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# STRATEGIC HUMAN RESOURCES MANAGEMENT IN INNOVATIVE FIRMS

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## **Abstract**

The purpose of this study is; to reveal the necessity of addressing the human resources practices of innovative companies which are the locomotives of the technological industry from the perspective of strategic human resources management. In this context, first of all, innovative organizations are tried to be conveyed within the framework of their own defining characteristics in the conditions of the market, which is the basis of their pursuit of sustainable competitive advantage and innovation. Then, the conceptual framework of strategic human resources management was transferred. In the third step, a hypothetical model was put under the title of strategic human resources management in innovative firms underlining the strategic human resource management issues that are in harmony with the defining characteristics of innovative firms.

**Keywords: Innovative firms, innovation management, strategic human resources**

## **INTRODUCTION**

Nothing that cannot renew itself can develop and disappear. Previously, it was only the focus of interest for anyone who wants to bring about the perceived innovation as a matter of concern to scientists and engineers or artists (Sarihan, 1998). Various definitions are made about the concept of innovation (innovation) which has become the most important competitive tool in the developing and changing economy. Change and development are closely related to the concept of innovation. Change implies that something new is emerging, and development implies that these innovations are positive (Rekabet Kurumu, n.d.). Innovation is all activities to create a new product or production process from scientific research to invention, development, and commercialization. Innovation means converting an idea into a new or improved product or goods and services (Sarihan, 1998).

### ***Sustainable Competition and Innovation***

The rapid change in the lifestyle, habits, and preferences of consumers, the importance given to the product quality, the rigor of the product selection and the alternative purchasing behavior are brought to the agenda, and the competitive conditions change rapidly (Arikbay, 1996). This variability, consumer or customer-oriented production and marketing practices are becoming a precondition for firms to sustain their existence in a competitive environment. Today, the conditions of competition; The demand for quality and differentiated goods changes and evolves in nature due to the complexity of capital and product markets, techniques based on information technologies (Erdut, 1998). The use of new information and communication technologies, which have accelerated the process of globalization and which is an important factor in intensifying international competition, has eliminated the concept of time and space, intensifying cross-border relations, increasing the speed of communication and decreasing costs. While new processes have reduced production costs, developing new products has become increasingly important. Nowadays, the cost value is no longer the only or basic requirement of competition, and elements such as product quality, production flexibility, and innovation capacity have gained increasing importance. At this point, it is necessary to draw attention to the relationship between competitive power and production system.

In the Fordist production system, where competitiveness is based on price and productivity increase is based on cost reduction; While cheap labor provided a comparative advantage, nowadays, production systems that emphasize the quality of production and innovation have been put into practice. Competition is a concept that forms the basis of success or failure of firms. Competitive strategy; to seek an advantageous position in an industry and try to gain a profitable and sustainable position against the forces or elements that determine the direction of industry competition. The long-term performance of the company in terms of achieving above average performance is to provide a sustainable competitive advantage. Sustainable competition in Just-in-time (JIT), which is dominant in today's economies, is based on creating and sustaining the capacity of a sector to be independent and creative in foreign markets. At the center of creating value-added in the new production system is the production and use of information; and, therefore, the superiority of competition and its sustainability is determined by the capacity to develop innovation.

In the global production chain, the most strategic, specialized and innovative sectors/firms have long-term success in the markets (Archibugi & Michie, 1995). For this reason, businesses today need to provide at least a minimum of skill and product design. This necessity has led to changes in the form of production management and organization. Based on the necessity of competing around the world, the industry has a new, more decentralized structure that encourages cooperation between enterprises and different sectors in the same sector, as well as making the best use of the knowledge, skills, and creativity of the entrepreneur and the workforce. In this new structure, it is seen that the competition instruments are expanding, as well as many other actors, as well as within the enterprise, directly or indirectly. Indeed, competition has become an objective not only for business executives but also for stakeholders whose stakeholders share their production processes and functions. The network consists of business and stakeholders, main or customer firms, subcontractors and suppliers. Networks in given geography is called industrial clusters and these clusters are considered as one of the strategic factors that encourage innovation and economic growth. In other words, there are industrial clusters on the basis of the innovation-based economy. Industrial clusters have gained importance together with the new organizational form of industry or just-in-time production system (Porter, 1990). The importance of industrial clusters in terms of today's sustainable competition understanding stems from its functional role in the development, dissemination and learning stages of innovation. The most important resource for creating innovations is learning (Asheim & Isaksen, 1997).

The networks formed between industrial clusters or firms have an important role in reaching the information required for innovations and learning this information, in other words, in increasing the innovation capacity of the enterprise. Therefore, developments in the form of organization of production depending on the developments in the world economy and technology have led to the importance of big companies in the development of innovations as well as R & D laboratories and the sharing of information among companies. The key element in determining sustainable competitiveness is the innovation capacity of the sector. The determinants of the innovation capacity of a sector are generally considered as internal and external factors. **In-house elements** in the study; the innovative organizational culture and the **non-firm elements** were examined with the presence and quality of the inter-firm network.



According to Schumpeter, competition in the economy can be on the technological level as well as on the prices. Companies can compete by producing new products with new features and new technical capacities (Asheim, 1997). For this reason, Schumpeter divides competition into two as competitive competition (price competition) and vice versa. Quality competition; In terms of quality, it is realized among the competing companies. These companies base their competitiveness on product and process innovations. Ordinary competition is the case for companies competing on price (Morgan, 1997). Price-scale competing companies generally choose the way to take advantage of cost and price reductions (Schumpeter, 1974). According to Schumpeter, innovations; production of a new commodity, renewing the quality of the goods, developing a new production technique, opening up to new markets, finding a new source of raw materials or taking over the existing ones and being in the form of a new organization of industry. The Neo-Schumpeterian school, which reviews Schumpeter's views on innovations in view of the change in production systems, classifies innovations as follows:

- Small and continuous innovations: such innovations are small technological innovations (in a sense spontaneously occurring) in the production process, which are seen in almost every industry sector and/or service sector. In order to achieve such innovations, institutionalized R & D activities and high-level skills are not required. SMEs have the potential to create such innovations. Although these innovations are small, their cumulative effects are very important.
- Radical Innovations: These are innovations which are the product of institutionalized R & D activities for this purpose, which lead to significant changes in product and production technology. Simple innovations that increase productivity in cotton yarn production are dealt with in small and continuous innovation, while the presence of nylon is an example for radical innovations. While radical innovations are important for a particular firm or sector, their impact remains relatively small and local when considered at the general economy level.
- Innovations in the technology system: Radical, small and continuous innovations and organizational innovations change the technology system which affects multiple sectors of the economy or causes new industries to develop.

- Changes in the techno-economic paradigm: (Technological revolutions) Some changes in the technology system not only affect a group of products, services or sectors, but also influence the whole economy. These changes, which will continue to affect for years and change the institutional structures, are defined as changes in the techno-economic paradigm. The new techno-economic paradigm achieves quantum leaps in the productivity of almost every sector in the economy and provides new investment and profit opportunities. In order to expose the whole development potential of the techno-economic paradigm, it is necessary to restructure the social and institutional framework at national and international level (Freeman & Perez, 1997)

The creation and dissemination of innovations and thus the conditions of competition vary according to the production systems. The conditions of competition both at the company and at the industrial level have changed with the fact that the full-time production system (JIT) brought the mass production system, which dominated the world economy until the 1970s, into a marginal position. In this production system, a company's competitive strategy; The acceleration of response to product change is based on reliable delivery and good quality control.

Now the problem in terms of a company; not how much workforce is needed to make the production line as fast as possible; This requirement necessitates the application of flexible employment strategy while re-organizing the products according to JIT principles (Haradsen & Kalsaas, 1997). There are two types of flexibility in this system. First; functional flexibility. Functional flexibility; it can be defined as the ability of firms to adjust or distribute the skills of their employees in order to adapt to changing tasks, production methods or technologies required by the changing workload.

The increase in the use of new technologies and flexible machines necessitated the development of new functional flexibility forms within the company. The second is numerical flexibility. This concept refers to the ability of firms to adjust labor inputs to meet the fluctuations in production over time. Digital flexibility can take many forms depending on the nature of the production system and the degree and timing of the variability of production. Types of numerical flexibility; overtime, flexible time use, new shift forms, part-time workers, temporary workers and subcontracting to other businesses. Therefore, the increase in numerical flexibility brought about an increase in subcontracting and other relations between firms (Pinch, Mason

& Witt, 1990). In the full-time production system, the sustainability of competitiveness has gained importance. The most important strategic tool in terms of the sustainability of competition power or sustainable competition is the capacity of innovation of firms. The most important resource that determines the capacity of innovation is knowledge and the most important process is learning (Asheim & Isaken, 1997).

### ***INNOVATIVE FIRMS***

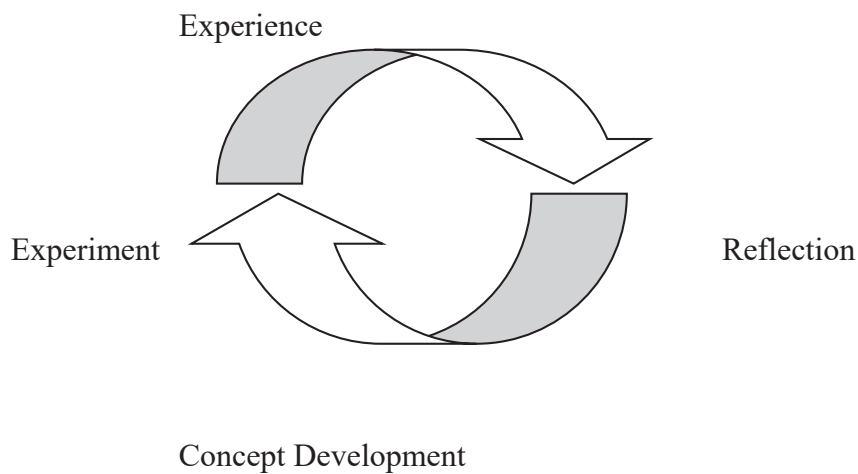
Organizations have been structured so that individuals can get more efficient results together. However, the success of organizations depends on the ability of employees to work together. The most important indicator of this skill; making the right choices, applying the chosen strategies and creating the correct feedback about the results achieved (Bayhan, 2004). At this point, if we want to make a general definition about the subject, the innovative organization; It is an organization that supports innovation and creativity at the highest level and provides the necessary motivation for this. Innovation is the ability to be open to new ideas as an aspect of the company's culture (Aktan, 2003). Innovative, in other words, is the point of departure or innovation of innovative companies, of course.

Innovation is directly related to learning and change and is often risky and costly. Innovation also includes ambiguity. Because there are failures as well as successful results in the innovation process. In order to ensure that senior management accepts the risk and ensures successful innovation, its support and commitment must be present in a fixed and invariable way in this process. It is no longer correct today to assume that innovation is only done in R & D units or laboratories. Innovation is considered as an institutional dimension that includes production, marketing, administrative, purchasing, and many other functions. Although there is not a single alar best sađlayan construction model for organizations, it can be said that successful organizations are mostly constructions that provide good harmony between structure and operational processes. When there is good harmony, innovative behavior is motivated. It is not easy to talk about creativity and innovation in the opposite structures where communication is limited and hierarchy is high. Innovation involves the action of bringing together different perspectives to solve problems, and therefore requires teamwork. The success of the project is directly linked to the establishment of an efficient and efficient team. The main elements of efficient teamwork;



- Having clearly defined objectives and activities,
- Effective leadership,
- The size of the team,
- Balanced liability distribution,
- A common language,
- developed for the solution of conflicting purposes mechanisms,
- can be listed as team working format (Bayhan, 2004).

Innovation is based on knowledge. One of the factors affecting the success of innovation is that the flow of information and communication are smooth, continuous and accurate. Innovation can also be expressed through the learning cycle, which involves the process of experimentation, experience, reflection and concept development.



**Figure 1 Learning Cycle**

Learning is achieved only when the cycle is completed. With every innovation, information is not only added to the technological knowledge of the firm, but also the knowledge about how the process itself will be managed increases. The information obtained must be recorded and documented (such as procedures, patents, and databases) in a way that other than the project team. Otherwise, the information remains in the personal memory and experience of the person

and will be lost if they leave the company. Learning continuously improves the innovation process. However, continuous improvement cannot be achieved by only a few technical experts. Not people, organizations, organizations learn. Therefore, in order to ensure continuous improvement, everyone should be involved in the problem-finding and solving activities, ie in the learning cycle. If individuals' collective learning can be ensured and managed, the potential for a solid technological foundation advantage or competition base is created.

### ***In-house Elements***

The company's ability to learn reflects the organizational form. Nowadays, there is a tendency from hierarchical firms based on vertical information flow to less hierarchical firms based on horizontal information flow. Together with this situation, interactive learning and problem solving and improvement-development process in companies are gaining continuity. Because large and strong participation within the firm; informal makes possible the use and dissemination of non-R & D based information and thus lead to continuity of innovations (Asheim, 1997).

The expansion and deployment of innovations in the field of the organization have led to an innovative transformation of the firms. The dynamic nature of the markets requires industrial enterprises to have a continuous and regular innovation in order to achieve competitive advantage. The ability of a company to maintain a competitive position for its existence and growth depends on its capacity to innovate. The adoption of innovations has ceased to be a matter of capital or a technical aspect and has become an issue related to the company's internal environment and management. The importance of in-house elements (the internal environment of the company) that play a role in explaining the process of creating innovations has long been discussed and studied (Peters & Venkatesen, 1973).

The company's competitive advantage is directly related to the company's capacity to create innovation. The capacity to create innovation is the organization's ability to successfully implement new ideas, processes and products. The innovation characteristic of innovation is the firm's innovation. Innovation is the feature of being open to new ideas as an aspect of the company's culture. The innovation of culture is a measure of the organization's orientation towards innovation. The pioneers of innovation are features related to the culture of the organization (Hurley & Hult, 1998).

The internal environment of the firms includes the organizational structure (the status of the organization, the size of the organization, the skills, the strengths of the relations between the functional units of the enterprise) and the strategies followed (the way the firm pursues to achieve competitive advantage, risk-taking and outward behavior). An important determinant of a firm's capacity to create innovation is its openness to innovation. This characteristic, called organizational innovation, refers to the tendency or resistance of the members of the organization to adopt innovations. The notion of organizational innovation is often referred to as one of the two main functions of the organization in a frequently cited statement by Peter Drucker. According to Peter Drucker, there is only one valid definition for the purpose of the company: creating customers. The client is the determinant of what the business is. Since the purpose of the business is to create customers, the organization should have only two basic functions: Marketing and innovation (Drucker, 1954). Studies on the dissemination of innovation in the literature emphasize the importance of the innovation capacity of the company and define innovation capacity as a feature that directly affects the performance of the organization.

The innovation of the company culture, together with the different structural characteristics of the company, determines the capacity of the organization to create innovation. The capacity to create innovation is measured by the number of innovations that the organization can adopt and successfully implement. The company's capacity to innovate is directly related to the elements within the company. The excellence of an organization, the hardware of the organization, the forming strategy and structure (2S: structure and strategy) and the culture of the organization - software- forming style, systems, employees, skills and common values (5S: style, systems, staff, skills, shared values ) is directly related to excellence (Dahlgaard, 1999). The capacity to create innovation is determined by the components of the organization and its culture. The first of these elements is the structure and process characteristics of the company. The other is the characteristics related to the organizational culture (Hurley & Hult, 1998)

### ***Structure and process characteristics***

Structure and process characteristics are the objective characteristics of the company and independent of the company's culture. The structural features, which are evaluated independently of the behavior of individuals, are defined as an element different from the cultural structure of the organization. These features include company size, formalization,

hierarchy, market information, and planning. There is undoubtedly parallelism between the variables that constitute the structural and process-related properties and the variables that constitute the company culture. For example, an organization with an innovative culture is also a company that has the infrastructure to reach market information or is trying to create this infrastructure. In order to adapt to changing market conditions and technological advances, companies are actively seeking information. The search for active information is directly proportional to innovation. The hierarchical structure in the organization, which is another feature related to the process, and the capacity to create innovation are inversely proportional (Deshpande et al., 1993). An organization with a hierarchical structure attaches importance to order, rules and laws, and firms operate under the control of a supervisory assessment and guidance. Planning is also an important process in firms with innovative culture. The existence of long-term company objectives is directly proportional to innovation. The existence of plans including all rational, comprehensive and organizational units directly affects innovation (Kithell, 1995).

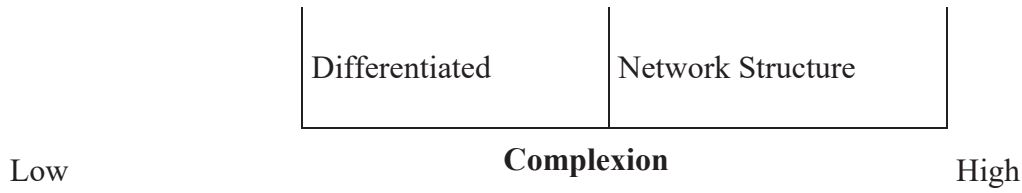
The literature review of the organizational structure shows that affected by the characteristics of the work done in the organization. For example, when things are more complex and ambiguous, more flexibility is needed in the relationship network. T. Burns and G. Stalker described organizations as "organic" and "mechanical". Organic organizations create an environment suitable for rapid change, while the other is more suitable for stationary environments. However, there is not a single model or organizational structure for innovative / innovative firms in the literature.

The literature and recent research shows that there are two variables that affect innovation and organizational forms to be managed. One of them is uncertainty and the other is complexity. Uncertainty depends on the speed of change in technology and product market. Complexity is a function of technology and organizational relations. Complexity does not always give rise to uncertainty, or vice versa. The figure describes different organizational structures in the axis of uncertainty and complexity.

High

**Ambiguity**

Innovative	Complicated
------------	-------------



**Figure 2. Complexity Ambiguity Matrix**

- Differentiated: Low uncertainty, low complexity. In this case, product diversity is an important element and market competition is critical → product / market based multi-unit organization.
- Innovative: High uncertainty, low complexity. Scientific and technological competencies factor → functional structure.
- Network: Uncertainty is low, complexity is high. Project management factor → project-based structuring.
- Complex: High uncertainty, high complexity. In this case, many competencies such as flexibility, integration and learning are necessary → network structure.

In situations where uncertainty is high, environmental factors are not stationary and information creation and dissemination are important; The organizational structure of the organization is not in a hierarchical structure, but rather in a network-like structure where strategic priorities are determined according to competency levels (Sarihan, 1998).

### **Organizational Culture**

Innovativeness is the feature of being open to new ideas as an aspect of the company's culture. innovativeness of culture is a measure of the organization's orientation towards innovation. The pioneers of innovativeness are features related to the culture of the organization. After examining about 100 organizational studies, sociology and anthropology, they have identified organizational culture as a concept of shared values and beliefs that enable individuals to understand the way in which the organization works and thereby gain organizational behavior and norms. In the context of the organizational behavior literature, the firm culture is considered as an element that provides the capacity to adapt to the changing external environment (Deshpande et al., 1993).

Within the scope of capacity to adapt to change, the concepts of corporate culture and innovation are not considered independently. In order to adapt to the competitive international environment, companies must create an “innovative company için culture. Companies that can adapt to the environment select the market niches that are suitable for them, expand their global market access and at the same time expand their cultural norms to live in the international climate. An example of such a trend is to create a culture for taking risks. It is directly related to the increase of the capacity of innovation in the firms to develop the cultural norms in the face of change, flexibility in communication, openness to communication, efforts and incentives for the development of employees. These cultural norms are also facilitating the technological adaptation of firms.

Continuous *incremental* innovation can only be achieved through an *organizational culture* that supports the process. In researches on the Japanese manufacturing industry applying the Kaizen philosophy; it shows that each worker makes an innovation every week and that this is an innovation proposal of millions per year and that the total effect is of a size to be considered. The addition of more people to the innovation process is a factor that facilitates the change process as well as increasing the cumulative effect. Organizational culture should not only encourage employees to produce ideas but should also try and *practice* them. Continuous improvement is achieved in a large number of trials, where trials are unsuccessful, even if they are not penalized. A certain part of the time and resources should be devoted to the development and improvement of new ideas, and the efforts to gain experience should be considered as an investment rather than cost. *Education* and personal development is another factor that will lubricate the wheels of the innovation program. In addition to providing information, education makes the person feel valuable, gives motivation and improves learning habits. Effective *reward systems* should also be designed to create a creative environment. Instead of rewards for performance in repeating jobs, mechanisms should be created to support new ideas. A form of mechanism which may be suitable for this may be to support in-house entrepreneurship. The existence of continuous improvement can only be mentioned if there are measurements of "before and after". Learning is provided by defining and solving continuous problems. There must also be a measurement system to evaluate the effectiveness of the problem-solving method (Sarihan, 1998).



### **Non-Company Elements**

The second factor that plays a role in the innovation development process is the inter-firm networks. Today; R & D units, techno-parks, innovation centers, and universities, as well as organized units for this business, as well as network structure consisting of actors, main company (customer company), supplier companies and subcontractors, have gained importance in innovation development processes. Companies in the JIT (Just-in-Time Production) system; instead of economies of scale and low cost, they follow a competitive policy based on flexibility, design intensity, know-how, and high quality. Since the products are made to order, there are frequent changes in both products and processes. This competitive structure, which accelerated the innovation processes, caused SMEs to become dependent on non-company information sources due to the cost factor (Oinas & Virkkala, 1997). Therefore, it is very important that the innovation process of SMEs is supported by networks to be established in the local environment.

The local network structure helps distribute risks, consolidate resources and assets, and share know-how and experience. In addition to this, SMEs with limited R & D facilities increase their competitiveness by developing small and continuous innovations (innovations in a way in the production process) with this information obtained from the external environment. Companies within the network structure share their production processes among them as if they were almost a single company. This situation gives companies stability and flexible structure provides access to certain information and resources and intensifies the flow of information between firms.

The intensification of the flow of information causes companies to accelerate the learning process and increase their capacity to develop small and continuous innovations. The intensity of information sharing between firms and the nature of the shared information vary depending on the shape of the relationship between the actors involved in the network. Among the parties; relationships that include functions based on trust, relatively long-term, high-value-added production processes, as well as quality control, joint R & D and coordination of future planning, not only provide flexibility to network actors; In addition, learning together provides the necessary environment for technological and organizational innovations (Asheim, 1997). One of the factors that determine the intensity of information sharing between companies and the nature of shared information is the nature of the relationship between the actors involved in

the network as described above. Another factor is the spatial proximity of related actors with each other. Information sharing increases in direct proportion with spatial proximity, and a learning network is formed between the firms and a collective learning process emerges (Camagni, 1991).

In summary, competitiveness is depend on price or cost, or on non-price elements defined within the scope of competition and innovation capacity. A competition based on price or cost enables a short-term competitive advantage. However, the main condition for achieving a sustainable competitive advantage in international markets is the creation of the capacity of the firm or the sector to compete with non-price factors (such as increasing the capacity for innovation).

## **STRATEGIC HUMAN RESOURCES MANAGEMENT**

Two different approaches in human resources management literature are noteworthy in defining strategic human resources. The first approach addresses strategic human resource management (SHRM) as an output. According to this approach, the SHRM is to obtain a sustainable competitive advantage, which is the main target of the enterprise, through its existing human resources. In other words, the SHRM is output oriented, which can be considered as a sustainable competitive advantage. According to the other approach, the SHRM activities are combined with business strategies. According to this approach, the human resource of the organization is involved in a wide range of strategy-setting processes. In this sense, the SHRM does not only work to finalize the strategies determined by the senior management but is also involved in the process of creating and implementing relevant strategies. In this sense, the SHRM is process oriented. As looking at other definitions in the literature;

For Schuller, SHRM has defined all of the activities that affect the behavior of individuals who implement and formulate the strategic needs of the enterprise (Schuler, 1992). If we look at the definition of Patrick M. Wright in this direction: In other words, SHRM is the macro-organizational approach that examines the role and functions of HRM in large organizations. strategic human resources management is defined as activities that intend to make it possible for an organization to achieve its goals and as part of its planned human resource dissemination. This definition cares about two different dimensions, which differ from traditional HRM. First, vertically requires that human resources practices be linked to the organization's strategic

management processes. Secondly, horizontally, it emphasizes compliance or coordination among a variety of human resource management practices within the framework of an example of planned action (Wright & McMahan, 1992).

With these definitions, human resources management literature has two different approaches to the characteristics of SHRM.

The first approach is the reactive SHRM approach. According to this approach, the concept of human resources management changes with the changes in the environment. According to this approach, SHRM is in a passive position and there is a one-way alignment to the changes.

The other approach is Proactive SHRM. According to this approach; there is a mutual interaction between some existing environmental factors and HR. During this interaction, SHRM transforms itself and its environment. In other words, according to the other approach, SHRM has been dealt with in a more effective position. It bases the SHRM on the model.

These three models; Control Based Model, Source Based Model, Integrative Model. According to the control-based model; management is responsible for monitoring and controlling personnel performance.

In this direction, the main task of the HR manager is to follow the performance of the staff with the reward/punishment system and to implement the practices to increase them with various HR programs. According to this model, HRM is a result-oriented and supervisor. In this sense, HRM is a tool for efficiency increase and profitability.

In the resource-based model, human resource is a distinguishing feature in achieving competitiveness. In this sense, the HR manager shapes its activities in order to create an imperfect human resource.

In the integrative model, the firm's resources and capabilities form strategies.

Thanks to the strategies created in this direction, the companies move towards achieving a sustainable competitive advantage. At this point, the HR manager positions himself in this cyclical relation and shapes his activities accordingly.

An important point to be noted at this point, as pointed out by the modern management approach, is that every company continues to operate under its specific contingency conditions. Therefore, it is determined within the framework of SHRM which model is suitable for related companies. Therefore, in accordance with the circumstances of the company, it should first be determined which model is more appropriate. The second step after this determination is; is the determination of the HR strategy according to the model.

At this point, there are four different SHRM strategies within the framework of Bamberger and Meshoulam.

These strategies; The commitment strategy consists of a collaborative strategy, a paternalistic strategy, and a traditional HR strategy.

Again, taking into account the contingency conditions of the enterprise, a strategy formulation which is compatible with the relevant models should be determined.

After determining which strategies will be used, the last step is the determination of the behaviors that will implement these strategies. In this sense, there are four role models that HR managers will apply in human resources management literature. These role models are:

- Strategic Partner
- Exchange Agent
- Managerial Expert
- Employee Supporter

## **A HYPOTHETICAL MODEL FOR SHRM IN INNOVATIVE COMPANIES**

In this part of the study, a hypothetical model will be put forward that combines innovative human resources management with innovative firms whose conceptual frameworks are transferred.

The process to be followed in the creation of this model is to reveal the characteristics of the innovative firms, the distinctive human resource, organizational structure and management model within the framework of the situational conditions. In addition, the SHRM models, which

are compatible with these management model specifications, are defined strategies and roles and the completion of a model coupled with the relevant characteristics of innovative firms.

**Table 1. Distinguishing Features of Innovative Firms**

<b><i>Human Resource</i></b>	<ol style="list-style-type: none"> <li>1) <i>Open to learning and development</i></li> <li>2) <i>Creative</i></li> <li>3) <i>Difference Creative</i></li> <li>4) <i>Teamwork</i></li> <li>5) <i>Leader</i></li> <li>6) <i>High communication ability</i></li> <li>7) <i>Initiative area</i></li> <li>8) <i>Having technical knowledge</i></li> </ol>
<b><i>Organizational Structure</i></b>	<ol style="list-style-type: none"> <li>1) Displacement Management</li> <li>2) Customer Focused</li> <li>3) Horizontal relational Structure</li> <li>4) Learning organization</li> <li>5) Organic structure</li> <li>6) With technical capabilities</li> <li>7) Ability to manage change</li> <li>8) Risk management and management</li> <li>9) Reaching Market Information</li> <li>10) Rational</li> <li>11) Powerful Planning Function</li> </ol>
<b><i>Culture</i></b>	<ol style="list-style-type: none"> <li>1) Customer Focused</li> <li>2) Innovative</li> <li>3) Open to Change</li> <li>4) Risk Responsible</li> </ol>

Table 1 shows the distinguishing features of innovative firms based on the data obtained from the conceptual framework mentioned in the first part of the study. Of course, the features of each innovative company can be spread over a much larger area than the area covered by this table. However, the reason why this table is created is to illustrate the compatibility of the characteristics of the innovative companies with the SHRM models. In this respect, the SHRM model-strategy-role behavior process, which will ensure the continuity of these characteristics in a sense that matches these characteristics owned by the innovative companies, and which will carry the market value of these properties further, is as follows.

First of all, although some of the features of the innovative companies seem to be compatible with the integrative model, the majority of the characteristics they carry are in accordance with the Source-based model. At this point, the mission of SHRM within the framework of this model is stated below.

### *Resource-Based Model*

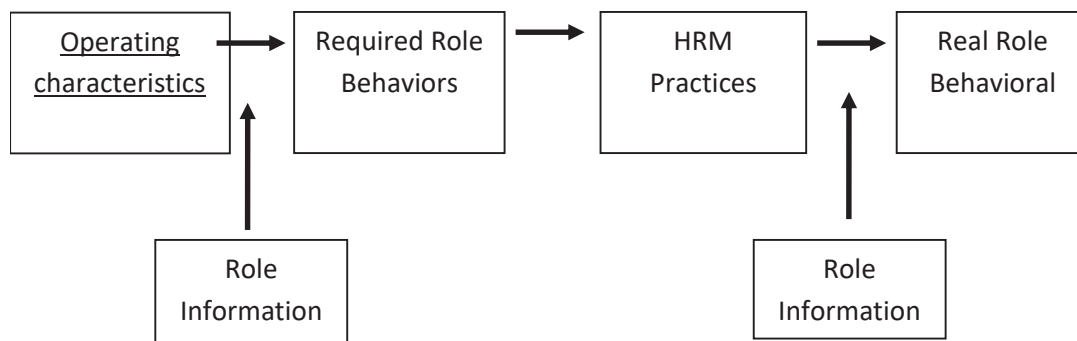
Human resource is a distinctive factor that will provide competitive advantage. According to the company's resource dependency approach, the competitive advantage can only take place if the firm resources are heterogeneous and the company resources are mobilized. The heterogeneity of company resources is related to firm resources (physical capital, manpower capital, organizational capital) and how these resources differ across the company's structure. The mobilization of company resources indicates the firm's competitiveness in the direction of acquiring resources from other companies.

In order for the company to achieve sustainable competitive advantage, four criteria for the resource should be qualitative;

- (a) Add positive value to the source firm,
- (b) The source shall be unique or rare among current or potential competitors,
- (c) The source should be inimitably
- (d) The source should not be replaced by another source by the competing company.

Within the framework of a resource-based model, another model that should be included in the flammability of the HRM model to be created in innovative firms is the Behavioral Perspective.

Again, this model carries many practices and perspectives that innovative companies will need within the framework of human resource management in their conceptual perspective. This perspective is the mediator between business strategy and firm performance.



**Figure 3**



The research practices of this conceptual perspective are, above all, based on three areas. The first is to assume the necessity of role behaviors according to different strategies. Second, studies will focus on the types of HR practices that will be effective in eliciting this role behavior. For example, if we assume that we clearly determine the most effective role behavior, then it will focus on testing which HR should be useful and the effectiveness of these techniques in eliciting such behavioral behavior.

Finally, the adoption of the behavioral perspective will provide benefits to the firm and lead to many conclusions. In addition, HRM practices will lead leadership strategies by revealing employee role behaviors. Although firm performance is the most significant result of successful HR applications, many additional results of SHRM, such as employee attitudes, accident rates, productivity and labor costs are also important. Thus, behavioral perspective; (a) the ability of different strategies to be considered with different performance levels of the firm; and (b) evidence that the relationship between strategy and firm performance is mitigated by HRM practices and employee role behavior.

In the framework of this model, the last model with a useful structure is Cybernetic Systems. According to this model; The HRM process should also be addressed through the system approach, as should be dealt with by the system approach of organizations. In this sense, energetic input (human money, etc.) within the framework of the system's HRM, the process; transformation of the energies in the system and output.

Within the framework of this model, there are two important phases. The first is talent management and the second is behavior management. Talent management has linked the organization with the organization to ensure that individuals with the necessary competence to implement the strategies given in the organizations will have ownership. This enables them to negotiate with the external environment to attract, select and hold, and to use the necessary knowledge to carry out the strategic business plan together with the necessary skills and capabilities. Ability to attract talent includes activities such as selection and training which will try to guarantee that individuals have the necessary skills within the organization. Utilizing talent use is associated with activities such as hidden abilities or trying to find skills that are not considered necessary in the previous strategy. Capability is a strategy that aims to prevent the loss of various skills within the organization within the framework of constant training and

reduction of workers circulation. Finally, the ability to extract skills is the goal of eliminating the skills that are no longer needed for organizational strategy.

Behavior management is related to ensuring that individuals with the necessary skills in the organization act on a path that supports organizational strategy and takes action. The behavioral perspective approach discussed two behavioral strategies. The first consists of activities such as payment systems and performance evaluation, which try to control employee behavior in line with organizational goals. Second, behavioral coordination strategies consist of evaluation and organizational development activities that seek to coordinate behavior among individuals to support organizational strategy.

### HM Strategy For SHRM Model in Innovative Firms

The strategy formulation that will be designed in line with this model will be discussed in this section after the model created. First of all, if we look at Bamberger and Meshoulam's HR strategies



Figure 4

As can be seen from the figure; under the umbrella of the Resource-Based Model, which will be discussed in innovative organizations; In the formulation of HR strategies to be followed in the context of the model combination formed in Behavioral Perspective and Cybernetic Systems; The collaborator is involved with the highest percentage of strategy. Subsequently, the Devotional Strategy follows him, while the Traditional Strategies takes the third place and his paternalistic HR strategy is the least. The reasons for choosing this hypothetical formulation;

### **Collaborative Strategy**

- The most fundamental need of innovative companies, the creative human resource, is a critical resource and due to rapidly changing competitive conditions and technological advances, firms cannot only adopt the promotion method from the inside. In this direction, they will go to outsourcing in order to meet the changing conditions.
- As innovative companies focus on the product that can create an innovative impact in the market, a result oriented HR strategy will be preferred.
- Nonetheless, innovative companies are trying to continue their paths with the philosophy of continuous learning in order to follow technological changes. Therefore, they give importance to educational activities such as consultancy services.

### **Commitment Strategy**

- One of the reasons why this strategy is included in the formulation is that the difference in specialization in innovative companies seeking technological products is sharp between departments. For this reason, HR managers in audit processes, which are an important factor, will prefer outcome audit rather than process control, and performance preference perspectives will be influenced by this preference. Moreover, we cannot wait for HR managers to perform process control due to lack of technical knowledge.
- Another reason for choosing this strategy is the development of highly dependent and flexible people in such companies.
- In addition, as a characteristic of this strategy, employees should try to maintain high performance with options such as promotions and high occupational safety within the framework of participatory leadership.

### **Paternalistic Strategy**

- The reason why this strategy is chosen is that, as a requirement of close supervision and the development of employees, the manager should establish close relations with the employees.

## Traditional Strategy

- The reason why this strategy is chosen is that managers will generally prefer to closely supervise due to the high level of competition in their fields of activity.
- Another important reason for close supervision is to try to obtain the highest efficiency from the employees in order to cope with the challenging conditions.

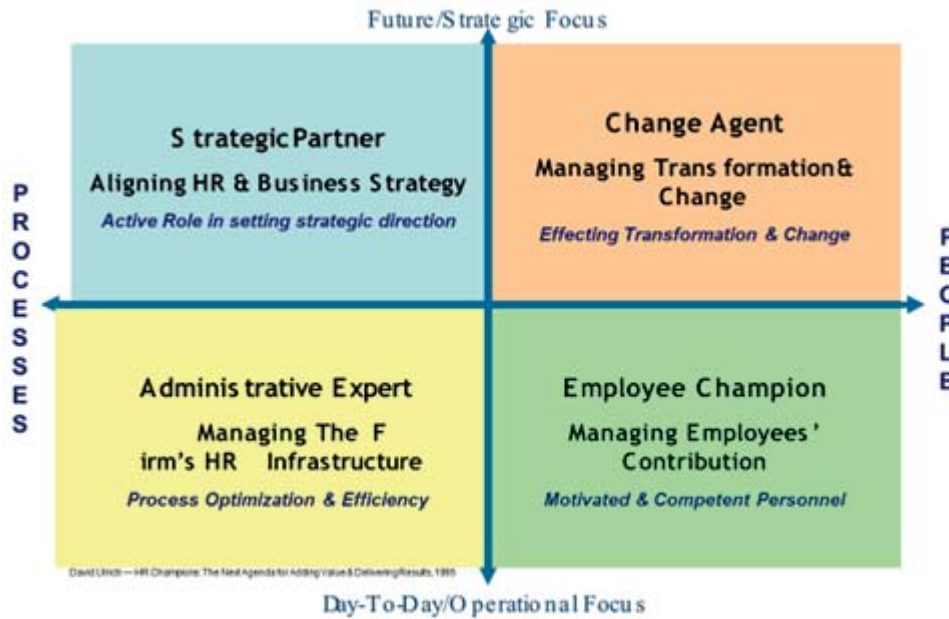


Figure 5

As can be seen, instead of selecting a single strategy, a combination of strategies has been made. The reason for this approach is that, like our world, which is becoming more and more complex, it becomes more complicated in enterprises and a single strategy with such a limited perspective may be insufficient. From this point, HR manager Role models that will implement the relevant strategy combination will be discussed. Innovative companies that have to continue their activities in an environment with high level of competition will mainly use the role of change agent in order to effectively manage the changes that will take place. This role will also enable companies to be prepared for possible crises. Because the role of the agent of change will necessitate the HR manager to make predictions about the changes that may occur within the scope of the company's activity and to put into practice the scenarios developed by the possibility of these predictions turning into concrete threats.

The reason for the inclusion of managerial and employee supporter roles in the combination with a small proportion; The traditional functions of HRM will continue even at low rates. In addition to the role of change agent, the less important percentage is the strategic partnership. The reason for using this role is the strengthening of the existing human resources of the innovative companies that continue their activities in a highly competitive environment and the most effective use of their creative perspectives. Finally, the qualifications of the HRM system designed by Graton for a visionary company support the SHRM compliance in the innovative organizations covered by this study.

**Table 2. HRM System Qualities**

<b>Strategic Factors</b>	<b>Qualities</b>
Managerial Staff	<ol style="list-style-type: none"><li>1) Internationally focused and experienced</li><li>2) Has an interdisciplinary cross functional background</li><li>3) Has an interdisciplinary cross functional background</li><li>4) Has an interdisciplinary cross functional background</li><li>5) Entrepreneur, gifted</li></ol>
Organizational Structure	<ol style="list-style-type: none"><li>1) Decentralization through a transparent and transparent decision-making process</li><li>2) International</li><li>3) Customer oriented</li><li>4) Creates horizontal work</li><li>5) Facilitate communication and learning</li><li>6) Centralized R &amp; D intellectual property has its own technical skills</li><li>6) Centralized R &amp; D intellectual property has its own technical skills</li></ol>
Culture	<ol style="list-style-type: none"><li>1) Creative and Innovative</li><li>2) Customer oriented</li></ol>
Human processes (HRM practices)	<ol style="list-style-type: none"><li>1) Performance is governed by organizational commitment to the individual and the award-based reward</li><li>2) Cross functional experience is facilitated</li><li>3) Human resources responsibilities are distributed to line managers from the center to the environment.</li><li>4) International human resources needs are met</li><li>5) Effective hiring and retention</li><li>5) Effective hiring and retention</li></ol>
Labour	<ol style="list-style-type: none"><li>1) Quickly gains new abilities</li><li>2) Expert skills have been developed.</li></ol>



## CONCLUSION

Innovative firms, a company model based on competitiveness and innovation, are noteworthy of the characteristics they demonstrate with the strategic human resource management perspectives. Within the scope of this study, SHRM's resource-based, cybernetic and behavioral perspective models, collaborative and devotional strategies, change, respectively agent and strategic partner role models are used for the hypothetical model formation. The weakness of the study is the lack of empirical data, in particular, the SHRM strategies and HR manager role model assumptions. But I believe that future studies will be worthwhile to test these assumptions. For example; For each strategy and role model, matching the behavioral characteristics of the relevant firm model with the experimental data in order of importance will enable the matching of the necessary strategy and role model.

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