

THE MEDIATING ROLE OF STRATEGIC HRM IN THE RELATIONSHIP BETWEEN KNOWLEDGE MANAGEMENT AND ORGANIZATIONAL PERFORMANCE

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ABSTRACT

Rapid environmental changes, globalization, competition, the provision of innovative goods and services, changes in customer expectations and investor demands, and high standards for organizations have led to improve their performance for more effective and cost effective competition by reducing costs and increasing the quality and diversification of services improvement of goods. Nowadays, one of the most important challenges in the field of human resources is to establish a link between human resource strategy and high-handed strategies (such as business strategy). The main purpose of the current research is to determine the impact of human resources strategic actions on the relationship between knowledge management and organizational performance. The statistical population of this research is all managers and experts of insurance companies. The questionnaire was the main tool for collecting data. Its validity was determined and calculated to content and reliability through the Cronbach's alpha. The collected data were analyzed using Structural Equation Modeling and Lisrel software. Research findings showed that knowledge management is directly and indirectly affected by organizational HRM through strategic HR actions.

Keywords: Knowledge Management, Strategic Human Resource Actions, Organizational Performance, Insurance Companies.

INTRODUCTION

Rapid environmental changes, globalization, competition, the provision of innovative goods and services, changes in customer expectations and investor demands, and high standards for organizations Has led them to improve their performance more effectively and efficiently by reducing costs, increasing the quality and diversifying their services and goods (Ebrahimi et al., 2016). Today, one of the most important challenges in the field of HR is the establishment of a link between the strategy of HR and upstream strategies (such as business strategy) (Sanchez et al., 2016).

To address these challenges, fundamental and applied research in the last 20 years has created a new and emerging field that incorporates the concepts, theories and patterns of strategic HRM and human resource strategy (Bredin and Soderlund, 2011). Recent theoretical studies on business strategy suggest that competitive advantage can emanate from human resources of the organization. According to a resource-based view, an organization can provide competitive advantage by providing its own unique, highly valued, stable and immutable resources. Organizational resources able to create competitive advantage include: technology and also

financial, physical, human, organizational and communication resources. Financial, physical and technological resources can easily be replicated by competitors, but human and organizational resources are capabilities that are slowly developing over time, and their imitations by competitors are very difficult and requires a lot of investment and time. HR, as an intangible asset, when used in an operational system, enhances the company ability to respond to a dynamic environment (Sanchez et al., 2016).

The performance of company is a multi-dimensional concept (Ebrahimi et al., 2018a; Ebrahimi et al., 2018b). Accordingly, we distinguish between the two performances indicators in a company: non-financial performance (such as productivity and quality) and financial performance (such as return on equity and shareholder returns). Financial performance is more important than operational performance and subjected to many interfering factors (Altuntasa and Semerciozb, 2014).

On the other hand, the company performance is defined as the comparison of the expected results with actual results, the company diversion from the predicted framework, evaluation of employees' Personal performance and assessing the progress of company in achieving predetermined goals (Ngah and Ibrahim, 2010). Research on how and under what conditions different knowledge management strategies lead to better corporate performance, generally supports the positive relationship between knowledge management and company performance (Yang, 2010).

For example, Lopez-Nicolas and Merono-Cerdan (2011) suggested that two knowledge management strategies, rules and personalization, are the mechanisms by which companies manage achievement of effectiveness and greater returns. This research is an attempt to explain the mediator role of HRM in the relationship between knowledge management and performance.

METHODOLOGY

This research aims to test this hypothesis: HRM practices are considered as a mediator variable in the relationship between knowledge management and organizational performance. The statistical populations of this study are directors and experts of insurance companies, a sample of 254 people were selected for accountability. A questionnaire was used to collect data. The questionnaire Validity was achieved by two methods:

In the first method - verifying the validity of the questionnaire by experts- a made questionnaire, designed according to the research background, was provided to five experts in the field of business management and their corrections were applied.

In the second method (verifying the validity of the questionnaire in face validity method), the questionnaire was provided to the subjects. The validity of the questionnaire was approved with regard to the understanding of all the factors related to the questionnaire, obtained by the researchers. Cronbach's alpha was used to investigate the reliability of the research tool. Given that all Cronbach's alpha values are greater than 0.70(Ebrahimi et al., 2017; Ebrahimi and Mirbargkar, 2017), there is a good compatibility with the questionnaire. The measurement range is also a 5-point Likert scale.

FINDINGS AND DATA ANALYZE



80 % of respondents was male and 20% was women. 51.8% of the sample had a postgraduate degree, 40.8% had a bachelor's degree, and 7.5% had a master's degree. 12.5% of subjects had a work experience of less than 5 years, 28.2% between 6 and 10 years, 40.4% between 11 and 20 years, and 18.8% over 21 years of work experience. The comparison between the values of the indicators with the allowable limit for them indicates the model fitting for the variables with the collected data.

Table 1. Information on the general fitting of the research model

Parameter name	amount	Limit
Chi-square ratio to degree of freedom	1.930	Smaller than 3
Non-Normed Fit Index (NNFI)	0.97	Larger than 0.9
Comparative Fit Index (CFI)	0.98	Larger than 0.9
Incremental fit index (IFI)	0.97	Larger than 0.9
Goodness of Fit Index (GFI)	0.95	Larger than 0.9
Adjusted Goodness of Fit Index (AGFI)	0.91	Larger than 0.9

Source: Research results

The hypotheses are examined using the conceptual model of research and using structural equation modeling, in particular, the path analysis technique. The analysis of the technical path shows the relationships between research variables simultaneously. To this end, LISREL software has been used.

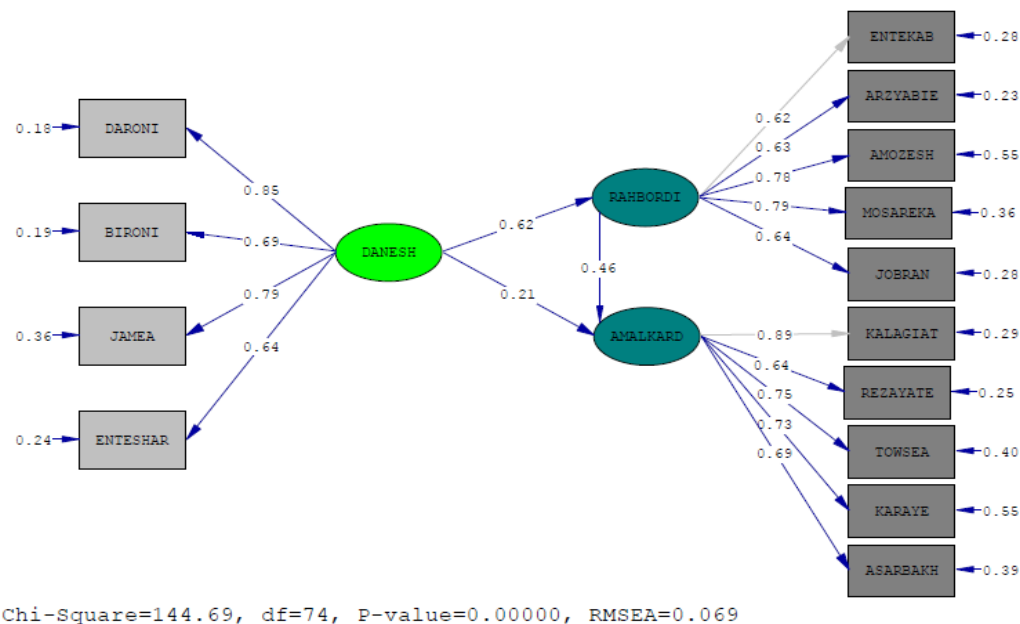


Figure 1: Structural model in standard estimation mode

As shown in figure (1), the effect of knowledge management on HRM actions, the effect of knowledge management on performance and the impact of HRM on organizational performance is 0.62, 0.21 and 0.46, respectively.

In Figure 2, the software output in the case of significant coefficients shows the significance of the relationships correlation coefficients indicated in the previous figure. If the t-statistic

obtained in this output is greater than 1.96 or less than -1.96, then the path coefficients are significant (Ebrahimi et al., 2018a; Ebrahimi et al., 2018b), otherwise the obtained number for path coefficients is not statistically acceptable. Regarding the effect of variables on each other and taking into account the significance coefficients of these relationships, one can confirm or disprove hypotheses.

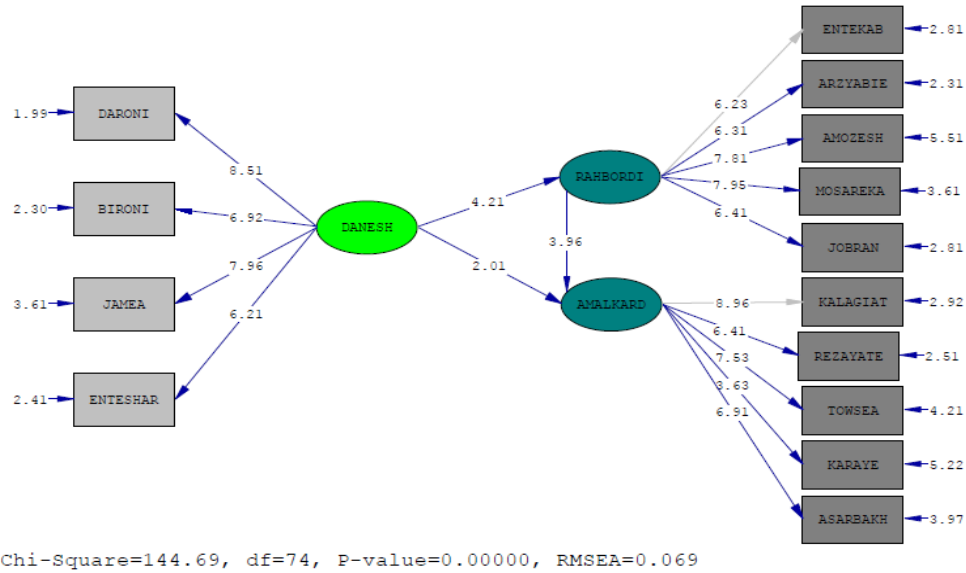


Figure 2. Structural model in the case of significance coefficients

The results show a positive and significant effect of HRM on knowledge management and organizational performance as well as the positive and significant effect of knowledge management on organizational performance. On the other hand, the results of path analysis indicate that, in addition to direct impact, HRM measures indirectly affect organizational performance (0.25) through knowledge management, which is more than direct impact (0.21). Therefore, it can be concluded that knowledge management variable has the mediator effect on the relationship between knowledge management activities and organizational performance, thus, the main hypothesis of the research is also supported.

CONCLUSION

This paper examines the role of knowledge management capacity in relation to strategic HR actions and organizational performance. The results indicate a positive relationship between human resources strategic actions with knowledge management capacity and organizational performance. It also supports the interactive role of the knowledge management capability in relation to the strategic actions of HRM and organizational performance. Strategic actions of HRM have their beneficial effects on organizational performance through the capacity to acquire, share, and apply knowledge. These results emphasize the critical role of HRM and knowledge management in the organizational process. Also, the results of the research in the theoretical development of a conceptual model are useful for describing the relationship between strategic HR actions, knowledge management capacity and organizational performance.

In today's dynamic and complex business environments, effective human capital management is critical and considered as vital to sustainability in the competition. HRM as a structural mechanism in the development and adaptation of human capital is essential to achieve sustainable competitive advantage (Jackson et al., 2014). Each organization has to develop its performance at regular intervals in terms of speed and quality, through cost reduction, quality improvement and innovative products. The factor that is capable of reaching optimal mode is human resources; therefore, understanding human resources and adopting appropriate strategies for acquiring relevant skills and competencies is required for the best performance (Caliskan, 2012).

The following are suggested to optimize the research variables:

1. In order to stimulate their capacity to acquire, share, and apply knowledge, managers are required to actively manage their human capital through a range of strategic HRM activities.
2. Managers should stimulate a better level of knowledge management capacity and creative thinking and innovations that may eventually lead to better organizational performance.
3. To facilitate communication, strategic management of HRM and desirable organizational performance, managers first need to recognize the importance of knowledge management capacity. They then need to implement strategic human resource management measures to stimulate a better level of knowledge management capacity, which in turn leads to innovation in the organization.



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