

ORIGINAL RESEARCH ARTICLE

## Designing a strategic human resource management model with the approach of promoting innovation capability

S. Amani, M. Musakhani\*, K. Daneshfard

Department of Public Administration, College of Management and Economics, Science and Research Branch, Islamic Azad University, Tehran, Iran

### ARTICLE INFO

#### Article History:

Received 01 March 2021

Revised 01 Jun 2021

Accepted 03 July 2021

#### Keywords:

Human resource Subsystems

Innovation capability

Municipality of Tehran

Strategic human resource management (SHRM)

### ABSTRACT

**BACKGROUND AND OBJECTIVES:** Today, creative and innovative human resources play a crucial role in the optimal performance and achievement of long-term goals of organizations. Therefore, organizations must use different methods to lay the groundwork for innovative activities, one of the most important of which is the use of strategic human resource management measures. Therefore, the purpose of this study is to design a model of strategic human resource management with the approach of promoting innovation in Municipality of Tehran.

**METHODS:** The present study from the purpose point of view is applied-development study and is in the mixed research category. In the qualitative stage of the research, the theme analysis method was used. Participants in the present study included 13 university professors and 19 senior managers of Tehran Municipality, who were interviewed to the point of saturation. Based on the results of the qualitative stage of the study, a model for strategic human resource management with the approach of promoting innovation capability was designed. In a quantitative step, in order to validate the model, the structural equation modeling method and smartPLS software were used. For this purpose, 169 managers and experts working in Municipality of Tehran, who were randomly selected were interviewed using a questionnaire.

**FINDINGS:** Based on the findings, the relationship between strategic human resource management subsystems; including employee recruitment, supply and adjustment system, performance management system, human resource development system, service compensation and reward system, job analysis and design system, talent and succession management system and employee relations and innovation management system were approved. Also, the results showed that the coefficient of determination for the variable of strategic human resource management was 0.649 and for the variable of innovation capability improvement was 0.578 which were significant. Therefore, it can be concluded that 57.8% of changes in innovation capability can be predicted by strategic human resource management measures.

**CONCLUSION:** The results showed that by using the capacity of strategic human resource management subsystems, innovation capability and innovative performance in Municipality of Tehran and the results of the research, in general, can be applied to organizational units with almost similar and with the same structure and missions.

DOI: [10.22034/IJHCUM.2021.04.10](https://doi.org/10.22034/IJHCUM.2021.04.10)

©2021 IJHCUM. All rights reserved.



NUMBER OF REFERENCES

51



NUMBER OF FIGURES

3



NUMBER OF TABLES

4

\*Corresponding Author:

Email: [mosakhani@qiau.ac.ir](mailto:mosakhani@qiau.ac.ir)

Phone: +98 09123813614

Note: Discussion period for this manuscript open until January 1, 2022 on IJHCUM website at the "Show Article."

## INTRODUCTION

Today, the occurrence of crises such as accidents, floods and earthquakes, and the spread of infectious diseases such as Covid-19 disease, has increased the attention of employees as important stakeholders of organizations. Organizations that fail to strike the right balance between short-term financial results and employee needs, damage the interests of employees and the organization (Collins, 2021). Therefore, long-term goals and benefits need to be considered in Human Resource Management (HRM) planning to deal with the future crises. The concept of "Strategic Human Resource Management (SHRM)" refers to the fact that in order to gain a competitive advantage, the organization must look at employees as the company's top asset and have long-term plans for their development (Singh, 2018; Nemati and hasani, 2015). SHRM plays a pivotal role in creating an environment that fosters human capital for new job behaviors and leadership skills in creative problem solving (Marchington, 2015). SHRM not only deals with the relationship HRM and strategic management in the organization, but also with the needs of human capital and also handle the development of process capabilities (ie. the ability to do things efficiently). In general, SHRM pays attention to any major human issues that affect or are affected by the strategic plan of the organization (Tooranloo et al., 2017). According to Chen and Huang (2009), strategic human resource actions can strongly influence the company's innovation performance. They believed that when companies decide to develop their innovative activities, they typically face relatively higher uncertainty, risk, and instability in the innovation process. For example, using an innovation-based recruitment and selection process often plays a key role in ensuring that talented groups of innovation-based individuals are selected to ensure organizational competitiveness (Farouk et al., 2016). Or a reward system can promote innovation in an organization (Abbasi and Rana 2012). Also, intangible incentives can be used to encourage employees to create and share innovative ideas (Tsai, 2017; Goope et al., 2018). Researchers in SHRM have argued that human resource strategies have the potential to lead to a competitive advantage by creating unique and valuable employee-based resources. There is strong empirical evidence that Human Resource (HR) strategies have a significant and positive relationship

with higher levels of firm performance through impact on human resources (Collins, 2021). The functions of strategic human resource management mean that organizations can influence the skills, attitudes and behaviors of employees appropriate to their job to achieve organizational goals (Collins and Clark, 2003). SHRM plays a pivotal role in creating an environment that nurtures human capital for new job behaviors and leadership skills in creative problem-solving (Marchington, 2015). Strategic human resource management in government organizations is critical to changing the role of government and individuals in the public sector. Comprehensive human resource strategies are needed to seize new opportunities and ensure that government duties and responsibilities are performed to the highest professional standards (Jarvalt and Liiv, 2010). The strategic management literature also recognizes innovation as a vital factor for organizations and companies to create value and maintain a competitive advantage in an increasingly complex and rapidly changing environment. Innovation initiatives strongly depend on the knowledge, expertise and commitment of employees as key inputs in the value creation process (Subramaniam and Youndt, 2005). Skarzynski and Gibson (2008) explained that in order to achieve good innovation performance, a company needs to be able to innovate. The same view was put forward by Davila and Penalva (2006) which shows the need for firms to develop innovation capabilities based on positive behavior, competence and motivation of management and staff to achieve good innovation. Achieving innovation capability is not a chance but it is necessary for the organization to pursue innovation as part of its strategy (Zawislak et al., 2013). Therefore, in this research, an attempt has been made to create an innovation capability in the Municipality of Tehran based on the use of SHRM. Today, various units are responsible for managing public affairs and providing needs and services to community members. Non-governmental public organizations are among the newest institutions that have been created as a new phenomenon in public administration and show the high level of decentralization in public administration, which has been established with the aim of providing some special public services with independence and freedom of action. Article 5 of the General Accounting Law of the country, approved on 3.26.1987, defines this type of institutions: "According to this law, non-

governmental public institutions and organizations are specific organizational units that are formed or are formed with the permission of the law, in order to perform duties and services that have a public aspect "(Iran General Accounting Law of the country, 1987). Pursuant to a note of an accounting law, the law on the list of non-governmental public institutions was approved by the parliament on 7.10.94, according to which 10 organizations and their affiliated institutions, including municipalities, were recognized as non-governmental public institutions (Resolutions of the Shura Council, 1994). Although many measures have been taken in the Municipality of Tehran to promote staff creativity and innovation, but so far the capacity of SHRM has not been used to promote innovative activities. However, national and scientific research has no answer in this regard and has only examined the relationship between the two variables of strategic human resource management and innovation. However, there are questions in this area, some of which are: What are the drivers of innovation in the Municipality of Tehran? Which subsystems of human resources and promoting innovation, and are there a significant relationship? What factors affect strategic human resource management subsystems? And similar issues like what have been mentioned. Therefore, the main purpose of this study in order to fill the existing research gap and create scientific and practical results, is to design a model of strategic human resource management with the approach of promoting innovation in the Municipality of Tehran.

#### *Theoretical Foundations*

Strategic human resource management examines the relationship between HRM and strategic management, as well as the need for human capital and the development of process capabilities and the ability to carry out activities efficiently (Ren and Jackson, 2019). SHRM is the use of new techniques and methods by which the organization responds well to unstable environmental conditions and mobilizes human resources on the path to competitive advantage (Bamberger *et al.*, 2014). This method of management refers to the relationship between HRM and short-term and long-term strategic goals to improve company performance and create organizational culture, based on which flexibility and innovation can be strengthened (Zabihi *et al.*,

2017). The common ground of the SHRM literature is a set of activities that provide employees with skills, information, motivation, and independence, and lead to a competitive advantage in the workforce (Soo *et al.*, (2017). Strategic human resource activities are those that are empirically or theoretically related to the performance of the organization (Delery and Gupta, 2016). The operational measures of strategic human resource management (dependent variable) are: (1) job analysis and design; (2) human resource planning; (3) recruitment / selection; (4) education and development; (5) service compensation; (6) performance management; and (7) employee relations (Obeidat, 2016). On the other hand, innovation is considered the key to winning the competition by creating new ideas (Samuel *et al.*, 2017). Innovation in organizations is primarily an issue related to human factors. Because it is these employee who develop and implement ideas, innovation will depend on effective HRM (Kianto *et al.*, 2017). Innovation requires infrastructure that can be categorized into potential and actual groups. Its potential group is called "Innovation Capacity" and its genuine part is called "Innovation Capability". Innovation capacity is the continuous improvement of the organization's capabilities to create opportunities for innovation in the product and product production processes (Morel and Boly, 2006). Innovation capacity is the continuous improvement of the organization's ability to create opportunities for innovation in the product and product production processes itself (Morel and Boly, 2006). Innovation capacity means the potential capacity of the firm to carry out innovative activities, including the introduction and supply of new tasks, new procedures and processes with new ideas in relation to the organization (Koc and Ceylan, 2007). In other words, innovation capacity can be considered as a set of resources, capabilities and dynamic capabilities dedicated to the innovation process (Pierre and Fernandez, 2018). Innovation capacity coordinates and develops the enterprise innovation process. It also allows the firm to generate output through the inputs of the innovation process (Boley *et al.*, 2014). Given the role that SHRM measures can play in promoting innovation capability, this study seeks to provide a model of strategic human resource management with the approach of promoting innovation in Municipality of Tehran.

### Literature review

The subject of the present study has been considered in a number of national and international researches. [Azizi et al. \(2021\)](#) in a research examined innovative HRM strategies during COVID-19, and the results showed that innovative human resource management strategies include: flexibility, strengthening internal efficiency, talent identification and making innovative changes based on organizational evaluation and the needs of job activities. The findings of [Coster and Banda \(2020\)](#) showed that innovative HRM is a good predictor of organizational innovation. Findings of [Riana et al. \(2020\)](#) proved that HRM significantly affects organizational performance and innovation, and it was found that innovation can improve organizational performance. The results of [Singh \(2018\)](#) research also showed that strategic human resource management affects the performance of innovation while, knowledge management capacity is acting as the mediating variable. [Aryanto et al. \(2015\)](#) determined that strategic human resource management practices have a positive relationship with innovation capability, which in turn has a positive effect on innovation performance. Therefore, SHRM can be a good predictor of a company's innovation capability. [Mehmood et al. \(2017\)](#) research findings showed that there is a correlation between the implementation of strategic human resource management measures in an organization, innovative activity and gaining a competitive advantage. The outcome of [Uslu \(2015\)](#) research showed that strategic human resource management measures directly affect the innovative behaviors of employees and the culture of innovation in the organization, strengthens employee innovation. [Minavand and Lorkojori \(2013\)](#) in a research concluded that the three variables of strategic human resource management, innovation and company performance are strongly related. This finding suggests that implementing a strong SHRM system in a firm, can ensure successful innovation measures as well as optimal overall performance. [Mitchell et al. \(2013\)](#) showed that high-performance human resource actions mediate between the strategic performance of human resources and show that professional human resources as a strategic partner increase the legitimacy of human resource actions and also provides facilitate resources. [Jiang et al. \(2012\)](#) proved that the four functions of human resources

recruitment, reward, job design and teamwork are positively related to employee creativity; while training and performance appraisal were not. The results of [Kasirloo and Naami \(2020\)](#) research indicate a very strong relationship between strategic human resource management and its dimensions with organizational performance in a bank. Findings of [Hamidianpour and Haidari \(2019\)](#) also showed that SHRM has a positive effect on innovation capacity and also strategic human resource management through organizational learning also has an impact on innovation capacity. In the research of [Aghayei and Kavousi \(2019\)](#), the results showed that the three dimensions of organizational culture, leadership, organizational transformation and strategic planning are effective in the development of strategic human resource management in Travel agency.

According to the findings of [Soomro et al. \(2020\)](#), strategic human resource management has a significant effect on organizational performance as well as organizational innovation and organizational innovation on organizational performance. The results of [Taheriattar and Rostam Lou \(2018\)](#) determined that human resource management functions have a positive and direct effect on employee creativity and employee creativity has a direct and positive effect on product innovation as well as process innovation. [Zabihi et al. \(2017\)](#), in their research, discovered the contingency factors of strategic human resource management and identified effective human resource measures based on it. The research findings indicate the existence of two categories of external and internal contingency factors. [Rostamzadeh et al. \(2016\)](#) also presented that strategic human resource management has a positive and significant effect on attracting, retaining and empowering human resources among the employees of a bank in Urmia city. [Saadat Talab et al. \(2015\)](#) in their research concluded that strategic experiences and functional experiences of human resource management, significantly affect organizational effectiveness and especially innovative performance through strategic human resource management. [Ranjbar and Purkiani \(2013\)](#) in their research concluded that the four infrastructures of strategic human resource management are significantly related to three characteristics of labor force including human capital, employee motivation and employee turnover. Also, the characteristics of the workforce are significantly related to the ability to

create organizational knowledge. Finally, the results confirmed that significant relationship between the ability to create organizational knowledge and organizational innovation. Concluding the review of theoretical foundations and research background showed that the research and existing theories, although they have confirmed the relationship between strategic human resource management and innovation, but so far a research specifically examines the impact of strategic human resource management subsystems in creating It has not examined the capacity for innovation as well as the factors that affect the intensity of this relationship. In other words, so far no study has been done on the relationship between different subsystems of strategic human resource management with the approach of promoting innovation capability and the factors affecting the intensity of their effectiveness in creating innovation capability. The main purpose of the current research is to design a model of strategic human resource management with the approach of promoting innovation in Municipality of Tehran. The present study seeks to develop theories and concepts in the field of strategic human resource management to promote innovation capability, the results of which can be used by urban managers to promote creativity and organizational innovation; of course, the results can be used for public and private organizations, taking into account their context. Also, since the subject of research is new and innovative and there is limited knowledge and understanding of the variables of the strategic human resource management model with the approach of promoting innovation, it is considered as exploratory research. Therefore, the present study, while filling the existing research gap, seeks to provide a scientific and practical model for strategic human resource management with an approach to promoting innovation in the Municipality of Tehran. The current study have been carried out in Tehran in 2021.

## **MATERIALS AND METHODS**

The present study from the purpose point of view is applied-development study and is in the mixed research category. In order to design the model, the theme analysis method was used and also, in order to confirm the validity of the designed model, the Structural Equation Modeling (SEM) method was used. Data collection required for design and

validation of the research model was performed with semi-structured interview tools and a questionnaire. Following the review of theoretical foundations in the previous related research, using the opinions of university professors and consultants and according to the objectives of the research, the questions were categorized for the interview. Interviews were conducted in a semi-structured manner with university professors and senior managers in the Municipality of Tehran. In order to conduct the semi-structured interviews and model design, a total of 13 university professors and 19 executive experts who were purposefully selected participated in the interview, which have been continued until reaching the theoretical saturation. After conducting the interviews and extracting the data, coding steps were performed to finally identify the components of the research model. After designing the research model, its validity was measured based on criteria related to the validity of qualitative research. Mariam (2009) has presented several criteria for the internal validity of the results of the qualitative method. In this research, triangulation methods and member checks were used. In the triangulation method, several data sources or several methods are used to validate emerging data. Respondents are also asked about the acceptability of the results in the member checks review method. In order to confirm the validity of the results of the theme analysis, a number of university professors and executive experts were consulted about the results obtained and the results were approved with some modifications. Also, the results were in line with previous theoretical foundations and research which showed that there was good a consistency between them. In the quantitative stage of the research, the model was designed to confirm the validity and in the qualitative stage, the structural equation modeling method and smart PLS software were used. At this stage in order to collect the required data, a researcher made questionnaire consisting of 88 items were designed. The validity of the questionnaire with some modifications was confirmed by 3 experts participating in the qualitative stage. Also, the reliability of the questionnaire was calculated by Cronbach's alpha method as 0.803, which indicates the appropriate value. The statistical sample at this stage was 169 managers and specialists in the field of human resources in Municipality of Tehran. The sample size was calculated using

Cochran's method and the sampling method was random.

## RESULTS AND DISCUSSION

In the present study, semi-structured interviews were used to design a research model and identify the components and relationships between them. To this end, interviewees were interviewed about human resource subsystems and the role that these factors play in promoting innovation. Also, questions were asked about the factors (drivers) that make it necessary to upgrade the innovation capability in Municipality of Tehran. Based on the summary of experts' opinions, the research model was designed. The model consists of several main components including drivers, environmental factors, internal organizational factors, strategic human resource management subsystems and implications for promoting innovation capability. Propulsion (drivers) refers to the factors that make it necessary to pay attention to promoting innovation capability, which includes organizational factors and manpower factors. Environmental factors at both macro and micro levels related to the municipality are discussed in the model. Internal factors also include variables that exist within the municipality and affect the strategic management of human resources. The experts proposed 7 subsystems of strategic human resource management which were included in the model. These subsystems include: employee recruitment, supply and adjustment system, performance management system, human resource development system, service compensation and reward system, job analysis and design system, talent management and succession management system and employee relations management system. Finally, the implications of promoting innovation capability, which include idea generation capability, innovation absorption capacity, innovation application capacity, and innovative performance, were included in the model. The model of strategic human resource management with the approach of promoting innovation capability in Municipality of Tehran is shown in Fig. 1.

### *Validation of the research model*

In the present study, the structural equation modeling approach based on the partial least squares (PLS) method was used to test the conceptual

model of the research. For this purpose, Smart PLS software was used. First, to validate the model, the adequacy of the sample size, which was 169 people, must be ensured. There are several methods for assessing the adequacy of sampling, including the Kaiser-Meyer-Olkin Measure (KMO) test, the value of which always fluctuates between 0 and 1. On the other hand, Bartlett (t) test was used to ensure the appropriateness of the data that the correlation matrix underlying the analysis is not equal to zero in the population. In other words, using Bartlett test, sampling adequacy can be ensured. The KMO and Bartlett test outputs are presented in Table 1.

According to Table 1, the sample adequacy size (KMO) and also the significance test of Bartlett sample sphericity in factor analysis by SPSS are equal to 0.822 and 0.000, respectively, which indicates the adequacy of samples for factor analysis. Cronbach's alpha is a classic measure of reliability and a good measure of internal consistency (internal consistency). Cronbach's alpha value shows the correlation of one-variable (model-independent) questions. A Cronbach's alpha value above 0.7 indicates acceptable reliability. Because Cronbach's alpha is a traditional measure of structural reliability, it uses a more modern criterion than alpha called composite reliability (CR). This criterion was introduced by Bacon et al, (1995) and its advantage over Cronbach's alpha is that the reliability of structures is calculated not absolutely but according to the correlation of their questions with each other (correlation of univariate questions in the model). According to Table 2, the values of CR and Cronbach's alpha are confirmed for all variables, because they are greater than 0.7. Also, Average Variance Extracted (AVE) criterion was used to evaluate convergent validity. This criterion represents the average variance shared between each structure and its indices. This criterion represents the average variance shared between each structure and its indices. In simpler terms, AVE indicates the degree of correlation of a structure with its characteristics that the higher the correlation, the greater the fit. Fornell and Larcker (1981) introduced the AVE criterion for measuring convergent validity and its critical value was expressed as 0.5; this means that the mean value of the extracted variance above 0.5 indicates acceptable convergent validity. The calculated values of AVE indicate the favorable convergent validity of the research variables.

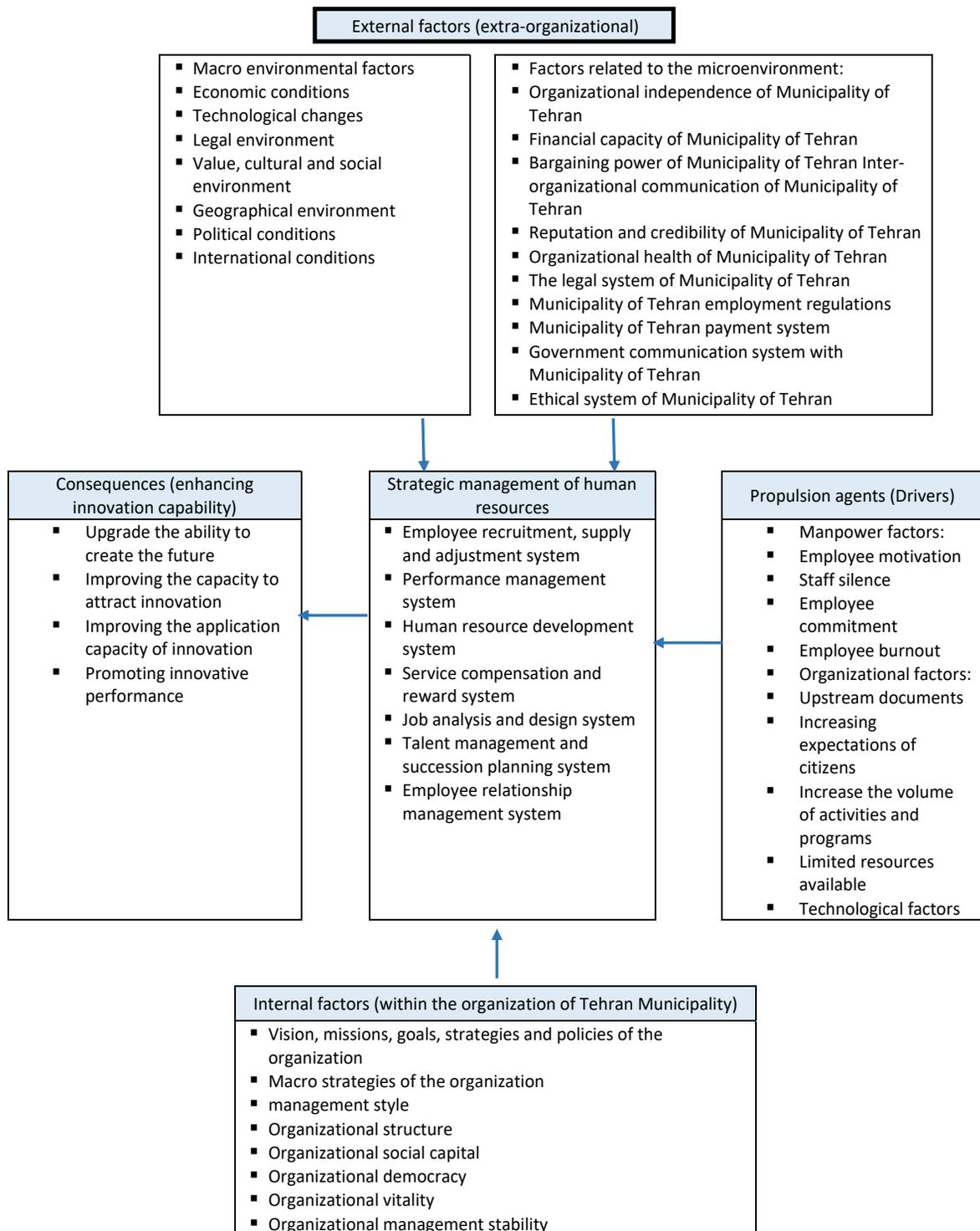


Fig. 1: Strategic human resource management model with the approach of promoting innovation capability in Municipality of Tehran

Table 1: Results of KMO index calculation and Bartlett test

Indicator	KMO	Bartlett (t) test	Sig	Degrees of freedom	Test result
Amount	0.822	45580.89	0.000	5845	Confirm

Table 2: Cronbach's alpha values, composite reliability and AVE

Variable	Cronbach's alpha	Composite Reliability (CR)	Average Variance Extracted (AVE)
Propulsion (Drivers)	0.85	0.86	0.74
Micro environmental factors	0.82	0.85	0.68
Macro environmental factors	0.84	0.85	0.67
Intra-organizational factors	0.82	0.84	0.73
Strategic human resources	0.86	0.87	0.75
Outcomes	0.79	0.82	0.69

Table 3: The Divergent validity calculations

Variable	Propulsion (Drivers)	Propulsion (Drivers)	Macro environmental factors	Intra-organizational factors	Strategic human resources	Outcomes
Propulsion (Drivers)	<b>0.816</b>					
Micro environmental factors	0.310	<b>0.807</b>				
Macro environmental factors	0.326	0.354	<b>0.781</b>			
Intra-organizational factors	0.312	0.295	0.284	<b>0.796</b>		
Strategic human resources	0.336	0.315	0.345	0.284	<b>0.844</b>	
Outcomes	0.387	0.394	0.423	0.311	0.347	<b>0.810</b>

Finally, divergent validity is the third criterion for measuring the fit of measurement models. According to Fornell and Larcker (1981), divergent validity is at an acceptable level when the mean variance extracted for each structure is greater than the common variance between that structure and the other structures in the model. According to Table 3, it can be said that the divergence validity is acceptable. Because the root of the mean variance extracted ( $\sqrt{AVE}$ ) for each variable is greater than the correlation of that variable with other variables. Therefore, the variable narrative validity of the questionnaire variables is confirmed.

Also, the structural part of the model, unlike measurement models, does not deal with the questions and explicit variables of the model and only pays attention to the hidden variables and the relationships between them. In this study, structural model fitting was performed using coefficient of

determination ( $R^2$ ), Q2, Redundancy and significance coefficients. The most basic criterion for measuring the relationship between structures in SEM, is the t significant numbers. If the value of t is outside the range (-1.96 to +1.96), it is significant at the 95% confidence level, and if the value of t is within this range, then the estimated path coefficient is not significant and the proportional hypothesis is rejected. Fig. 2 shows the conceptual model of the research in the significant state of coefficients.

According to the information provided in Fig. 2, all the relationships developed in the research conceptual model were confirmed, because the value of t-statistic reported for them is more than the critical value of 1.96 at the 95% confidence level. In addition, Fig. 3 shows the conceptual research model in estimating standard coefficients. Therefore, the intensity of the effect of variables on each other is

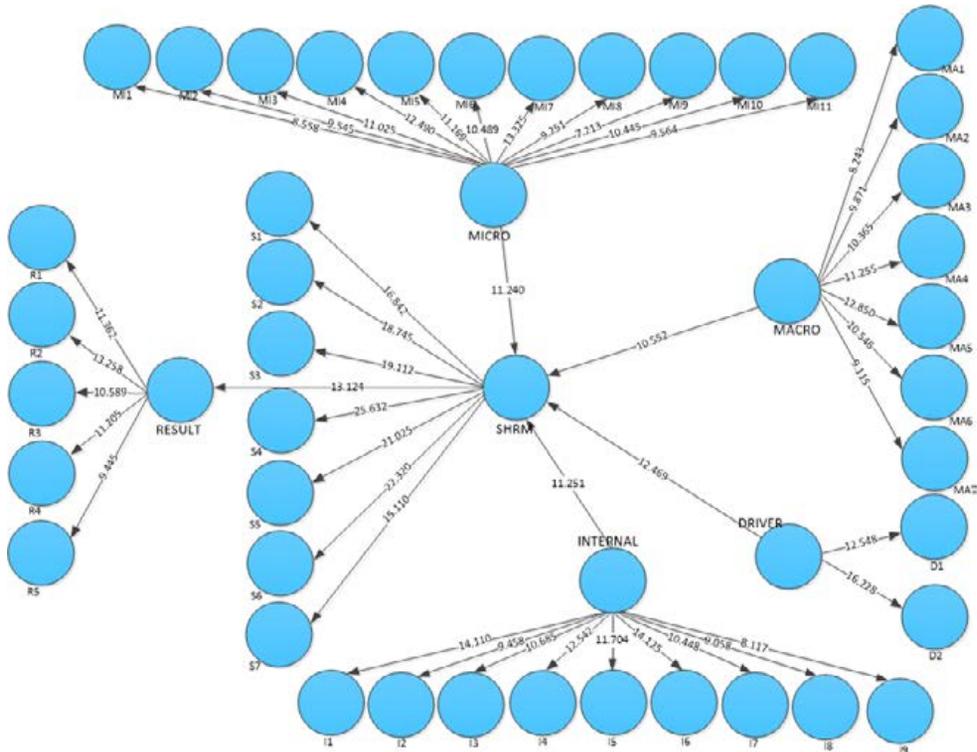


Fig. 2: Structural model of the research in the case of significant coefficients

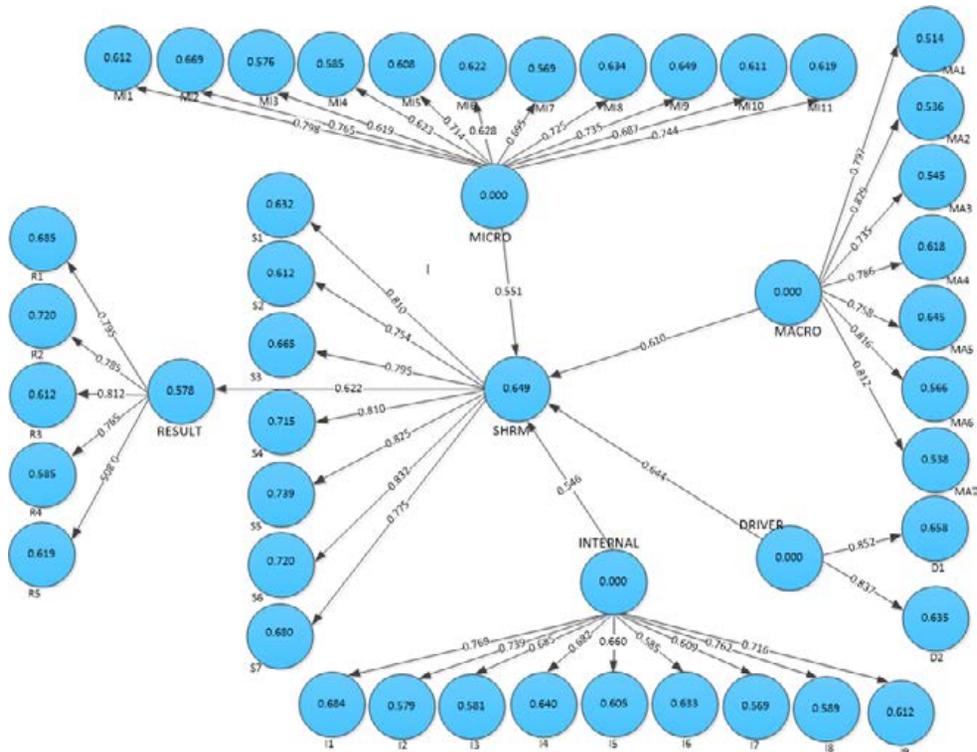


Fig. 3: Structural model of research in the standard mode

Table 4: Path analysis results

Row	Route	Path coefficient	T-Value	Result	
1	Propulsion (Drivers)	Strategic human resources	0.644	12.469	Confirmed
2	Micro environmental factors	Strategic human resources	0.551	11.240	Confirmed
3	Macro environmental factors	Strategic human resources	0.610	10.552	Confirmed
4	Intra-organizational factors	Strategic human resources	0.546	11.251	Confirmed
5	Strategic human resources	Outcomes	0.622	13.124	Confirmed

determined. Within a model of structural equations, each direct effect defines and expresses a relationship between a dependent variable and an independent variable. However, a dependent variable in another direct effect can be an independent variable and vice versa.

Table 4 shows the relationships between the components of the model. As it is apparent, all path coefficients are significant and therefore, the relationships defined in the research model are confirmed.

Also, the coefficient of determination ( $R^2$ ) is a measure that indicates the amount of change in each of the dependent variables of the model, which is explained by independent variables. It is said that the value of  $R^2$  is presented only for the endogenous variables of the model and in the case of exogenous structures its value is equal to zero. The higher the value of  $R^2$  for the endogenous structures of the model, the better the fit of the model.

Chen and Huang (2009) defined the three values of 0.19, 0.33 and 0.67 as the criterion values for the weak, medium and strength values of the structural part of the model by the coefficient of determination. The calculated  $R^2$  value in the current study is 0.810 for strategic human resource management and 0.622 for the outcome variable, which are appropriate values. The  $Q^2$  index, introduced by Stone and Geisser (1974), determines the predictive power of the model. Based on this index, models that have an acceptable structural part fit should be able to predict the indices related to the endogenous structures of the model. If the value of  $Q^2$  in the case of an endogenous structure is zero or less than zero, it indicates that the relationship between the other structures of the model and that endogenous structure is not well explained and therefore the model needs to

be modified. Hensler et al. (2009) set the values of predictive power intensity for endogenous structures at three values of 0.02, 0.15 and 0.35. According to them, if the value of  $Q^2$  for an endogenous structure is in the range close to 0.02, it indicates that the model has poor predictive power. In the present study, the  $Q^2$  criterion is 0.347 for the strategic human resources variable and 0.311 for the outcome variable, which are desirable values. The Goodness of Fit (GOF) criterion also applies to the general part of the structural equation models; this means that by this criterion, the researcher can control the fit of the general part after examining the fit of the measurement part and the structural part of the general research model. So that the average variance shared is the average of the common values of each structure and AVE  $R^2$  is the endogenous constructs of the model. It is worth mentioning that during the analysis of the results of structural equations, it was realized that three values of 0.01, 0.25 and 0.35 are weak, medium and strong values for GOF and obtaining the number 0.32 for the research model indicates a suitable fit. Based on the results, the general structure of the research model was confirmed and all variables identified by experts were approved by managers and human resources specialists in Municipality of Tehran. In this study, while examining and confirming the relationship between subsystems and innovation capability, a set of environmental and intra-organizational factors that affect strategic human resource subsystems were approved. The results are consistent with the results of Hamidianpour and Haidari (2019) and confirm that strategic human resource management has a positive effect on innovation capacity. Also, the results of the present study are consistent with the findings of Jiang et al. (2012) and the four functions of human resources recruitment, reward, job

design and teamwork are included in the research model, however, contrary to the results of those who rejected the relationship between training and performance appraisal subsystems with innovation, in the present study, these two subsystems were confirmed. Also, the results of the present study with the results of [Koster and Banda \(2020\)](#); [Singh \(2018\)](#); [Aryanto et al. \(2015\)](#); [Uslu \(2015\)](#); [Minavand and Lorkojori \(2013\)](#); [Soomro et al. \(2020\)](#) and [Taheriattat and Rostamloo \(2018\)](#), Which confirmed the impact of HRM measures on innovation is consistent. Of course, none of the researches has examined the relationship between different subsystems and innovation capability separately. In this study, the coefficient of determination for improving innovation capability was calculated to be 0.578 which shows that 57.8% of changes in innovation capability can be predicted by strategic human resource management measures.

Obtaining the number 0.32 for this model indicates a suitable fit of the research model.

## **CONCLUSION**

Today, experts in management science and organization believe that human resources are the most important assets of organizations that can bring about fundamental change in organizations. On the other hand, employee creativity and innovation is one of the most important and determining factors in the performance of organizations. Municipality of Tehran is one of the public non-governmental organizations that provides extensive services to a large number of citizens in Tehran capital city of Iran. Given the diversity and large number of stakeholders of this institution and their high expectations, it is necessary that the performance of this organization be at a desirable level. Performing innovative actions and activities has a great role in achieving the desired performance.

So far, the impact of strategic human resource management subsystems on promoting innovation capability in research has been neglected. Therefore, in this study, an attempt was made to investigate the relationship between strategic human resource management subsystems and innovation capability in Tehran Municipality and in this regard to identify the effective factors and related drivers. Accordingly, a comprehensive and systematic model for strategic human resource management with an approach

to promoting innovation in the Municipality of Tehran has been created. In this study, the drivers of strategic human resource management were identified in two groups of organizational factors and manpower factors. The identified drivers somehow confirm the need for innovation in this organization. In previous research, propulsion (drivers) has not been considered. Regarding internal factors, research results also confirmed that organizational culture, leadership, organizational change and strategic planning are effective in the development of strategic human resource management, which are included in the model. Microeconomic factors, considering that no research has been studied in Tehran Municipality so far, were specifically studied in this research and cannot be compared with other researches. Finally, the relationship between macro-environmental factors and HRM has been studied in several studies, most of which have been confirmed, and in the present study, their impact on strategic human resource management subsystems has also been confirmed.

## *Suggestions*

- The results of this study suggest that in future research, the strategies of each of the strategic human resource management subsystems that lead to the promotion of innovation capabilities will be examined.

Also, the practical suggestions of the present research are as follows:

- In order to strengthen employee participation in innovative activities, it is recommended that managers use participatory and relationship-oriented management styles;

- It is suggested to use the experiences of successful national and international organizations in both the public and private sectors in the field of defining strategic human resource management measures in order to innovate;

- It is suggested to use the experiences of successful national and international organizations in both the public and private sectors in the field of defining strategic human resource management measures in order to implement innovative procedures;

- It is suggested to use the opinions and views of employees in order to promote organizational democracy in the definition and implementation of strategic human resource management measures;

· Considering the importance of behavioral and flexible organizational factors such as culture and social capital in the success of innovative activities, it is suggested that while strengthening them in order to promote innovation, try as much as possible the actions of strategic human resource management subsystems not to contradict with cultural and capital factors;

· Considering that some micro-level factors under the control of Tehran Municipality, such as employment regulations, organizational health and ethical system can have a great impact on innovative activities, it is suggested that these factors in order to strengthen strategic human resource management subsystems, corrected with the approach of promoting innovation capability.

#### AUTHOR CONTRIBUTIONS

S. Amani performed the literature review, experimental design, analyzed and interpreted the data, prepared the manuscript text, and manuscript edition. M. Mousakhani helped in the design experimental and manuscript edition. K. Daneshfard helped in the manuscript preparation and final edition.

#### ACKNOWLEDGEMENT

The Authors would like to sincerely thank all the managers in the Municipality of Tehran, University professors and experts in the field of human resource management who had participated in this research.

#### CONFLICT OF INTEREST

The authors declare no potential conflict of interest regarding the publication of this work. In addition, the ethical issues including plagiarism, informed consent, misconduct, data fabrication and, or falsification, double publication and, or submission, and redundancy have been completely witnessed by the authors.

#### ABBREVIATION

<i>AVE</i>	Average Variance Extracted
<i>GOF</i>	Goodness Of Fit
<i>HRM</i>	Human Resource Management
<i>KMO</i>	Kaiser-Meyer-Olkin Measure of Sampling Adequacy

<i>PLS</i>	Partial least Squares
<i>SHRM</i>	Strategic human resource management

#### REFERENCES

- Aghayei, M.; Kavousi, E., (2019). Factors affecting the development of strategic human resource management in Persian Tourism Company. *Acc. Audit. Res.*, 11(43): 103-132(30 pages). (In Persian)
- Abbasi, A.S.; Rana, A.H., (2012). Impact of Islamic work ethics, reward system and organizational environment on citizenship behavior of employees. *Sci. Int. Lahore*, 24(4): 513-519 (7 pages).
- Aryanto, R.; Fontana, A.; Afiff, A.Z., (2015). Strategic human resource management, innovation capability and performance: an empirical study in Indonesia Software Industry. *Proced. Soc. Behav. Sci.*, 211: 874- 879 (6 pages).
- Azizi, M.R.; Atlasi, R.; Ziapour, A.; Abbas, J.; Naemi, R., (2021). Innovative human resource management strategies during the COVID-19 pandemic: A systematic narrative review approach. *Heliyon*. 7(6): e07233.
- Bamberger, P.A.; Biron, M.; Meshoulam, I., (2014). *Human resource strategy: Formulation, implementation, and impact*. Routledge.
- Bacon, D.R.; Sauer, P.L.; Young, M., (1995). Composite reliability in structural equations modeling. *Educ. Psychol. Measur.*, 55(3): 394-406 (13 pages).
- Boley, V.; Moral, L.; Assielou, N.G.; Camargo, M., (2014). Evaluating innovative processes in French firms: methodological proposition for firm innovation capacity evaluation. *Res. policy*, 43(3): 608-622 (15 pages).
- Chen, C.J.; Huang, J., (2009). Strategic human resource practices and innovation performance- the mediating role of knowledge management capacity. *J. Bus. Res.*, 62: 104-114 (11 pages).
- Collings, D.G.; McMackin, J.; Nyberg, A.J.; Wright, O.M., (2021). Strategic human resource management and Covid-19: emerging challenges and research opportunities. *J. Manage. Stud.*
- Collins, C.J., (2021). Expanding the resource based view model of strategic human resource management. *Int. J. Hum. Res. Manage.*, 32(2): 331-358 (28 pages).
- Collins, C.J.; Clark, K.D., (2003). Strategic human resource practices, top management team social networks, and firm performance: the role of human resource in creating organizational competitive advantage. *Acad. Manage. J.*, 46(6): 740-51 (12 pages).
- Delery, J.; Gupta, N., (2016). Human resource management practices and organizational effectiveness: internal fit matters. *Journal of Organizational Effectiveness: People Perform.*, 3(2): 139-163 (25 pages).
- Davila, A.; Penalva, F.; (2006). Governance structure and the weighting of performance measures in CEO compensation. *Rev. Account. Stud.*, 11(4): 463-493 (31 pages).
- Farouk, S.; Abu Elanain, H.M.; Obeidat, S.M.; Al-Nahyan, M., (2016). HRM practices and organizational performance in the UAE banking sector: the mediating role of organizational innovation. *Int. J. Product. Perform. Manage.*, 65(6): 773-791 (19 pages).

- Goope, S.; Elia, G.; Passiante, G., (2018). The effect of HRM practices on knowledge management capacity: a comparative study in Indian IT industry. *J. Knowl. Manage.*
- Geisser, S., (1974). A predictive approach to the random effect model. *Biometrika*, 61(1): 101-107 (**7 pages**).
- Hamidianpour, F.; Hasiri, Z., (2019). Investigating the Impact of Strategic Human Resource Management on Innovation Capacity. *Modiriati-E- Farda. J.*, 18(58): 3-18 (16 pages). (In Persian)
- Hensler, J.; Ringle, C.M.; Sinkovics, R.R., (2009). The use of partial least squares path modeling in international marketing
- Iran General Accounting Law of the country, (1987). Islamic Parliament Research Center of the Islamic Republic of Iran. (In Persian)
- Jarvalt, J.; Randma Liiv, T., (2010). Public sector HRM: the case of no central human resource strategy. *Baltic J. Manage.*, 5(2): 242-256 (**15 pages**).
- Jiang, J.; Wang, S.; Zhao, S. (2012). Does HRM facilitate employee creativity and organizational innovation? A study of Chinese firms. *Int. J. Hum. Res. Manage.*, 23(19): 4025-4047 (**23 pages**).
- Kasirilo, M.; Naami, A., (2020). The Impact of Strategic Human Resource Management on Organization performance (Case Study: Mellat Bank of Tehran). *J. Bus. Manage.*, 12(48): 409-427 (**19 pages**). (In Persian)
- Kianto, A.; Sáenzb, J.; Aramburub, N., (2017). Knowledge-based human resource management practices, intellectual capital and innovation. *J. Bus. Res.*, 81: 11-20 (**10 pages**).
- Koc, T.; Ceylan, C., (2007). Factors impacting the innovative capacity in large-scale companies. *Technovation*, 27(3): 105-114 (**10 pages**).
- Koster, F.; Benda, L., (2020). Innovative human resource management: measurement, determinants and outcomes. *Int. J. Innov. Sci.*, 12(3): 287-302 (**16 pages**).
- Marchington, M., (2015). Human resource management (HRM): too busy looking up to see where it is going longer term? *Hum. Res. Manage. Rev.*, 25(2): 176-187 (**12 pages**).
- Minavand, H.; Lorkojouri, Z., (2013). The linkage between strategic human resource management, innovation and firm performance. *IOSR J. Bus. Manage.*, 11(2): 85-90 (**6 pages**).
- Mitchell, R.; Obeidat, S.; Bray, M., (2013). The effect of strategic human resource management on organizational performance: the mediating role of high- performance human resource practices. *Hum. Res. Manage.*, 52(6): 899-921 (**23 pages**).
- Morel, L.; boly, V., (2006). New product development process (NPDP): updating the identification stage practices. *Int. J. Prod. Dev.*, 3(2): 232-251 (**20 pages**).
- Mehmood, M.; Awais, M.; Afzal, M.M.; Shahzadi, I.; Khalid, U., (2017). The impact of human resource management practices on organizational performance. *Int. J. Engineer. Info. Syst.*, 1(9): 165-178 (**14 pages**).
- Nemati, F.; Hasani, R., (2015). Simple and multiple relationships between Strategic Human Resources Management Programs and Employees Empowerment. *Srat. Manage. Res.*, 21(57): 33-56 (**24 pages**). (In Persian)
- Obeidat, B.; Al-Sarayrah, S.; Tarhini; Al-Dmour, R.H.; Al-Salti, Z.; Sweis, R., (2016). Cultural influence on strategic human resource management practices: Jordanian Case Study. *Int. Bus. Res.*, 9(10): 94-114 (**21 pages**).
- Pierre, A.; Fernandez, A.S., (2018). Going deeper into SMEs innovation capacity: an empirical exploration of innovation factors. *J. Innov. Econ.*, 25(1): 139-181 (**43 pages**).
- Resolution of the Shura Council, (1994). Islamic Parliament Research Center of the Islamic Republic of Iran. (In Persian)
- Ranjbar, M.; Purkiaei, M., (2014). Presenting a suitable model for strategic human resource management with approach of organizational knowledge creation capability in Iranian public organizations. *J. Dev. Evol. Manage.*, 16(16): 51-59 (**9 pages**). (In Persian)
- Ren, S.; Jackson, S.E., (2019). HRM institutional entrepreneurship for sustainable business organizations. *Hum. Res. Manage. Rev.*, 30(3): 100691.
- Riana, G.; Suparna, G.; Suwandana, G., Kot, S. & Rajiani, I. (2020). Human resource management in promoting innovation and organizational performance. *Problems Prospect. Manage.*, 18(1): 107-118 (**12 pages**).
- Rostamzadeh, R.; Boudaghi Khajenobar, H.; Soltani, Z., (2016). The effect of human resources strategic management to attract, retain and empower human resources (case study: Agricultural Bank of Urmia). *J. Future. Stud. Manage.* 24(107): 13-31 (**19 pages**). (In Persian)
- Saadat Talab, A.; Yasini, A.; Shirali, I., (2014).The impact of the approaches of strategic human resources on entrepreneurship and innovative performance in Iran: The Case of Higher Education. *Iran. J. Soc. Problem.* 6(2): 263-280 (**18 pages**). (In Persian)
- Samuel, H.; Siagian, H.; Octavia, S., (2017). The effect of leadership and innovation on differentiation strategy and company performance. *Procedia- Soc. Behav. Sci.*, 237: 1152-1159 (**8 pages**).
- Singh, N., (2018). Strategic human resource practices for innovation performance. *Benchmarking: Int. J.*, 25(9): 3459-3478 (**30 pages**).
- Soo, C.; Tian, A.W.; Teo, S.T.; Cordery, J., (2017). Intellectual capital-enhancing HR, absorptive capacity, and innovation. *Hum. Res. Manage.*, 56(3): 431-454 (**24 pages**).
- Skarzynski, P.; Gibson, R., (2008). *Innovation to the core: A blueprint for transforming the way your company innovates.* Harvard Business Press.
- Subramaniam, M.; Youndt, M.A., (2005). The influence of intellectual capital on the types of innovative capabilities. *Acad. Manage. J.*, 48(3): 450-63 (**14 pages**).
- Taheriattar, Gh.; Rostamlou, R., (2018). Investigating the impact of human resources management functions on creativity, product innovation and process innovation (case study: knowledge-based companies based in Science and Technology Park of University of Tehran). *Innov. Manage. J.* 7(2): 47-68 (22 pages). (In Persian)
- Tooranloo, H.S.; Azadi, M.H.; Sayyahpoor, A., (2017). Analyzing factors affecting implementation success of sustainable human resource management (SHRM) using a hybrid approach of FAHP and Type-2 fuzzy DEMATEL. *J. Clean. Prod.*, 162: 1252-1265 (**14 pages**).
- Tsai, S.; P., (2017). Driving holistic innovation to heighten hotel customer loyalty. *Current Issues Tourism*, 20(15): 1604-1619 (**16 pages**).
- Uslu, T., (2015). Innovation culture and strategic human resource management in public and private sector within the framework of employee ownership. *Procedia- Soc. Behav. Sci.*, 195: 1463-

1470 (8 pages).  
Zawislak, P.A.; Alves, A.C.; Tello-Gamarra, J.; Barbieux, D.; Reichert, F.M., (2013). Influences of the internal capabilities of firms on their innovation performance: a case study investigation in Brazil. *Int. J. Manage.*, 30(1): 329.

Zabihi, A.R.; Kaffashpoor, A.; Farahi, M.M.; Rahimnia F., (2018). Exploring contingency factors of strategic human resource management and identify effective practices of human resource. *Pub. Manage. Res.* 10 (38): 89-116 (28 Pages). (In Persian)

**COPYRIGHTS**

©2021 The author(s). This is an open access article distributed under the terms of the Creative Commons Attribution (CC BY 4.0), which permits unrestricted use, distribution, and reproduction in any medium, as long as the original authors and source are cited. No permission is required from the authors or the publishers.



**HOW TO CITE THIS ARTICLE**

Amani, S.; Musakhani, M., Daneshfar, F., (2021). Designing a strategic human resource management model with the approach of promoting innovation capability. *Int. J. Hum. Capital Urban Manage.*, 6(4):497-510.

DOI: [10.22034/IJHCUM.2021.04.10](https://doi.org/10.22034/IJHCUM.2021.04.10)

url: [http://www.ijhcum.net/article\\_245668.html](http://www.ijhcum.net/article_245668.html)

