

Introduction

Taiwan's vigorous and innovative SMEs have been a key factor in the economic development of the country. However, these SMEs now face problems such as shortages of labor, high wage costs, land prices, and market saturation, in addition to severe competition from developing countries. Hence, the most important issue in the industrial structure transformation of Taiwanese SMEs pursuing sustainability is how to strengthen the innovative capability to move away from the historical strategies of original equipment manufacturing (OEM), copying, and modification.

Innovative product development is a competitive strategy for enterprises in fast-changing industrial conditions, and R&D is the key factor for innovative product development. Enterprise leaders should actively conduct technological innovation to extend the product life cycle and create industrial competitiveness (Lu and Lazonik, 2001).

Currently, for most enterprises in Taiwan, R&D operations have become the most important segment among enterprise operations, with many companies increasing market share and gaining extra profit by developing innovative technologies and products. Additionally, they have created competitive advantages that competitors cannot match. Therefore, R&D capability and innovative capability are key factors in international market competitiveness for Taiwanese enterprises.

Innovation is closely related to organizational learning. Chaveerug and Ussahawanitchakit (2008) argued that organizational learning is associated with the development of new knowledge, which is a key driver for gaining superior firm efficiency, promoting high competitive advantage, enhancing the organization's capability to innovate, and achieving outstanding organizational performance. It helps firms respond to constantly changing business environment and confront the long-term survival difficulties (Real et al., 2006). Hence, manager in organizations should set the necessary conditions for effective organizational learning capability development.

Additionally, an enterprise must build its competitive advantage through its human resource. HR practices play a key, but poorly understood, part in the process of organizational learning (Boxall and Gilbert, 2007). Although the past decade, several researchers have examined the human resource practices of organizations and related these practices to measures of organizational performance (Wright et al., 2001). However, it is still not clear how HR practices affect the specific organizational learning capabilities that contribute to enhanced organizational innovative capabilities (Lopez et al., 2005). Moreover, Ngu et al. (2008) argued that theoretical advances in the organizational learning domain are mainly based on the experiences of large organizations in the western hemisphere. Comparatively fewer empirical studies have been provided clear practical guidelines for enhancing SMEs' organizational learning capability.

Thus, the aim of this paper is to develop a framework that provides a better understanding how HR practices influence organizational innovative capability for R & D professionals of SMEs in Taiwan. Specifically, we aim to explore the degree to which the relationship between HR practices and organizational innovative capability is mediated by organizational learning. The results are presented in the final part of this study, along with a discussion of the implications for organizations.

Literature Review

HR Practices and Organizational Learning Capability

Organizational learning is the dynamic process of firm-wide information processing, involving the acquisition, dissemination, interpretation and institutionalization of knowledge (Jerez-Gómez et al., 2005). Organizational learning is used to become a significant factor in explaining and determining how firms effectively create and apply their efficiency in business operations during the turbulent environment (Ussahawanitchakit, 2008). An organization is believed to have learned when knowledge acquired by individuals is transferred and integrated into the organization's knowledge base, leading to changes in its range of potential behavior (Huber, 1991). Organizational learning capabilities refer to the firm-level ability to build, integrate and configure organizational resources to foster effective organizational learning (Ngui et al., 2008).

In recent years, many scholars have explained the organizational learning process from the viewpoint of knowledge-based. For example, Jerez-Gómez et al. (2005) synthesize that effective development of organizational learning capability requires four conditions. These are (1) strong managerial commitment to learning; (2) prevalence of a systems perspective; (3) openness and readiness to experiment with new ideas; and (4) effective knowledge transfer and integration within the organization. Sinkula et al. (1997) measured organizational learning using three aspects of the organization: commitment to learning, shared vision, and open-mindedness toward the organization.

Human resource practices are the primary means by which firms can influence and shape the skills, attitudes, and behavior of individuals to do their work and achieve organizational goals (Collins and Clark, 2003). Lopez et al. (2005) argued that an organization's organizational learning capability can be enhanced via the application of distinctive HR practices that serve to foster the commitment and capacity of organizational members to engage in high-levels of learning. In addition, organizations, through strong HRM activity, should integrate all the learning efforts of the enterprise, setting up strategic targets and continuously making breakthroughs. Wayne et al. (1997) proposed that if the individual plays a key role in the organizational learning process, then HRM plays a fundamental role in