

ORIGINAL RESEARCH PAPER

## Evaluation of the impact of strategic human resource management subsystems on improving innovation capability

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### ABSTRACT

**BACKGROUND AND OBJECTIVES:** Today, creative and innovative manpower is one of the most important assets and capital of organizations. Although strategic human resource management can be effective in enhancing employee innovation capability, not many research examined the impact of this type of management subsystems on innovation. Therefore, the purpose of current study is to evaluate the impact of strategic HRM subsystems on improving innovation capability in Municipality of Tehran.

**METHODS:** The present study is mixed in terms of applied-developmental purpose and among the researches. In the qualitative stage of the research, the theme analysis method was used and the purposeful participants were selected and interviewed, which included 13 university professors and 19 managers of Municipality of Tehran. Based on the results of the qualitative stage, the strategies of 7 strategic HRM subsystems were identified and a research model was designed. In a quantitative step, in order to validate the model, the structural equation modeling method and smart PLS software were used. For this purpose, while conducting the validity and reliability of the researcher-made questionnaire, 169 managers and experts in Municipality of Tehran who were randomly selected were interviewed.

**FINDINGS:** According to the study, the relationship between strategic HRM subsystems and innovation capability is positive and significant. Also, the results showed that the coefficient of determination for the strategic HRM variable is 0.611, which means that 61.1% of the changes in the innovation capability variable can be predicted with strategic HRM strategies and its subsystems. Moreover, among human resource subsystems, "talent management system and succession management" and "service compensation and reward system" have the greatest impact on innovation capability.

**CONCLUSION:** The results showed that strategic HRM subsystems are effective on innovation capability in Municipality of Tehran, and the results of this study can be utilized and generalized in municipal organizations and public non-governmental organizations that have an almost similar organizational structure.

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## INTRODUCTION

In today's organizations, innovation and creativity are essential in a changing environment, despite increasing competition (Chow, 2017). One of the key factors in creating the ability to innovate to support the performance of the organization is to support the quality of human resources, which should be the first priority (Rajjani et al., 2016). When companies develop new products and improve management processes, they need the motivation and ability of human capital to generate creative ideas, develop innovative approaches, and apply new opportunities (Scarborough, 2003). The problem that both academics and practitioners face is that innovation management poses a multifaceted problem for organizations that requires strategies, including human resource strategies that affect the set of related factors and influence them. Link together (Sparrow, 2016). Nowadays, the value of strategic Human Resource Management (HRM) is increasingly recognized by management researchers and professionals, and from the perspective of experts, selection, training, rewards and performance and other issues related to employees play an important role in the performance of an organization (Ahmad, 2010). The problem faced by both academics and practitioners is that innovation management poses a multifaceted problem for organizations whose solution requires the adoption of strategies such as human resource strategies that affect the set of relevant factors and influence them. Connect (Sparrow, 2016). Today, the value of strategic HRM is increasingly recognized by management researchers and professionals, and from the perspective of experts, selection, training, rewards and performance and other issues related to employees play an important role in the performance of an organization (Ahmad, 2010). Strategic HRM research focuses on the contribution that human resource actions can make to organizational performance and competitive advantage (Collins and Clark, 2003). In other words, strategic HRM consisting of selection, recruitment, training, performance appraisal, reward, recognition, etc. can help to create a system that is committed to better products, services and experience and in turn facilitates innovation (Singh, 2018). Strategic HRM practices play a central role in creating an environment that nurtures human capital for creative behaviors at work and strengthens skills in solving creative problems (Marchington,

2015). According to Chen and Huang (2009), strategic human resource actions can strongly influence the company's innovation performance, they typically face relatively higher levels of uncertainty, risk, and instability in the innovation process. For instance, the use of 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 and also, intangible and tangible motivations can be used to encourage employees to create and share innovative ideas (Tsai, 2017; Zopiatis and Theocharos, 2018). Today, various units are in charge of managing public affairs and providing needs and providing services to members of the community. Non-governmental public organizations are among the newest institutions and establishments that have been created as a new phenomenon in public administration and show the highest level of decentralization in public administration and have emerged with the aim of providing some special public services and independence that have freedom of action. Article 5 of the General Accounting Law of the country, approved on 3.26.1987, states in the definition of these 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" Pursuant to the note of an accounting law, the list of non-governmental public institutions and establishment was approved by the parliament on 10.7.1994, according to which 10 organizations and their affiliated institutions, including municipalities, were recognized as non-governmental public institutions (Iran General Accounting Law of the country, 1987). The Municipality is a public non-governmental organization that was established on June 3, 1907 under the name of "Baladieh" and is in charge of the urban management of Tehran, the capital of Iran. The management of this organization is the responsibility of the mayor of Tehran. Municipality of Tehran, based on the latest organizational reforms approved in the first half of 2021 with 8 deputies, 22 districts, 33 general administrations, 22 organizations and 24 subsidiaries, which are intentionally responsible for missions such as: rail and bus transportation, city maintenance and environment,

fire, physical protection, finance, urban planning, human resources, urban and cultural infrastructure and urban development. Although measures have been taken in the Municipality of Tehran to promote staff creativity and innovation, but so far, the capacity of strategic HRM and its subsystems has not been used to promote innovative activities and so far, no research has been performed on the relationship between strategic HRM subsystems and innovation capability, and what strategies can be used in human resource subsystems to enhance innovation capability. So there are questions in this regard: What are the strategies of strategic HRM subsystems to promote innovation capability? What is the impact of strategic HRM subsystems on promoting innovation capability and which of the strategic HRM subsystems has the greatest impact on promoting innovation capability? The main purpose of this study is to assess the impact of strategic HRM subsystems on improving innovation capability in the Municipality of Tehran in order to fill the existing research gap and create scientific and practical results.

#### *Theoretical Foundations*

Innovation is the combination of new and old ideas with knowledge in a way that leads to the creation of products and services, techniques and methods, organizational forms and markets (Tidd and Bessant, 2020). Innovation includes not only product innovation, but also other forms such as process innovation, business model innovation, organizational structure, branding, marketing, management systems, experience, and customer service (Neely and Hii, 2012). The Oslo Manual, developed by the Organization for Economic Co-operation and Development (OECD), describes some aspects that can be used to measure innovation performance in the form of innovation output (e.g., number of new products produced, quality enhancement), as well as improving existing systems in the company) and the impact of innovation (such as changes in competition, market development, increased productivity, profits and environmental impacts) (Aryanto et al., 2015). In addition, according to Fontana (2011), five dimensions of innovation performance can be described: (1) internal; (2) technical; (3) business; (4) economic; and (5) social performance. In other words, innovation capability is a process during which capabilities need to be renewed and strengthened, resource allocation

must be changed, the organization should be revised, and strategies are re-evaluated. Achieving innovation capability is not a coincidence, but the organization needs to pursue innovation as part of its strategy (Zawislak et al., 2013). 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 not only 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). On the other hand, HRM as policies and actions required for individuals or human resources in management positions such as selection, job design, training, performance appraisal, service compensation, job planning and encouraging employee participation in decision making and evaluation Performance is defined (Nayyab et al., 2011). From Armstrong (2001), point of view, HRM as a strategic approach to company decision-making and planning in relation to employees and strategies, policies and actions related to recruitment, training, development, performance management, service compensation and employee relations are integrated horizontally with each other and vertically with the company's strategy. The field of strategic HRM includes the factors that determine decisions about human resource actions, the composition of human capital resources, the characteristics of the behaviors required by human resources, and the effectiveness of these decisions according to different business strategies or competitive conditions (Buller and McEvoy, 2012). Experts have proposed various functions for strategic HRM (Milligan and Maloney, 1996); functions that included career path work, training, outcome-oriented evaluation, employee safety, service rewards, and career development. Chen and Huang (2009) in a research have identified factors such as training, performance appraisal, service reward and employee participation as components of strategic HRM functions. Dhar (2015) mentioned hiring, participation, training, performance appraisal as the most effective strategic human resource measures, according to which employees develop themselves in an innovative and competitive way. Given the importance of innovation in improving the performance of employees in organizations, in the current study, efforts have been made to investigate the effect of strategic HRM subsystems on innovation

capability in the Municipality of Tehran.

#### Research background

In various studies, the relationship between HRM and its subsystems with organizational innovation has been investigated. [Mohammadi and Jahanian \(2020\)](#) in a study, addressed the issue of improving the service compensation system as a driver of human capital innovation. According to the results, service compensation should be flexible in order to encourage and develop entrepreneurial and creative behaviors. Therefore, in compensating employees, habits, beliefs, skills, human relations, values and justice in payment should be considered and more attention should be paid to non-financial rewards. [Asgari et al. \(2020\)](#) concluded that performance appraisal affects the creativity and innovation of knowledge workers. [Hajazi et al. \(2020\)](#) in a study examined the role of talent management in the emergence of innovative capabilities in a government organization. The results showed that talent management by considering the modifying variables (individual, environmental, organizational, human, contextual and cultural) is effective in the emergence of innovative capabilities. Findings of [Mirza Hakim and Poursaid \(2018\)](#) showed that there is a direct and significant relationship between talent management and organizational innovation. The best predictor of organizational innovation is talent acquisition. [Rajabi et al. \(2016\)](#) in a research showed that human resource development activities affect employee innovation with the mediating role of knowledge management and organizational learning. Findings of [Hakami et al. \(2014\)](#) showed that 43% of employee innovation development can be predicted by service compensation strategy indicators. The greatest impact is related to creating opportunities for growth and promotion, and in the next stage, freedom and job opportunities, and attractive and attractive work. [Azizi et al. \(2021\)](#), examined innovative HRM strategies during the COVID-19 epidemic. Based on the results, innovative HRM strategies including flexibility, strengthening internal efficiency, talent identification and making innovative changes based on organizational evaluation and job activity needs were identified. The results of [Singh \(2018\)](#) research also showed that strategic HRM affects the performance of innovation, in this regard, the capacity of knowledge management as a

mediating variable. According to research by [Sharma and Gursoy \(2018\)](#), reward systems are a necessary tool to encourage employees to create and share new ideas. Therefore, it can be said that innovation-based rewards require compensation for employee services based on innovative ideas that have been created or shared. Findings of [Farouk et al. \(2016\)](#) showed that using an innovation-based recruitment and selection process often plays an important role in ensuring the selection of talented groups and innovators to innovate to ensure organizational competitiveness. [Aryanto et al. \(2015\)](#), in a research concluded that strategic HRM practices have a positive relationship with innovation capability, which in turn has a positive effect on innovation performance. Therefore, strategic HRM can be a good predictor of a company's innovation capability. Summary of the review of theoretical foundations and background research shows that many studies have emphasized the importance of HRM in promoting organizational innovation and research has confirmed the relationship between them; however, by examining the results of the research, it was realized that the relationship between strategic HRM subsystems and innovation capability and what strategies can be used in strategic HRM subsystems to promote innovation capability, have not been studied in previous studies. Therefore, the present study seeks to fill the existing research gap and evaluate the impact of strategic HRM subsystems on improving innovation capability in the Municipality of Tehran in a practical and comprehensive format. The current study has been carried out in Tehran in 2021.

#### MATERIALS AND METHODS

The main purpose of this study is to evaluate the impact of strategic HRM subsystems on improving innovation capability in the Municipality of Tehran. This research, in terms of purpose, is a development-applied research that is in the group of the mixed methods. Mixed research is a kind of research that is done using a combination of two sets of quantitative and qualitative methods ([Bazargan, 2008](#)). On the other hand, it seeks to develop theories and concepts in the field of strategic HRM and its subsystems to promote innovation, the results of which can be used by the managers in the Municipality of Tehran, to promote creativity and organizational innovation. Of course, the results can be used for public and private

organizations, taking into account their background conditions. Also, since the subject of research is new and innovative and there is limited knowledge and understanding about the impact of strategic HRM subsystems on promoting innovation capability, it is considered as exploratory research. In order to identify the strategies of strategic HRM subsystems and the dimensions of innovation capability, 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. Theme analysis is a method for determining, analyzing and expressing patterns (themes) within data. This method in itself organizes the data and describes it in detail, but can go beyond this and interpret various aspects of the research topic (Braun and Clark, 2006). The data needed to design and validate the research model were collected using semi-structured interview tools and a questionnaire. After reviewing the theoretical foundations and previous research, the interview questions were designed based on the existing research gap according to the objectives of the research. Participants in the semi-structured interviews were university professors and managers in the Municipality of Tehran. In order to conduct semi-structured interviews and model design, a total of 13 university professors and 19 executive experts who were purposefully selected participated in the survey. Interviews continued until theoretical saturation was reached. The selected academic experts had a doctorate in management or related fields and had conducted many research in the field of HRM. Executive experts, while having at least a master's degree, had at least 3 years of management experience in the Municipality of Tehran. During the interviews, the researchers were very careful and tried not to deviate from the defined structure of the interviews and also, the interviewees answered the questions in a calm and trustworthy atmosphere. After conducting interviews and extracting 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. Several criteria for the internal validity of the results of the qualitative method are presented. In this research, triangular methods and expert review were used. The triangular method uses multiple data sources or multiple methods

to validate emerging data. Also, in the method of Member's Check, respondents are asked to answer the question of the acceptability of the results (Koelsch, 2013). In order to confirm the validity of the results of the theme analysis, 3 university professors and 2 executive experts were consulted about the obtained results and the results were approved by making corrections. Also, the obtained results were adapted to the theoretical foundations and previous researches in order to confirm the appropriate compatibility. In the quantitative stage of the research, to confirm the validity of the model designed in the qualitative stage in the Municipality of Tehran, the SEM method and smart PLS software were used. In order to collect data at this stage, a questionnaire designed by the researcher was used which consisted of 56 questions. The validity of the questionnaire designed by 3 experts in the qualitative stage was confirmed by making corrections. Also, the reliability of the questionnaire was calculated by Cronbach's alpha method as 0.803, which was a suitable value. The statistical sample at this stage was 169 managers and specialists in the field of human resources in the Municipality of Tehran. The sample size at this stage was calculated by Cochran's method and the sampling method was random.

## RESULTS AND DISCUSSION

In the present study, in order to identify the strategies of strategic HRM subsystems and the dimensions and components of innovation capability, the theme analysis method was used. For this purpose, after conducting semi-structured interviews with experts, their content was examined. The steps taken to design the model based on the view of Brown and Clark (2006) using the theme analysis method are as follows:

*Step 1 - Familiarity with the data:* In the first step, the content of the interviews was examined and this was repeated several times to ensure that no point was missed.

*Step 2 - Creating the initial codes:* After reviewing the content of the interviews, for the items stated by the experts, the initial codes were extracted by the researchers. The method was that the researchers extracted a code for the points made by the interviewees that referred to a specific topic.

A sample text of the interviews and the extracted codes are provided in Table 1.

Table 1: Sample text of interviews and extracted codes

Row	Interview text	Strategy
1	Some people who are hired in the municipality enter the system using relationships and not organizational needs, and some of them are not qualified people. However, many elites who can transform the system with their creative knowledge and mind cannot be absorbed by the system.	Elitism
2	The entry of unqualified people into the organization through the relationship not only lowers the overall performance of the system, but also reduces work ethic and motivation among employees, and the become indifferent and discouraged.	Ethical
3	The recruits must be able to meet the future needs of the municipality. Meeting the demands of citizens, which is changing day by day, requires creativity. Even the people the system needs in the future need to be retained in the organization.	Foresight
4	Due to the increase in the level of knowledge and skills of employees, performance metrics should be focused on results instead of behaviors. For instance, the number of innovations in work or the amount of improvement made by employees should be evaluated.	Emphasis on results

Table 2: Strategies of strategic HRM subsystems and dimensions and components of innovation capacity

Variable	Dimension	Component
Strategic Management of Human Resources	RE	Elitism
		Ethical
		Foresight
	EV	Emphasis on results (rather than behaviors)
		Emphasis on continuous performance improvement Incorporating innovative benchmarks in performance appraisal
	DE	Enhancing staff knowledge
		Targeted and effective education
		Development of innovative skills
	CO	Axis justice in payment
		Rewards for innovative activities
AN	Emphasis on employee performance in payment	
	Flexibility of the payment system for knowledge employees	
	Promoting job enrichment	
TA	Significantly strengthen jobs	
	Employees' independence and freedom of action	
	Identifying and discovering talents	
RE	Fostering talents	
	Succession planning for key and specific jobs	
	Employees' tacit knowledge management	
ID	Participatory Management	
	Employee support	
	Strengthen relationships with creative and innovative employees	
AB	Creating a platform for creating ideas	
	Idea creation function	
	Staff recruitment capacity	
AP	Ability to absorb the environment of the organization	
	Absorption capacity of processes and procedures	
	change management	
PE	Organizational and management system support	
	Product. service innovation	
	Process innovation	
Innovation capability		Innovation in work procedures

*Step 3 - Search themes:* In this step, the codes that were related to a specific field were combined by the researchers in the Theme format.

*Step 4 - Review themes:* Once the themes have been identified, the researcher re-examined them to make sure they were correct, and finally, the final theme map was prepared.

*Step 5 - Defining and naming themes:* After finalizing the themes, the researcher chose the appropriate name for each theme.

Finally, the strategies of strategic HRM and innovation capabilities subsystems are shown in Table 2.

Finally, in the research model, 7 strategic HRM subsystems that were approved by the experts were included in the model. These subsystems include staff 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. Also, the dimensions related to the promotion of innovation capability, which include the ability to create ideas, the capacity to absorb innovation, the capacity to apply innovation and innovative performance, were included in the model. The model of strategic HRM

with the approach of promoting innovation capability in The Municipality of Tehran is shown in Fig. 1.

*Research model validation*

SEM was used to validate the research model. Initially, the adequacy of the research samples was examined. There are several methods for assessing the adequacy of sampling, including the 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 that is the basis of the analysis in society is not equal to zero. In other words, sampling adequacy can be confirmed by using Bartlett test. The results of the KMO and Bartlett tests are presented in Table 3.

According to Table 3, the size of the sample adequacy index (KMO) is 0.814 and is larger than 0.6, which indicates that the sample size is sufficient. Also, the results of the significance test of the sphericity of Bartlett sample with SPSS software is equal to 0.000 which indicates the adequacy of the samples. After confirming the adequacy of the sample size, reliability and validity were examined. Two criteria (Cronbach's alpha coefficient and composite reliability coefficient) were used to determine the reliability of the questionnaire. Cronbach's alpha

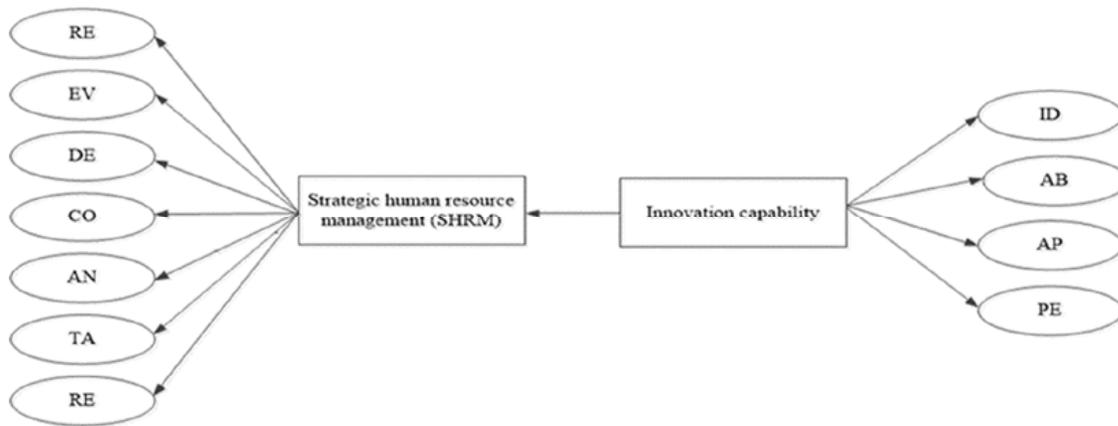


Fig. 1: Research conceptual framework.

Table 3: Results of KMO index and Bartlett test calculation

Index	KMO	Bartlett	Sig	Degrees of freedom	Test result
Value	0.814	32125.87	0.000	5125	Confirmed

Table 4: Calculated Factor Load Values, Cronbach's Alpha, Combined Reliability and Convergent Validity

Demotion	CA*	CR**	AVE
Employee Recruitment, Supply and Adjustment System (RE)	84.0	86.0	72.0
Performance Management System (EV)	80.0	84.0	75.0
Human Resource Development System (DE)	86.0	89.0	73.0
Service Compensation and Reward System (CO)	85.0	89.0	76.0
Job Analysis and Design System (AN)	82.0	83.0	71.0
Talent Management and Succession Management (TA) System	86.0	88.0	81.0
Employee Relationship Management System (RE)	81.0	84.0	68.0
Ability to create ideas (ID)	82.0	83.0	69.0
Innovation Absorption Capacity (AB)	83.0	85.0	73.0
Innovation Application Capacity (AP)	79.0	83.0	72.0
Innovative performance (PE)	80.0	81.0	75.0
<b>Minimum acceptable amount</b>	<b>7.0</b>	<b>7.0</b>	<b>5.0</b>

\* Cronbach's alpha

\*\* Combined reliability

Table 5: Diagnostic validity of the dimensions of the research model

Dimension	RE	EV	DE	CO	AN	TA	RE	ID	AB	AP	PE
RE	0.816										
EV	0.324	0.829									
DE	0.388	0.409	0.791								
CO	0.335	0.387	0.298	0.834							
AN	0.320	0.288	0.405	0.339	0.777						
TA	0.336	0.395	0.425	0.337	0.358	0.868					
RE	0.390	0.312	0.285	0.396	0.433	0.319	0.758				
ID	0.326	0.284	0.312	0.271	0.366	0.294	0.377	0.810			
AB	0.346	0.28	0.355	0.377	0.368	0.27-	0.341	0.415	0.792		
AP	0.337	0.379	0.352	0.291	0.389	0.316	0.348	0.431	0.447	0.743	
PE	0.269	0.342	0.374	0.317	0.287	0.396	0.387	0.402	0.416	0.437	0.796

coefficients of all variables in this study are more than the minimum value of 0.7, therefore, reliability is confirmed. Also, the validity was calculated in two parts of divergent and convergent validity. The AVE criterion is the convergent validity calculation index and represents the average variance shared between each structure with its own indicators. The Average Variance Extracted (AVE) criterion is the convergent validity calculation index and represents the average variance shared between each structure with its own indicators. Simply put, 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 stated that a value of AVE above 0.5 indicates acceptable convergent validity for measurement models.

Also, the criterion used to calculate the divergent validity is the degree to which the structure is related to its indicators compared to that structure with other structures. Acceptable divergent validity

of a model indicates that a structure in the model has more interaction with its indicators than other structures (Davari and Rezazadeh, 2014). The results of the divergent validity test are presented in Table 5.

After confirming the adequacy of the sample size and the validity and reliability, the structural model of the research was tested. The output of PLS software indicates the appropriateness of a fitted structural model. The tested conceptual model is presented in Figs. 3 and 4. The numbers written on the lines are actually beta coefficients from the regression equation between the variables, which is the same as the path coefficient, and the numbers inside each circle represent the value of R<sup>2</sup> for the hidden endogenous variables of the model. As can be seen in Fig. 2, the effect intensity between human resource subsystems and the innovation competition is 0.611, which is significant with respect to t values.

It should be noted that the most basic criterion for measuring the relationship between structures in structural equation models is the significant numbers

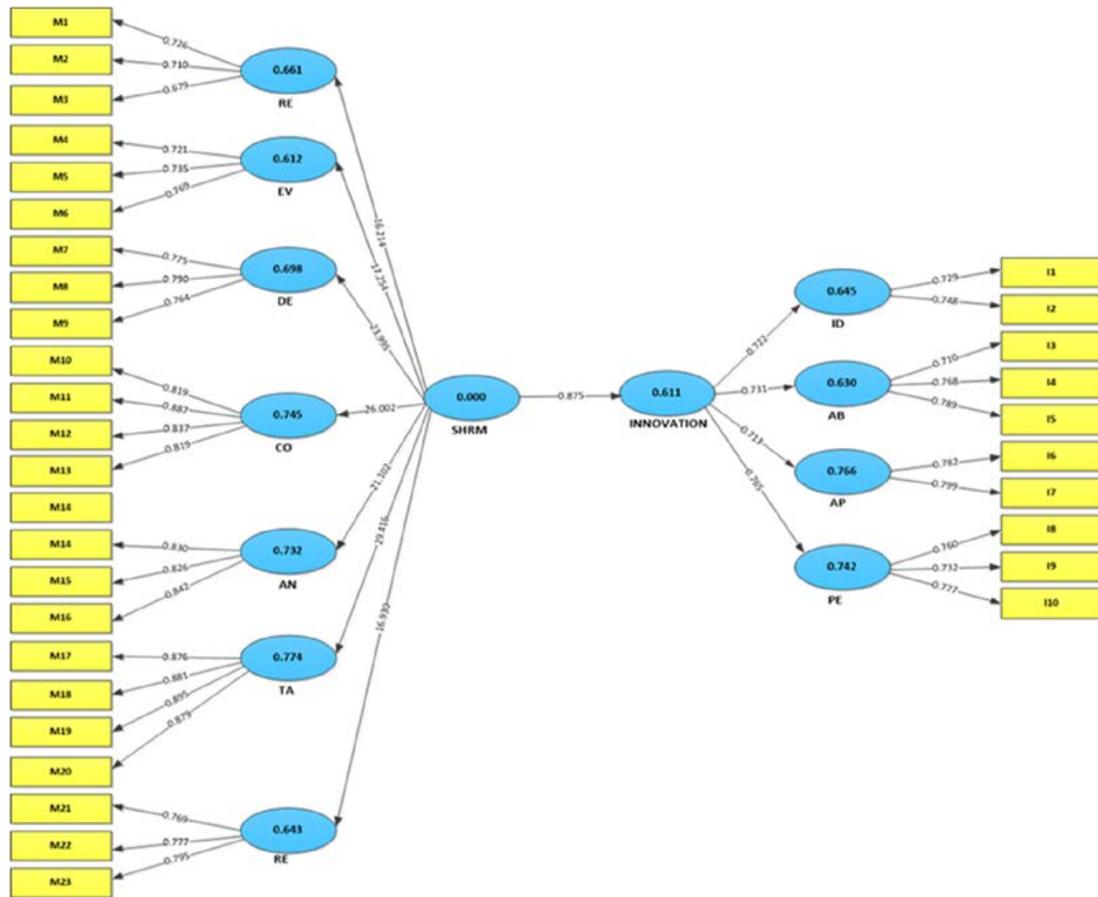


Fig. 2: Structural model of research in standard mode

t. If the value of t-statistic is outside the range (-1.96 to +1.96), it is significant at the 95% confidence level, and if the value of statistic is placed within this range, then the estimated path coefficient is not significant and the corresponding hypothesis is rejected. Fig. 3 shows the conceptual model of the research in the significant state of coefficients. As can be seen, all coefficients are out of range and therefore, all of them are significant.

To evaluate the fit of the structural model, the coefficient of determination of the endogenous latent variables of the model was calculated. 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. According to the results of calculations, the value of the coefficient of determination of the innovation capability variable is

0.611, which is a suitable value. The structural model quality test (Q2) was proposed by Stone (1974) for the predictive power of the model. They believe that models that have an acceptable structural fit should be able to predict the characteristics of the model's endogenous structures. If the value of Q2 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 three values of 0.02, 0.15 and 0.35 regarding the intensity of forecasting power for endogenous structures. The value of Q2 for the innovation capability variable is 0.31, which is the optimal value. Finally, the GOF criterion is related to the overall fit of the structural equation models, which means that the researcher can test the correctness and overall fit

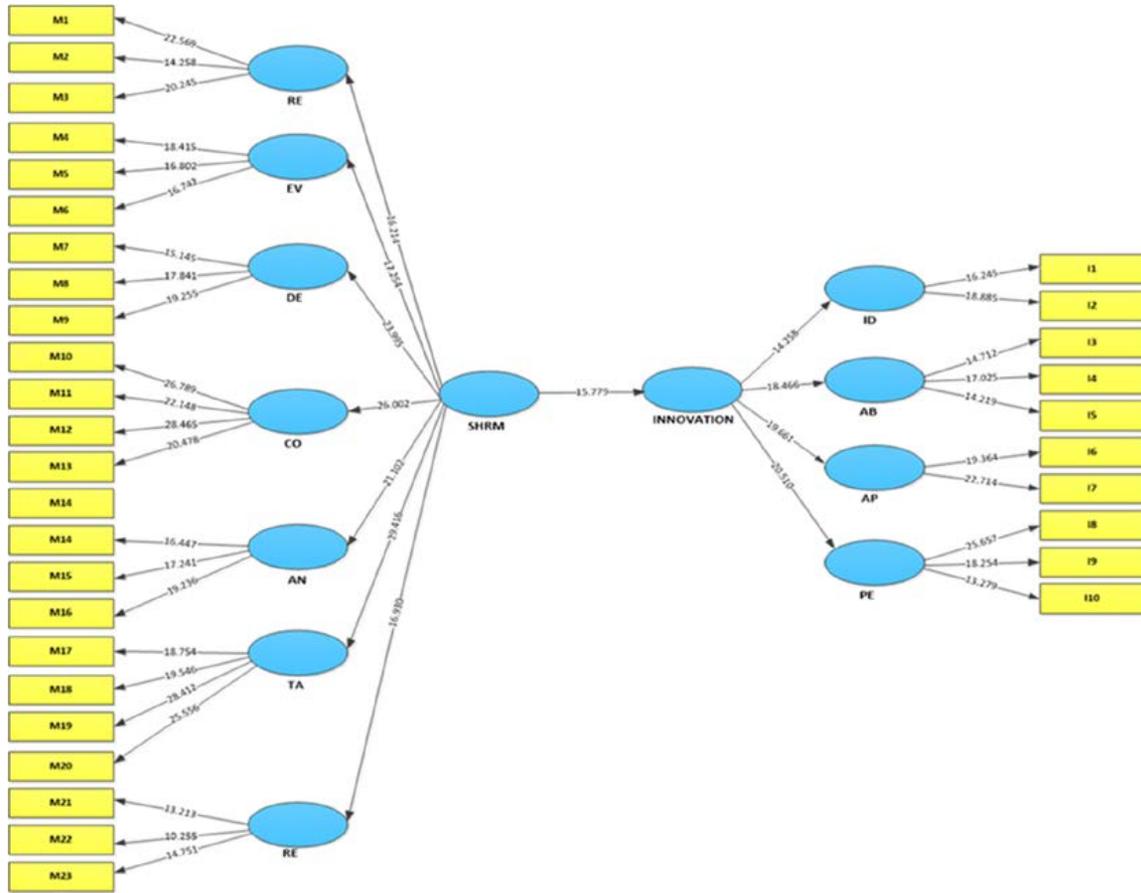


Fig. 3: Structural model of research in the significant coefficients mode

of the proposed conceptual model with this criterion. In GOF criterion, three values of 0.01, 0.25 and 0.36 have been introduced as weak, medium and strong values for this criterion (Davari and Rezazadeh, 2014). The calculated GOF value for the research model is 0.34, which is an acceptable and strong value. Based on the results of the research, 23 strategies were identified for strategic HRM subsystems that can provide the basis for promoting innovation capability. Also, based on the findings of the model validation, the impact of 7 subsystems of 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 management system relationships with employees on promoting innovation in the Municipality of Tehran were

confirmed. In addition, among the strategic HRM subsystems, “talent management and succession management system”, “service compensation and reward system” and “job analysis and design system”, with a coefficient of determination of 0.774, 0.745 and 0.732 were identified as the most effective subsystems in promoting innovation capability. Considering the identification of the strategies of each subsystem and the approval of all of them, a systematic model can be used to promote the innovation capability in the Municipality of Tehran. The results of the research are consistent with the results of other researches. In the research of Mohammadi and Jahanian (2020), Tsai (2017) and Zopiatis and Theocharous (2018) and Sharma and Gursoy (2018), the system of service compensation and reward has been proposed as a stimulus for human capital innovation. In the present study, the effect of the compensation system Services

and strategic rewards on innovation capability were confirmed. Also, in the study of [Asgari et al. \(2016\)](#), the effect of employee performance appraisal on innovation was emphasized, which was also confirmed in this study. [Farouk et al. \(2016\)](#) also confirmed the relationship between recruitment and employment system with innovation, which is consistent with the results of the present study. [Hajazi et al. \(2019\)](#) and [Mirza Hakim and Poursaid \(2018\)](#) and [Azizi et al. \(2021\)](#), in their research, confirmed the impact of talent management system on innovation, which in this study, strategic talent management system, as the most important strategic management subsystem of human resources management were identified in promoting innovation capability.

## **CONCLUSION**

Today, human resources play a key role in the success of organizations and leading organizations have creative, motivated and capable employees. Certainly, in addition to the characteristics of employees, the actions related to strategic HRM that are planned and implemented by organizations are effective in believing in capabilities and creating energy and motivation in the Municipality of Tehran, like any other organization, is no exception to this rule and needs to use the capacity of strategic HRM and its subsystems to strengthen the ability to innovate in order to properly respond to the demands of citizens and other stakeholders and adapt to changing environmental conditions which the current study addressed this important issue. In this study, first, the strategies of 7 strategic HRM subsystems were identified with the approach of promoting innovation capability by consulting with the experts, and then the relationship between human resource subsystems and innovation capability was examined through consulting managers and human resource professionals. As the results showed, strategic HRM subsystems are effective on innovation capability in the Municipality of Tehran. In addition, among the strategic HRM subsystems, “talent and succession management system”, “service compensation and reward system” and “job analysis and design system” were identified as the most effective subsystems in promoting innovation capability. Considering the strategies of each subsystem and identifying all of them, a systematic model can be used to promote

innovation in the Municipality of Tehran. The results of the current study can be applied and generalized in terms of application in municipal organizations as well as non-governmental public institutions that have an almost similar organizational structure.

## **Suggestions**

Based on the research results, the following practical suggestions are presented:

- It is suggested that the management of the Municipality of Tehran to examine the gap between the current situation and the desired condition in each of the strategic HRM subsystems based on the identified strategies, and formulate strategies and policies needed to move towards the desired conditions;
- It is recommended that the management of the Municipality of Tehran to use the experiences of successful national and international organizations in the field of implementing the identified strategies in each of the strategic HRM subsystems;
- In order to implement the identified strategies as effectively as possible, it is suggested that the management of the Municipality of Tehran to use the opinions of operational and middle managers and form committees with their membership to implement each of the strategies;
- It is suggested that in order to prevent the ineffectiveness of each of the strategies identified in the subsystems, a strategic council should be formed in order to continuously monitor and review environmental and internal factors and adapt programs and executive measures.

## **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 of experimental and manuscript edition. K. Daneshfard helped in the manuscript preparation and final edition.

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### 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.

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### ABBREVIATION

CA	Cronbach's alpha
CR	Combined reliability
HRM	Human resource management
GOF	Goodness Of Fit
KMO	Kaiser-Meyer-Olkin Measure of Sampling Adequacy
OCED	Organization for Economic Co-operation and Development
PLS	Partial Least Squares
SEM	Structural Equation Modeling

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