From Theory to Practice: HRM Practices and Intellectual Capital in Fostering Innovation

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In a rapidly changing business environment, organizational innovation and employee innovative work behavior are the basis for high organizational performance and long-term success. Against this background, the purpose of this study is to propose a conceptual model that links knowledge-based human resource management and intellectual capital and collaborative human resource management practices to innovative behavior at the level of the employee in the organizational context. Drawing on the existing literature and conceptual argument, the present study will argue for this strategic importance of workers’ innovative performance in promoting organizational success. Specifically, the study argues that adopting KHRM and CHRM practices are effective strategies that foster innovation within the organization. Furthermore, the research also reports the critical importance of intellectual capital in driving innovative work behavior. Intellectual capital acts as a mediator between HRM practices and innovative work behavior. The study’s theoretical framework and conceptual propositions provide valuable insights into understanding and promoting innovation inside organizations. Additional investigation into these connections would provide pragmatic advice for HRM experts and organizational leaders who want to cultivate creativity and drive achievement within their organizations.

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1. Introduction

Organizations are to develop innovative strategies and business models to effectively manage the risks associated with rapid changes, while also enhancing their existing business model (Alamayreh, Sweis, & Obeidat, 2019). These modifications establish innovative work behavior as a crucial performance criterion (Farrukh, Meng, Raza, & Wu, 2023). Employee innovation is crucial for the overall performance of an organization (Janssen, 2003). In changing situations, it is a key organizational asset that promotes business survival and sustainability (Crossan & Apaydin, 2010; Yuan & Woodman, 2010). Encouraging and using workers’ creativity and innovation may boost company performance (Anderson, De Dreu, & Nijstad, 2004; Woods, Mustafa, Anderson, & Sayer, 2018). Employee’s innovative work behavior is a fascinating study topic (Woods et al., 2018; Yun & Liu, 2019). Innovation is the deliberate creation, diffusion, and application of new ideas in a workgroup or organization to improve performance (Janssen, 2000). It drives organizational development, competitiveness, and innovation (Afsar, Masood, & Umran, 2019; Farrukh et al., 2023; Jawad, Naz, & Rizwan, 2023). Effective HRM practices drive an organization's success measures (Akther, Al Mamun, Azad, & Sorwar, 2022; Waheed, Abbas, & Malik, 2018). Over the past ten years, human resources and their management have gained importance as organizations seek to improve innovation. The present research focuses on innovative work behavior of employees as a result of perceived HRM practice and intellectual capital. Previously HRM practices and organizational
performance dominate the literature (El-Ghalayini, 2017; Moideenkutty, Al-Lamki, & Sree Rama Murthy, 2011). It is essential to focus on the key driver of organizational performance i.e. innovative work behavior and its relationship with HRM practices, to better understand ways to improve innovation. HRM practices are categorized as knowledge-based HRM (KHRM) and collaborative HRM (CHRM) practices (Lopez-Cabrales, Pérez-Luño, & Cabrera, 2009). KHRM practices encourage knowledge creativity, sharing and application so as to facilitate creative performance. Kianto, Sáenz, and Aramburu (2017) CHRM practices induce knowledge exchange, interdependence and organisation culture (Awan & Jehanzeb, 2022). These novel HRM strategies are possible improvements to inter-organisational innovation synergy and collaboration. Awan and Jehanzeb (2022); Hong, Zhao, and Stanley Snell (2019); Setiawan and Yohanes (2020), by utilising human capital treatise. However, the literature also affirms that intellectual capital is indeed a driver of economic development in general, and of organisational innovation in particular (Yaseen, Dajani, & Hasan, 2016). Intellectual capital is a complex and heterogeneous concept, which covers ‘human, structural, and relational capital, all instrumental in the production of the value of a given organisation’ (Al-Khatib, 2022). ‘Human capital’ brings together the sum of the skills, competences, education and knowledge of all employees; ‘structured capital’ denotes the sum of the repositories of knowledge in an organisation other than those of human origin (Rehman, Bresciani, Ashfaq, & Alam, 2022); ‘relational capital’ includes ‘trust, norms and a collective identity across the whole network’ (Allameh, 2018).

The outcomes of an organization are substantially impacted by employee perceptions. Perceptions of how an organization treats its employees significantly influence how they behave in the workplace, particularly in terms of their innovative behavior. Irrespective of the quality of HRM strategies implemented, employee behaviors invariably reflect their views. Besides, learned capital plays a vital part in molding both the presentation of representatives and the results of an association. An intensive comprehension of the association between scholarly capital and perspectives on HRM rehearses is significant for precisely evaluating execution results. The target of this exploration is to explain the points of view of representatives in regards to HRM rehearses, explicitly KHRM and CHRM, comparable to scholarly capital and its arrangement with imaginative work conduct. This exploration means to give significant experiences to top administration in regards to the refinement of HRM methodologies, the production of a creative climate, and the upgrade of hierarchical adequacy by looking at the manner by which representatives' view of HRM rehearses impact their perspectives and ways of behaving.

2. Theoretical Framework

Based on the Resource Based View (RBV), this experimental study is proposed as a starting point for understanding the complex interaction between creative work behaviors, human capital, KHRM practices and CHRM practices, wherein the RBV claims that associations can achieve a competitive advantage as long as they really utilize their special assets that consist of both physical and intangible assets. J. Barney, Wright, and Ketchen Jr (2001); J. B. Barney, Ketchen Jr, and Wright (2011) CHRM practices are where the emphasis lies in improving the overall administrative functions through the acquisition, improvement and utilization of employee information and skills as part of a theoretical model. In the same way, CHRM practices try to foster an environment in forming a creative culture through encouraging cooperation, sharing and organizations (Lopez-Cabrales, Pérez-Luño, & Cabrera, 2009). These processes are important to accumulate so-called academic capital, which is defined as the sum of information, competence and organizations among the big firm (Kianto, Sáenz, & Aramburu, 2017). Academic capital acts as a repository of assets that foster the creative behavior of organizational members by providing them with the necessary resources and support to produce and implement new ideas. RBV focuses on the direction of investing in KHRM, CHRM processes and academic funding for fostering a creative culture and retaining competitive advantage among unique markets.

3.1. Knowledge-Based HRM practices

HRM approaches help Organizations get useful information and boost creativity and performance (Lopez-Cabrales, Pérez-Luño, & Cabrera, 2009). HRM practices affect employees' job attitudes, abilities, and behaviors to achieve organizational goals. It helps create a knowledge management and innovation-friendly workplace (Singh, Mazzucchelli, Vessal, &
Information and innovation are firmly based in human capital; hence many studies have urged for customizing HRM strategies to acquire and share information for improved innovation performance in an organization. KHMR is essential to HRM. These approaches promote organizational knowledge processes (Kianto, Sáenz, & Aramburu, 2017). KHMR practices aim to improve knowledge acquisition, assimilation, transformation, and exchange skills in the organization through recruiting, training & development, performance appraisal, and remuneration (Lopez-Cabales, Pérez-Luño, & Cabrera, 2009). KHMR practices aim to improve knowledge processes in an organization.

3.2. Collaborative HRM Practices

Collaborative HRM practices are group-oriented, unlike the knowledge-based ones (Lepak & Snell, 1999). The literature emphasizes the importance of teamwork or group collaboration in promoting group members' unique knowledge. Researchers found that employee conduct may affect organizational performance (Snape & Redman, 2010). CHRM creates a more relational psychological contract between shareholders through information sharing, and communication policies like communicating the mission statement and providing strategic, financial briefings, which build trust and long-term commitment (Gooderham, Parry, & Ringdal, 2008). Prior research shows that information-sharing and communication techniques help employees internalize organizational goals and values, build trust, and feel valued by the company. They also provide an official avenue for employer-employee workplace contact (Huselid, 1995).

3.3. Intellectual Capital

The literature has acknowledged the significance of intellectual capital in attaining organizational competitive advantage (Alvino, Di Vaio, Hassan, & Palladino, 2021; Bellucci, Marzi, Orlando, & Ciampi, 2021; Gürlek, 2021). A dynamic collection of resources known as intellectual capital has been found to increase the level of organizational performance and competitive advantage (Rehman et al., 2022). It is a collection of workers' knowledge, abilities, and experiences, as well as their interactions with others both inside and outside the organization (Inkinen, 2015). It may also refer to an organization’s flow of knowledge and a collection of intangible assets (Bellucci et al., 2021).

3.4. Human capital

The term "human capital" refers to the collective knowledge, skills, abilities, and experience possessed by all stakeholders of an organization. It is an intangible asset and therefore hard to maintain. Individual productivity is increased via training and development (Kianto, Sáenz, & Aramburu, 2017). Human capital includes tacit knowledge, experience, and all an organization's resources. Human capital includes competence, work experience, and skills (Al-Khatib, 2022).

3.5. Structural capital

The fundamental organizational components that enable the effective use and deployment of human capital are referred to as structural capital. It refers to an organization's ability to turn human capital's ideas and discoveries into tangible assets it owns, manages, and uses for profit. Thus, structural capital can be defined as the knowledge and experience that an organization possesses and that it retains even after its individuals depart. Policy, procedure, rule, technological advancement, patents, organizational structures, and other organizational elements are structural capital, which helps an organization succeed by fostering new products, services, and working methods (Afshari & Hadian Nasab, 2021; Inkinen, 2015; Salehi, Fahimi, Zimon, & Homayoun, 2022).

3.6. Relational capital

An organization's ability to form alliances with customers and other external parties is referred to as relational capital. These relationships provide the organization with a competitive edge by engaging with other Organizations worldwide and creating additional value. The engagement between the organization and its primary clients and customers facilitates the cultivation of these strategic alliances over a period of time. These types of collaborations contribute value to the organization (Salehi et al., 2022).
4. **Conceptual Propositions**

Proposition 1: KHRM positively influences intellectual capital and its dimensions (human capital, structural capital, relational capital). KHRM initiatives aimed at enhancing employee knowledge acquisition, sharing, and utilization are expected to contribute to the development of intellectual capital by improving employee skills and expertise, enhancing organizational processes and systems, and strengthening relationships with external stakeholders.

Proposition 2: Intellectual capital and its components—human, structural, and relational capital—are favorably impacted by CHRM activities. Employee cooperation, communication, and teamwork are expected to improve organizational systems and processes, foster knowledge creation and sharing, strengthen bonds with external stakeholders, and strengthen teamwork among employees—all of which will support the growth of intellectual capital.

Proposition 3: Innovative work behavior is favorably influenced by intellectual capital. It is anticipated that higher levels of intellectual capital will promote an innovative work environment and inspire employees to take on novel tasks. Higher levels of intellectual capital include greater employee knowledge, stronger organizational processes and systems, and better communications with external stakeholders.

**Figure: Conceptual framework of the study**

![Conceptual Framework](image)

5. **Discussion**

This section discusses the theoretical framework and conceptual propositions presented in the previous sections, along with their implications and new findings. It presents a broad examination of the connections between creative practices, academic capital, and human resource management practices in associations. According to Kianto, Sáenz, and Aramburu (2017), human resource management practices, especially KHRM and CHRM practices, play a crucial role in improving organizational performance through innovation. By fostering teamwork, collaboration, and knowledge sharing, CHRM increases intellectual capital and scale. Information stream inside an association will in general work on through KHRM works on zeroing in on obtaining, sharing, and usage of information (Awan & Jehanzeb, 2022; Lopez-Cabrales, Pérez-Luño, & Cabrera, 2009). The conversation further lays out the significance of scholarly capital as a vital figure advancing imaginative work ways of behaving in associations. By invigorating data trade, refining hierarchical strategies, and strengthening associations with outside partners, more significant levels of scholarly capital and its aspects like human, underlying, and social capital are supposed to energize an imaginative culture (Rehman et al., 2022). As proposed by applied recommendations, it has been seen that scholarly capital intercedes the connections between HRM rehearses and inventive work conduct. In that capacity, it gives critical understandings into the components by which KHRM and CHRM rehearses influence authoritative turn of events. As a result, the aforementioned discussions offer a comprehensive perspective on the connection that exists between KHRM and CHRM practices, intellectual capital, and innovative organizational behavior. It accentuates the significance of involving these develops to encourage an empowering climate for creative reasoning and work on hierarchical adequacy. Future studies should tend to investigate these relationships in depth in order to further verify the suggested conceptual framework in order to provide guidelines for HRM practitioners and organizational leaders who wish to enhance innovation and propel organizational success.

5.1. **Future Directions**

This study’s findings and debates generate several implications for future research and practical application in the domain of organizational innovation. Such implications include the need for longitudinal research to investigate the effects of KHRM and CHRM practices over time.
in the development of organizational innovation and performance. The longitudinal study designs provide a proper understanding of the effects of the relationships herein noted on organizational aspect as well as their sustainability in the long term according to (Anderson, De Dreu, & Nijstad, 2004). In addition, since current professional workplaces are globalized, societies ought to likewise be contemplated to comprehend what they mean for the connection between HRM rehearses and authoritative advancement viability. As Singh et al. (2021) noted, undertaking multifaceted examinations was significant in recognizing the social varieties in worker perspectives to development, HRM rehearses, and hierarchical results. By utilizing multifaceted endeavors, experts will actually want to present socially delicate HRM procedures that line up with the novel elements of each authoritative culture. At long last, future review ought to examine conceivable directing variables that could impact the connections between HRM rehearses, scholarly capital, and imaginative way of behaving. Hierarchical culture, underlying characteristics, and dynamic limits can regulate the effect of HRM rehearses on authoritative advancement (Engelsberger, Bartram, Cavanagh, Halvorsen, & Bogers, 2023; Klanto, Sàenz, & Aramburu, 2017). It is anticipated that a comprehensive examination of these factors that moderate relationships will provide a deeper comprehension of the fundamental processes that regulate these relationships, thereby providing significant guidance for innovation-focused organizational policies.

6. Conclusion
This paper examines the complex relationship between KHRM, CHRM essays, academic capital, and imaginative behavior in hierarchical contexts. The Declaration highlights the importance of technological advances in improving the effectiveness of organizations, particularly knowledge-intensive organizations where information technology and its capabilities are fundamental. Furthermore, the study highlights the fundamental importance of representative development in improving hierarchical efficiency and emphasizes the need for creative work behavior as an essential measure of organizational strength and long-term results. Long-term in rapidly changing environments. Productive essays on human resource management, especially KHRM and CHRM, have a great impact on the advancement of hierarchical development. These systems are designed to protect, share and use data between agents. Furthermore, the research highlights the importance of academic capital as a key element for creative behavior in partnerships. It has been demonstrated that environments that foster innovation by facilitating the sharing of knowledge, enhancing organizational procedures, and strengthening relationships with external stakeholders are created by higher levels of intellectual capital, which includes human, structural, and relational aspects. The reasonable suggestions that were proposed in this exploration examination give important bits of knowledge into the job that scholarly capital plays as a middle person during the time spent molding the connection between HRM rehearses and creative work conduct. Subsequently, they give a hypothetical system that can be used to understand how HRM procedures impact imaginative ways of behaving. Eventually, this study upgrades our perception of the convoluted transaction between HRM rehearses, scholarly capital, and imaginative conduct in authoritative settings. This demonstrates the significance of bringing these elements together to establish an atmosphere that fosters creativity and enhances organizational efficiency. Future exploration ought to use these experiences to additionally investigate these connections and affirm the proposed hypothetical structure, giving commonsense direction to HRM professionals and authoritative pioneers planning to cultivate advancement and drive hierarchical achievement.

References


