

The Innovation Oriented and Human Resource Development Policy Affecting Markets and Products Development through Organization Innovation Support

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Abstract

This study focuses on the relevance of innovation oriented and human resource development policy that impacts SMEs' new markets and products. Previous studies rarely found a linkage between innovation oriented, human resource development policy, new markets and new products development, leaving unexplored the results of any effect between those variables. The 460 subjects of Thai SMEs were tested for the relationship between innovation oriented and the new products and new markets development. There are two mediators as human resource development and organization innovation support. Then, the structural equation modeling was used to discover the empirical results. The empirical results indicate that management concepts of innovation oriented do impact human resource development policy. In addition, the organizational innovation support is also influenced which consequently has an impact on both new markets and new products development. This study suggests that small and medium firms need to initiate and focus their policies on innovation development. Moreover, the human capabilities have to be supported. Hence, the management of an organizational innovation support is appropriate for the creation of new markets and new product development.

Keywords: Human Resource; New Product Development; New Market; Vision and Innovation

INTRODUCTION

The development of business firms in every areas of industry is crucial to economic growth of every country. With the turbulent and uncertain business environment today, business firms are faced with vital challenges from multiple factors such as cost reduction, and globalization. Furthermore, increased competition among global firms affects management's innovation and entrepreneurship. In addition, firms have to develop new products and services to increase market share. It is necessary for those firms to improve their strategies for a sustainable growth in the competitive arena. For instance, many manufacturing firms have applied the strategy of entrepreneurship and innovation to create differentiation in order to maintain leadership in their competitive landscape.

When considering Small and Medium Enterprises (SMEs), such firms should invest in innovation to support their competitive advantage [1]. The reason for this being that, those firms have been forced to develop for both competition and trading with multinational competitors. Additionally, although the innovation process may increase expense and cannot ensure success, the firms need to undertake innovation projects to sustain their operations. Interestingly, observation of the management vision of Thai SMEs' innovation reveals long term operation benefits. Currently, the management of long term operation strategy indicated a positive effect on product innovation, while polychronicity is seen to have had a positive effect on process innovation and, consequently, having an impact on low cost and differentiation [2]. In addition, innovation had a positive effect on competitive advantage, so SMEs should invest in innovation [1, 3]. This study therefore, proved to be crucial as it supports SMEs best practice in the adoption of strategies to foster innovation for competitive advantage. It is essential for such SMEs management teams to comprehend how their firms' use of limited resources for new products can lead to sustainable operations. Even though there are many studies on human resource development policy and new product development or new market development [4-12]. However, those were separately studies. This study purposed to fulfill the gap of the research of the two different areas, human resource development and marketing.

PURPOSE OF STUDY

This is an empirical study of multi-variables with mediators. We conducted this study between human resource disciplines with marketing area. Moreover, we also included the practice of the SMEs in Thailand for a specific knowledge particularly group of subjects. The purposes are first, objective is to examine the management vision of SMEs considered as innovation oriented, concerning their concept of innovation in relation to human resource development policy that may affect new product and new market development. Some study indicated that the management vision has a positive effect on an organization's development of strategy [13]. This study confirmed that the innovation oriented will affect new market

and new product new market development of those SMEs. The study's second objective is to investigate what indirect effect a firm's innovation oriented and human resource development may have on new markets and new product development. Additionally, firms need a human resource function to provide capable staffs for the development of new products. As well, the development of a new product requires new information concerning customer needs and competitors' products. Previous studies have revealed that firms depend on inter-organizational strategies for new product design [14]. The inter-organizational product development strategies will support the update information on new product needed by customers. This can be conducted through organization innovation support. The third objective is to investigate the mediating role of the organizational innovation support that may create an indirect link between management vision and human resource development policy with new products and new markets. To address this objective, the study explores the nature of new products and new markets that firms require over a similar given period of time. The results will indicate a series of empirical findings which include those that new product and new market firms can explore for operations over a recent period of time.

Significance of Study

The importance of this study can be determined as it creates connection between different functions within an organization. It also describes the role of organization process that performs as a link between innovation oriented and human resource development with new product development and new market. Therefore, the results will discover the relation of management vision on human resource development and new products and new markets. The vision is a subjective form, uncover this relation, first will contribute to the practitioners who are owner or manager of the SMEs. They may be aware of their vision that should be congruent with the dynamic business situation. Second, the practitioners can prepare the organizational innovation support to support their new product development which benefit to sustainability development of their firms. Finally, the finding can be beneficial to firms in their creating of the new market. In practice, new market is important to their income and economy of scale. Moreover, SMEs have played important role of the Thai economic, the Thai government have to place their policy on supporting the SMEs to a better performance of their operation. The result from this study can be information for the government agency in developing supporting plan to SMEs.

LITERATURE REVIEW

The review was conducted in relation between intangible resources such as innovation oriented that concerning to management vision on innovation and human resource management. Moreover, tangible outcome include new product and new market that firms can achieve were reviewed

to support out framework. In addition, this study has an organization innovation support as mediator. Thus, this factor was reviewed for discovering the prior relationship.

Innovation Oriented

The strategic thinking of firm leaders was considered as the cognitive foundation of innovation within firms [15]. Currently, the study on leadership concentrate on strategic leadership that how leader responsible for an entire organization affect organization performance [16]. The organization performance have to be measured in long term operation. The management therefore, have to apply appropriate vision and responsible for long term goal and plan of a particular firms [16, 17]. Leaders responsible for the firm's management and strategic thinking presentation always direct their endeavors to fostering innovation. In addition, managerial flexibility plays a crucial role towards the success of new product development projects and the intensity of an innovative environment which supports the value of flexibility [18]. Strategic leadership will form the beginning of a firm's innovation concepts [19]. Such leaders or management teams may direct their policy to innovation, which consequently has an impact on new product development strategy. These particular transformational leadership styles revealed that their behavior positively influence innovation policy, even though they may have different levels of intensity [20]. Furthermore, innovative firms also need innovation leaders who have a competency to foster invention which has commercial application [21]. Consequently, SMEs' management needs to promote a research and development department to develop new products which can create competitive advantage. However, firm employees' capability can fulfill the success of an innovation. In summary, the leaders' vision is necessary to the success of firms' innovation. They have to conduct the long term goals and plan. Furthermore, the need of preparing human capital of a firm is crucial to implement the innovation program for creating new product development. Then, strategic human resource management is found to play a crucial role in innovation success [4, 22]. In addition, the managements that focus on innovation or innovation oriented behavior will support the innovation process of an organization. However, rarely studies concentrated on the relationship between human resource management and innovation. Then, this study will concentrate on this relationship.

Human Resource Development

Employee competency is crucial for the development of innovation within a firm because innovation is birthed from new ideas and employee capability to bring those ideas into reality. To sustain innovation, firms need to conduct their human resource management strategically, obtaining optimum results from their employees. Indeed, strategic human resource management practices are positively related to innovation capability, and consequently affect innovation performance

[22, 23]. In addition, innovation within a particular organization needs to be operated in a coordinated process among cross functional teams. These functions are operated by capabilities employees to generate new ideas and bring them into reality in coordination with the operation process. An effective human resource management function will initiate an innovation process team. This finding is supported by studies that found the process of strategic human resource management plays a crucial role of support for a firm's innovation culture [24]. Furthermore, an innovation-based human resource practice will include human resource forms an important context for a firm's sustainable development [4]. In addition, strategic human resource practice that includes compensation and training offers a key contribution to the success of organizational innovation [23]. In fact, studies that offer an overview of human resource policies and practices that affect organizational innovation in an emerging market demonstrate that human resource policies and practices are strongly associated with organizational innovation [25]. Some research indicated reward systems for motivating employees is an important strategy to support new product development capabilities [26, 27]. Moreover, human development practice require budget for their operation [23]. Those budget will also concerning to support capability of the employees to create new product. In sum, all the literature mentioned above indicates the importance of human resource development policy and practice to an organization process for new product development.

Organizational innovation support

In reality, management policy has an impact on the operating activities within an organizational structure which may be dynamic from its response to particular situations. The management vision for human resource development for innovation and new markets, then, will support the dynamic functions mentioned earlier. Dynamic organizational capabilities are necessary for sustainable development [28]. As well, organizational structure will enhance staffs creative behavior [28]. Further evidence suggested that the organizational structure presents a positive effect on a firm's cross functional competition [29]. The other evidence is that the organizational structure has presented a positive effect on firms' cross functional competition [30]. Consequently, cross functionality within firms will enable their new market and new product development [30]. Therefore, it is here posited that an organizational innovation support includes a management focus on employee efficiency, is flexible enough to allow work efficiency departmental adjustment, encourages employees to work towards innovation, and allows employees to present creative ideas that will generate the firm's new product and/or new market. These factors are crucial for SMEs in management of innovation. Moreover, firms can extend their product life cycle by new innovation in order to have sustainability growth with the industry direction [31, 32]. It is necessary for those firms to optimize their limited resource in creating innovation to be new products for their firms. Since

multinational firms have more potential in innovation than those from domestic [33]. In addition, the new product and new market development need to be completed by cross functional within firm. The cross functional integration of team that has a partial mediating affect to new product development performance come from organizational structure [34]. Thus, firms have to focus more on structural changes in its work setting to achieve effectively implementation of new product development [35]. Furthermore, in order to support innovation for the creation of new products, some evidence indicated the importance of the leader over subordinates. For instance, a study of technology companies found leader-member exchange encourages follower creative engagement [36]. Therefore, managers who allow opportunities to their teams may likely impact innovation initiated or uncovered by team persons. In addition, an innovation climate highlights employee creativity [37]. Consequently, employee performance along with information support become a catalyst for employee creativity. Organizational support for new product development from innovation can be achieved by organizational innovation process that include restructure for work efficiency, having staffs responsible for innovation, and allow them to freely presentation their idea.

Product Development

New Product Development (NPD) has become a crucial source for firms to gain a competitive advantage and has become a key managerial concern. Its inherently multi-disciplinary nature requires the cooperation between departments, along with effective interaction between the stakeholders. Research in the field of new product development always related to the firms innovation capability [35, 38]. It requires new types of leadership and adaptive organizational culture [39]. Consequently, the staff with different functions have to instruct on effective forms of interaction in such a cross- and inter-disciplinary environment [40]. This include formal and informal means of communication between the persons involved in the activities. Moreover, an inter-personal network, particularly within the management team, will support the effectiveness of an inter-firm network of new product development projects [41]. Therefore, scholars are motivated to study customer involvement in the process of new product development [42]. Such a process can be summarized in terms of information update and the need for developing new product to meet customer need. Certainly, new product development operates as a process which may create cost. However, investment in a design process can contribute to significant success in new product development [43]. Therefore, management vision will contribute importantly to particular SMEs investing in both budget and new product development, even when the cost of the new product development is a crucial consideration for SME. To achieve lower cost, higher quality, and shorter time market success of new product development, cross-functional development teams, project-fit with manufacturing resources and skills are three critical areas [44]. Therefore, the understanding and a certain sophistication of

management teams in an organization's restructure to fit the immediate situation and cooperation between functions inside the firm is needed. Crucial changes within an SME organization can reinforce new product development capabilities [35]. This supports the need of fresh information for the development of new products that must include the entire business process. Certain studies indicated that managers should collaborate to acquire external knowledge which, in turn, will enhance collaboration for new product development [10]. This support the need of new information for development of new product that must come with entire business process. Some study found that managers should engage in collaboration to acquire external knowledge for enhance collaoration of new product development [11]. The benefit of external information is that it allows suppliers to become an integral part of the product development team [45]. Finally, the above information and findings were included in this study's research questions which investigated the product development factors.

Market Development

It is a given for success, not to mention survival, that business firms need to expand their market share and increase their income. Therefore, new markets is another option frequently employed by many firms. The market development in term of reputation and customer involmment may result in beneficial for current products and future new product development [46]. Since SMEs have operated in a small scale. They need to expand their operation in both former markets and new markets. Expanding market of the SMEs will increase sales volume and economy of scale for their operation. To achieve this goals, it is necessary for them to optimize their resources to create new products or new markets. In addition, firms need to utilize plans that emphasize human development and their scanning for new market is important. The new market can be determined in term of market orientation that include interfunctional coordination [47]. The management of those firms have to implement their business fuctions in coordination with limited resources to gain high benefit in creating sustainable new market. Additionally, SMEs can also benefit from collaboration with their partners and the resulting effect of innovation outcomes in foreign business relationships is supported by a higher level of innovative collaboration [48]. Such collaboration will support the new market development of these firms. Moreover, managers should align their innovation programs appropriately to the dynamics of the market [49]. They have to acquire information to their marketing management. Information concerning to market can improve firms performance [50, 51]. The effect of information help firms in predicting markets [52]. Therefore, a firm's structure that feed key information to the marketing department will also support a new market.

RESEARCH METHODOLOGY

This section explains the methodology used in four stages. The first section describes research framework. Second, the research design is explained. Third, the sample and data collection are explain. Finally, instrument used in this study are mentioned.

Research Framework

From reviewing of the earlier studies, the framework was instructed based upon major factors of the business operation. First, innovation oriented is a variable that will be investigate how it affect to the other variables. Second, human resorce development policy presented as a variable that is effected by management vision, and expected to effect other following variables. Third, organization innovation support is a mediator that will finally effect to new market and new product development of SMEs.

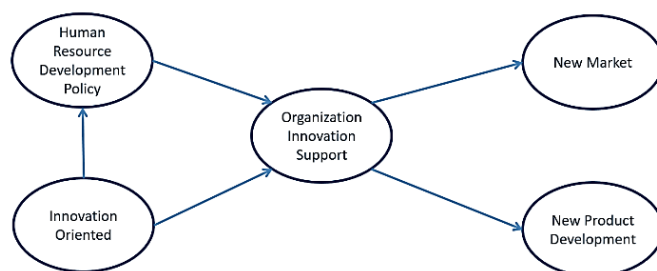


Figure 1: Research Framework

Research Design

This study applied the quantitative method to uncover the empirical result of the relationship of the multi-variables presented in the conceptual framework. There are two mediators included in the model. Therefore, the Structureal Equation Modeling was used to verify the relationship of overall variables. To answer overall hypotheses, the following methodology was conducted.

Sample and Data Collection

This study aims at investigating the subjects who are small and medium enterprises from various industries in Thailand. The subjects are firms operating in Bangkok and vicinity. The questionnaires were distributed to the 800 subjects with a snow ball method, during December 2016-January 2017. The returned, completed, and usable were 460 questionnaires.

Instrument

The structure questionnaires were constructed with a specific domain form relevant literature concerning to innovation, human resource development, organizational innovation support, new markets, and new products development.

However, we studied the Thais' SMEs that may differ in some domain such as innovation and human development practice. Thus, the experts were invited to suggest the appropriate domain in determining the questions. Therefore, the questionnaire was developed from relevant literatures and discussions with the experts of SMEs to fit the operation practiced by the Thai' SMEs. The incorporated parts of the questions included the areas of management vision, human resource development policy, organization innovation support, new markets, and new products development. After the questionnaires was investigated for validity, reliability, and found Cronbach's Alpha of .953.

RESULT

In the beginning, the demographic of the subjects is presented include characteristic of firms, type of products, and period of operation. Then, the measurement of each variables are explained. Consequently, the reliability and validity of the instrument are explained. The reliability was analyzed by Cronbach's alpha, while validity was proved by both construct and discriminant validity. In addition, the multi-collinearity was determined, and the results of variance inflation factor (VIF) are explained. Thus, we summarized the proving of the structural equation model fit by described the results from the confirmatory factor analysis of the measurement model. In addition, the other results of the Root Means Square Error of Approximation (RMSEA), Normed Fit Index (NFI), Comparative Fit Index (CFI), and others were presented. Finally, the hypotheses were tested, and indicated the finding of overall model.

Demographic of the Subjects

The units of analysis of this study are firms in various types of business include manufacturing, service business, wholesales, and retail business. The major period of operation is less than 5 year 26.7%, between 5-10 years 16.5, and from 10-15 years 13.5%.

Measurement

Measurement models for innovation oriented, human resource development policy, organizational innovation support, new markets, and new product development were tested, using structural equation modeling. The survey used 17 items, measured on a 5-point scale ranging from 1 to 5. A composite measurement was derived. Innovation oriented was measure using five items. Table 1 presents the mean and standard deviation for the composite measures. The mean score for this item was 4.06 and the Standard Deviation was 0.90. A Cronbach's alpha test was conducted to evaluate internal consistency ($\alpha=0.840$). The result of statistical analysis concerning to the important level of management concept revealed that managements have long term goals had the importance level mean of 4.30 with the Standard Deviation of

0.848. This was follow by management focus on product development with mean of 4.15 with the Standard Deviation of 0.896.

Table 1: Mean, Percentage and Standard Deviation of Innovation oriented

Innovation Oriented	X	Standard Deviation
IO1: Managements have long term Goals.	4.30	.848
IO2: Management always have meeting or discussing in long term plan.	3.88	.983
IO3: Each department has a plan to serve long term plan of firm.	3.88	.943
IO4: Management believes that firms success come from different product or services from competitors.	4.09	.872
IO5: Management focuses on product development.	4.15	.896
Total	4.06	0.90

In measuring the HRD Policy, three items of question were applied. Table 2 presents the mean and standard deviation for the composite measures. The mean score for this item was 3.90 and the Standard Deviation was 0.946. To ensure an internal consistency, the result of Cronbach's alpha indicates satisfactory result ($\alpha=0.852$). Table 2 explains the result of statistical analysis of the important level of policy revealed that concentrate of product development activities indicated the mean of 4.03 with the Standard Deviation of 0.894., and concentrate on human resource concerning to product development with mean of 3.86 with the Standard Deviation of 0.97.

Table 2: Mean, Percentage and Standard Deviation of HRD Policy

HRD Policy	X	Standard Deviation
PO1: Concentrate of product development activities.	4.03	.894
PO2: Having budget for product development	3.82	.971
PO3: Concentrate on human resource concerning to product development	3.86	.973
Total	3.90	.946

Organizational innovation support was measured, and presented in table 3. The overall mean score was 3.89 and the Standard Deviation was 0.937. A Cronbach's alpha test was conducted to evaluate internal consistency ($\alpha=0.864$). The results of statistical analysis of variables are shown below. The important level of organizational innovation support revealed that management focus on employees' efficiency had the importance level mean of 4.01 with the Standard Deviation of 0.866. This was follow by have some adjustment the department for work efficiency with mean of 3.93 with the Standard Deviation of 0.915.

Table 3: Mean, Percentage and Standard Deviation Organizational innovation support

Organizational innovation support	X	Standard Deviation
OS1: Management focuses on employees' efficiency.	4.01	.886
OS2: Have some adjustment the department for work efficiency	3.93	.915
OS3: Have some employees work for new innovation.	3.76	1.00
OS4: Allow employee to present their creativity ideas	3.87	.949
Total	3.89	.937

Table 4 indicates the mean and standard deviation for the composite measures of new market was measure using three items. The mean score for this item was 3.89 and the Standard Deviation was 0.953, with a Cronbach's alpha of 0.897. The result of statistical analysis of variable indicated the important level of new market revealed that always search data concerning to new markets had the importance level mean of 3.95 with the Standard Deviation of 0.944. This was follow by have new customers continuously for the past 3 years with mean of 3.93 with the Standard Deviation of 0.936

Table 4: Mean, Percentage and Standard Deviation of New Market

New Market	X̄	Standard Deviation
NM1: Have a plan to develop new market.	3.88	.958
NM2: Have a continuous preparation for new market	3.86	.957
NM3: Always search data concerning to new markets	3.95	.944
Total	3.89	.953

New product development was measure using five items. Table 5 presents the mean and standard deviation for the composite measurement. The mean score for this item was 3.97 and the Standard Deviation was 0.920. A Cronbach's alpha test was conducted to evaluate internal consistency ($\alpha=0.896$). The result of statistical analysis revealed that managements are interested in innovation and new technology had the importance level mean of 4.03 with the Standard Deviation of 0.907. This was followed by having goal to create different products from the firm former products with mean of 4.00 with the Standard Deviation of 0.933.

Table 5: Mean, Percentage and Standard Deviation of New Product Development

New Product Development	X̄	Standard Deviation
NPD1: Have goal to create different products from the firm's former products.	4.00	.933
NPD2: Have launched new products or services for the past 3 years	3.93	.921
NPD3: In process of developing new products.	3.93	.942
NPD4: Managements are interested in innovation and new technology.	4.03	.907
NPD5: Always follow up new product of customers.	3.97	.898
Total	3.97	.920

Reliability Testing

According to the reliability result, the Cronbach's Alpha was used to prove overall items specifically investigate the variables, the results from table 6 indicate Cronbach's alpha between 0.812 and 0.896 ensure the reliability of the instrument.

Table 6: Reliability statistics

Variable	Cronbach's Alpha
Innovation Oriented	0.840
Human Resource Development Policy	0.812
Organization innovation support	0.830
New Market	0.871
New Product Development	0.896

Multi Collinearity Testing

To ensure that the model will complete the requirement of the structural equation model that is based on regression analysis, the multi collinearity between independent variables were tested. The tolerance and variance inflation factor (VIF) are measurements for testing. The tolerance should be more than 0.1, or VIF should be less than 10 ($VIF = 1 / \text{tolerance}$) (the result have VIF between the range 1.944-3.186, indicated no multi collinearity found.

Construct Validity

To ensure completion of the instrument, the construct validity, and the discriminant validity were tested. The convergent validity was measured by the value of the confirmatory factor analysis (CFA) so that their factor loading should be greater than 0.6. The result found an average variance extracted (AVE) from all the variables was above .5. Moreover, the discriminant validity was tested by examining the correlation between the construct and the correlation between the observed variables that should be less than 0.85. The results of the AVE are presented in the table 7-11.

Table 7: Factor Loading, Critical Ratio, R^2 , Composite Reliability, Average Variance Extracted of Innovation Oriented

Variable	Factor Loading	R^2	Composite Reliability	Average Variance Extracted
IO1	0.72	0.52	0.843	0.519
IO2	0.76	0.58		
IO3	0.80	0.65		
IO4	0.64	0.41		
IO5	0.67	0.45		

Table 8: Factor Loading, Critical Ratio, R^2 , Composite Reliability, Average Variance Extracted of HRD Policy

Variable	Factor Loading	R^2	Composite Reliability	Average Variance Extracted
PO1	0.79	0.62	0.851	0.656
PO2	0.81	0.66		
PO3	0.83	0.69		

Table 9: Factor Loading, Critical Ratio, R^2 , Composite Reliability, Average Variance Extracted of Organizational innovation support

Variable	Factor Loading	R^2	Composite Reliability	Average Variance Extracted
OS1	0.79	0.62	0.881	0.650
OS2	0.88	0.65		
OS3	0.76	0.58		
OS4	0.79	0.62		

Table 10: Factor Loading, Critical Ratio, R^2 , Composite Reliability, Average Variance Extracted of System New Market

Variable	Factor Loading	R^2	Composite Reliability	Average Variance Extracted
NM1	0.86	0.74	0.898	0.746
NM2	0.88	0.77		
NM3	0.85	0.73		

Table 11: Factor Loading, Critical Ratio, R^2 , Composite Reliability, Average Variance Extracted of New Product Development

Variable	Factor Loading	R^2	Composite Reliability	Average Variance Extracted
NPD1	0.83	0.70	0.895	0.632
NPD2	0.76	0.58		
NPD3	0.85	0.73		
NPD4	0.76	0.58		
NPD5	0.77	0.60		

Summary for the Model Fit

The result of the measurement model indicated the Normed Chi-Squared fit index derived from Chi-Square/degrees of freedom is 1.17, indicating a good fit model. The value of Goodness of Fit, and the Adjusted Goodness of Fit is .971, and .948 respectively. The Root Means Square Error of Approximation is .020. The Normed fit index and Comparative Fit Index value equal .979, and .997. All of the data mentioned above indicate a good fit for this specific model.

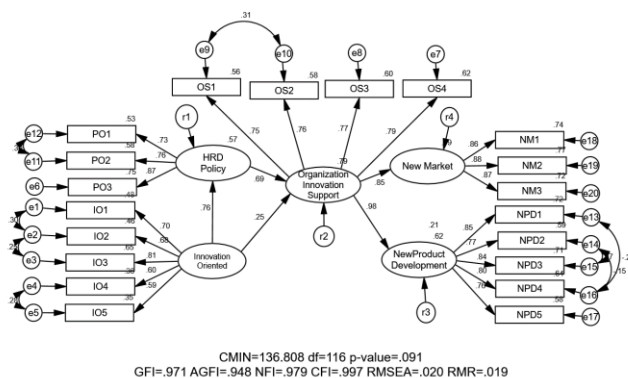


Figure 3: Statistic model

Table 13: Assessing the model fit indicators

Chi-square/Degree of freedom (CMIN/df)	1.17
Goodness of Fit Index (GFI)	.971
Adjusted Goodness of Fit Index (AGFI)	.948
The Root Means Square Error of Approximation (RMSEA)	.020
Normed fit index (NFI)	.979
Comparative Fit Index (CFI)	.997

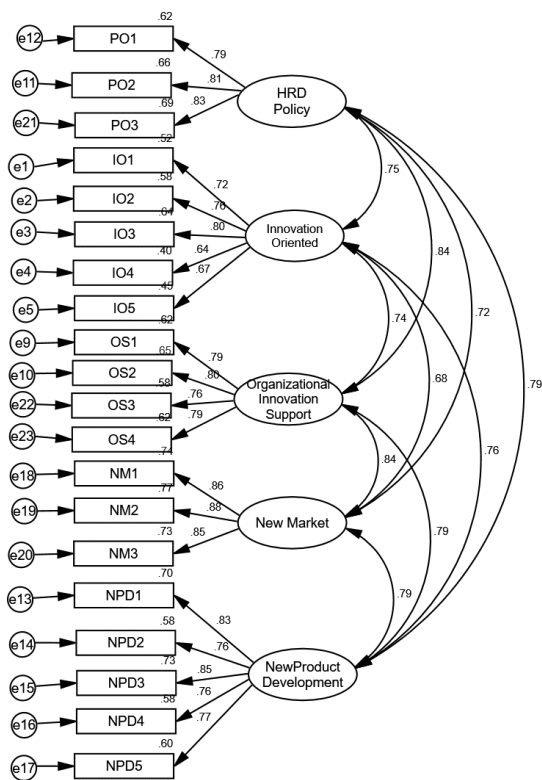


Figure 2: Confirm Factor Analysis

Table 12: Correlation matrix for variables in models

Variable Name	1	2	3	4	5
1. Innovation Oriented	1.00				
2. HRD Policy	0.75	1.00			
3. Organizational Innovation Support	0.74	0.84	1.00		
4. New Market	0.68	0.72	0.84	1.00	
5. New Product Development	0.76	0.79	0.79	0.79	1.00

Result of Hypotheses Testing

In conclusion (table 14 and table 15), the result from the empirical finding indicated that Innovation Oriented have a significant affect to HRD Policy ($\beta=.76$ with $p\text{-value} < .001$). Consequently, the results of the testing supported that both management vision and human resource development have a significant affect to organizational innovation support ($\beta=.69$ with $p\text{-value} < .001$ and $\beta=.25$ with $p\text{-value} < .001$). In considering organizational innovation support, the result found that organization innovation support has a significant affect o new market and new product development ($\beta=.85$ with $p\text{-value} < .001$ and $\beta=.98$ with $p\text{-value} < .001$). Furthermore, the result showed that new market have indirect effect from Innovation Oriented with $\beta=.65$ and from HRD Policy 0.58, and new product development have indirect effected from Innovation Oriented with $\beta=.75$ and from HRD Policy 0.67.

Table 14: Hypothesis Testing

			Estimate	S.E.	C.R.	p-value
HRD Policy	<---	Innovation oriented	.76	.089	11.817	***
Organization innovation support	<---	HRD Policy	.69	.070	9.151	***
Organization innovation support	<---	Innovation oriented	.25	.087	3.802	***
New Market	<---	Organization innovation support	.85	.063	15.975	***
New Product Development	<---	Organization innovation support	.98	.073	15.304	***

*** p-value < .001

Table 15: Standardize direct and indirect effect

	Direct Effect			Indirect Effect			Total Effect		
	IO	PO	OS	IO	PO	OS	IO	PO	OS
PO	0.76						0.76		
OS	0.25	0.69		0.51			0.76	0.69	
NM			0.85	0.65	0.58		0.65	0.58	0.84
NPD			0.98	0.75	0.67		0.75	0.67	0.98

CONCLUSION AND DISCUSSION

As discussed earlier, several studies have focused to the innovation oriented that contributes to the new products and new markets. Then, we concentrated on figure out the relationship of the innovation oriented to new products, and new markets development. However, this study also applied human resource management policy as independent variable. This section will explain the overall results both direct and indirect effect from management policy to new market and new product of firms, with human resource development policy and practice as mediators. The other parts present implication for practice, limitation, and future research.

Conclusion

As predicted by conceptual framework, our results found that innovation oriented affects human management policy, which consequently have an impact on both new markets and new products. These results can be explained as firms that management concentrates on product development affect to human development policy which focusing on employees capabilities in new product development, investing in employees development, and having high fringe benefit for their employees. In addition to the mediators that were applied in the conceptual framework, the human resources management policy of those firms have affected operating plan in term of organizational structure. They have human development function and product development functions as department of an organizational structure. Moreover, the update information on new products in the market is essential for management. Consequently, the precondition for new products and new markets development success derived from human development policy and practice. The new products and new markets can be demonstrated in term of continuously development of new products and new markets. They have

new products and new markets for the past three years. Our study suggests that small and medium firms have to initial focus their policies on development of innovation. Then, the management of human resources should be conducted strategically with the dynamic of innovation change.

Implication for Practice

In the past, innovation was considered not necessary for SMEs to conduct this function within their small scale business firms. Moreover, the concept of following the others, leaving the development ideas for multi-national enterprises is acceptable. Our results confirm that even SMEs have to revise their vision concerning to creating innovation themselves. They cannot copy or depend on other innovation. In addition, not a single function within a firm can perform along their process of operation. The holistic approach of interfunctional coordination within a firm should be considered. Having SMEs to achieve in innovation for sustainability operation, other functions such as human resource developments and other supporting functions should be prepared. For the human development functions, the staffs capability is crucial to both new markets and new products development. The management have to concentrate on creating employee capability in product development. The budget for product development is also crucial to support the achievement of new products and new market development. The management of SMEs have to provide relevant budget for innovation function. In determining the organization innovation support, adjustment some department for work efficiency is necessary in congruent with the focusing on employee efficiency. The management of SMEs have to learn the importance of organizational structure on the success of their policy implementation. The crucial is that innovation culture have to to be instructed along the process of organizational design. They also need other organizational supports. However, many SMEs are family business firms, and need quick response to the situations. Then, the different employees ideas may be limited. Having innovative culture of freely expression idea by their employees is important. Furthermore, the firms must have some staffs or some department concentrate specifically on working for new product innovations. Since employees who are responsible for creating new products need time and independently from routine works. In measuring the achievement of new products development, firm should identify objectives of their new product development depend upon the context of their industry or their firms. Those objectives should be expressed in measurable factors. For example, identify to have a new products of every 2-3 years. Since the measurable objectives will encourage the entire firms to create new products for the new markets in a comparable way.

Academic Contribution

This study is a pioneer in research of SMEs concerning to their new concept of innovation that linked between management,

human resource development, new market, and new product development. The framework provides linkage between management vision to human resource development which is important to achievement of new product development and new market. Furthermore, organization innovation support was purposed to confirm the importance of management function that is necessary to support an organization to achieve its goals. Other researcher can extend the result of these multi variables into other areas such as finance, production, and strategic management.

Limitations and Future Studies

The limitation can be considered in term of the subjects derived from various types of industry. Some industries may have different context and require different additional factors. For example, the products concerning to health may depend on the regulation or specific rule from the government sector. Then, to apply the finding for practice, the specific factors for each particular industry should be considered. Moreover, this study presents the result concerning to innovation oriented and new products development. It is crucial to be aware of disruptive technology that may destruct the former products with completely away from the markets. The other limitation that international scholars such as anyone from Cambodia, Laos, Vietnam or Myanmar should be considered is that the Thai SMEs have been developed for more than 30 years of serving multinational enterprises from industrialize nations. Therefore, the SMEs in Thailand have developed their operation to meet the standard of those industrialize countries in both regulation and technology requirement. These factors may difference from the SMEs in those emerging economic countries. The results can be applied in term of understanding the different context of SMEs in particular countries.

For further study, we would suggest other scholars to narrow down to specific industry. To study the specific industry will provide information in detail for SMEs in their operation with the variables from this study. For example, the difference between manufacturing product and services industry can be investigated. Moreover, the comparative study between each industry is interesting for other scholars to figure out the difference in relationship that may be occurred between tested variables. In addition, other factors such as business intelligence that support the management in information for new products development and new markets at an appropriate opportunity should be studied. Moreover, the management of innovation through different type of organization structure is also interesting to be investigated.

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