

The Impact of Strategic Human Resource on the Innovation Performance of Pharmacy Companies in Thailand: Mediating Role of Innovation Capabilities

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ABSTRACT

The prime purpose of the research is to analyze the impact of strategic human resource (SHR) on the innovation performance of the pharmacy firms in Thailand with help innovation capabilities as a mediation. To perform the analysis, data was gathered from the managers of the human resource of pharmacy companies who deals with such practices and PLS-SEM was employed to check the reliability and data analysis. The results uncovered that SHR practices such as HR expansion, presentation administration, and prize administration have positive nexus with innovation performance. The innovation capabilities also increase the link among the SHR practices such as HR expansion, presentation administration, and prize administration and innovation performance. These findings provide the guidelines for the

management that they must focus on SHR practices as well as innovation capabilities that enhance the innovation performance of the firm.

Keywords: Strategic Human Resource HR Expansion, Presentation Administration, Prize Administration, Innovation Performance, Innovation Capabilities

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INTRODUCTION

Competition is one of the great reasons and sources to survive in the market. In order to gain competitive market share and growth in the market, every organization has to compete with its relevant competitive organizations (Scott & Walker, 2018). While in this competitive world, deregulation and globalization made this competition harder among the organization because of technology innovation, changing needs of customers. Furthermore, if the organization wants to gain maxim market share and continuous improvement in growth, then they have to focus on their innovation process continuously. Innovation refers to the situation wherein organizations modify their process in order to introduce something in their processes which ultimately increase value or price of their goods or services in the customers and the purpose achieved to gain competitive edge in market, further the relationship with customers and other entities have been on its satisfaction stage (Aryanto, Fontana, & Afiff, 2015). Innovation not only limited to invent a new product or changing an existing product but also can be in the form of changing business model, changing in brands, changing in organizational structure, changing in marketing strategies, changing in internal management, or changing in customer experience or service (Anh, Vanhaverbeke, & Thong).

Prior research studies have confirmed innovation is one the superior strategy through which companies are striving to gain their maximum market share and a higher level of competitive edge. In this ongoing dynamic environment, it is hard to gain an advantage over other organizations which probably possible through innovation. The research conducted by the "Center for Innovation and Collaboration (CIC), PPM Management," reported that 24.6% of the organization leading their process through working on innovation in 2013. However, this percentage exceeds 26.5% in 2014, as reported by CIC, PPM management. Therefore, it can be observed through it, in today's competitive environment, most of the organization moving their process and accepting the innovation as a good point for their success (Aryanto et al., 2015). Furthermore, the existing organization also focusing on best utilizing its processes through innovation because this is the most significant factor

to gain an advantage over other organizations and through this organization can achieve their desired market share.

The HR function of an organization has the value of accepting and implementing the innovation process in the respective organization (Saa-Perez & García-Falcón, 2002). The best implication of the HR department leads to the best people as part of the organization and these best people, when performing better, will get the best outcome of their innovation (Jimenez-Jimenez & Sanz-Valle, 2005; Koc, 2007). In addition, (Snell, Bohlander, & Bohlander, 2010) reported that when the organization wants to hire a highly qualified and talented workforce, then they have to proper successful implementation of their HR policies, and for this, HR function should strategically implement their activities and policies within the organization. In this process, it has been expected that innovation can be start from the practices of HR functions (Chen & Huang, 2009; R.-T. Wang & Lin, 2012; Z. Wang & Zang, 2005).

Innovation is similar to the growth of the organization. In addition, dissimilarities at the factory and in the environment are adjacent factory danger disintegrating welfare with destructive penalties for folks and, supposedly, for administrations. These nonconformities have been widely beckoned but regularly unnoticed in the essential HRM style and protect ordering HR does that can support to faultless their imprint. As differences in experience endure to suffering working for innovation. Though nearly nonconformities are optimistic, primary to the mechanization of repetitious activities, forecasts to the application from family and greater interaction to indication, others demonstrate competitions to innovate. Indication know-how can upsurge supplication and produce work surplus (Keeley, Walters, Pikkell, & Quinn, 2013), main to work-home meddlesome, suffering the dominance of recapture stretch, increase the prospects for investigation with its insinuations for injury of the governor and augmented nervousness and underwrite to ability hopelessness and allied occupation hesitation. However, the examination has traditional the aids for innovation in redesigning works to bring superior individuality, Keeley et al. (2013) formulate that in the UK, systematic stratum of authority have deteriorated though work apprehensions have amplified, predominantly in low-skill professions. Innovation

perhaps also be overstated by the nonappearance of confidence round the approaching. Experts have struggled that intellect of expansion and a conspicuous pending is critical for dissimilar growth. Original pressures to development have seemed, instable from overdue financial development and rising global rivalry to sanctuary terrorizations and widespread heating. The alteration in brightness roughly the approaching is principally unadorned for workers. For the primary time, appraisals indorse that their predictions are mediocre than those of their ancestors. At exertion, this is replicated in pressures to calling forecasts, to the employment nature preserve and extended-lasting monetary safety of an attired pension.

However, organizational performance can be predicted through its implications of proper HR policies while the adoption of technology and making innovation in the organization can be the biggest reason for organization success. In figure 1, this study illustrates the factors of

innovation and organizational performance which turn the organization in a way to achieve competitive growth in the market. Innovation capabilities can be two types of like for technology and business. Innovation capabilities for technologies consist of several distinct factors like manufacturing capabilities, learning capabilities, and resource allocation capabilities. Innovation capabilities for business include administrative practices, management innovation and structure of the organization. However, organizational performance can be seen in increasing sales, gaining market share, attaining market advantage and performance of the newly launched product. Furthermore, more precisely, the following figure indicating that the innovation of both types directly leads the organization to experience higher organizational performance. And this performance leads them to experience higher sales, higher market share, the higher performance of launched products, and gaining a higher level of competitive edge (Kerdpitak & Jernsittiparsert, 2019).

TABLE 1. HR Salary Distribution in Thailand

| Salary Range (THB) | Percentage of People |
|--------------------|----------------------|
| 148,995 | 100% |
| 124,309 | 75% |
| 99,622 | 50% |
| 65,380 | 25% |
| 45,666 | Leass than 25% |

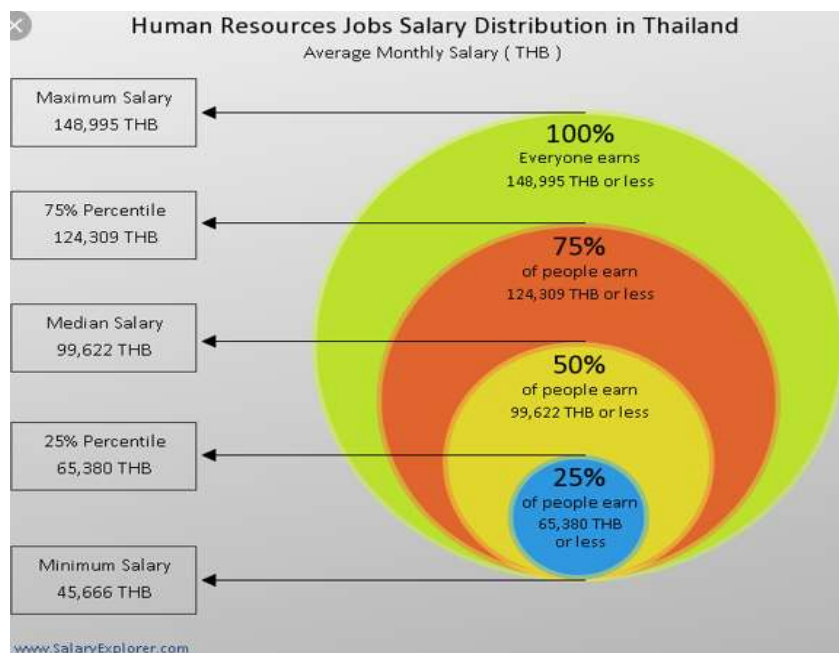


Figure 1: HR Salary Distribution in Thailand

With regard to this, this paper designed to measure the role of HRM for the organization’s abilities of innovation, which will indirectly influence the performance of the organization. This study designed for the context of the pharmaceutical sector of Malaysia. The diverting nature of these sectors leads to the success of this industry. In Malaysia, this sector has proved its quality in making innovation which ultimately can seem in the success of the pharmaceutical industry of Malaysia. Through this dynamic environment, it is essential to study how the abilities of HRM of the organizations of this context can predict the innovation success of this industry, which will

ultimately represent the performance of the respective organization.

LITERATURE REVIEW

This segment deals with the definition of the capability of innovation, along with innovation performance and HRM functions of the organization.

Innovation Capability

Organizations should accomplish the stresses for the novelty to encounter market wants, making new requirements for the marketplace and antedate growths in expertise. Cooper (2011) clarified that companies should

be clever to spread the life sequence of their goods or to generate somewhat novel with novelty. Companies want to revolutionize instruction to endure and raise and also to shine as well as meaningfully swaying the manufacturing route (Crossan & Apaydin, 2010; Trott, 2008). The contemporary research studies on HRM practices have shown that job applicant having high caliber always looking for the jobs which have a higher level of growth chances along with several distinct challenges (Keeley et al., 2013). Therefore, to attract these applicants to those, have the high caliber to survive within the organization, organizations should enable their HRM system to provide a flexible and engaging working environment. Although, strategic HR always focusing on engagement which considered as the cause of attaining competitive advantage and the significant usefulness of the organizational assortment process which has been widely neglected by the organization (Inceoglu & Warr, 2011).

The prior studies also investigated and reported that if the organizations want to higher individuals who possess higher level of caliber, devotion to work and focused toward achieving their regular and extra-ordinary tasks, then the HR professionals of the organization should need to be focused on their evidence-based selection process (Keeley et al., 2013). Therefore, organizations are trying hard to hire such individuals where likely to engage with their job roles. For instance, this selection process may include the amalgamation of personality valuation, organized interviews, valuation center workout and orientation checks (Rajapathirana & Hui, 2018).

However, Kasule and Bisaso (2019) reported that personality traits are the bigger reasons for the habit of engaging in the working environment which then defined as “engagement propensity,” which ultimately defined the selection process for the organizations. Unfortunately, little research has been done by the practitioners to understand the relationship amid the engagement and selection process of the organization. The conceptual relationship amid “big five personality traits” and engagement, “conscientiousness,” has a positive association with involvement “because conscientious individuals have a strong sense of responsibility and are thus more likely to involve themselves in their job tasks” (Keeley et al., 2013). “Extraversion” also certainly connected to engagement. “Neuroticism” negatively correlated to engagement as embarrassed employees often seem as they considered the working environment as a less safe place and threatening. “Agreeableness” positively related to engagement because it “mobilize social supports and resources to engage more directly in their job roles and organizational context.” Furthermore, “Openness to Experience” also positively related to engagement (Najafi-Tavani, Najafi-Tavani, Naudé, Oghazi, & Zeynaloo, 2018). Skarzynski and Gibson (2008) clarified that in command to gain a decent innovation presentation, the business wants to have the competence of novelty. A similar view was correspondingly transported by (Crossan & Apaydin, 2010) which specified the essential for companies to grow revolution competences grounded on the optimistic performance, ability and inspiration of the administrative positions and staff to gain a respectable revolution. Lawson and Samson (2001) labeled novelty competence as the ability of the company to alter information and philosophies into new goods, new procedures for the

advantage of the company and its investors. Whereas Madanmohan (2003) describes novelty competence as the company’s aptitude to reconfigure and grow its capitals and administrative competences to transform. Grounded on Madanmohan (2003), there are three scopes of novelty competence i.e. sensing competence, mixture competence and interpersonal (interacting) competence (Sok, O’Cass, & Miles, 2016).

Innovation Performance

(Mostafavirad ; R.-T. Wang and Lin (2012)) labeled the novelty presentation as accomplishment or triumph of innovation complete by a company in agreement with the board. Novelty presentation can be unhurried by numerous methods varieties from practical, non-practical and monetary methods (Gamal, Salah, & Elrayyes, 2011). OSLO Guide established to labeled approximately features that can be utilized to amount the novelty presentation in the system of the productivity of novelty (for instance; number of novel goods formed, an intensification in the superiority of the labor, as well as the development of the schemes that be within the company) and influence of novelty (instances: vicissitudes in rivalry, market growth, augmented yield, revenue and conservational influence) (X. Wang & Dass, 2017). Additionally, grounded on the consequence of a research evaluation of published work, notably De Meyer (2005) defined the notion of the five scopes of novelty presentation: (i) interior presentation; (ii) mechanical presentation; (iii) profitable presentation; (iv) financial presentation; and (v) communal presentation (Mir, Casadesús, & Petnji, 2016).

The issues associated with aligning HRM and performance is still ambiguous in theoretical perspectives (Ho & Kuvaas, 2019). The linkage amid these two notions has become central when organizations try to maximize their profit when they wish to get more from their employees when they wish to gain positively modify their employee’s attitude or behavior, even when they want to gain competitive advantage (Chadwick, Super, & Kwon, 2015). Furthermore, this linkage results in several distinct internal models that explain the roles of every individual which ultimately leads them to increase their performance at individual, team and organizational levels. The one mostly used term which describes HRM as a system of higher performance (HPWS). The plausible marker kinds the goals of this tactic obvious. Until now, preliminary pieces of training by means of this sticky tag, originate that a method founded on the AMO framework, converging on performs to “improve workers’ abilities (A), motivation (M) and opportunity to contribute (O),” could improve both presentation and welfare. Though appraisals recommend that numerous workers rely to performs that reproduce the AMO framework (Madanmohan 2003), it is distinguished that in furthestmost described educations, employee brashness and performance are observed as a revenue somewhat than a finish, with the prime concentration absorbed to presentation portentous slight apprehension for worker well-being and shared improvements (Delery & Roumpi, 2017). Certainly, Madanmohan (2003) communicates that ‘the other understandable object about AMO agenda is that it is absorbed on a portion the box of organizational presentation somewhat than worker welfare’ (Nieves & Quintana, 2018).

The phenomenon ‘higher engagement HRM describes its oblique intentions. In an ongoing study, ‘From controller to promise in the workplace,’ Wright and McMahan (1992) contended that vicissitudes in the US modest setting, mutual

with variations in worker prospects, obligatory American organizations to modify their tactic to the supervision of workforces. This required modification from little to top faith and from the ranked controller to participative supervision and implementation of HR performs to indorse organizational promise (Liu, Gong, Zhou, & Huang, 2017). Though it mainly assistances organizations somewhat than persons. Enhanced welfare might be a by-product, but it is related to the part of the pledge as a resource to develop the presentation. This is consequently an additional method to the managing of personnel as a resource of ornamental organizational presentation that has slight to say approximately worker welfare and joint improvements (Barrick, Thurgood, Smith, & Courtright, 2015).

However, performance is one of compels and multi-dimensional variables. With regard to prior research studies, all shown that the performance of the individuals can be assessed based on individual working, team-based working, and organizational based working (Madanmohan, 2003). Furthermore, the meta-analysis of performance management, which has been conducted by Madanmohan (2003) has reported that performance can only be assessed through individual working behavior of the employees. However, the most recent studies have attempted to assess performance based on three defined grounds, which are individual based, team-based and organizational based performance. Therefore, it can be concluded that performance of the employees can be measured through the individual base, team-based and organizational based working which consequently helps in attaining competitive advantage (Soto-Acosta, Popa, & Palacios-Marqués, 2016).

The research has shown that innovation becomes successful once the employees socialized with their roles; HRM professionals should try to support employees in achieving their goals which ultimately increase their level of performance. Performance management refers to it "is an ongoing organizational process involving a wide range of activities that include identifying, assessing, and promoting individual and team performance to achieve organizational objectives" (Madanmohan, 2003). As mentioned in figure 1, the performance management is properly managed by HR professionals, then it is consistent with employee performance and will significantly influence the performance of the employees which ultimately influence the performance of the organization. The factor in the "engagement management model" explains agreement amid employees and supervisors as both agree in attaining the defined goals with their efforts. In the process of this agreement of engagement, it is essential to understand that every goal not only for the success of the organization but for the interest, values and personal goals for the employees. The second factor includes monitoring the psychological contract that will result in the engagement of the employees.

Strategic HRM

Employee capabilities can be utilized as a modest gain. Cooper (2011) supplementary a humanoid capitals administration is predictable to be talented at bringing into line the person's aptitudes (information, services, knowledge, incentive, and worth) and the company (*people- occupation fitting, people-association fitting*). A humanoid supply administration comprises all strategies, performs and schemes that touch the conduct, boldness and presentation of staff in the company (Noe, Hollenbeck, Gerhart, & Wright, 2017).

In emerging a method to HRM intended to indorse innovation in the organization's climate, its necessity is recognized that organizations are improbable to endorse welfare on principled estates unaccompanied. Certainly, this supposition has to provide one motive for an abundant service legislature. It is consequently essential to put up the welfares of together workers and bosses and, accepting a pluralist viewpoint; this can helpfully be enclosed within the setting of the engagement association. An extensively cited current method to service relatives accepts a shared improvement method. This fleetingly succeeded in the UK underneath the excellent work company, but an assessment by Aryanto et al. (2015) optional that it was frequently apparent to stretch an equilibrium of benefit to managers relatively than worker consequences. Though, (Gamal et al., 2011) account investigation portentous that an optimistic service relative's environment suggestions possibility for methods of the company to embellishment, provided that common improvements for pertinent shareholders. The factor in the "engagement management model" explains agreement amid employees and supervisors as both agree in attaining the defined goals with their efforts. In the process of this agreement of engagement, it is essential to understand that every goal not only for the success of the organization but for the interest, values and personal goals for the employees. The second factor includes monitoring the psychological contract that will result in the engagement of the employees.

An irregular, structure on the supply founded opinion of the secure (Gamal et al., 2011), highlights the character of humanoid assets as the chief earnings of leveraging structural capitals to improvement modest improvement. This has industrialized hooked on an additional exact emphasis on habits of abstracting, ornamental, and exploiting humanoid assets; there is ongoing indecision nearby (Aryanto et al., 2015). The prime focus of this method is to grow and utilize humanoid assets for the advantage of the association with slight apprehension for operative welfare or communal improvements.

To attain the best consequences, HRM should be showed deliberately. It should continuously be related and allied with the firm's plan (Leopold & Harris, 2009; Millmore & Lewis, 2007; Snell et al., 2010). Lengnick-Hall, Lengnick-Hall, Andrade, and Drake (2009) reported that the planned HRM emphases on the business's premeditated choices connected to humanoid capitals administration and its influence on the presentation that is allied with company's objectives. Additionally, (Wright & McMahan, 1992) confirms the meaning of planned humanoid supply administration as designs and doings deliberate for the organization of humanoid capitals which are probable to allow the business to attain its objects. Additional meaning is likewise revealed by Armstrong and Taylor (2020), who distinct HRM as a planned method to choice manufacture and preparation firm related with engagement (*employ affiliation*) and the approach, strategies and performs of employment, exercise, expansion, presentation administration, recompence and associations amid workers who are combined with each other parallel (with other roles) and perpendicular (commercial approach). This investigation utilized five scopes of planned HRM: (i) HR expansion, (ii) presentation administration, and (iii) prize administration.

Hypotheses Development

- H1: HR expansion has a positive influence on the company's firm innovation performance
- H2: Presentation administration has a positive influence on the company's firm innovation performance
- H3: Prize administration has a positive influence on the company's firm innovation performance
- H4: Firm innovation capability mediates among the relationship of strategic HRM practices and firm innovation performance

Research Methods

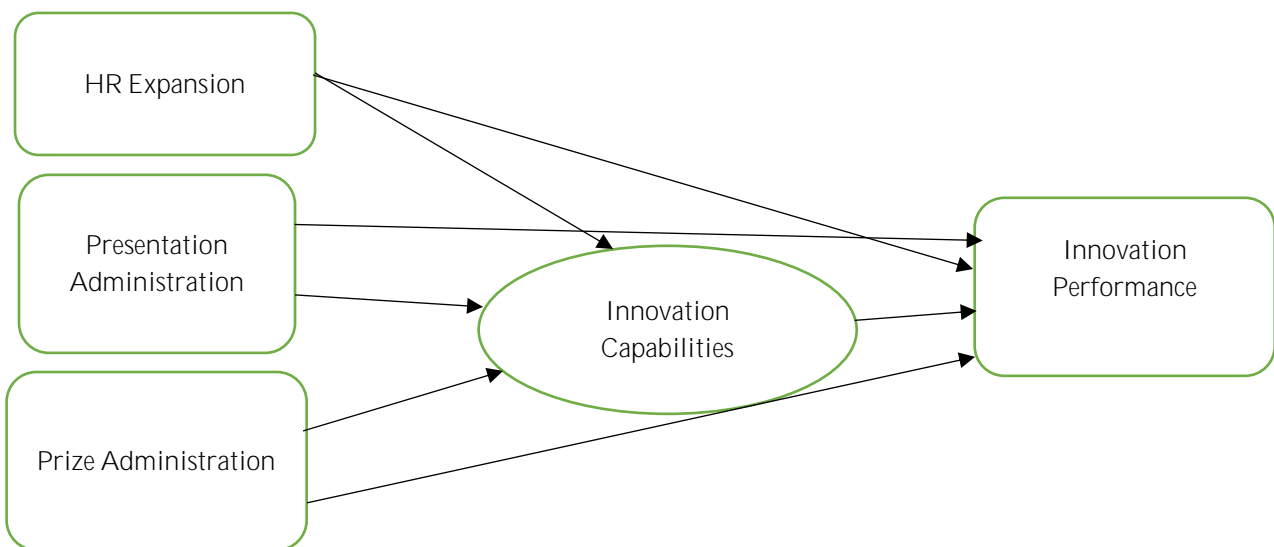
The prime purpose of the research is to analyze the impact of strategic human resource (SHR) on the innovation performance of the pharmacy firms in Thailand with help innovation capabilities as a mediation. To perform the

analysis, data was gathered from the managers of the human resource of pharmacy companies who deals with such practices and PLS-SEM was employed to check the reliability and data analysis. The 690 questionnaires were dispersed to MR Managers of pharmacy firms in the capital city of Thailand through the mail and personal visit to the pharmacy outlets. After two months, 480 valid questionnaires were returned that represents around 69.56 percent response rate.

Measures

The dependent variables, such as firm innovation performance (FIP), has eight items while independent variables such as HR expansion (HRE), presentation administration (PA) and prize administration (PAD) have eight, six and ten items respectively. Moreover, the mediator variable such as innovation capabilities (INC), has six items.

THEORETICAL FRAMEWORK



Findings

The findings include the data reliability and validity as well as the regression analysis for the hypotheses testing. The validity consists of the convergent and discriminant validity. The convergent validity deals with the correlation among the items that are checked by loadings of the items, Alpha, CR and AVE.

The outcome uncovered that loadings are higher than 0.50 and meet the criteria; similarly, alpha and CR also higher than 0.70 and meet the criteria as well. Likewise, the values of AVE of all the constructs are also higher than 0.50 and meet the criteria that mean items are correlated with each other. Table 2 shows the convergent validity as under:

TABLE 2. Convergent Validity

| Constructs | Items | Loadings | Alpha | CR | AVE |
|-----------------------------|-----------------------------|----------|-------|-------|-------|
| Firm Innovation Performance | FIP1 | 0.705 | 0.849 | 0.884 | 0.523 |
| | FIP2 | 0.782 | | | |
| | FIP3 | 0.822 | | | |
| | FIP4 | 0.631 | | | |
| | FIP5 | 0.626 | | | |
| | FIP6 | 0.680 | | | |
| | FIP8 | 0.789 | | | |
| | Presentation Administration | PA1 | | | |
| PA2 | | 0.742 | | | |
| PA3 | | 0.781 | | | |
| PA4 | | 0.804 | | | |

| | | | | | |
|-------------------------|-------|-------|-------|-------|-------|
| | PA5 | 0.743 | | | |
| | PA6 | 0.758 | | | |
| HR Expansion | HRE1 | 0.838 | 0.883 | 0.911 | 0.631 |
| | HRE2 | 0.834 | | | |
| | HRE3 | 0.793 | | | |
| | HRE4 | 0.666 | | | |
| | HRE6 | 0.792 | | | |
| | HRE8 | 0.828 | | | |
| Prize Administration | PAD1 | 0.792 | 0.896 | 0.918 | 0.587 |
| | PAD2 | 0.843 | | | |
| | PAD3 | 0.497 | | | |
| | PAD4 | 0.812 | | | |
| | PAD5 | 0.722 | | | |
| | PAD8 | 0.776 | | | |
| | PAD9 | 0.828 | | | |
| | PAD10 | 0.800 | | | |
| Innovation Capabilities | INC1 | 0.892 | 0.806 | 0.859 | 0.553 |
| | INC2 | 0.812 | | | |
| | INC4 | 0.677 | | | |
| | INC5 | 0.648 | | | |
| | INC6 | 0.657 | | | |

The discriminant validity shows the correlation between the constructs and is checked by Fornell Larcker, and findings show that the first value is higher than the other values that

mean constructs are not highly correlated. Table 3 shows the discriminant validity as under:

TABLE 3. Fornell Larcker

| | FIP | HRE | PA | PAD | INC |
|-----|-------|-------|-------|-------|-------|
| FIP | 0.723 | | | | |
| HRE | 0.723 | 0.763 | | | |
| PA | 0.575 | 0.686 | 0.794 | | |
| PAD | 0.548 | 0.514 | 0.388 | 0.766 | |
| INC | 0.686 | 0.484 | 0.476 | 0.516 | 0.744 |

The discriminant validity shows the correlation between the constructs and is checked by cross-loadings and findings show that the values are less than 0.90, which means constructs are

not highly correlated. Table 4 shows the discriminant validity as under:

TABLE 4. Cross Loadings

| | FIP | HRE | PA | PAD | INC |
|------|-------|-------|-------|-------|-------|
| FIP1 | 0.705 | 0.392 | 0.426 | 0.303 | 0.372 |
| FIP2 | 0.782 | 0.559 | 0.426 | 0.373 | 0.462 |
| FIP3 | 0.822 | 0.485 | 0.343 | 0.401 | 0.430 |
| FIP4 | 0.631 | 0.341 | 0.349 | 0.325 | 0.314 |
| FIP5 | 0.626 | 0.429 | 0.369 | 0.406 | 0.323 |
| FIP6 | 0.680 | 0.613 | 0.480 | 0.443 | 0.639 |
| FIP8 | 0.789 | 0.686 | 0.471 | 0.468 | 0.730 |
| PA1 | 0.496 | 0.748 | 0.665 | 0.354 | 0.441 |
| PA2 | 0.635 | 0.742 | 0.423 | 0.464 | 0.656 |
| PA3 | 0.508 | 0.781 | 0.639 | 0.397 | 0.413 |

| | | | | | |
|-------|-------|-------|-------|-------|-------|
| PA4 | 0.532 | 0.804 | 0.659 | 0.355 | 0.489 |
| PA5 | 0.518 | 0.743 | 0.362 | 0.376 | 0.738 |
| PA6 | 0.589 | 0.758 | 0.429 | 0.389 | 0.800 |
| HRE1 | 0.438 | 0.506 | 0.838 | 0.288 | 0.326 |
| HRE2 | 0.392 | 0.496 | 0.834 | 0.286 | 0.336 |
| HRE3 | 0.511 | 0.604 | 0.793 | 0.292 | 0.444 |
| HRE4 | 0.430 | 0.512 | 0.666 | 0.313 | 0.418 |
| HRE6 | 0.336 | 0.401 | 0.792 | 0.224 | 0.252 |
| HRE8 | 0.559 | 0.664 | 0.828 | 0.399 | 0.431 |
| PAD1 | 0.351 | 0.240 | 0.175 | 0.792 | 0.298 |
| PAD2 | 0.504 | 0.484 | 0.411 | 0.843 | 0.480 |
| PAD3 | 0.246 | 0.274 | 0.244 | 0.497 | 0.262 |
| PAD4 | 0.478 | 0.478 | 0.358 | 0.812 | 0.460 |
| PAD5 | 0.437 | 0.466 | 0.368 | 0.722 | 0.396 |
| PAD8 | 0.438 | 0.464 | 0.300 | 0.776 | 0.384 |
| PAD9 | 0.424 | 0.362 | 0.252 | 0.828 | 0.429 |
| PAD10 | 0.410 | 0.306 | 0.217 | 0.800 | 0.390 |
| INC1 | 0.695 | 0.732 | 0.446 | 0.499 | 0.892 |
| INC2 | 0.639 | 0.589 | 0.364 | 0.521 | 0.812 |
| INC4 | 0.398 | 0.649 | 0.344 | 0.269 | 0.677 |
| INC5 | 0.289 | 0.408 | 0.252 | 0.200 | 0.648 |
| INC6 | 0.335 | 0.486 | 0.334 | 0.273 | 0.657 |

The discriminant validity shows the correlation between the constructs and is checked by the HTMT ratio and findings show that the values are less than 0.90, which means

constructs are not highly correlated. Table 5 shows the discriminant validity as under:

TABLE 5. HTMT Ratio

| | FIP | HRE | PA | PAD | INC |
|-----|-------|-------|-------|-------|-----|
| FIP | | | | | |
| HRE | 0.803 | | | | |
| PA | 0.636 | 0.777 | | | |
| PAD | 0.605 | 0.573 | 0.419 | | |
| INC | 0.713 | 0.906 | 0.537 | 0.545 | |

The regressions results show that the positive link among the all the SHR practices such as HR expansion (HRE), presentation administration (PA), prize administration (PAD), mediator variable such as innovation capability (INC) and firm innovation performance (FIP) because the beta values have a positive sign. In addition, SHR practices such as HR expansion (HRE), presentation administration (PA), prize administration (PAD), mediator variable such as innovation

capability (INC) have a significant link with firm innovation performance (FIP) because p values are less than 0.05 and t values are greater than 1.64. Moreover, innovation capability mediates the relationship between all the SHR practices such as HR expansion (HRE), presentation administration (PA), prize administration (PAD) and firm innovation performance (FIP). Table 6 shows the path analysis as under:

TABLE 6. Path Analysis

| | Beta | S.D. | t-values | p-values | L.L. | U.L. |
|------------|-------|-------|----------|----------|-------|-------|
| HRE -> FIP | 0.307 | 0.098 | 3.115 | 0.001 | 0.143 | 0.459 |
| INC -> FIP | 0.169 | 0.063 | 2.694 | 0.004 | 0.075 | 0.280 |
| HRE -> INC | 0.383 | 0.039 | 9.860 | 0.000 | 0.322 | 0.449 |
| PA -> FIP | 0.202 | 0.053 | 3.772 | 0.000 | 0.107 | 0.286 |
| PAD -> INC | 0.084 | 0.046 | 1.807 | 0.036 | 0.002 | 0.157 |

| | | | | | | |
|-------------------|-------|-------|--------|-------|-------|-------|
| PAD -> FIP | 0.245 | 0.071 | 3.471 | 0.000 | 0.122 | 0.356 |
| PA -> INC | 0.566 | 0.004 | 15.616 | 0.000 | 0.511 | 0.627 |
| HRE -> INC -> FIP | 0.117 | 0.038 | 3.096 | 0.001 | 0.055 | 0.176 |
| PA -> INC -> FIP | 0.128 | 0.069 | 1.855 | 0.002 | 0.000 | 0.062 |
| PAD -> INC -> FIP | 0.173 | 0.055 | 3.151 | 0.001 | 0.082 | 0.251 |

DISCUSSION AND CONCLUSIONS

The prime purpose of the research is to analyze the impact of strategic human resource (SHR) on the innovation performance of the pharmacy firms in Thailand with help innovation capabilities as a mediation. The findings uncovered that SHRM practices play a vital role in the innovation performance of pharmacy firms in Thailand. The outcomes highlighted that the HR expansion enhances the motivation in the employees to adopt the innovation. In addition, presentation and prize administration also motivate the employees and management to adopt the innovation in the organization that increases the performance and competitive advantage of the organization. In addition, the innovation capabilities of the employee and management also motivate the employee and management to adopt innovation and also enhance the competitive advantage and performance of the firm.

This study helpful for the pharmacy business in Thailand and also the other countries' pharmacy business to enhance the willingness of the employee to adapt the innovation for the success of the organization. These findings provide the guidelines for the management that they must focus on SHR practices as well as innovation capabilities that enhance the innovation performance of the firm. Finally, the current study concluded that the motivational steps of SHRM practices enhance the capabilities of the employee and management to adopt the innovation that increases the performance of the firm in the pharmacy business of Thailand. In the end, the current study has few limitations; for instance, this study takes only three dimensions of SHRM practices and ignore the other dimensions of SHRM practices and prospective studies may add in their literature. In addition, this study considers only the pharmacy business, and further literature may include other businesses in their investigation.

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