



Efficacies of HR Innovation Lab: A Study on an Innovative HRM Approach to Achieve Organizational Success

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ABSTRACT

Purpose: In today's competitive business landscape, companies are driven to innovate by external pressures. Adjusting HR practices and involving employees becomes crucial for successful innovation. This study explores the HR Innovation Lab's efficacies in enhancing human resources, promoting innovative HR practices, and driving success through innovation, as perceived by HR professionals.

Research Aim: This research assesses the potential impact of the HR Innovation Lab on improving human resources, encouraging creative HR practices, and achieving innovation-driven success. Insights from HR professionals illuminate the Lab's contributions in these dimensions.

Methodology: A cross-sectional study gathered data from 120 out of 210 HR professionals in six different pharmaceutical companies in Dhaka. Introducing the HR Innovation Lab concept during surveys, a simple random sampling method was used. Analysis utilized Pearson's correlation, regression, and Cronbach's Alpha testing.

Findings: Analysis revealed employees perceive the HR Innovation Lab as a valuable tool for personal growth, innovative HR practices, and overall organizational success. Positive correlations and regression outcomes suggest the Lab positively affects individuals, maintains balanced HR eco-system, and drives innovation success.

Originality: This study enriches existing knowledge by highlighting the HR Innovation Lab's potential to enhance human resources, promote innovative HR practices, and achieve innovation success. Positive HR professional feedback underscores the Lab's unique role in addressing innovation demands for a competitive edge.

In conclusion, this study offers actionable insights for companies seeking innovation and a competitive edge through an HR innovation lab, fostering success through organizational innovation.

KEY WORDS

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

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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 & Calliguri, 1998).

Numerous management studies have repeatedly shown correlations between innovative human resource management strategies and organizational effectiveness. For instance, in their study, Tannenbaum & Dupuree-Bruno (1994) found a meaningful relationship between HR innovation and organizational externalities. However, despite this fact, only some 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 Leede and Looise, 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 & Purcell, 2003; Looise & 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 & Conway, 2011; Boxall & Purcell, 2016; Ulrich, 2016) and linearly deals with them. On the other hand, HRM promotes archaic organizational structures and oppressive management practices that limit 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 (Holliday, 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 employee creativity and commitment to productivity, enhancing communication with HR ecosystem (both internal and external) stakeholders, and achieving organizational success. In addition, the practice must ensure a High Involvement Work System (HIWS). Because this system brings together a set of practices that involve employees in decision-making, improve employee commitment and engagement, and increase organizational effectiveness (Bamber et al., 2017).

An HR Innovation Lab aligns with the 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 (Chevrie, 2019). They welcome various stakeholders, including academicians, sociology 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.

Prajogo & Ahmed (2006) suggested that corporations should 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 considered three dimensions covering a firm's overall operational space and purpose as our study explores the perceptions on "In what ways an HR Innovation Lab can be an effective tool for an organization to meet innovation requirements and sustain in a competitive business world?". Hence, the study aims to understand HRIL's efficacies in achieving success in those dimensions. Firstly, it is to find how meaningful HRIL is in improving organizational individuals. It is evident that organizations that apply innovative HR strategies effectively can improve employee creativity and innovation performance (Beugelsdijk, 2008; Jianget al., 2012; Messersmith & 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 & Konrad, 2017). We consider HR Innovation Lab to be represented as an HR innovation and a co-creating platform that can generate innovative measures aligning with strategic goal. In an innovation lab, employees are often excited to get engaged as they get the opportunity to participate. The engagement of a wide range of participants can posit the new scope of brainstorming, the need of relevant skill pursuing, and the better ideas of executing a process. Here, employees can feel happier to be inter-connected, and can become more content with creativity, and more invested in the company's success. Thus, we reach our first hypothesis.

H01: Innovation lab in HRM positively impacts individuals' improvement relevant to firm's goal.

Secondly, this study aims to discover whether HR Innovation Lab can be a useful tool to keep balance in the HR ecosystem. An innovation lab in HRM allows the participants to develop lab mindset. Lab mindset, according to Pheysey (2019), fosters the ability to make data driven decisions. From the managerial perspective, the tendency to take experimental approach through HRIL participation will lead managers to scientific HRM accomplishment. They will be able to determine existing workforce strengths, understand employee inflow and outflow patterns better, predict future needs, and design a satisfactory reward plan. From the employee perspective, HRIL will ensure opportunities for open-ended participation, decision-making, and esteem need. It will also recognize them as strategic resources encouraging creativity and improving skillsets. Moreover, Kate Bravery, leader of global practices at Mercer, believes that lab mindset actively encourages the entire workforce to be closest to the consumers (O'Donnell's, 2018). Therefore, HRIL can contribute to the needs of dynamic policy-making for two sides of internal stakeholders to make them mutually well-connected. Also, in an HR Innovation Lab, business leaders of other startups, who are part of the business or industry eco-system, also participate to co-create solutions and projects. So, we assume our second hypothesis to be-

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 & Wilson 1994; Wright et al., 1994; Becker & Gerhart 1996), resulting in improved performance and success. A competitive advantage is something that a company does better than its competitors (Dudovskiy, 2014). Furthermore, achieving and maintaining a competitive advantage is often associated with organizational innovation (Utterback 1994; Balkin et al., 2000; Lyon & Ferrier 2002). In this regard, firms can adopt HRM innovation generated from HRIL and execute it in the HRM process to increase the firm's innovation capacity and build its competitive advantage.

According to Gupta & 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. As a result, the executed innovative HRM practices will logically contribute to organizational innovation and innovation success. Therefore, our third hypothesis stands as-

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

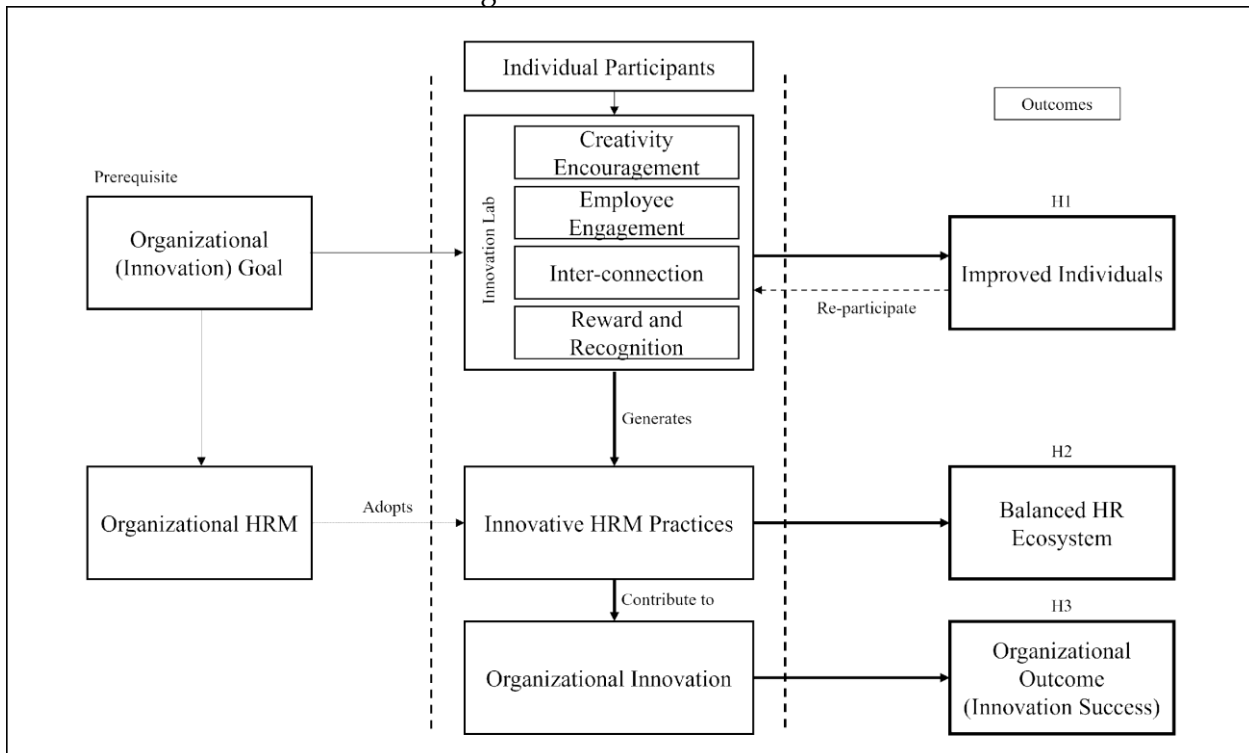
2 THEORETICAL FRAMEWORK

Many organizations must innovate in the current market instability to survive (Prajogo & Ahmed, 2006). Existing research indicates that innovation is essential for achieving economic efficiency, both for firms and nations (Harris & 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 & Ferrier, 2002). Because human resources are involved in the overall innovation process (Galbraith, 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 de Ven, 1986; Vrakking, 1990). Therefore, an array of human resource management policies is required to "identify, develop, evaluate, and reward work behavior that is consistent with the firm's innovation goals" (Martell & 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 de Ven et al., 1999), and a firm should encourage developing environment for creativity and innovation (Prajogo & Ahmed, 2006).

Hence, our study focuses on a novel innovative HRM practice that will lead to establishing a co-creational platform. This study supports the notion that HRM practices are only beneficial when these are a collectively practiced set of mutually reinforcing practices (Hailey, 2001). For such a reason, we came up with the proposal of setting up an HR Innovation lab which is both an open-ended and a co-creational platform welcoming expertise from diverse relevant participants. The co-creational platform is supposed to generate and maintain the flow of HRM innovation, resulting in improved individuals, a balanced HR ecosystem, and increased organizational innovation success. As a consequence, our exploration is to understand what the key internal stakeholders perceive about its positively affecting an organization's position and performance covering three dimensions.

Figure 1. Theoretical Framework



Source: own illustration

2.1 INNOVATION AND HRM INNOVATION

Innovation is defined as the introduction of new products, materials, and methods that are distinct in the market (Schumpeter, 1934), as well as the successful execution of creativity (Amabile et al., 1996). Innovation has been described in various concepts based on various research perspectives (Knight 1967; Rogers 1995; 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, 1983).

Another criterion for defining innovation is the dual-core model (Damanpour, 1991). Evan (1966) and Knight (1983) were the pioneers in presenting 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, administration deal with innovations in organizational design, procedures, 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 & 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 & Evcimen, 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 (Prajogo & Ahmed, 2006) derived from HRM innovation. Furthermore, HRM innovations are linked with shifts in organizational culture and the diffusion of new ideas as a result of external influences and internal dynamics (Koossek, 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.

2.2 HR INNOVATION LAB

At the time of conducting this research, there was barely any literature concerning HR innovation lab. In this study, therefore, we initially explored literature related to innovation lab and also tried to identify if any prior research has attempted to link HRM with innovation lab. Innovation lab is defined by many researchers where they agree to its aspirations in bringing systematic changes and co-creating better solutions. Some authors explained the innovation lab concept first and then a few others related its work process to HRM.

According to Green (2021), Innovation labs are the business units that use versatile startup approaches to develop new ideas that can either interrupt or enhance the overall company. They are also recognized as hubs, incubators, or accelerators of ideas. The author further explained innovation labs that there are two key development processes in an innovation lab. They are- Brainstorming and Creative Thinking which 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.

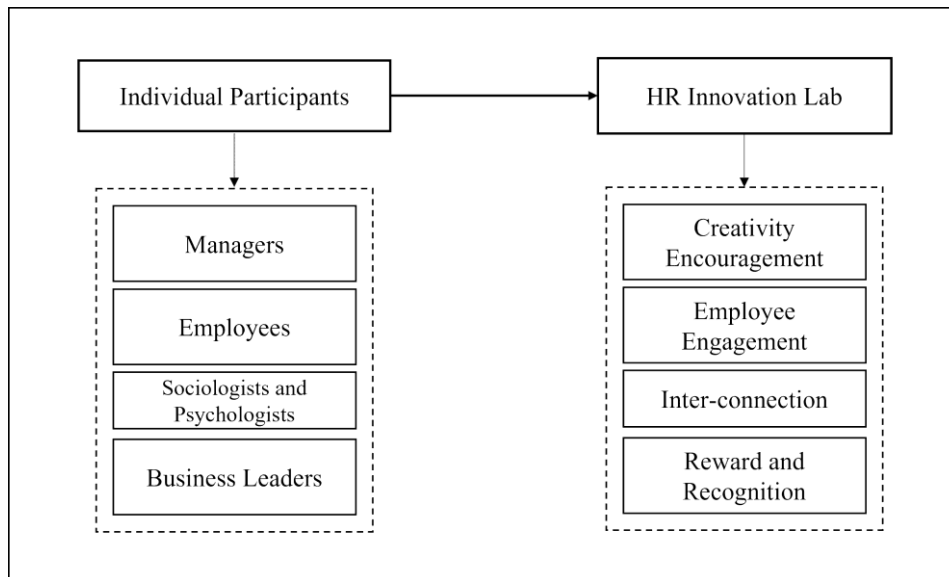
In research from Grysztewicz et al. (2016), an innovation lab is similar to a semi-autonomous association that embraces diverse participants in long-term for open collaboration to create, elaborate, and prototype drastic and progressive solutions to pre-recognized systemic challenges. Currently, the lab setting is rapidly becoming the norm for collaborative innovation. Though HR policies and employees appear to be crucial for the discussed context, which is innovation, there is little empirical research connecting these two fields (De Leeds & Looise, 2005; Laursen and Foss, 2014; Seeck and Diehl, 2017). However, the intensity and increasing emphasis on innovation has been the talk of the business world. So, it is essential that HR departments assess the competence of their employees to understand the firms' innovation capacities. Because, in the next two decades, it is estimated that half of all jobs will be obsolete (Meskó et al., 2018).

Pheysey (2019) indicates a solution considering the current context. The author hints about Innovation Labs in HR which 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. Furthermore, the HR managers must build scopes for employees' creativity. Since innovation and creativity have an integral relationship, innovation is difficult to find in the absence of creativity (Oshea, 2007, Lin 2012). Employees should be encouraged to demonstrate creativity in their interconnected engagement. In this regard, companies should establish a reward system to increase voluntary participation in innovation (Raasch, 2013). It must also ensure that innovation is compensated according to its results (Darmaki, 2019). This reward system will not only motivate employees but also maintain the creative environment in the organization (Ederer, 2013; Prajogo, 2016; Bhatnagar, 2014). This is where the HR Innovation lab comes in. HR innovation lab will not only direct future product ideas and development but also will help to evolve HR and move businesses forward towards an authentic innovative culture by recognizing and compensating employees for their participation in innovation.

HR Innovation lab is wholly people-centric yet strategic, where internal and diverse external stakeholders work together towards the improvement of HR practices through interconnected engagement. Inter-connected engagement among the HR ecosystem constituents, such as employees, managers and leaders, academicians, sociologists, and psychologists promote goal-relevant dynamism. As the inter-connection of the diverse participants allows knowledge sharing or brainstorming and broadens up the problem viewing scope (M.L., 2022). Similarly, according to Alam (2017), employee engagement has a positive relationship with commitment. When employees engage in innovation, they get emotionally attached to the company which enhances their sense of importance, organizational contribution and commitment. This increased employee commitment to the need for organizational innovation will influence the company's innovation capacity and innovation success positively.

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 their 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 with its employees. Orange Business Services is another company that conducts similar operations by inviting different participants to collaborate and find solutions (Chevrie, 2019).

Figure 2. HR Innovation Lab



Source: own illustration

2.3 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 cooperative 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 (Binyamin & 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 & Morris, 2021). The ecosystem perspective can examine the complexity of interactions (Aktepe et al., 2022). An ecosystem is a set of interacting semi-autonomous elements or dependent entities that are controlled by a hierarchy (Jacobides et al., 2018; Meijerink & Keegan, 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. HRM executes its practices to deal with these two environmental factors from the internal fit and external fit perspectives.

Internal fit refers to the concept that HR policies and procedures should mutually support one another, whereas external fit refers to HR practices that help to fit the company's overarching goals (cf., Baird and Meshoulam, 1987; Schuler and Jackson, 1987). Internal fit examines whether the HR practices complement or enhance one another (Chadwick, 2010). After which, the internal fit identifies the inappropriate combinations and eliminates them (Boxall and Purcell, 2000). On the other hand, external fit acknowledges that HR varies from organization to organization. Thus, it aims to align the HR system with the organization's environment. It also emphasizes that not every approach is ideal, even though there are numerous viable options available (Scott and Shad, 2018). In their paper, Baird and Meshoulam (1988) expressed that internal and external fit were the two criteria that most strongly influence HR strategy, as these two fits consider all the environmental factors. Internal fit is mainly concerned with the internal environment, that is the connection between organizational and HRM systems within the organization. Whereas External fit considers the actions developed by the company in response to the external environment.

2.4 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 (Potgieter & Mokomane, 2020). According to the study by Mariana (2021), HRM is also crucial in facilitating changes in the organization. Therefore, researchers have started looking into the relationship between innovation and HRM. De Leede and Looise (2005) suggested in their

model that HRM practices can lead to innovation and success of an organization if contributed to outcomes like creativity, commitment, and competence.

Innovation in HRM is intertwined with shifts in organizational culture as a result of both external influences and internal processes (Koosek, 1987). These human resource innovations are key to organizational innovation (Looise 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 & 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 minutely inspecting HR practices, rethinking daily tasks, reexamining the policies, gathering fresh information and expertise, and empowering the teams to function in radically new settings (Mariana, 2021), which can be identified as steps towards HRM innovations.

It was found in Mariana's study (2021) that organizational innovation practices increase their odds of success. Furthermore, organizational outcome depends on the cooperative and collaborative culture of the firm, which can also be achieved through HRM innovation. According to Bauskar's study, HRM innovation leads to positive organizational outcomes such as organizational commitment and productivity. Hence, it can be concluded that HRM innovation can be useful in bringing positive changes in the organization and meeting innovation requirements.

2.5 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 their competitors (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, organizational innovation is contingent upon managers' capacity to foster a work environment in which employees perceive their managers' concern for their own wellbeing (Kossek, 1987).

3 METHODOLOGY

This 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 & 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. Furthermore, the participants were observed to understand their natural behavior towards HR innovation.

This study targeted HR Professionals of different levels of management in Pharmaceuticals Companies in Bangladesh located in Dhaka. Pharmaceutical companies' projects are mostly lengthy and forbearing. Therefore, long-term 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 its 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%. The sample size was chosen in a random way. According to Fincham (2008), nearly 60% of survey responses should be the aim of most researchers. Moreover, about 100 responses from a survey are required for marginally acceptable accuracy (Survey Statistical Confidence, 2022).

3.1 DATA ANALYSIS

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 from different private and public universities. 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 1. Demography of respondents

Particulars	Items	PC1	PC2	PC3	PC4	PC5	PC6	Total (n=120)	Percent
Gender	Male	20	12	13	13	13	15	86	71.7
	Female	4	2	6	5	10	7	34	28.3
Education Level	Graduation	8	8	9	11	9	9	52	43.3
	Post-graduation	16	6	10	7	14	13	68	56.7
Work Experience	0-4 years	8	8	14	11	10	9	60	50.0
	5-10 years	12	6	5	7	11	11	52	43.3
	11-15 years	2	0	0	0	2	0	4	3.35
	15+ years	2	0	0	0	0	2	4	3.35

Sources: Authors' Research

3.2 RELIABILITY TEST

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.

Table 2. Cronbach's Alpha test

Items	Cronbach's Alpha	CA Based on Standardized Items	Inter-Item Correlation Matrix
HRIL-II	0.745	0.787	0.649
IHRMP-BHRE	0.753	0.769	0.624
OI-OO	0.662	0.689	0.526

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.
Sources: Authors' Research

According to table 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.

3.3 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).

Table 3. Pearson's Correlation

	II	BHRE	OO
HRIL	0.649**	X	X
IHRMP	X	0.624**	X
OI	X	X	0.526**

N =120; Sig. (2 tailed) = 0.000 **. Correlation is significant at the 0.01 level (2-tailed). (HRIL = HR Innovation Lab, II = Improved Individuals, IHRMP = Innovative HRM Practices, BHRE = Balanced HR Ecosystem, OI = Organizational Innovation, OO = Organizational Outcome.)
Sources: Authors' Research

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.

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 HRM 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).

3.4 REGRESSION ANALYSIS

The table 5.4 reveals the regression coefficient 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. 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 the significance level; otherwise, the variable is not statistically significant (Jim, 2018).

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.

Table 4. Regression Coefficients

	Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	t	Sig. (P)	Hypothesis Decision
HRIL-II	0.995	0.107	0.649	9.260	0.000	H1 Accepted
IHRMP-BHRE	0.809	0.093	0.624	8.684	0.000	H2 Accepted
OI-OO	0.748	0.111	0.526	6.711	0.000	H3 Accepted

HRIL = HR Innovation Lab, II = Improved Individuals, IHRMP = Innovative HRM Practices, BHRE = Balanced HR Ecosystem, OI = Organizational Innovation, OO = Organizational Outcome.

Sources: Authors' Research

The B coefficient value is 0.809 for the second hypothesis (Table 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. Questionnaires were delivered directly by the research team to local government SCAs in Ternate City, West Halmahera, North Halmahera, Tidore City Islands, and Central Halmahera, North Maluku Province. There were 301 respondents who sent back questionnaire answers, 58 questionnaires that were missing valid and could not be processed. The remaining 243 are stated as valid data and can be analyzed. The results of the tabulation of demographic data on respondents obtained 50.8% were male and 49.2% female. In relation to age, most of the respondents were aged between 41 to 50 years (38.6%), followed by employees aged between 31 and 40 years (26.2%), more than 50 years (23.5%) and the rest aged 21 to 30 years (11.7%). Furthermore, regarding the level of education, the majority of respondents were doctoral, master and undergraduate graduates, 73.4%, and high school and diploma graduates, 26.6%.

Measurement of variables responded to by respondents using a five-point Likert scale (strongly disagree = 1 to strongly agree = 5). The main variables in this study consist of four parts, namely: work involvement, organizational justice, innovative work behavior, and job happiness. The questionnaire was used to measure respondents' responses which were sourced from direct quotations of literature which were used as references and had been used in previous studies. Test the validity of the questionnaire using the outer model test with convergent and discriminant validity measurements. In the first stage, invalid item values were removed from the data so that in the next stage, items with valid and reliable values were obtained for further analysis.

4 FINDINGS

In this modern era, every firm strives to get a competitive advantage to be superior to its rivals. 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 participant 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 very 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.

Table 5. Findings Summary

HRM Innovation	Expected Outcomes	Participants' Perspectives
HR Innovation Lab	Individual Improvement	<ol style="list-style-type: none"> 1. The implementation of an innovation lab will aid in enhancing communication, exchanging ideas, developing individual creativity, and fostering a culture of co-creation. 2. Due to Innovation Lab, employees will be more connected to each other and more productive across departments, which will boost their self-esteem and get them more involved. 3. Innovation lab will serve as a platform for boosting individual efficiency and performance.
	Balanced HR Ecosystem	<ol style="list-style-type: none"> 1. HR Innovation will assist management in the creation of employee-friendly HR policies by utilizing external and internal fit. 2. Innovative HR practices will strengthen interrelationships amongst HR ecosystem constituents via continuous stakeholder participation. 3. HR Innovation Lab will mitigate the gaps in the HR ecosystem's interconnection, resulting in a balanced HR ecosystem.
	Organizational (Innovation) Success	<ol style="list-style-type: none"> 1. HRIL-derived HR practices will lead to HR innovation, hence promoting organizational innovation. 2. Innovative HR practices will enhance morale and efficiency, helping firms prosper. 3. Innovation within an organization will facilitate the attainment of a competitive advantage, leading to organizational success.

source: authors' own elaboration

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, increasing 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 firms' HR Ecosystem. In order to comprehend the complex HR ecosystem, organizations must understand the relationship between employee diversity and fit and alignment, enabling convergence in the management system. Secondly, 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 with each other, whereas the external fit focuses on overarching strategies of the firm (Snell, 2018). Overall, these two fits will emphasize on evaluating the HR strategies (Delery & Roumpi, 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 an ecosystem perspective. In this regard, our study result also takes HRIL positively into 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 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 (Prajogo & 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 also supported the third hypothesis that innovative HRM practices that emerged from HRIL can contribute to organizational innovation leading toward building and maintaining competitive advantage and economic success.

4.1 LIMITATIONS AND FUTURE IMPLICATIONS

While the work has certain limitations, there are potential future research avenues. First, this study analyzes a cross-sectional set of data to evaluate the linkage between HR innovation lab and organizational innovation success. However, it might have an effect on inferences concerning causal relationships between variables (Harley et al., 2007). As a result, a longitudinal study design is necessary in the future to explore the correlation between HR innovation lab and organizational innovation success. Second, this study is restricted to pharmaceutical companies. Hence, studies can be expanded to include more sectors in the future (Arthur, 1994). Third, the scope of the research was limited to Bangladeshi organizations or Bangladeshi management styles only. Thus, it is suggested that future studies expand their scope to encompass a wider range of international locations. The last limitation of this research is that it relied solely on subjective measures of a HR innovation lab and organizational outcome. These findings can serve as a jumping-off point for additional investigation into the subjective and objective measures of HR innovation lab and organizational innovation success and further explore these research results.

5 CONCLUSION

We are moving towards a business age where innovation is becoming part and parcel in business operations. The acquisition of competitive advantage depends heavily on the innovation capacity of a firm where its human resources play the core role in the innovation process. However, the management of the workforce has been very traditional and static at every level. We have surveyed respondents from one of the largest and fastest-growing industries in Bangladesh, the pharmaceutical industry (Abdullah, 2019), where they find HR practices opposite to their career aspirations. Moreover, there are few options for increasing dynamicity. Hence, employees lose motivation to improve themselves and contribute to a broader sense. For instance, many firms' HR work practices are still outdated, such as- grievances are not negotiated but rather ignored, training has been a reactive approach, work-life balance is still questioned,

and so on. So, to survive in this competitive market, organizations must introduce innovation in their HR system.

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-creational team culture will address the existing gaps from diverse coordination and a cooperative mindset will lead to effective solution generation. According to the study results from the respondents' perceptions, 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. Since the platform primarily concerns about people and does not lose compatibility due to different processes, it is presumed that HRIL can also be implemented successfully by firms from different industries. 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.

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