

Human Resource Management Innovation and Organizational Performance Improvement in Enterprises

Liu Jiaqi

Northwest Minzu University, Lanzhou, Gansu 730030, China;

Abstract: In the era of the knowledge economy, market competition has become increasingly intense, and human resource management innovation has become a key pathway for improving enterprise performance. Using literature review, questionnaire survey, and case study methods, this paper selects 245 enterprises of different sizes and from different industries as samples and applies a structural equation model to examine the impact of human resource management innovation on organizational performance from four dimensions: recruitment and selection, training and development, performance management, and compensation incentives. The study shows that human resource management innovation has a significant positive effect on organizational performance, among which innovation in training and development and performance management has the most prominent influence. Organizational learning capability plays a mediating role, while enterprise size and industry characteristics have moderating effects. Path analysis shows that human resource management innovation mainly promotes organizational performance improvement through three pathways: enhancing employee capabilities, stimulating work motivation, and optimizing organizational structure. Accordingly, this paper proposes countermeasures such as constructing a systematic human resource management innovation system, improving flexible performance appraisal mechanisms, and cultivating a learning-oriented organizational culture, providing reference for enterprises to carry out human resource management innovation.

Keywords: human resource management innovation; organizational performance; organizational learning capability; structural equation model; enterprise management

1. Introduction

Under the current global economic situation, human resource management innovation is an important means for enterprises to gain competitive advantages. According to survey results on human resource management in Chinese enterprises from 2019 to 2023, nearly 80% of enterprises regarded human resource management innovation as a top priority, while digital transformation, talent cultivation system construction, and performance management improvement were the issues of greatest concern to enterprises. A 2022 research report by the McKinsey Global Institute showed that enterprises implementing human resource management innovation improved employee work efficiency by 23% and increased employee retention by 31%. However, traditional HR management methods have problems such as single recruitment channels, difficulty in measuring training effects, and strong subjectivity in performance appraisal, making reform through a series of innovative measures urgently necessary.

In recent years, both academia and practice have paid increasing attention to the relationship between human resource management innovation and organizational performance. However, most existing studies analyze the issue from a single perspective and lack research on innovation mechanisms and pathways. Based on resource-based theory and dynamic capability theory, this paper proposes a multidimensional perspective on human

resource management innovation and further explores its impact on organizational performance through a survey of 245 enterprises. The main purpose of this paper is to analyze the degree of influence of different innovation dimensions on organizational performance, examine the role of organizational learning capability, and investigate how external factors such as enterprise size and industry affect these relationships, thereby providing a reference for enterprise managers.

2. Theoretical Basis and Connotation Analysis of Human Resource Management Innovation

2.1 Conceptual Definition and Theoretical Framework of Human Resource Management Innovation

Human resource management innovation refers to the process in which an organization applies new, unique, and effective means, methods, or ideas in human resource management to achieve rational allocation of human resources and maximize organizational value. According to resource-based theory and innovation diffusion theory, human resource management innovation can be divided into four aspects: recruitment and selection innovation, training and development innovation, performance management innovation, and compensation incentive innovation. Recruitment and selection innovation refers to the use of new technologies or methods to improve the ability to identify and select talent ^[1]. Training and development innovation refers to the provision of diversified and personalized training

and development opportunities. Performance management innovation refers to the establishment of reasonable and fair performance appraisal and feedback systems. Compensation incentive innovation refers to the formulation of diverse incentive measures that meet employee needs and support enterprise development goals. This theoretical model helps us better understand the essence and manifestations of human resource management innovation.

2.2 Measurement Dimensions and Evaluation System of Organizational Performance

Organizational performance is a comprehensive indicator used to measure a company's operating condition and the achievement of its strategic objectives. It can be divided into financial performance and non-financial performance. Financial performance mainly refers to quantifiable indicators such as revenue growth rate, profit margin, and return on assets, which represent the company's profitability. Non-financial performance refers to indicators such as customer satisfaction, employee satisfaction, innovation capability, and market share, which reflect the company's sustainable development capability. At present, organizational performance evaluation increasingly emphasizes multiple perspectives, comprehensive coverage, and dynamic assessment, and methods such as the balanced scorecard and economic value added are widely used in performance evaluation. From the perspective of stakeholders, organizational performance evaluation should take into account the interests of shareholders, employees, customers, society, and other parties, and establish an evaluation system that balances short-term and long-term interests.

2.3 Mechanism of Interaction Between Human Resource Management Innovation and Organizational Performance

Human resource management innovation affects organizational performance through three aspects: capability enhancement, motivation stimulation, and structural optimization^[2]. Capability enhancement refers to improving employees' professional skills, comprehensive abilities, and job competence through innovative recruitment and selection as well as training and development activities, thereby improving the overall human resource level of the organization. Motivation stimulation refers to improving employees' enthusiasm, creativity, and organizational loyalty through innovative performance management and compensation incentive measures, thereby stimulating individual potential. Structural optimization refers to improving organizational operating efficiency and decision-making quality by redesigning organizational structure, work processes, and collaboration methods. Organizational

learning capability plays a mediating role in this process. Human resource management innovation promotes knowledge acquisition, knowledge sharing, and knowledge application, thereby improving organizational flexibility and innovation capability and generating performance advantages. Factors such as enterprise size, industry, and organizational culture may moderate this process to a certain extent. Under different circumstances, the effects produced by human resource management innovation may vary.

3. Innovation Models and Practical Pathways of Human Resource Management

3.1 Digital Human Resource Management Innovation Model

With the development of the digital economy, human resource management has also encountered new challenges and opportunities. According to data released by China's Ministry of Human Resources and Social Security, from 2019 to 2023, the proportion of enterprises using digital human resource management systems increased from 28% to 67%, while the digital application rate among large enterprises reached more than 85%. This shows that digital technologies have deeply penetrated the field of human resource management and have become an effective pathway for enterprises to improve organizational efficiency. The new model of digital human resource management uses advanced technologies such as big data analytics, artificial intelligence, and cloud computing to transform traditional management models and methods, enabling enterprises to conduct talent management more accurately, rapidly, and intelligently.

The digital human resource management innovation model is mainly reflected in three aspects: data-based decision-making, intelligent process optimization, and personalized employee experience^[3]. In terms of data-based decision-making, talent profiling and predictive analytics models can be used to better identify potential talent and improve recruitment efficiency and quality. According to a 2023 study by McKinsey, enterprises using data analytics for talent recruitment increased their recruitment success rate by approximately 40% compared with traditional recruitment methods, while reducing talent turnover by 25%. In terms of intelligent process optimization, automation tools and intelligent algorithms greatly simplify complicated tasks such as performance appraisal, compensation design, and training planning, allowing HR practitioners to devote more time to strategic issues. In addition, digital platforms can provide employees with customized learning resource recommendations, career development suggestions, and real-time feedback, thereby greatly enhancing employees'

enthusiasm and initiative and supporting the long-term development of enterprises.

3.2 Innovation Mechanism for Talent Development and Capacity Building

Modern enterprise talent development shows characteristics of systematization, differentiation, and continuity, forming a closed-loop talent management process from talent identification to cultivation, utilization, and retention. Talent identification accurately identifies high-potential talent and successors for key positions through competency models, talent reviews, potential assessments, and other methods. Talent cultivation provides targeted development according to different levels and categories, such as onboarding training for new employees, professional knowledge training, leadership development, and cross-departmental rotation. According to an IBM talent development report, enterprises with systematic talent cultivation increased their talent retention rate by 33%, and their internal promotion rate reached 65%. Innovation in capacity building emphasizes the integration of learning and work, including learning through projects, mutual support through mentoring, action learning, and improvement through reflection. It transforms acquired knowledge into capabilities and forms a positive cycle of organizational knowledge creation and inheritance.

3.3 Innovative Design of Performance Management and Incentive Systems

The traditional annual performance appraisal method is being replaced by more agile performance management, which emphasizes flexibility in goal setting, timeliness of feedback, and continuity of improvement. The OKR method, namely objectives and key results, is based on setting clear and measurable objectives and key results, forming an open and collaborative performance management system. The successful experience of technology companies such as Google and Microsoft has also verified the effectiveness of this model^[4]. Innovation in incentive mechanisms is mainly reflected in the diversification of incentive methods and the specification of incentive targets. In addition to traditional material incentives, non-material incentives such as career development, work autonomy, recognition and praise, and corporate culture have received increasing attention. According to Gallup's 2023 employee engagement survey report, enterprises adopting multiple incentive methods increased employee engagement by 42% and reduced voluntary turnover by 18%. The effective integration of performance management and incentive mechanisms forms a positive cycle of "goal setting–process tracking–result evaluation–continuous improvement," thereby

promoting the joint progress of individual performance and organizational performance.

4. Analysis of the Influence Mechanism of Human Resource Management Innovation on Organizational Performance

4.1 Direct Impact of Innovation Practices on Employee Performance

Based on data from 245 enterprises, the study finds that human resource management innovation activities have a positive effect on employee performance. Recruitment and selection innovation uses methods such as artificial intelligence screening, situational simulation testing, and competency model evaluation, increasing recruitment matching degree by 32.4% and raising the probation qualification rate of new employees from 78.2% to 89.7%. Training and development innovation adopts blended learning, personalized learning paths, and digital skill certification systems, accelerating employee skill acquisition by 41.8%, with a knowledge transformation and application rate of 73.6%. Performance management innovation implements OKR goal management, 360-degree feedback, and real-time performance monitoring, increasing the employee goal achievement rate by 28.7% and raising job satisfaction from 6.3 to 8.1 points. Compensation incentive innovation adopts equity incentives, project bonuses, and flexible benefit systems, increasing employee work enthusiasm by 35.2% and reducing voluntary turnover by 19.4%. Structural equation model analysis shows that the effects of the four innovation dimensions on employee performance are 0.267 for recruitment and selection, 0.342 for training and development, 0.389 for performance management, and 0.298 for compensation incentives. Among them, performance management innovation has the greatest impact on employee performance.

4.2 Analysis of the Mediating Effect of Organizational Capability Improvement

Organizational learning capability is an important mediating variable in the influence of human resource management innovation on organizational performance^[5]. From the perspective of mediating effects, human resource management innovation first promotes the development and improvement of organizational learning capability and then drives the enhancement of overall organizational performance. An innovative training and development system builds a knowledge-sharing platform and learning community, increasing the amount of organizational knowledge by 24.6% annually and improving the knowledge utilization rate by 47.3%. The feedback loop

mechanism formed by performance management innovation accelerates organizational adaptive learning, increasing the speed of problem identification by 38.9% and the speed of problem solving by 42.7%. Recruitment and selection innovation brings talent with different backgrounds into the organization, introducing new knowledge structures and ways of thinking and increasing the number of new ideas by 29.4%. The learning-oriented cultural atmosphere generated by compensation incentive innovation encourages employees to learn actively, increasing autonomous learning time by 31.8%. The Bootstrap mediation effect test shows that the mediating effect value of organizational learning capability is 0.156, accounting for 43.7% of the total effect, with a confidence interval of [0.098, 0.224], which does not include 0, indicating that the mediating effect is significant.

4.3 Mechanism of the Moderating Effect of Environmental Factors

Enterprise size and industry attributes play important moderating roles in the relationship between human resource management innovation and organizational performance. In the process of human resource management innovation, large enterprises with more than 1,000 employees achieve better innovation effects because they have richer resources and more complete systems. Their performance improvement is 17.2 percentage points higher than that of small and medium-sized enterprises. Manufacturing enterprises, due to their high technological content and high degree of standardization, show better effects in training and development innovation and performance management innovation, while service enterprises have greater advantages in recruitment and selection innovation and compensation incentive innovation. In high-tech industries, because talent competition is intense and knowledge is updated rapidly, the four innovation dimensions mutually reinforce one another, and the overall performance improvement brought to enterprises is 23.8 percentage points higher than that in traditional industries^[6]. Grouped regression analysis shows that the moderating effect coefficient of enterprise size is 0.127 ($p < 0.01$), and the moderating effect coefficient of industry characteristics is 0.094 ($p < 0.05$). Environmental uncertainty also has a considerable impact on innovation practices. In highly uncertain environments, flexible compensation incentive innovation and training and development innovation play a greater role, whereas in low-uncertainty environments, performance management innovation has a stronger long-term effect.

5. Conclusion

Through an empirical study of 245 enterprises, this paper concludes that human resource management innovation has a positive impact on organizational performance. Human resource management innovation improves organizational performance through three aspects: enhancing employee capabilities, strengthening employee motivation, and optimizing organizational structure. Among them, training and development innovation and performance management innovation show the most obvious effects. Organizational learning capability is one of the mediating factors, accounting for 43.7%, which explains how innovation activities are transformed into organizational performance. In addition, the study finds that enterprise size and industry characteristics play moderating roles, enriching the application of contingency theory in human resource management. The theoretical contribution of this paper lies in proposing an integrated model of how human resource management innovation affects organizational performance, expanding the application scope of resource-based theory and capability theory, and providing certain reference value for future research.

References

- [1] Song W J. Research on enterprise human resource management and organizational performance [J]. *Investment and Cooperation*, 2021(10):245–246.
- [2] Guo K. Discussion on the impact of enterprise human resource management on organizational performance [J]. *Enterprise Reform and Management*, 2021(14):103–104.
- [3] Huang N. Research on human resource management and enterprise organizational performance [J]. *China Circulation Economy*, 2018(17):63–65.
- [4] Li G Z. Performance improvement of human resource management in small and medium-sized enterprises [J]. *Modern Business*, 2014(02):75.
- [5] Huang D D. Exploration of the role and key elements of enterprise human resource management in organizational performance improvement [J]. *Market Outlook*, 2023(11):100–102.
- [6] Xu J. Enterprise human resource management based on organizational performance [J]. *Economic and Trade Practice*, 2016(15):173.
- [7] Li J X. Discussion on innovation in enterprise human resource performance management [J]. *Modern Marketing*, 2014(18):83–84.