characteristics are significantly related to organizational innovation through their influence on organizational knowledge creation capability. These relationships were developed in following model.

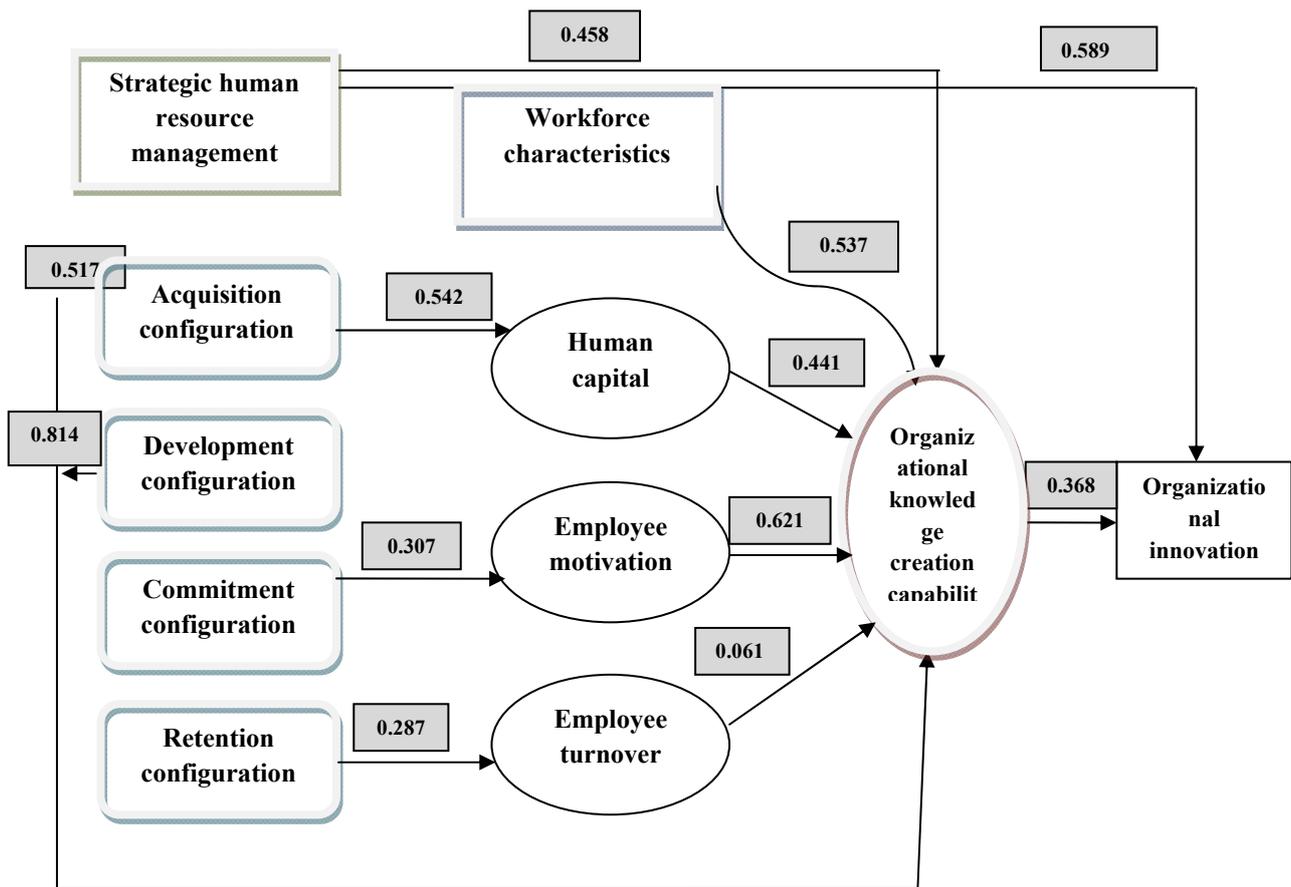


Fig. 1: Strategic human resource management with approach of organizational knowledge creation capability.

## 9. Conclusion and discussions

This study significantly adds to the SHRM literature, because it provides support for the notion that different SHRM configurations are significantly related to organizational knowledge creation capability through the influence on workforce characteristics. Investments made to recruit and select the best brightest workers were shown to be related to higher levels of work experience among core employees. Contrary to predictions, a development configuration was not significantly related to human capital. Thus, the data support that different SHRM configurations will result in different workforce characteristics. In addition, if organizations do not have the enough resources to invest in all configurations, they should clearly identify which form of workforce characteristics is more important and invest in the appropriate configuration. The data showed that the greater use of commitment configuration is significantly related to higher levels of employee motivation. It appears that organizations can effectively increase employee's willingness to contribute their effort and knowledge by tying compensation and performance evaluations to performance and by providing internal growth opportunities. The study provides evidence that organizations can affect key workforce characteristics by aligning SHRM configurations. Therefore managers in Iranian public organizations should clearly identify the workforce characteristics they wish to build and then put in place set of suitable configurations. This study suggests that organizations can increase their ability to act and adapt by attracting employees who have greater knowledge and skills built through work experience. When employees in an organization have many years of work experience, they are likely to have a good degree of overlapping understanding of the organizations services; thus they are more likely to be able to absorb information which is exchanged and learn from one another. Organizations can increase access non-redundant information and ideas when their employees are motivated to share their knowledge. Further, organizations are also likely to increase productive combinations and exchanges when they establish a field of social exchange. Thus, organizations can increase their knowledge creation capability by building a workforce with a high level of related work experience, motivating employees to share their knowledge and retaining employees that have key knowledge and skills. Finally, the results showed significant relationships

between organizational knowledge creation capability and organizational innovation, therefore, organizations with a greater knowledge creation capability are likely to be able to adapt and succeed in a turbulent environment. Thus organizations for long term organizational success and survival must enforce organizational knowledge creation capability and increase innovation.

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