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Mediation of Knowledge Management on the Effect of Human Resource Management Practices to Innovation Capability

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ABSTRACT

This study aimed to investigate the innovation capability in IT small and medium-sized enterprises (SMEs) in depth, with a key focus on human resource management practices, and knowledge management. Nowadays, managers recognize the value of knowledge as an intangible asset which stimulates innovation in organizations. However, few studies examine the role of human resource management in fostering knowledge capability which eventually leads to innovation. For this reason, this paper investigates the impacts of knowledge management in the relationship between the policies and practices of human resource management and innovation. The study is empirically based on the primary data collected from 130 IT small and medium-sized companies that are registered to Haidian District, one of the most important information technology industry base areas of Beijing, China. Data obtained from questionnaires will be analyzed through the SPSS statistical packet. The General Linear Mediation Regression test is used to measure the significance of the mediation effect of knowledge management capability. This study suggests that the innovation capability of IT SMEs may come from many aspects, and there is a certain degree of uncertainty that requires further exploration and research.

KEYWORDS

Innovation capability; Knowledge management; Human resource management

1. INTRODUCTION

The information technology industry's main asset is its drive for innovation. The industrial revolution was propelled by the breakthrough of technological inventions and renovations. Unfortunately, China is still deemed as lacking and insufficient when it comes to breadth and depth of innovation stemming from deficiency in incentives and lack of systems relative to it.

Today's increasing competitive pressure has required IT companies specially small and medium-sized enterprises (SMEs) to continuously innovate their products to meet the rapid changes of customer demands. Innovation capability is widely accepted as the main driving force for firms to attain competitive advantages and success.

Compared with ordinary small and medium-sized enterprises, IT small and medium-sized enterprises(SMEs) have higher requirements in terms of "specialization, refinement, distinctiveness, and novelty", and have higher quality requirements and dependence on human resources. There is an urgent need for knowledge management capabilities in order to share, apply and promote the overall innovation capabilities of the enterprise.

Prior studies indicated that firms with the higher degree of innovation capability allow them to adapt better to the lack of certainty of both external and internal environment, take advantage of strategic market opportunities and bring them success before the swift changes of technology, globalization and competitive intensity. However, it is not easy for IT firms, especially SMEs, to develop their innovation capability properly due to lack of understanding on key antecedents and appropriate mechanisms of innovation. To fill these theoretical gaps, the purpose of this study is to investigate the potential impacts of human resource management(HRM) practices (Performance Appraisal, Career Management, Training, Reward System, Recruitment) on aspects of innovation capability namely product and process innovation via the mediating role of knowledge management capability (KMC) (Knowledge acquisition, Knowledge sharing, Knowledge application) in organizations.

2. OBJECTIVES

This study will develop an integrated theoretical model for clarifying the mechanism of how HRM practices link with a firm's capability for product and process innovation under the mediation role of KMC.

The paper attempts to fill the research gaps mentioned above by shedding light on the following three research questions:

(1) What is the level of innovation capability of the companies in terms of:

a. product innovation

b. process innovation

(2) How do the HRM practices be assessed?

a. Performance Appraisal

b. Career Management & Training

c. Reward System

d. Recruitment

(3) How do knowledge management of the firms be assessed with regards to:

a. knowledge acquisition

b. knowledge sharing

c. knowledge application

(4) Does knowledge management mediates the effect of HRM practices to innovation capability?

(5) Based on findings, what output may be proposed?

3. MATERIALS AND METHODS

This study explores human resource management (HRM) practices affecting innovation capabilities (IC) and mediation of knowledge management (KM) utilizing a descriptive correlational research design to examine the relationship between these three variables. A descriptive-correlation design is a research method that seeks to describe and explore relationships between variables without proposing cause-and-effect relationships. In this study, the researchers collected data on HRM, KM, and IC variables from a sample of SMEs in the IT industry. They then analyze the data using statistical techniques to determine the nature and strength of the correlation between these variables.

Considering the focus on the interplay between HRM practices and innovation capability via knowledge management, this study targeted a specific group within IT SMEs in Haidian, Beijing,

China. Specifically, the respondents consisted of individuals who played the role of human resource managers (HRMs) and product managers.

Overall, the target population of this study is small and medium-sized IT companies (SMEs) registered in Haidian District, Beijing, China. However, due to challenges in obtaining a list of registered business names from the agency, alternative sources for a list of IT SMEs were considered. China's State Administration for Industry and Commerce has invoked the Data Privacy Law to require top government approval before publishing a list of company names, but such requests are often rejected. To address this limitation, the researchers chose to obtain a list of 195 IT SMEs from the White paper on the Development of Software and Information Technology Service Industry in Beijing 2020 (from the Software Enterprise Association). Using the Raosoft sample size calculator, a sample size of 130 respondents was determined with a margin of error of 5% and a confidence level of 95%.

Simple random sampling technique was used to identify the IT SMEs included in the sample. The researchers obtained a list of names registered at the Haidian Market in Beijing, China, and assigned each name a unique number. The researcher used a spreadsheet to randomly select numbers to determine the final sample of respondents. This sampling design ensured that each IT SME had an equal chance of being selected, reducing potential bias and increasing the generalizability of the research findings.

This study's respondents consist of owners or general managers or CEO and human resource managers of IT SMEs in Haidian, Beijing, China. A total of 130 valid questionnaires were collected. The researcher used a standardized questionnaire as an instrument to acquire the needed information. Researchers browse relevant books online and obtain standardized questionnaires related to their research. The most appropriate standardized questionnaire was developed by Muneer Alrwashdeh, Mohammad J Adaileh and Hussam Ali(2022) who used it in their study.

After applicability modification, the questionnaire was divided into two main parts. The first part discusses the background materials of the respondents.The second part of the questionnaire is divided into 4 sections and consists of 24 questions, including HRM Practices, Knowledge Management (KM), and Innovation Capability (IC). The first section has 3 questions aimed at collecting information about IT SMEs in Haidian District, Beijing, China. The second part collects four questions on the impact of HRM Practices. The third part consists of 5 questions, describing the impact of Knowledge Management(KM). The fourth part is about the impact of Innovation Capability (IC), which includes 8 questions.

To ensure the effectiveness and reliability of data collected through this instrument, it should undergo validation and be subjected to interference testing by 30 IT SMEs from other provinces of China. This will assess the clarity, comprehensibility, and relevance of the questions. Based on the feedback received, necessary modifications can be made to enhance the quality and effectiveness of the questionnaire.

Cronbach'sαcoefficient is used to test the reliability of this part of the data, and the overall reliability test results of the questionnaire are shown in Table 1. The overall α value of the HRM practice is 0.804, the α value of the Knowledge Management is 0.861, the α value of the Innovation Capability is 0.876, and the α values are all above 0.8, indicating that the internal indicators are consistent and and this study has good reliability.

In the testing model, scales measuring different constructs were integrated into the survey format, with items on the upper side and a seven-point Likert-type scale corresponding to each variable on the lower side.

Researchers used the Questionnaire Star platform to create questionnaires, which were distributed through WeChat groups and email links for easy access by 130 respondents.

The data collection is expected to last for 7 days. After completing the required number of respondents, the data will be retrieved to eliminate incomplete and blank responses, resulting in 130 response data. Make it into a table and process it using SPSS. Subsequently, analysis and explanation were conducted.

Ethical considerations were taken into account before the research work was carried out. Before the commencement of the questionnaire, it was made clear to the respondents that the survey was to be used for academic research only in order to maintain the quality and integrity of the questionnaire returned.

Table 1. Reliability Analysis

Factors	Items	Cronbach's alpha	Interpretation
HRM practice	22	0.804	Good
Knowledge Management	16	0.861	Good
Innovation Capability	9	0.876	Good
All factors	47	0.843	Good

George and Mallery (2003) provide the following rules of thumb:_ > .9 – Excellent, _ > .8 – Good, _ > .7 – Acceptable, _ > .6 – Questionable, _ > .5 – Poor, and_ < .5 – Unacceptable

4. RESULTS AND DISCUSSIONS

This section will delve into the Mediation of Knowledge Management on the Effect of HRM Practices to Innovation Capability among IT SMEs in Haidian District, Beijing, China.

4.1. How May the Level of Innovation Capability of the Companies Be Described

4.1.1. Product Innovation

The firm is perceived average in developing original products and could indicate the firm taking an active role in innovation. This could imply that there is a possibility for more innovation through improved originality and competitive advantage.

Efforts to increase product value also show an average interpretation highlighting ongoing but potentially under-optimized initiatives in improving positioning in the market and benefits to customers. Perceptions on adding new elements to products and technical specifications both showed average scores as well, indicating room for improvement in process visibility and communication clarity. Overall, while the firm shows commitment to innovation and value enhancement, refining processes and communication around product development could strengthen its competitive edge and customer satisfaction.

As Composite Mean (Overall) is 3.77, Composite SD (Overall) is 1.34. So the overall perception of product innovation is slightly above average. While the composite mean is higher, the standard deviation indicates some variability. Exploring common themes and specific factors contributing to the variability can guide improvement strategies.

The term of the firm that develops original products got the most high score, this indicated that respondents generally believe that the company performs well in developing original products. As for Xu Xiaoxia (2022), original products promote innovation and collaboration within the team. The company may also invest significant efforts in product research and development and strive to launch unique and innovative products. This may also mean that the company has a certain competitive advantage in the market competition, because original products can usually attract customer attention and market recognition.

4.1.2. Product Innovation

The organization shows an average perception across several dimensions. Efforts to implement new processes for speed improvement received the highest rating, suggesting a proactive stance in enhancing operational agility. This indicates recognition of the importance of efficiency in competitive environments, though there are varied perceptions regarding their effectiveness.

The initiative to build a new operating platform and innovate in work instructions both received neutral ratings, suggesting potential for clearer communication and strategic alignment.

Meanwhile, interactive online processes and cost reduction strategies were perceived slightly positively, indicating ongoing efforts in leveraging technology and optimizing operational costs. Overall, while the organization demonstrates initiative in process innovation, refining communication and strategic execution could amplify the impact of these efforts, fostering greater operational efficiency and competitive advantage.

4.2. Extent of Practicing HRM

4.2.1. Performance Appraisal

The organization's performance appraisal processes reveal a moderate perception across several items. The dimension with the highest rate, fairness in performance appraisal, indicates a perceived effort towards equity in evaluation practices. This suggests a foundational commitment to ensuring employees are assessed fairly, although the wide difference to varying views on fairness within the organization.

Next, the existence of a formal and written performance appraisal system received a moderate rating. This indicates the presence of structured processes for evaluation but also suggests room for improvement in securing clarity and consistency across the organization. Effective performance management systems are significant for aligning individual goals with organizational objectives and fostering employee development.

Employees' awareness of how their performance is evaluated and receiving feedback on evaluation results both received moderate ratings. This signifies an average perception regarding communication and transparency in the performance appraisal process. Clear and timely feedback is important for enhancing employee engagement, motivation, and performance improvement.

Lastly, the involvement of head superiors in conducting performance appraisals received a slightly lower moderate rating. This suggests potential areas for enhancing leadership involvement and effectiveness in the appraisal process. Studies emphasize that active leadership engagement in performance appraisal can strengthen alignment with organizational goals and foster a culture of continuous improvement and accountability.

Overall, while the organization demonstrates a commitment to fair and structured performance appraisal processes, there are opportunities for enhancing clarity, consistency, and leadership involvement. Improving these aspects can contribute to greater employee satisfaction, development, and organizational performance.

4.2.2. Career Management Training

The assessment on career management training indicates moderate satisfaction among employees. Training opportunities for personal growth are perceived positively, suggesting that the organization supports continuous learning. However, the adequacy of training for current tasks and preparation for promotions is slightly less favorable, highlighting potential areas for improvement in career progression support. The alignment of available training with job requirements is also seen as moderate, indicating that while training is relevant, there is room for better alignment. Overall, the

results point to a need for enhancing the effectiveness of training programs to better support employee development and career advancement.

4.2.3. Reward System

The assessment on the reward system indicates that employees are moderately satisfied overall. Benefits are seen as the most appropriate for their needs, reflecting a positive perception of the support provided by the organization. The provision of a nice, non-reflecting reward also received relatively higher approval, suggesting employees value these additional incentives. Health care, vacation, and sick leave benefits are considered sufficient, but only to a moderate extent, pointing to areas where the organization could improve. Performance-based compensation is viewed moderately, indicating a need for clearer and more motivating reward structures. The criteria for determining pay and the perceived fairness of salaries are also only moderately satisfactory, highlighting potential issues in transparency and perceived equity. Overall, the composite mean shows a consistent moderate satisfaction, with room for significant improvements to enhance employee morale and retention.

4.2.4. Recruitment

The assessment on recruitment practices reveals a moderate level of satisfaction among employees. The most positively viewed aspect is the advertising of positions on websites and other media, indicating effective communication in attracting new candidates. The clarity of duties defined by the Human Resource department also received favorable feedback, suggesting that job roles are well-articulated. However, the commitment to procedures and policies in the selection process is rated slightly lower, pointing to potential inconsistencies or areas for improvement in adherence to recruitment standards. The use of standardized tests and the selection of staff based on skills and knowledge are both seen as moderate, indicating room for enhancing the rigor and effectiveness of these methods. Overall, the composite mean reflects a general but moderate satisfaction with recruitment processes, highlighting a need for further refinement to ensure more robust and transparent hiring practices.

Variability in responses suggests that there may be differing perspectives on the clarity of defined duties and the use of standardized tests in the recruitment process.

4.3. Description of Knowledge Management of the Firms

4.3.1. Knowledge Acquisition

The assessment on knowledge acquisition shows a neutral level of satisfaction among employees. Special project feedback mechanisms are viewed as slightly more favorable, suggesting some effectiveness in using past experiences to improve future performance. However, the encouragement for employees to propose creative improvements and the systemization of collected information are also perceived neutrally, indicating that while these mechanisms exist, they might not be fully effective or utilized. Recording and reorganizing work knowledge into a database and valuing new knowledge through internal cooperation are similarly rated, reflecting a neutral stance on the company's efforts in these areas. Overall, the composite mean suggests that while the company has established various knowledge acquisition practices, there is significant room for improvement to make these systems more impactful and beneficial for employees.

4.3.2. Knowledge Sharing

The assessment on knowledge sharing within the organization indicates a generally neutral satisfaction among employees. The most favorable aspect is the frequent sharing of reports and official documents, suggesting that formal communication channels are relatively effective. However, the ability of employees to present the knowledge they have gained from others is less positively perceived, indicating potential barriers in peer-to-peer knowledge transfer. Sharing past failures and utilizing e-learning and forums for knowledge dissemination are viewed neutrally, which may point

to underutilized digital tools and a culture that could be more open to discussing mistakes for learning purposes. The mechanism for sharing and recording staff experiences is also rated neutrally, reflecting that while such systems exist, their effectiveness may not be fully realized. Overall, the composite mean reveals a consistent neutral stance on knowledge sharing practices, emphasizing the need for more robust and engaging strategies to foster a more dynamic and effective knowledge-sharing environment within the organization.

4.3.3. Knowledge Application

The assessment on knowledge application reveals a neutral level of satisfaction among employees. The application of knowledge learned from mistakes and experiences is viewed slightly more favorably, indicating that there is some recognition of the importance of learning from past errors. However, the use of knowledge in developing new services and solving new problems is also rated neutrally, suggesting that while employees are engaging in these activities, there may be barriers to maximizing their effectiveness. The process for making knowledge accessible and the application of expertise during project work are similarly rated, pointing to potential inefficiencies in knowledge dissemination and utilization. Finally, the application of know-how in performing tasks is the least positively perceived, indicating room for improvement in translating knowledge into practical actions. Overall, the composite mean reflects a consistent neutral stance, highlighting the need for better mechanisms and encouragement to enhance the practical application of knowledge within the organization.

4.4. Relationship between HMR & KM & Innovation

4.4.1. Indirect Relationship

The table2 indirect data is to be part of a regression analysis, showing the effect estimates, standard errors, beta coefficients, z-scores, p-values, and decisions regarding the null hypothesis (Ho) for various component relationships. Each relationship involves three variables in a sequential manner (e.g., Overall_PA ⇒ Overall_KA ⇒ Overall_Proc).

The estimates (Estimate) represent the effect of the independent variable on the dependent variable. Standard errors (SE) provide a measure of the variability of the estimate. Beta coefficients (β) indicate the standardized effect size. Z-scores and p-values help assess the statistical significance of the estimates. The decision to reject or fail to reject the null hypothesis (Decision to Ho) is based on the p-value and significance level (e.g., 0.05).

As all relationships shows with a p-value of which is greater than .05, so there is no significant impact from Overall_PA to Overall_KA to Overall_Proc, indicate "Failed to Reject" the null hypothesis, suggesting that there is no significant evidence to support a direct effect from the independent variable to the dependent variable in each sequence.

For further Investigate the specific context and nature of the variables involved in each relationship to understand why the relationships failed to reach significance.Consider exploring additional variables or modifying the model to capture more nuanced relationships.

As Hayes, A. F. mentioned "Methods for Testing Indirect Effects in Mediation Analysis: A Review and Empirical Comparison.", reference to: Hayes, A. F. (2013). Introduction to mediation, moderation, and conditional process analysis: A regression-based approach. Journal of Educational Measurement, 51(3), 335-337. Briefly provides insights into testing indirect effects in mediation analysis, which may help in understanding the complexities of the relationships observed in your analysis.

Table 2. Relationship between HMR & KM & Innovation

Effect	Estimate	SE	β	z	p	VI
Indirect						
Overall_PA ⇒ Overall_KA ⇒ Overall_Proc	4.99E-04	0.00834	4.91E-04	0.0599	0.952	NS
Overall_PA ⇒ Overall_KS ⇒ Overall_Proc	-0.00478	0.00853	-0.00471	-0.5604	0.575	NS
Overall_PA ⇒ Overall_KAP ⇒ Overall_Proc	0.012	0.0154	0.01181	0.7792	0.436	NS
Overall_CMT ⇒ Overall_KA ⇒ Overall_Proc	-3.20e−4	0.00536	-3.50e−4	-0.0598	0.952	NS
Overall_CMT ⇒ Overall_KS ⇒ Overall_Proc	-0.00585	0.00927	-0.0064	-0.6315	0.528	NS
Overall_CMT ⇒ Overall_KAP ⇒ Overall_Proc	-0.00955	0.01259	-0.01045	-0.7587	0.448	NS
Overall_RW ⇒ Overall_KA ⇒ Overall_Proc	-2.00e−4	0.00336	-1.96e−4	-0.0594	0.953	NS
Overall_RW ⇒ Overall_KS ⇒ Overall_Proc	0.00682	0.01064	0.00671	0.6413	0.521	NS
Overall_RW ⇒ Overall_KAP ⇒ Overall_Proc	2.95E-04	0.00662	2.90E-04	0.0446	0.964	NS
Overall_Rec ⇒ Overall_KA ⇒ Overall_Proc	-1.40e−4	0.00238	-1.42e−4	-0.0589	0.953	NS
Overall_Rec ⇒ Overall_KS ⇒ Overall_Proc	-0.00416	0.00787	-0.00421	-0.5285	0.597	NS
Overall_Rec ⇒ Overall_KAP ⇒ Overall_Proc	0.0098	0.01306	0.00992	0.7504	0.453	NS
Direct						
Overall_PA ⇒ Overall_Proc	-0.15533	0.08821	-0.15287	-1.7609	0.078	NS
Overall_CMT ⇒ Overall_Proc	0.15033	0.07997	0.16438	1.8798	0.06	NS
Overall_RW ⇒ Overall_Proc	-0.04346	0.08788	-0.04271	-0.4945	0.621	NS
Total						
Overall_Rec ⇒ Overall_Proc	0.06814	0.08559	0.06897	0.7962	0.426	NS
Overall_PA ⇒ Overall_Proc	-0.14761	0.08735	-0.14528	-1.6899	0.091	NS
Overall_CMT ⇒ Overall_Proc	0.1346	0.07934	0.14718	1.6966	0.09	NS
Overall_RW ⇒ Overall_Proc	-0.03654	0.08814	-0.03591	-0.4145	0.678	NS
Overall_Rec ⇒ Overall_Proc	0.07365	0.08539	0.07454	0.8625	0.388	NS

4.4.2. Direct Relationship

The table2 direct's data is to be part of a regression analysis, showing the effect estimates, standard errors, beta coefficients, z-scores, p-values, and decisions regarding the null hypothesis (Ho) for various component relationships. Each relationship involves two variables in a sequential manner (e.g., Overall_PA ⇒ Overall_Proc).

For the relationships presented, with a p-value of which is greater than .05, so there is no significant impact from Overall_PA to Overall_Proc, the null hypothesis (Ho) is not rejected, as indicated by "Failed to Reject." This suggests that there is no significant evidence to support a direct effect from the independent variable to the dependent variable in each pair.

Suggests further investigation into the specific context and nature of the variables involved in each relationship may provide insights into why these relationships failed to reach significance. Consider exploring additional variables or modifying the model to capture more nuanced relationships.

4.4.3. Total Relationship

The table2 total's data is to be part of a regression analysis, showing the effect estimates, standard errors, beta coefficients, z-scores, p-values, and decisions regarding the null hypothesis (Ho) for various component relationships. Each relationship involves two variables in a sequential manner (e.g., Overall_Rec ⇒ Overall_Proc).

For the relationships presented, with a p-value of which is greater than .05, so there is no significant impact from Overall_Rec to Overall_Proc, the null hypothesis (Ho) is not rejected, as indicated by "Failed to Reject." This suggests that there is no significant evidence to support a direct effect from the independent variable to the dependent variable in each pair.

Further investigation into the specific context and nature of the variables involved in each relationship may provide insights into why these relationships failed to reach significance. Should consider exploring additional variables or modifying the model to capture more nuanced relationships.

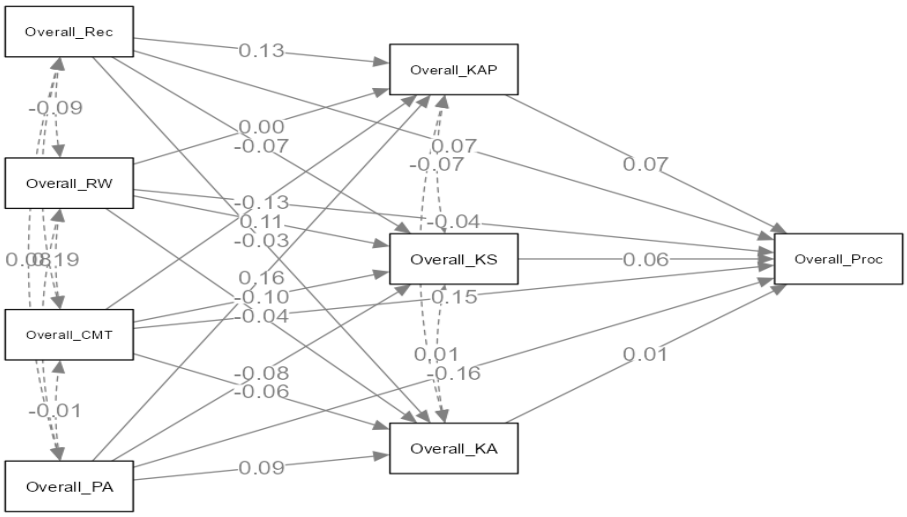

Figure 1. Total Relationship

5. LITERATURE REFERENCES

The growing literature on HRM practices has shown significant evidence on the positive influence of HRM practices on firm's capability for innovation. For example,Scarbrough (2003) argued that HRM practices create the appropriate conditions for firms to stimulate creative ideas, generate innovative approaches and take advantage of new opportunities for fostering new products/services and initiatives. Based on examining 174 Spanish firms, Jimenez and Sanz-Valle (2008) showed that an HRM system significantly contributes to encouraging many types of innovation. Chen and Huang (2009) indicated that HRM functions can affect and alter employees' attitudes, capacities and behaviors to attain organizational goals. This gives important assistance to nurture and create the necessary conditions and catalysts for employees to develop innovation activities. In a similar vein, with a sample of 294 start-up firms in Belgium, De Winne and Sels (2010) pointed out that start-up firms with better capability of HRM are more advantageous and successful to innovate in comparison with the others. Their findings support the high positive influence of HRM practices on product, process and service innovation. Lu et al. (2015) verified that HRM practices help firms to pursue and foster innovation capabilities in terms of production of innovation, promotion of innovation and implementation of innovation. Using the Spanish survey of industrial strategic behavior and the

longitudinal analysis focusing on the years between 2001 and 2008, Diaz-Fernandez et al. (2017) noted that by investing efforts in HRM practices, firms are more effective in using their available resources to facilitate innovation. Aman et al. (2018) claimed that HRM practices bring an appropriate and conducive environment for firms to smooth knowledge sharing (KS) process as well as improve skills and attitudes of employees for innovation. Iqbal et al. (2020) argued that effective HR practices in an organization is very important to develop the employee knowledge, skills, motivation and abilities that carter organizational innovation capability. Botelho (2020) supposed that the way of managing human resources and the options that organizations take with regard to which HRM practices have a potential impact on their innovation capability and overall performance. Recently, Lei et al. (2021) indicated that HRM practices are the primary solution for firms to increase innovation capability directly or indirectly by its positive effects on organizational capability for knowledge management.

Regarding the relationship between KMC and innovation capability, prior studies have provided supportive evidence for positive KMC-innovation correlation. Indeed, according to Le and Lei (2019), innovation capability depends much on a firm's degree of transforming and applying its knowledge into practice. Similarly, Du Plessis (2007) noted that knowledge management is not solely focused on innovation, but it can create a conducive environment for innovation to take place. Ling and Nasurdin (2010) justified that effectiveness of knowledge management allows firms to strengthen organizational capability to innovate by continuously transforming their administrative process, information system and organization structure into new innovation. Costa and Monteiro (2016) emphasized that KMC significantly facilitates innovation capability by its capability of converting tacit knowledge into explicit knowledge and making it available and accessible for innovation. Martinez-Conesa et al. (2017) showed positive effects of KMC on external exploitation and internal innovation based on its capability to manage effectively knowledge inflows and outflows purposefully. According to Naqshbandi and Jasimuddin (2018), KMC improves and speeds up the process of acquiring and applying knowledge to increase firms' capability for innovation. Yang et al. (2018) showed that processes of acquiring and sharing knowledge enable employees to learn and synthesize different kinds of knowledge to help them become more capable in translating new ideas into product and process innovation capabilities. Recently, Lei et al. (2021) argued that processes of knowledge acquiring, disseminating and applying are the main antecedents for firms to improve cooperation, reduce production costs and increase innovation capability.

6. SUMMARY

This study highlights the influence of Human Resource Management (HRM) practices on organizational innovation, with a particular emphasis on the relation of the mediating role of knowledge management.

The result of the study showed a direct and positive relationship between training programs as an HRM practice and all forms of organizational innovation, encompassing both product and process innovation. This aligns with previous papers attesting that training boosts critical drivers of innovation such as creative problem-solving and experimentation through skill development.

This result of the study revealed the important role of effectively facilitating knowledge sharing and application within organizations. By establishing a conducive environment for knowledge sharing, organizations can ensure.

In conclusion, this study advocates for an integrated theoretical model. This model should elucidate how HRM practices (training, appraisals) leverage Knowledge Management Capability (KMC) to drive product and process innovation. To improve the KMC mediation process and investigate how other HRM practices affect creativity in various situations, further investigation is required. Furthermore, the study recognizes that there is conflicting evidence about the effects of career

management, recruiting and reward systems on innovation, which calls for more research in different organizational settings.

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