HR INNOVATION LAB AND ITS THREE-DIMENSIONAL EFFICACIES

Md Muktadirul Islam Jafir, Sadia Ahmed

Human Resource Management, Bangladesh University of Professionals, Mirpur Cantonment, Dhaka-1216, Bangladesh.

*Corresponding author email: sadia75ahmed@gmail.com

This is an open access article distributed under the Creative Commons Attribution License CC BY 4.0, which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

ABSTRACT

In an increasingly competitive business world, corporations are struggling to thrive. There have been pressures of changes for organizations from their external environment. The externalities are forcing businesses to adopt unavoidable innovation to create new products or design better processes. As a result, the changes in the business model require changes in HR practices and employee involvement since human resources are core elements of any innovation process. In this regard, our study aims to determine the HR Innovation Lab’s efficacy in an organization’s three dimensions, which are improving the human resources, fostering innovative HRM practices, and bringing organizational outcome as innovation success from the views of HR professionals. A cross-sectional study was conducted to collect data from the HR professionals of some renowned pharmaceutical companies in Dhaka city. We introduced the concept of HR Innovation Lab to the participants in the survey stage and did a simple random sampling. After analyzing the results with Pearson’s correlation, regression analysis, and Cronbach’s Alpha test it was found that the employees in the respected companies believed that Innovation Lab can be a tool to improve individuals, generate innovative HRM practices to keep the HR ecosystem balanced, and contribute to organizational success. Overall, the study findings can be utilized by pharmaceutical companies, as well as other companies, to meet innovation requirement and achieve organizational success through the introduction of HR innovation lab.

KEYWORDS

Innovation Lab, HRM Innovation, Innovative HR Practices, Creativity, Employee Engagement.

1. INTRODUCTION

Human Resource Development (HRD) is more vital than ever in organizations confronting increased global competition and changing environments (Koster, 2018). The external pressures of a firm necessitate the implementation of strategic and innovative human resource management practices and recruiting individuals with the necessary skills, knowledge, and capacity to perform optimally. Furthermore, we are moving toward a work environment enhanced with automation and robotization which will foster an increased number of jobs in innovation and creativity (Bamber et al., 2017). As a result, organizations may need to execute innovative human resource management (HRM) strategies to help with this.

According to Agarwala (2003), nowadays, human resource management (HRM) can no longer be confined to a standard set of practices. The author extended that a firm requires constant development and implementation of improved and effective HR practices to sustain the competition because the changes in the current business environment have profoundly affected human resources management (Stroh and Caligiuri, 1998).

Numerous management studies have repeatedly shown correlations between innovative human resource management strategies and organizational effectiveness. For instance, in their study, Tannenbaum and Dupuree-Bruno (1994) found a meaningful relationship between HR innovation and organizational externalities. However, despite this fact, few organizations have attempted to implement these practices by altering their corporate cultures. Until recently, in literature, very few studies have focused on innovation in HRM functions (Wolfe, 1995). However, now the context is dispersing in the HRM functions and growing fast to be interesting (de Leece and Louise, 2005); earlier, it was only recognized in generating strategic HR policies (Miles and Snow, 1984; Schuler and Jackson, 1987). Recently, HRM literature has been evidently seen in innovation practices, and its outcome is growing faster than ever (Boxall and Purcell, 2003; Looise and van Riemsdijk, 2004).

In general, HRM focuses on the functional components of the organizations. It develops policies and procedures to support ongoing operations such as job descriptions, performance evaluations, reward and recognition systems, and educational or training programs. The primary responsibility is to maintain the status quo while minimizing risk as much as possible. Furthermore, regardless of the industry or size of a business, HRM consistently focuses on employee outcomes such as commitment, engagement, and well-being (Guest and Conway, 2011; Boxall and Purcell, 2022; Ulrich, 2016) and linearly deals with them. On the other hand, HRM promotes archic organizational structures and oppressive management practices that limit an individual’s ability to be better organizational citizens. Given these approaches, most firms’ HR departments struggle to establish a strong reputation in the innovative community. As a result, those workplaces remain monotonous.

From the study by Chamorro-Premuzic (2020), shockingly, 87% of the overall workforce is disengaged in their work. Employees are dissatisfied with their daily tasks and lack a defined career path which causes them to feel alienated. Hence, employee discontent may lead them to seek better career opportunities elsewhere. This contradiction results in the most significant challenges, which 47% of the managers think are significant staff turnover and retention anxiety for organizations (Holdiday, 2021). Eventually, the firm faces challenges in progression and reaching desired success.

To change the HR culture, businesses pressingly need to deploy an open and innovative HR practice. It will guide the business toward increasing...
An HR Innovation Lab aligns to HIWS and can provide the answers to such significant challenges. It enables the generation of innovations in getting new answers, improved methods, and a better mindset, building a both-way enabled bridge between scientific study and management leadership to earn competitive advantage. For instance, in 2019, Orange Business Services has launched an HR Innovation Lab to deal with dynamic HR challenges and to improve organizational performance (Chevrier, 2019). They welcome various stakeholders, including academicians, sociologists, researchers, lab experts and researchers, and employees. All participants converse about patterns such as work future, innovation culture, employer attractiveness, skillset management, business discoveries, and employee experience, as well as social engagement within the company.

Pragya and Ahmed (2006) suggested that corporations build a convenient environment for creativity and ideation. Given this rationale, our study explores the acceptance of an open-ended and co-creating platform, such as the HR Innovation Lab, by the internal stakeholders to understand whether firms require to change their status quo and adopt newness in HRM. Furthermore, since the execution is novel, we find determining its participants’ perspectives on it and presuming its efficacies to be necessary.

We have chosen three dimensions covering a firm’s overall operational space and purpose. Hence, the study aims to understand HRIL’s efficacies in achieving success in those dimensions. Firstly, it is to find how meaningful is HRIL in improving organizational individuals. It is evident that organizations that apply innovative HR strategies effectively can improve employee creativity and innovation performance (Beugeledijk, 2008; Jiang et al, 2012; Messersmith and Guthrie, 2010) and eventually lead to a firm’s success. This is because innovative HR practices that reflect the firm’s strategic goals and investments could be a potential enabler in forming a pool of unique employees to give the firm a competitive advantage (Barney, 1991; Shin and Konrad, 2017). HR Innovation Lab, as a collaborative platform, increases employee capacity and commitment. In addition to that, relevant participants come together here to collaborate and foster innovative HR solutions. Therefore, our third hypothesis stands as-

H02: People-oriented HR policies can be derived from HR Innovation Lab which contributes to keeping harmony in the HR ecosystem.

Lastly, this study intends to reveal the effectiveness of an HR innovation lab for a firm to achieve organizational innovation through bringing about innovative HRM practices. Many studies highlight the critical role of human resources and their management in establishing a firm’s competitive advantage (Lado and Wilson 1994; Wright et al., 1994; Becker and Gerhart 1996), resulting in improved performance and success. A competitive advantage is something that a company does better than its competitors (Dudovsky, 2014). Furthermore, achieving and maintaining a competitive advantage is often associated with organizational innovation (Utterback 1994; Balkin et al., 2000; Lyon and Ferrier 2002).

As a result, HRM practices logically contribute to organizational innovation.

According to Gupta and Singhal (1993), HRM is regarded as the precursor to innovation. Because the competencies and motivation of a firm’s employees determine its capacity for innovation, HRIL, as a collaborative platform, increases employee capacity and commitment. In addition to that, relevant participants come together here to collaborate and foster innovative HR solutions. Therefore, our third hypothesis stands as-

H03: Innovative HRM strategies taken from HRIL contribute to organizational innovation by establishing and retaining competitive advantage as well as to business success.

2. THEORETICAL FRAMEWORK

Many organizations must innovate in the current market instability to survive (Pragjo and Ahmed, 2006). Existing research indicates that innovation is essential for achieving economic efficiency, both for firms and nations (Harris and Mowery, 1990), and that it is one of the most important tools for achieving long-term success, especially in competitive markets (Utterback, 1994; Wolfe, 1994; Balkin et al., 2000; Lyon and Ferrier, 2002). Because human resources are involved in the overall innovation process (Gubraith, 1984), a company cannot achieve innovation success without them.
Firstly, because employee intellect, vision, and creativity are used to assess innovation capacity (Kanter, 1989; Gupta and Singhal, 1993; Mumford, 2000). Secondly, because these characteristics are required to implement and support the creation and execution of innovation (Van den Ven, 1986; Vrankckx, 1990). Therefore, an array of human resource management policies are required to identify, develop, and conduct behavior that is consistent with the firm’s innovation goals” (Martell and Carroll, 1995). In this regard, the collective approach or the development of groups is integral to the formation of innovation as it is too complex for individuals to initiate (Van den Ven et al, 1999), and a firm should encourage developing environment for creativity and innovation (Pragjo and Ahmed, 2006).

Hence, our study focuses on a novel innovative HRM practice that will generate and maintain the flow of HRM innovation, resulting in improved individuals, a balanced HR ecosystem, and increased organizational innovation success. Furthermore, the co-creational platform is taken into consideration as in the process of pursuing innovation, HRM practices are only beneficial when they are a collectively practiced set of mutually reinforcing practices (Hailey, 2001). Thus, our exploration is about the initiation of an innovation lab in HRM. It is an open-ended and co-creational platform that welcomes expertise from diverse participants and can effectively positively affect an organization’s position and performance covering three dimensions.

3. LITERATURE REVIEW

3.1 Innovation and HRM Innovation

Innovation is defined as the introduction of new products, materials, and methods that are distinct in the market (Schumpeter, 1961), as well as the successful execution of creativity (Amabile et al, 1996). Innovation has been described through various concepts based on various research perspectives (Knight 1967; Rogers 2014; Wolfe 1994; Damanpour, Szabat and Evan 1989; Damanpour and Gopalakrishnan 1998). Usually, two contexts can be used to explain innovation. According to Damanpour (1991), some researchers define innovation as the process of developing new goods and services, materials for manufacturing, and programs or systems. In contrast, others define it as the object created as a result of the innovation process (Rogers, 2014).

Another criterion for defining innovation is the dual-core model (Damanpour, 1991). Evan (1966) and Knight (1985) were the pioneers to present this viewpoint. They distinguished between two types of innovation: technical innovation and administrative innovation. The concept of bringing new objects (e.g., products or services) or changes in manufacturing processes is referred to as technical innovation. On the other hand, administrative deal with innovations in organizational design, processes, and policies (Normann 1971; Dewar and Dutton 1986; Tushman and Nadler 1986) and people. Administrative innovations are recognized functionally as innovative HR practices because they are carried out within the social system of an organization in order to improve organizational effectiveness by improving employees’ attitudes and behaviors (Johns, 1993).

Our research looked at another category of innovation from a radical standpoint. There can be two types of innovation: radical and incremental. Radical innovations are defined as the strong application of fundamental changes in organizational activities that result in a direct exit from current practices. Incremental innovations, on the other hand, result in a lower degree of exit (Knight 1967; Normann 1971; Daft and Becker 1978; Damanpour and Gopalakrishnan 1998; Hage 1999).

When the strategies and research interests in the areas of innovation and HRM are examined, there appear to be more discrepancies than parallels at first glance. However, when we look closely, we can identify links that can be exploited to construct a more integrated strategy (Leede and Looise, 2005). According to Decenzo and Robbins (2001), HRM deals with the dimension of people in management. The people of the organization are core to every stage of the innovation process (Gumustas and Evicmen, 2010) because a firm achieves innovative outcomes, both psychological and tangible, introduced by its participants.

Human resources are considered the most significant determining factor of a firm’s capacity by Cohen and Levinthal (1990). This human factor of innovation is managed by innovation-led HR strategies and policies (Pratima and Ahmed, 2006). Therefore, HRM innovations are linked with shifts in organizational culture and the diffusion of new ideas as a result of external influences and internal dynamics (Koosek, 1987). Therefore, HRM innovation refers to the adoption of new and effective HR practices to improve a firm’s human resources to increase innovation capacity and align them to bring innovation success.

3.2 HR Innovation Lab

According to Green (2021), Innovation labs are the business units that use iterative startup approaches to develop new ideas that can either interrupt or enhance the overall company. They are also recognized as hubs, accelerators, or incubators of ideas. The author further explained innovation labs that there are two key development processes in an innovation lab. Brainstorming and creative thinking are two development processes that can bring ideas and innovations. An innovation lab is responsible for developing new concepts, implementing them, and iterating until the idea is completely realized or integrated into the business process.

Though HR policies and employees appear to be crucial for innovation, there is little empirical research connecting these two fields (De Leeds and Looise, 2005; Laursen and Fox, 2013; Seeck and Diehl, 2017). Considering the context of innovation and increasing emphasis on innovation, it is essential that HR departments also assess the competence of their employees. Meskő et al. (2018) estimate that half of all jobs will be obsolete in the next two decades. Pheysey (2019) indicates that Innovation Labs in HR are primarily used to develop a future and present workforce strategy. The procedure should begin by enabling employees to ask queries, then investigate these queries and gather data that will guide the overall solution. These labs not only direct future product ideas and development but also help to evolve HR and move businesses forward towards an authentic innovation culture.

Recognizing the importance of HR innovation labs in today’s competitive business world, a few large corporations have begun to establish them. Sterne (2014) uses the Nordstorm Innovation Lab and Google’s People and Innovation Lab as examples. He provided additional introductions, demonstrating how the labs’ similar HRM goals align with the ultimate organizational goal. Both companies have implemented people-centered and data-driven HRM solutions to meet HRM objectives. In fact, Google invites organizational psychologists, decision scientists, and industrial sociologists to collaborate and co-create solutions and its employees. Orange Business Services is another company that conducts the same operation by inviting different participants to collaborate and find solutions (Chevrie, 2019).

3.3 Convergence Between HRM Practices and HR Ecosystem

An organization consists of diverse units, groups, and subcultures that interact with each other in a dynamic and complex design to obtain goals according to the organizational needs. (Aktepe et al, 2022). It requires a collaborative and unified environment to perform and remain interconnected (Al-Alawi et al., 2021). In this regard, the HRM of an organization acts as a collaborative system of policies and procedures that enhances human capital and improves firm performance (Bijnamin and Carmeli, 2010). HRM must deal with multiple interacting components, such as strategic complexity, segmented cultures, diverse workforce compositions, and differentiated human capitals which form HR ecosystem (Snell and Morris, 2021). The ecosystem perspective can examine its complexity of interactions (Aktepe et al., 2022). An ecosystem is a set of interacting species and the environment in which they depend, that are controlled by a hierarchy (Jacobides et al., 2018; Meijerink and Kegan, 2019; Wareham et al., 2014). It is influenced by internal and external factors (Dharmasiri, 2015), and so is an organization that interacts with stakeholders of both sides.

Internal fit refers to the concept that HR policies and procedures should mutually support one another, whereas External Fit refers that HR practices helps to fit the company’s overarching goals (cf., Baird and Mesghoulam, 1987; Schulter and Jackson, 1987). Internal fit examines whether the HR practices are consistent with the organization’s goals (cf., Baird and Meshouleam, 1987; Meshouleam and Ahmed, 2006; Evans et al., 2006). We also use the notion of a firm’s key internal and external forces and their interaction (Scott and Shaw, 2000). According to, innovation labs that there are two key development processes in an innovation lab. Brainstorming and creative thinking are two development processes that can bring ideas and innovations. An innovation lab is responsible for developing new concepts, implementing them, and iterating until the idea is completely realized or integrated into the business process.

When the strategies and research interests in the areas of innovation and HRM are examined, there appear to be more discrepancies than parallels at first glance. However, when we look closely, we can identify links that can be exploited to construct a more integrated strategy (Leede and Looise, 2005). According to Decenzo and Robbins (2001), HRM deals with the dimension of people in management. The people of the organization are core to every stage of the innovation process (Gumustas and Evicmen, 2010) because a firm achieves innovative outcomes, both psychological and tangible, introduced by its participants.

Human resources are considered the most significant determining factor of a firm’s capacity by Cohen and Levinthal (1990). This human factor of innovation is managed by innovation-led HR strategies and policies (Pratima and Ahmed, 2006). Therefore, HRM innovations are linked with shifts in organizational culture and the diffusion of new ideas as a result of external influences and internal dynamics (Koosek, 1987). Therefore, HRM innovation refers to the adoption of new and effective HR practices to improve a firm’s human resources to increase innovation capacity and align them to bring innovation success.

3.4 HRM Innovation for Organizational Outcomes

The department of HRM plays a significant role in an organization’s performance success by gaining a competitive advantage in the market.
Innovation in HRM is intertwined with shifts in organizational culture as a result of both external influences and internal processes (Kossek, 1987). These human resource innovations are key to organizational innovation (Loosie and van Riemsdijk, 2004). For the progression of innovation in the organization, employees need to be encouraged and rewarded to take risks in conducting innovation successfully (Cano and Cano, 2006). Thus, considering the potential effects that innovation may have on future HR practices is crucial. As a corollary, HRM’s part in facilitating these transformations needs to be closely scrutinized by closely inspecting HR practices, rethinking daily tasks, reexamining the policies, gathering fresh information and expertise, and the empowering teams to function in radically new settings (Mariana, 2021). It was found in Mariana’s study (2021) that organizational innovation practices increase their odds of success.

3.5 Roles of HR Managers

An HR manager’s behavior has a direct impact on innovation. Managers who act in an ethical manner are better able to cultivate an environment conducive to learning and innovation in the organization than others (Escrig et al., 2016; Kiesnere and Baumgartner, 2019). In order to foster innovation in the organization, HR managers should ensure that the HR practices are efficient and in sync with the knowledge management strategy and the company (GOPE, Elia and Passiante, 2018). Innovation success heavily depends on how managers train and develop their workers (Natalicchio et al., 2018). With the help of an innovative approach, managers can gain a competitive edge through implementing knowledge management practices (Gonzalez and de Melo, 2018). HR managers should follow these five guidelines to promote innovation among their employees (Feldman et al., 2019): encourage employees who show initiative and leadership potential; rotate employees through different departments; offer competitive wages and benefits; guarantee employment stability; and hire employees based on their skills and experience. Moreover, company innovation is contingent upon managers’ capacity to foster a work environment in which employees perceive their managers’ concern for their well-being (Kossek, 1987).

4. Methodology

The study intended to find out how an HR Innovation Lab may lead a company to the reinvention of HRM through three-way benefits. The existing study is a cross-sectional type of study in which data were collected at one point (Sekaran and Bougie, 2016), and conclusions were drawn through examination at a specific time. It was used to choose the participants based on the inclusion and exclusion criteria established for the study. This study helped to measure the outcome and the exposures of the study participants.

Observations and semi-structured questionnaires were utilized to acquire the primary data. Both Open-ended and Close-ended, Rating and Demographic questions were used to collect the data. In most of the Likert-scale questions, respondents were asked to express their agreement on a scale that ranged from 1 (“strongly disagree”) to 5 (“strongly agree”) for all variables since the Likert scale is famous for measuring attitude scale on public opinions (Robinson, 2014). Also, several relevant reports, e-books, journals, and prominent internet sources were capitalized to gather relevant secondary data for the study.

This study targeted HR Professionals of different levels of management in Pharmaceuticals Companies in Bangladesh located in Dhaka. Pharmaceutical companies’ projects can become monotonous for most employees. Also, the working nature often overwhelms the employees, mainly focusing on achieving targets (Vantage Circle, 2022). Furthermore, there’s little chance of employee engagement in the innovation process since the overall operations are very statically itemized. For such reasons, pharmaceutical companies need to apply HRM innovation and HR innovation lab can be a useful tool to achieve overall goals.

The capital Dhaka was chosen for geographic location because the headquarters of most of the leading pharma companies are situated here. Among the leading companies, six companies agreed to participate in the study. The target population in the study is 210, whereas the total sample size is 120, 57.14%. According to Fincham (2008), nearly 60% of survey responses should be the aim of most of the researchers. About 100 responses from a survey is required for marginally acceptable accuracy (Survey Statistical Confidence, 2022).

5. Data Analysis

5.1 Respondent Profiles

In total, 120 respondents participated from six leading pharmaceutical companies in the survey. Among these, 28.3% were female, and 71.7% were male. It was found that 52 (43.3%) of the participants completed their graduation and 68 (56.7%) completed their post-graduation. About half of the participants have been working with their respected company for 1–4 years, 43.3% have been working for 5 to 10 years, and the rest of the participants have been working for more than 10 years.

<table>
<thead>
<tr>
<th>Table 5.1: Demography of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Particulars</strong></td>
</tr>
<tr>
<td>---------------</td>
</tr>
<tr>
<td>Gender</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Education Level</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Work Experience</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

5.2 Reliability Test

<table>
<thead>
<tr>
<th>Table 5.2: Cronbach’s Alpha test</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Items</strong></td>
</tr>
<tr>
<td>-----------</td>
</tr>
<tr>
<td>HRIL-II</td>
</tr>
<tr>
<td>IHRMP-BHRE</td>
</tr>
<tr>
<td>OI-OO</td>
</tr>
</tbody>
</table>

Reliability Test between independent (HR Innovation Lab (HRIL), Innovative HRM Practices (IHRMP), and Organizational Innovation (OI)) variables and dependent (Improve Individuals (II), Balanced HR Ecosystem (BHRE), and Organizational Outcome (OO)) variables.

According to Pallant (2020), Cronbach’s alpha measures the items’ internal consistency and determines the strength of the relation between a group of items. It is regarded as a scale reliability metric. Any value of Cronbach’s Alpha (CA) greater than 0.70 indicates a strong internal consistency of the items in the group. If the items are less than 10, any item more than 0.50 indicates strong and accepted internal consistency.

According to table 5.2, the Cronbach’s Alpha value for the relationship between HR Innovation Lab and Improved Individuals is 0.745, which indicates a strong internal consistency between them. Furthermore, there is also a strong internal consistency between Innovative HRM Practices and Balanced HR Ecosystem as the Cronbach’s Alpha value is 0.753 for these variables. Lastly, the Cronbach’s Alpha value for the third hypothesis is 0.662, which indicates a strong internal consistency between Organizational Innovation and Organizational Outcome.
5.3 Pearson’s Correlation

Pearson correlation is the assessment of the supposed linear relationship between two variables, both of which are assessed at the continuous or scale level. It is a statistical instrument created by Karl Pearson (Verma, 2013). The correlation value can range from +1 to -1. The correlation value may fall between +1 and -1. As the value approaches 1, the relationship approaches perfection. If the value is between 0.5 and 1, the relationship is strong. If the correlation is between 0.30 and 0.49, it is moderate. Lastly, the relationship is weak if the value is less than 0.29 (Tom, 2022). Pearson’s correlation was used to understand the relation between the independent variables (HR Innovation Lab, Innovative HRM Practices, and Organizational Innovation) and the dependent variables (Improved Individuals, Balanced HR Ecosystem, and Organizational Outcome).

For the second relation (table 3), the independent variable Innovative HRM Practices generated from HR Innovation Lab has a positive relationship with the dependent variable Balanced HR Ecosystem’s frequency of change. The correlation coefficient of 0.624 between the independent and dependent variables implies a moderately good relationship. The relation is statistically significant since the significance value is 0.01 (with 2 tailed).

For the third relation (table 3), the independent variable Organizational Innovation established through innovative HR practices has a positive relationship with the frequency of change in the dependent variable, Organizational Outcome (Innovation Success). The Pearson correlation coefficient of 0.526 indicates that the relationship between the independent and dependent variables is fairly positive. The correlation is statistically significant since the significance value is 0.01 (at 2 tailed).

5.4 Regression Analysis

The table 4 reveals the regression coefficient between independent (HR Innovation Lab (HRIL), Innovative HRM Practices (IHRMP), and Organizational Innovation (OI)) variables and dependent (Improved Individuals (II), Balanced HR Ecosystem (BHRE), and Organizational Outcome (OO)) variables. The B coefficient indicates the amount of variance in the response variable for each unit of variation in the predictor variable. The B coefficients might be either positive or negative (Freund, 2006). If the beta coefficient is positive, it indicates that the outcome variable increases by the same amount for each unit increase in the predictor variable. On the other hand, the value of the outcome variable decreases by the beta coefficient for each unit increase in the predictor variable if the beta coefficient is negative. The p values for the coefficients indicate the statistical significance of the relationships. In statistical terms, a variable is considered to be significant if and only if its p-value is below than the significance level; otherwise, the variable is not statistically significant (Jim, 2010).

According to the data in the table above, the independent variable HR Innovation Lab has a positive relationship with the frequency of change of the dependent variable Improved Individuals. The Pearson correlation coefficient of 0.649 suggests a moderately positive relationship between the independent and dependent variables. Since the significance value is 0.01 (at 2 tailed), the relationship is statistically significant.

According to table 5.4, the B coefficient value is 0.995 for the first hypothesis, implying that HR Innovation Lab has a strong positive relationship with the Improved Individuals of the organization. Furthermore, the P value is <0.05, which means that the first hypothesis is accepted and significant.

The B coefficient value is 0.809 for the second hypothesis (Table 5.4), which means that the relationship between the Innovative HRM Practices and Balanced HR Ecosystem is positively strong. Here the P value is <0.05, implying that the second hypothesis is accepted and significant.

For the relationship between Organizational Innovation and Organizational Outcome, the B coefficient value is 0.748, implying that the relationship is strongly positive. Furthermore, the P value is also <0.05 for this relation, indicating that the third hypothesis is accepted and significant.

6. FINDINGS

Every firm strives to gain a competitive advantage to be superior to its rivals in this modern era. Innovation is an essential tool for attaining such a competitive edge, where human resources play a crucial role in its process. Although firms rely on HR to achieve organizational success, many fail to recognize its contribution to innovation. HR innovation can help an organization form a competitive advantage by improving its HR practices, as rivals will not be able to replicate them (Ivanova, 2015). Additionally, it can aid in developing innovative HR practices with the assistance of HR professionals and stakeholders, like sociologists, academicians, and researchers. An HR innovation lab will help an organization foster an environment conducive to participative engagement and improve employee creativity and individual performance. This study aimed to understand what efficacies HR Innovation Lab may possess to lead a company reinventing its HRM through generating innovative HR practices from the perspectives of the HR personnel. However, as few studies have been done on the relationship between innovation and human resource (Seeck and Diehl, 2017), the authors could not represent previous studies’ results.

The results of the study revealed that pharmaceutical HR employees recognize the need for an innovation lab where they can communicate, exchange ideas, generate new concepts, and foster a culture of co-creation. Firstly, the implementation of an HR innovation lab will increase employee engagement and interconnectivity among participants. Thus, participants can quickly exchange information and ideas, resulting in increased employee creativity. Enhanced communication will also help them to generate ideas and solve problems more quickly. In addition, employees will recognize their value because they participate in organizational goals and development (Jiang, 2012). About 97% of the surveyed participants agreed that this will motivate them to contribute and be creative in the future, thereby will increase individual engagement and self-esteem. The first hypothesis, relationship between HR innovation labs and improved individuals is supported by the study’s results, demonstrating that the adoption of HR innovation labs in pharmaceutical businesses will result in demonstrable improvements in employee growth.

About 90% of the surveyed participants were dissatisfied with the current work process as a constituent of the organization’s HR Ecosystem. In order to comprehend the complex HR ecosystem, the organizations must understand the relationship between employee diversity and fit and aligning them to enable innovation and performance. The second hypothesis, about 114 out of the 120 participants believed that HR innovation lab could help management to focus on people-centric innovative HR policies and implement internal and external fit. The internal fit focuses on HR practices being compatible to each other, whereas the external fit focuses overarching strategies of the firm (Smell, 2018). Overall, these two fits will emphasize on evaluating the HR strategies (Delery and Roumpt, 2017), choosing the best employee-friendly HR practices, and ensuring a balanced HR ecosystem. Most of the surveyed participants agreed on addressing and resolving HR issues from ecosystem perspective. In this regard, our study result also takes HRIL positively into the consideration of application. Thus, the second hypothesis was also accepted. It can be said that innovative HR practices derived from HRIL can enhance the interrelationships between HR ecosystem constituents through the competent participation of ecosystem constituents.
Organizational innovation plays a vital role in achieving competitive advantage. Finally, this can be achieved with the help of an HR innovation lab, which will focus on developing innovative HR policies and practices. Innovative HR practices derived from HRIL will make the human resources more fit to the innovation process which will result in more organizational innovation. HRM innovation is itself a representation of organizational innovation. Additionally, innovation success is achieved when both innovation and employees are designed with organizational goals in mind. Furthermore, it was found that in the study about 110 participants also agreed that innovative HRM practices would help to achieve organizational innovation. Organizational innovation’s success is contingent on various elements, the most important of which is employee engagement (Pragjoo and Ahmed, 2006). In the study, almost all the participants believed that including employees in the innovation process would benefit individual and shared goals. Hence, innovative HR policies will motivate employees and maximize their efficiency and proactivity, leading to organizational success (Tummers et al., 2015) and contributing to competitive advantage. The data analysis supported the third hypothesis that innovative HRM practices that emerged from HRIL can contribute to organizational innovation leading towards building and maintaining competitive advantage and economic success (Abdullah, 2019).

7. Conclusion

The pharmaceutical industry is one of the fastest-growing industries in Bangladesh. About 257 pharmaceutical companies are currently functional in Bangladesh. So, to survive in this competitive market, companies must develop innovative ideas. Innovation has been applied to several areas to improve work processes. However, it has not been widely applied to the most important aspect of success, an underinvested field—Human Resource Management. Traditional HR work has been monotonous and static, from entry-level to executive-level positions. As a result, there are few options for increasing dynamism. Hence, employees lose motivation to improve themselves and contribute to a broader sense. Furthermore, many firms’ HR work practices are still outdated, such as grievances are not negotiated but rather ignored, trainings have been a reactive approach, work-life balance is still questioned, and so on.

In this regard, a co-creation platform can be developed. It will take all the components of HR ecosystem in consideration of significance. The co-creation team will address the existing gaps and a cooperative mindset will lead to effective solution generation. From the study, HR Innovation Lab can be advantageous for obtaining three-dimensional efficacies in pharmaceutical companies. They are as follows: retaining improved individuals, maintaining a balanced HR ecosystem, and delivering intended business outcomes. Therefore, in today’s competitive business environment, the people-centric work field, known as Human Resource Management, is very relevant to achieve such an innovation lab to transform a static workforce into a dynamic one to contribute to fulfilling overall organizational goals.

DE CLARATION OF CONFLICTING INTERESTS

The author(s) declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

FUNDING

This research did not receive any specific grant from funding agencies in the public, commercial, or not-for-profit sectors.

REFERENCES


Bosall, P. and Purcell, J., 2000. Strategic human resource management: where have we come from and where should we be going?. International Journal of Management reviews, 2(2), Pp. 183-203.


De Leede, J. and Looise, J.K., 2005. Innovation and HRM: towards an...


Ivanova, P., 2015. HR Innovation as a competitive advantage.


