

THE INFLUENCE OF STRATEGIC HRM IMPLEMENTATION ON INNOVATION PERFORMANCE WITH THE KNOWLEDGE MANAGEMENT CAPACITY AS A MEDIATOR IN PUBLIC HOSPITAL ZAINOEL ABIDIN

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<http://doi.org/10.35409/IJBMER.2020.3192>

ABSTRACT

Innovation is an important for the progress of society because it solves these social problems and increases the capacity of the community to act. It is responsible for solving collective problems in a sustainable and efficient way, usually with new technology. The purpose of this study is to look at the effects of Strategic HRM (human resource management) and knowledge management on innovation performance. This research was conducted at Zainoel Abidin Regional Public Hospital (RSUZDA) in Banda Aceh City with the research population is all its employees, both medical and non-paramedical employees, totaling 2,495 people. The sample was selected using purposive sampling technique, and determined as representative as much as 155 respondents. The results showed that of the 3 direct hypotheses were all accepted because they had CR and P values that met the test requirements. The results of indirect hypothesis testing namely the Effect of Strategic HRM on Innovation Performance through knowledge management was also significant. The significance of direct and indirect effects concluded that the role of knowledge management variables in this case acted as partial mediators. In addition, Strategic HRM was proven to have the greatest contribution to improve Innovation Performance at the Zainoel Abidin Regional Public Hospital in Banda Aceh. All of these findings in the tested model can contribute to the field of science, especially in the field of management. Updating the theory of causality is the research novelty and this also makes it a reference for practitioners, especially for the leaders or managers in Zainoel Abidin Regional Public Hospital to reorganize their organizational strategies and policies.

Keyword: Strategic HRM, Knowledge Management, Innovation Performance.

1. INTRODUCTION

Over the past few decades, innovation has become a significant way to combat critical social risks and threats. Innovation is important for the progress of society because it solves these social problems and increases the capacity of the community to act. It is responsible for solving collective problems in a sustainable and efficient way, usually with new technology. These new technologies, products and services simultaneously meet social needs and lead to increased capacity and better use of assets and resources.

In the context of innovation companies also continue to be encouraged to grow. Because

innovation is a distinguishing factor that leads to differentiation that will become one of the company's competitive advantages.

For innovation to occur, companies can utilize human capital to develop organizational expertise in order to create new products and services. However, skills are complex and are the result of deliberate practice in the domain of representative tasks (Oke, Walumbwa and Myers, 2012). HR (Human Resource) practice like this requires individuals who have high motivation in carrying out tasks and make efforts to improve performance.

In addition to Strategic HRM (Human Resource Management) factors, knowledge management sharing factors are also a decisive factor in supporting the performance of corporate innovation. According to (Hu, Horng and Sun, 2009) the management of knowledge sharing and team culture has been found to have an important influence on service innovation performance (Service Innovation Performance).

In the context of hospitals, because they have become a health industry, hospitals are also faced with competition, both with fellow state hospitals such as the Zainoel Abidin Regional Public Hospital (RSUDZA) with the Meuraxa Public Hospital (RSUDM) or with private public hospitals many of which are here in Banda Aceh.

2. LITERATURE REVIEW

Strategic HRM (Human Resource Management)

As a valuable resource, HR has differences because of the diverse demands of work that require diverse skills, knowledge and behavior. The difference in the contribution of HR in the organization also means having different values according to their respective levels. Maturity in the ability of high quality and ability of workers is related to the level of skills and competencies.

Strategic HRM leads the broad organizational issues relating to changes in the structure and culture, organizational effectiveness and also performance, resources that are suitable for future needs, development of Human Resource (HR) distinctive capabilities, knowledge management, and also change management. Strategic HRM is defined as organizational orientation and plans for how business goals should be achieved through people (Chen and Indartono, 2011). This is based on three propositions: first, that human capital is the main source of competitive advantage; second, that those who carry out strategic plans; and, third, that a systematic approach must be used to define the direction and goals of the organization to be achieved (Cardeal and Antonio, 2012).

The perspective of (Collins and Clark, 2003) stated that Strategic HR management must unite, harmonize and integrate broader needs. According to (Sherafati, Mohammadi and Bidabad, 2014), Strategic HR management places more emphasis on human relations aspects of people management, emphasizing in the sustainable development, communication, involvement, job security, quality of work life and work life balance and ethical balance.

Knowledge Management

(Randeree, 2006) stated that the knowledge management plays an increasingly strategic and important role in many organizations and business, because he realized that competitiveness depends on effective intellectual resource management. In line with (Randeree, 2006), (Palacios, Gil and Garrigos, 2009) described that the knowledge management is as a management system

that captures the aspects of an established model of the organization and extends it to provide a practical methodology. They defined the content of knowledge management which consists of two dimensions: principles and practice. Their specific concept stated that the knowledge management is a management tool that is characterized by a set of principles along with the series of practices and also techniques through the principles introduced, the purpose being to create, change, disseminate and utilize knowledge (Azhari, Musnadi and Tabrani, 2017).

Adoption of knowledge management has proven the positive impact on organizational processes that create, store, distribute and interpret knowledge as well as the recruitment, retention and active involvement of talented employees. Knowledge management also has a positive impact on a company's ability to manage research and development projects in order to elevate internal capabilities for the introduction of knowledge and to increase the stock of knowledge that is available (Gloet and Terziovski, 2004).

Innovation Performance

The theory underlying this concept of performance was originally put forward by (Bernardin and Russell, 2012), stated that: "Performance is figured as the record of outcomes produced on a specified job function or activity during a specified time period". This output or outcome record is very required by the company to measure the extent of the work results of each employee (Rizqina, Adam and Chan, 2017). According to (Shahnaei and Long, 2015), the easiest way to detect the success of innovation is through checking for new customers (customer acquisition), sales growth, customer loyalty, and increasing profit margins.

Innovation performance is measured by the Innovation Metrics. The Innovation Metric consists of a set of tools and systems to measure the innovation performance of an organization (Bes and Kotler, 2011). These metrics can be grouped into four categories, namely metrics that measure the results of innovation from an economic perspective, metrics that measure the intensity of innovation in a department or business unit or organization, metrics that measure the effectiveness of innovative activities and investments, and metrics that measure the extent of creative culture in an organization (Fachreza, Musnadi and Shabri, 2018).

Research paradigm

The paradigm or relationship between variables in this study can be illustrated in Figure 1 below.

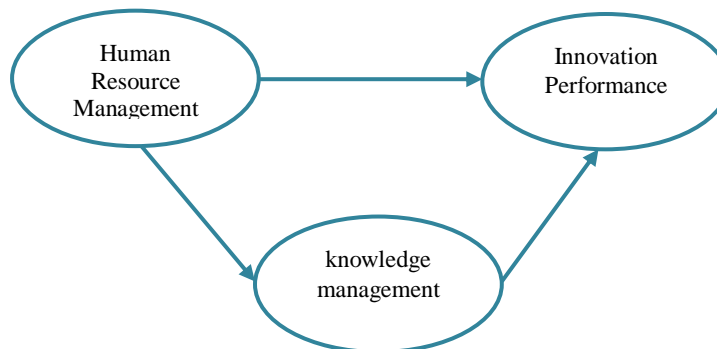


Figure 1 Research Paradigm

Hypothesis

Based on the theoretical framework previously stated, the hypothesis of this study can be formulated as follows:

- H1: Implementation of Strategic HRM influences Performance Innovation at the Zainoel Abidin Regional Public Hospital in Banda Aceh.
- H2: Implementation of Strategic HRM influences Knowledge Management capacity at the Zainoel Abidin Regional Public Hospital in Banda Aceh.
- H3: Knowledge Management capacity influences Performance Innovation at the Zainoel Abidin Regional Public Hospital in Banda Aceh.
- H4: Knowledge Management capacity mediates the relationship between the implementation of Strategic HRM on Performance Innovation at the Zainoel Abidin Regional Public Hospital in Banda Aceh.

3. RESEARCH METHOD

Location and Research Object

This research was conducted at Zainoel Abidin Regional Public Hospital (RSUDZA) located in Banda Aceh City. The research variables are the Strategic HRM, Innovation Performance and Knowledge Management Capacity.

Sampling

The population in this study was all employees at the Zainoel Abidin Regional Public Hospital in Banda Aceh, both medical and non-paramedical employees, totaling 2,495 people. The sample was selected using purposive sampling with the consideration that the position holder has the task, authority, control and greater involvement in carrying out the administrative structure, planning and budgeting at the Hospital. The criteria used were those who related to the service function in the hospital, both directly such as paramedics, security personnel or those who indirectly related, but what they work has an impact on the quality of service at Zainoel Abidin Regional Public Hospital.

The number of representative samples for a study is the number of indicators multiplied by 5 (Ferdinand, 2014). Because the number of indicators in this study is 31, the respondents sampled should be 155 people. So there were 155 respondents who met the criteria become this research sample.

Data analysis method

Data processing obtained in the field is done by the equation model technique, which is a multivariate statistical analysis technique to be able to analyze not only the influence between variables, but also the relationship of variables with their respective indicators. The criteria for accepting H_a are Critical Ratio (CR) > 1.96 and Probability value (P) < 0.05.

4. RESULT AND DISCUSSION

Loading Factor with measurement test

Testing the validity of the loading factor can be seen in the following figure and table:

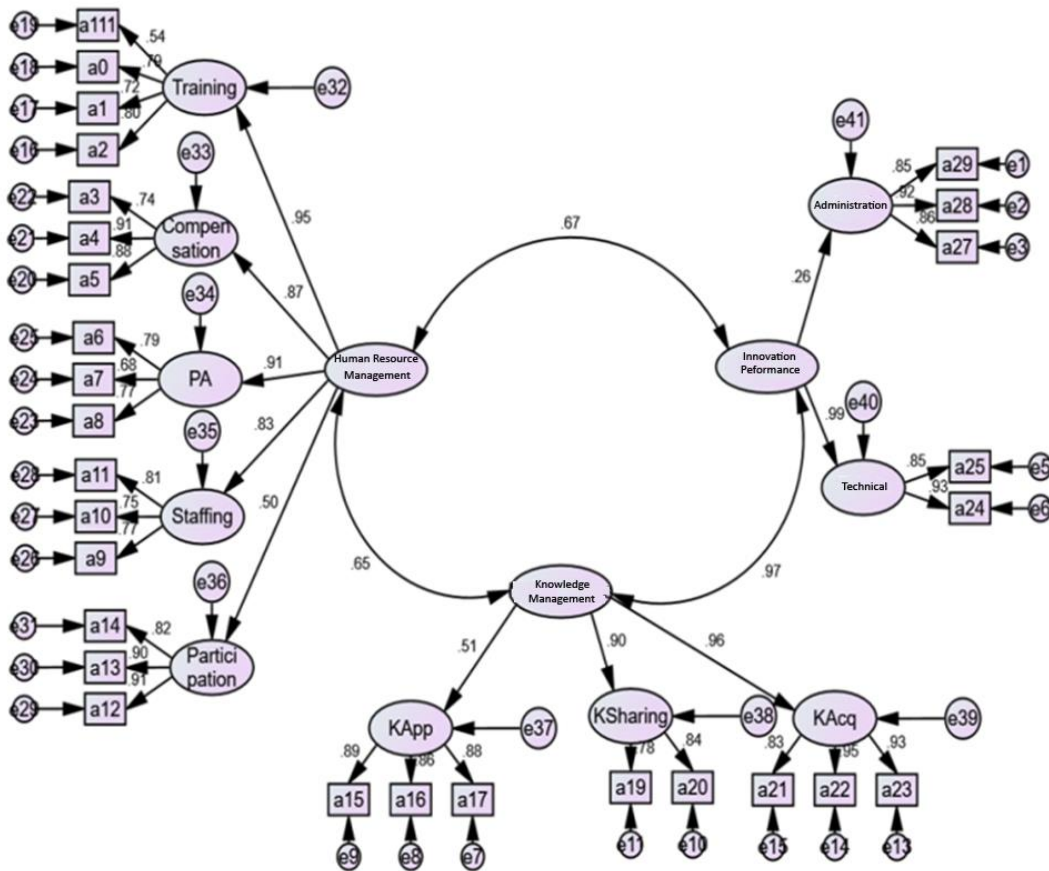


Figure 2 Loading Factor

Measurement test results indicate that several indicators of the research variable have a loading factor value below 0.5. The following table is the result of a net measurement test which can later be included in structural testing.

Table 1. Loading Factor

No	Indicator		Variable	Estimate
1	Training	<---	HRM	.954
2	Compen_sation	<---	HRM	.872
3	PA	<---	HRM	.908
4	Staffing	<---	HRM	.832
5	Partici_pation	<---	HRM	.497
6	KApp	<---	MKnowledge	.511
7	KSharing	<---	MKnowledge	.900
8	KAcq	<---	MKnowledge	.965
9	Adm	<---	KinInovasi	.259
10	Technical	<---	KinInovasi	.985
11	a29	<---	Adm	.846
12	a28	<---	Adm	.922
13	a27	<---	Adm	.858
14	a25	<---	Technical	.853
15	a24	<---	Technical	.933
16	a17	<---	KApp	.877
17	a16	<---	KApp	.857
18	a15	<---	KApp	.895
19	a20	<---	KSharing	.841
20	a19	<---	KSharing	.775
21	a23	<---	KAcq	.927
22	a22	<---	KAcq	.945
23	a21	<---	KAcq	.830
24	a2	<---	Training	.797
25	a1	<---	Training	.724
26	a0	<---	Training	.788
27	a111	<---	Training	.541
28	a5	<---	Compen_sation	.878
29	a4	<---	Compen_sation	.906
30	a3	<---	Compen_sation	.743
31	a8	<---	PA	.766
32	a7	<---	PA	.678
33	a6	<---	PA	.787
34	a9	<---	Staffing	.769
35	a10	<---	Staffing	.751
36	a11	<---	Staffing	.810

No	Indicator		Variable	Estimate
37	a12	<---	Partici_pation	.913
38	a13	<---	Partici_pation	.896
39	a14	<---	Partici_pation	.821

Table 1 figures the loading factors of all the indicators in the model, and are eligible for further processing because they have a loading factor > 0.5.

Table 2. Goodness of Fit

Size Index Criteria	Cut-off Value	Result Analysis	Evaluation of the Model
Chi Square	Expected to be small	700.262	Fit
CMIN / DF	CMIN / DF <2	1.945	Fit
GFI	≥ 0.90	0.906	Fit
AGFI	≥ 0.90	0871	Well
IFI	≥ 0.90	0907	Well
CFI	Approaching 1	CFI above 0.5	Relatively Good
PNFI	0-1	PNFI 0 - 1	Fit
RMSEA	<0.08	0.057	Fit

Structural Analysis for Direct Hypothesis

The results of structural tests carried out have produced the information needed to answer hypotheses that have been built before whether proven or not. Figure 3 below illustrates the influence between variables:

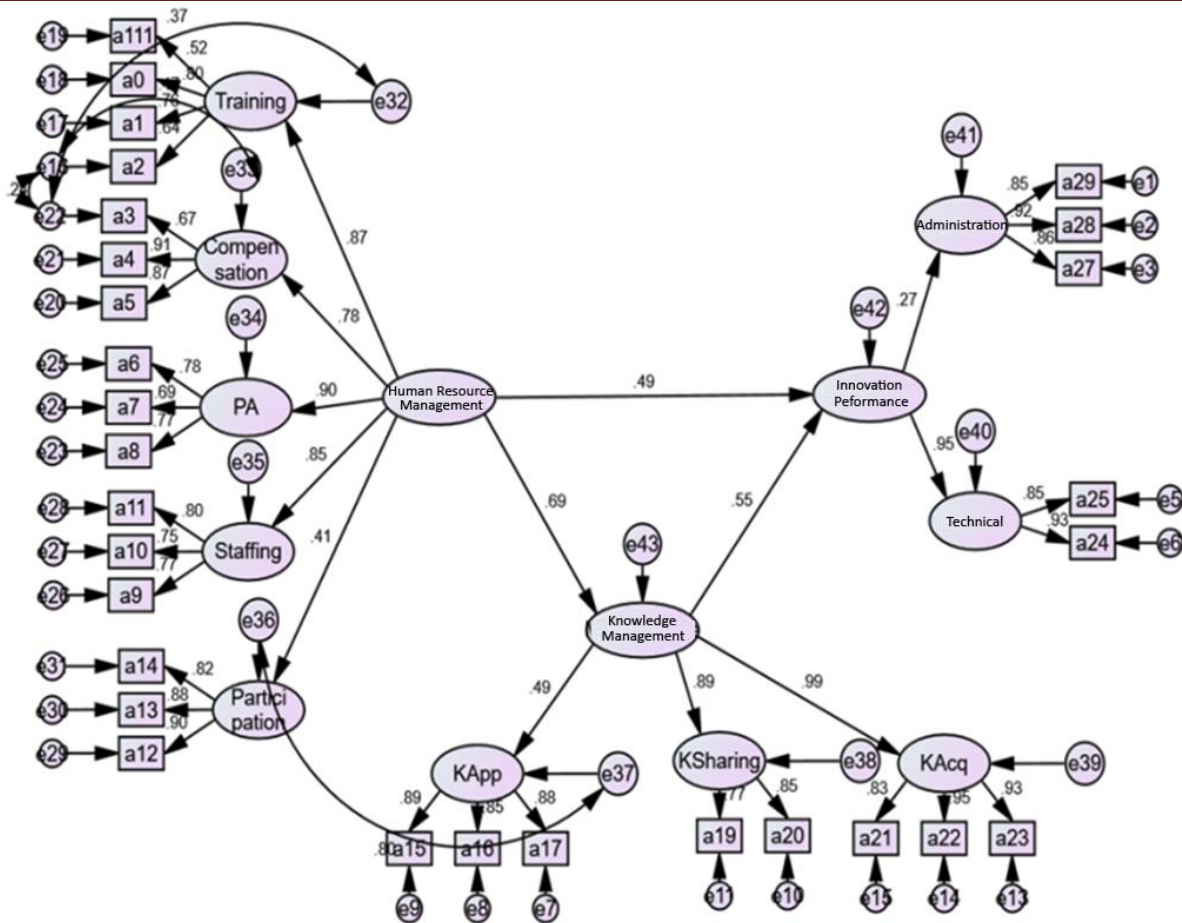


Figure 3. Structural Equation Model

Figure 3 explains the effect coefficient among variables of Strategic HRM, Knowledge Management and innovation performance.

An overview of all hypotheses testing together with the results can be seen in the following Table 3:

Table 3. Direct Hypothesis Test Result

No	Hypothesis	CR Cut off>	P value Cut off <0.05	Information
1	The Influence of Strategic HRM on Knowledge Management	8.347	***	688
2	The Influence of Strategic HRM on Innovation Performance	14.625	***	.487
3	The influence of knowledge management on innovation	14.627	***	.550

No	Hypothesis	CR Cut off> 1.96	P value Cut off <0.05	Information
	performance			

From the 3 the test result for the direct hypotheses show the acceptance because they have a CR value of 1.96 and a P value <0.05 and meet the minimum requirements of accepted hypothesis provisions. In other words, the independent variable, Strategic HRM and knowledge management, have an influence to increase the dependent variable, namely the performance of innovation as long as the independent variable can be improved by the management or management of Zainoel Abidin Regional Public Hospital in Banda Aceh.

Indirect Hypothesis Testing

The following is an indirect hypothesis test conclusion that is the Effect of Strategic HRM on Innovation Performance of Zainoel Abidin Regional Public Hospital in Banda Aceh through knowledge management. This indirect effect tested using the resampling or bootstrapping method with a level of confidence of 95% and a size of resampling of 2000 times.

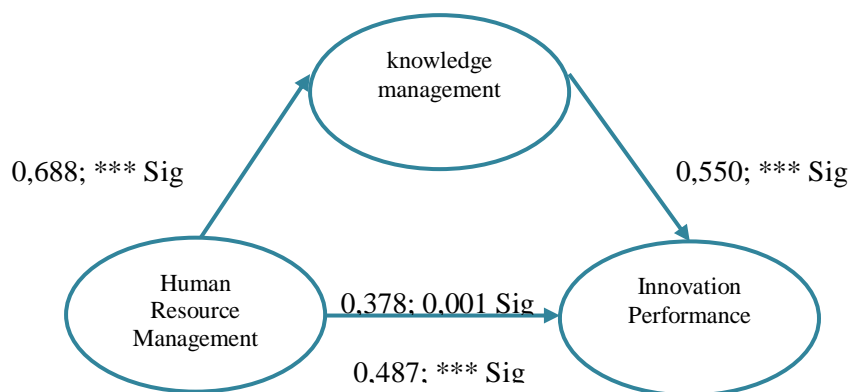


Figure 2. Indirect effect

The conclusion for indirect test result is shown in the table 4 below:

Table 4. Indirect Hypothesis Test Result

No	Indirect Hypothesis	P value <0.05	Beta	Information	The Role of Mediation
1	The Effect of Strategic HRM on Innovation Performance through knowledge management	0.001 (Sig)	.378	Accepted	Partial Mediating

The table 4 can be explained that the effect of Strategic HRM on innovation performance through knowledge management shows the significant result, with P Value 0.001, and the coefficient 0.378. Because of the Strategic HRM affects innovation performance both direct and indirect are significant, then the role of knowledge management in this indirect effect is as a partial mediator.

5. CONCLUSION

Some conclusions can be taken from the result and discussion.

1. The influence of Strategic HRM on knowledge management is significant. So the hypothesis 1 is proven and accepted.
2. The Influence of Strategic HRM on Innovation Performance is significant. So the hypothesis 2 is proven and accepted.
3. The influence of Knowledge Management on innovation performance is significant. So the hypothesis 3 is proven and accepted.
4. The indirect effect of the Strategic HRM on the performance of innovation through knowledge management is also proved significant. So hypothesis 4 is proven and accepted.
5. Because the The Influence of Strategic HRM on Innovation Performance both direct and indirect has proven significant, It figures that the role of knowledge management in the indirect effect of the research model is as a partial mediator, meaning that Knowledge management can be a mediator or not in this case.

The suggestions can be provided based on this study are as follows.

1. To support the improvement of innovation performance through knowledge management in this Zainoel Abidin Regional Public Hospital, the most priority variable to improve its ability is the Strategic HRM compared to knowledge management, because of its contribution to the most substantial improvement in Innovation Performance.
2. Increasing the ability of Zainoel Abidin Regional Public Hospital to manage its human resources is the most important factor in improving innovation performance. More concretely that must be done is the existence of knowledge sharing between superiors and subordinates. This means that the attitude of a good superior according to them is a boss who wants to share knowledge for the progress of his subordinates as well.

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