

PURSUING ORGANIZATIONAL INNOVATION CAPABILITY THROUGH HUMAN RESOURCE MANAGEMENT PRACTICE AND KNOWLEDGE MANAGEMENT: MEDIATING ROLE OF INDIVIDUAL CREATIVITY

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Abstract.

Purpose– the relationship between human resource management practice in improving organizational innovation capabilities is still unclear, irrespective of the extensive influence of knowledge management and creativity on organizational innovation capability. Therefore, this research examines the interaction between human resource management practice and knowledge management with creativity to influence organizational innovation capability in small and medium enterprises.

Research methodology – data was collected through questionnaires from 135 woodcraft SMEs within 7 regencies, comprising 405 respondents from the managerial level. The data collected were further analyzed using the structural equation modeling method (SEM).

Findings – the results showed that human resource management practices, knowledge management, and creativity significantly influence organizational innovation capability. Meanwhile, knowledge management has no significant influence on organizational innovation capability.

Research limitations – the research subjects are only woodworking SMEs in Bali which indeed demands creativity and innovation therefore the results need not be generalized. In the future, needs to be carried out to investigate more variables and conduct comparative research with other fields, such as the educational, banking, and information technology sectors.

Practical implications – the research help managers to optimize HRMP when seeking for creative employees to boost innovation capability, develop analytical skills to improve knowledge management practices and realize that KM not only signifies knowledge acquisition, rather it also greatly establishes metacognitive strategies for adopting, disseminating, and creating new ideas.

Originality/Value – creativity acts as a double mediator connecting HRMP and innovation, as

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well as the KM and innovation pathways.

Keywords: Human resource management practices, knowledge management, creativity, organizational innovation capability, small and medium enterprises (SMEs).

JEL Classification: D23, D83, M12, O15, O31, O34