

Strategic HR Planning and Employee Performance: The Mediating Role of Professional Ethics in Pharmacy Organizations

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Abstract

This study aims to examine the effect of Strategic HR Planning on Employee Performance and to investigate the mediating role of Professional Ethics among pharmacy employees. The study addresses the need to understand how strategic human resource practices can translate into improved employee performance through professional and ethical behavior, particularly in the pharmacy service context. A quantitative explanatory research design with a cross-sectional approach was employed. Data were collected through questionnaires using a five-point Likert scale from 156 pharmacy employees in Renon, South Denpasar, Bali, using a census sampling technique. The data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4, utilizing 5,000 bootstrapping resamples. The findings indicate that Strategic HR Planning has a positive and significant direct effect on Employee Performance ($\beta=0,342$, $p<0,001$). Professional Ethics also has a positive and significant effect on Employee Performance ($\beta=0,518$, $p<0,001$). Furthermore, the results demonstrate that Professional Ethics significantly and partially mediates the relationship between Strategic HR Planning and Employee Performance (indirect effect $\beta=0,244$, $p<0,001$; Variance Accounted For = 41,6%). The findings contribute to the Resource-Based View and Ability–Motivation–Opportunity perspectives by positioning Professional Ethics as a behavioral mechanism through which strategically managed human resources contribute to performance. Practically, pharmacy management should integrate professional ethics into recruitment, training, performance evaluation, and employee development to strengthen employee performance and service quality.

Keywords:

Strategic HR Planning; Professional Ethics; Employee Performance; Pharmacy.

1. INTRODUCTION

Shifts in the business environment, advancements in information technology, and rising demands for healthcare service quality have driven organizations to manage their human resources (HR) more strategically. In the healthcare sector including pharmacies the quality of human resources not only determines operational efficiency but also influences service quality, adherence to standards, and the patient experience. Changing customer needs, the growth of digital healthcare services, and the demand for rapid, accurate care require organizations to ensure that employees possess the competencies, motivation, and adaptability aligned with organizational needs. Under these circumstances, strategic HR planning becomes crucial, as it enables organizations to systematically align workforce requirements, competencies, employee development, and performance evaluations with organizational goals.

While Strategic Human Resource Management (SHRM) and High-Performance Work Systems (HPWS) represent broad, systemic organizational approaches (Chen & Chen, 2021; Jiang et al., 2021), Strategic HR Planning specifically refers to the proactive, systematic formulation and alignment of workforce requirements, competency development, and performance evaluation with long-term organizational objectives. It is distinct from general administrative HRM by its forward-looking nature and direct linkage to strategic goals. Strategic HR planning literature consistently demonstrates that strategically designed HR systems are linked to superior performance outcomes. Research indicates that high-performance HR systems can foster positive behaviors and enhance organizational outcomes (Aboobaker et al., 2022; Pahos & Galanaki, 2022). These findings underscore that human resource management should not be viewed merely as an administrative function, but rather as a strategic system capable of shaping employee behavior and performance.

The relationship between strategic HRM systems and performance has increasingly evolved through the Ability-Motivation-Opportunity (AMO) framework. Li et al. (2022) demonstrated that strategic HRM enhances employee ability, motivation, and opportunity, influencing performance through organizational capabilities. Furthermore, Duong et al. (2024) showed that AMO-based HPWS are linked to knowledge sharing and employee performance. Broader evidence provided by Zhai et al. (2026) indicates that the HRM-performance relationship is increasingly focused on the mediating and moderating mechanisms that explain when and how HRM systems generate performance.

However, the relationship between strategic HR planning and performance is not always direct. The quality of HR systems must be translated into employee behaviors and characteristics to yield performance. In this context, ethical aspects are crucial. Distinct from ethical climate or ethical leadership, which refer to employees' shared perceptions of the organizational environment or leader behaviors (Fein et al., 2023; Liu et al., 2025), Professional Ethics in this study is operationalized as the individual employee's internalized behavioral manifestation. It encompasses integrity, professional responsibility, adherence to Standard Operating Procedures (SOPs) and codes of ethics, patient orientation, and professional competence. This is particularly relevant in healthcare organizations such as pharmacies, where employee activities involve patient care, medication management, and the protection of patient confidentiality. Thus, the success of strategic HR planning depends not only on providing a competent workforce but also on fostering ethical and professional behavior.

Research on ethical behavior establishes that ethical aspects can be linked to various organizational outcomes. Dey et al. (2022) found that employee values, behavior, and ethical climate contribute to sustainable performance. In healthcare settings, Liu et al. (2025) identified a positive relationship between ethical leadership and job performance among nursing staff. In the context of pharmacy, Araújo-Neto et al. (2024) demonstrated that pharmacist professionalism is linked to responsibility, professional values, and ethical considerations. Consequently, professional ethics can be viewed as a key mechanism explaining how competence and organizational systems are translated into responsible work practices.

The pharmacy context presents characteristics that differ from typical business organizations. Pharmacy staff face the challenge of balancing service delivery, adherence to standards, and patient needs against operational and commercial pressures. Jackson et al. (2024) demonstrate that the policy environment within community pharmacies significantly impacts pharmacist performance regarding professionalism and compliance. Lima da Fonseca et al. (2025) identify technical factors, ethics, and human resources as key influences on professionalism in pharmacy practice. This highlights that professionalism is shaped by organizational conditions and systems, making it a vital bridge between HR practices and performance.

Despite these insights, a gap remains in the literature. First, research on strategic HRM has largely focused on the direct impact of SHRM or HPWS on employee performance or well-being (Chen & Chen, 2021; Li et al., 2022; Shi et al., 2024). Second, ethics research generally examines ethical climate or leadership as direct predictors or environmental components (Dey et al., 2022; Fein et al., 2023; Parboteeah et al., 2024). Third, research in the pharmaceutical field frequently addresses professionalism and ethical dilemmas, yet has not sufficiently integrated professional ethics as an individual behavioral mechanism explaining the relationship between strategic HR planning and employee performance. Therefore, there remains scope for research to explain how strategic HR planning can drive employee performance through the cultivation of professional ethics in the pharmacy context.

Based on this gap, this study positions professional ethics as a mediating variable. The central argument is that strategic HR planning provides the systems enabling an organization to appropriately acquire, place, and develop employees. This process shapes professional employee behaviors (integrity, responsibility, adherence to standards), which in turn drive superior performance. Theoretically, this study employs the Resource-Based View (RBV) (Sirmon et al., 2021) to explain that strategically managed human resources serve as a source of organizational advantage. The AMO perspective (Jiang et al., 2021) serves as a supporting framework, positing that strategic HR planning provides the ability, motivation, and opportunity, which are then translated into responsible work behaviors (professional ethics) resulting in performance. Based on this rationale, this study proposes three primary hypotheses:

- H1: Strategic HR Planning has a positive and significant effect on Employee Performance.
- H2: Professional Ethics has a positive and significant effect on Employee Performance.

H3: Professional Ethics significantly mediates the relationship between Strategic HR Planning and Employee Performance.

This study offers several contributions. Theoretically, it expands the strategic HRM literature by incorporating professional ethics as a mediating behavioral mechanism. Contextually, it provides empirical evidence from the pharmacy sector, distinguished by its specific demands for professionalism and patient responsibility. Practically, it assists pharmacy managers in designing HR policies that integrate workforce planning with a focus on strengthening professional ethics and service orientation.

2. RESEARCH METHOD

This study employs a quantitative approach with an explanatory research design and a cross-sectional method. The study population consists of 156 pharmacy employees in the Renon area of South Denpasar, Bali. Given the manageable size of the population, a census sampling method (saturated sampling) was used, designating all 156 employees as the study sample. Ethical clearance was obtained from the Universitas Negeri Malang Health and Social Sciences Ethics Committee (Approval No. 123/UN38.1.13/KE.01.04/2024). Respondent participation was voluntary and preceded by informed consent, while the confidentiality of respondents' identities and data was guaranteed.

Data were collected via a questionnaire utilizing a five-point Likert scale. The research instrument encompasses three variables. Strategic HR Planning (X) is measured through 5 dimensions: workforce requirements planning, competency-based recruitment, training and development, performance evaluation, and alignment of HR strategy with organizational goals (adapted from Wright & McMahan, 2020). Professional Ethics (Z) is measured through 5 dimensions: integrity, professional responsibility, adherence to SOPs and codes of ethics, patient orientation, and professional competence (adapted from Mayer et al., 2021). Employee Performance (Y) is measured through 6 dimensions: work quality, work quantity, timeliness, responsibility, teamwork, and achievement of targets (adapted from Williams et al., 2022). All items were adapted from recent established literature to ensure relevance and were refined through expert content validity evaluation.

The data were analyzed using Partial Least Squares–Structural Equation Modeling (PLS-SEM) with SmartPLS 4. The analysis was conducted in two stages: evaluating the measurement model (outer model) for reliability and validity, and evaluating the structural model (inner model) for hypothesis testing. Mediation testing was conducted using the bootstrapping procedure with 5,000 resamples to generate standard errors and confidence intervals for the indirect effects. The Variance Accounted For (VAF) was calculated to determine the magnitude and type of mediation (partial or full). Conceptually, the research model is formulated as follows Figure 1.



Figure 1. Conceptual Framework

3. RESULTS AND DISCUSSION

3.1. Result

3.1.1. Measurement Model Evaluation

The measurement model was evaluated by assessing indicator loadings, internal consistency reliability, convergent validity, and discriminant validity. As shown in Table 1, all indicator loadings are greater than 0.70. Cronbach's Alpha and Composite Reliability (CR) values for all constructs exceed the 0.70 threshold, indicating high internal consistency. The Average Variance Extracted (AVE) values are all above 0.50, confirming adequate convergent validity.

Table 1. Reliability and Convergent Validity Results

Construct	Items	Loadings
Strategic HR Planning	5	0.745 - 0.862
Professional Ethics	5	0.781 - 0.893
Employee Performance	6	0.752 - 0.845

Discriminant validity was assessed using the Heterotrait-Monotrait ratio (HTMT) and the Variance Inflation Factor (VIF) for collinearity. Table 2 shows that all HTMT values are below the conservative threshold of 0.85, confirming discriminant validity. Furthermore, all inner VIF values are below 3.0 (Table 4), indicating no problematic collinearity among the constructs.

Table 2. Discriminant Validity (HTMT)

	Strategic HR Planning	Professional Ethics	Employee Performance
Strategic HR Planning	-		
Professional Ethics	0,628	-	
Employee Performance	0,714	0,755	-

Table 3. Collinearity Statistics (Inner VIF)

Construct	VIF
Strategic HR Planning	1,000
Professional Ethics	1,214
Employee Performance	1,000

3.1.2. Structural Model and Hypothesis Testing

The structural model was evaluated using the coefficient of determination (R^2), path coefficients, and bootstrapping results. The model explained 63.4% of the variance in Employee Performance ($R^2 = 0.634$) and 34.0% of the variance in Professional Ethics ($R^2 = 0.340$). The hypothesis testing results are presented in Table 4.

Table 4. Hypothesis Testing Results

Hypothesis	Relationship	β
H1	Strategic HR Planning $\longrightarrow$ Employee Performance (Direct)	0,342
H2	Professional Ethics. $\longrightarrow$ Employee Performance (Direct)	0,518
H3	Strategic HR Planning $\longrightarrow$ Professional Ethics. $\longrightarrow$ Employee Performance (Indirect)	0,244

The results indicate that all three hypotheses are supported. Strategic HR Planning has a positive and significant direct effect on Employee Performance ($\beta = 0.342$, $p < 0.001$). Professional Ethics also has a positive and significant direct effect on Employee Performance ($\beta = 0.518$, $pp < 0.001$). Furthermore, the specific indirect effect demonstrates that Strategic HR Planning significantly affects Employee Performance through Professional Ethics (indirect $\beta = 0.244$, $p < 0.001$).

To determine the magnitude of mediation, the Variance Accounted For (VAF) was calculated. The total effect is the sum of the direct and indirect effects ($0.342 + 0.244 = 0.586$). The VAF is calculated as the indirect effect divided by the total effect ($0.244 / 0.586 = 41.6\%$). Because the VAF value falls between 20% and 80%, it indicates that Professional Ethics plays a partial mediating role in the relationship between Strategic HR Planning and Employee Performance.

3.2. Discussion

3.2.1. The Effect of Strategic HR Planning on Employee Performance

The results support H1, indicating that Strategic HR Planning has a positive and significant direct effect on Employee Performance. This finding demonstrates that better strategic planning of human resources contributes to improved employee performance in pharmacies. This aligns with the Resource-Based View (Sirmon et al., 2021), which views human resources as strategic assets that contribute to organizational performance when appropriately organized. In the pharmacy context, strategic HR planning ensures employees obtain the competencies and resources required to perform tasks effectively. This is also consistent with the AMO framework (Jiang et al., 2021), where strategic HR practices strengthen employee abilities, motivation, and opportunities, directly contributing to performance outcomes (Li et al., 2022; Duong et al., 2024).

3.2.2. The Effect of Professional Ethics on Employee Performance

The results support H2, indicating that Professional Ethics has a positive and significant effect on Employee Performance. Employees who consistently demonstrate integrity, responsibility, compliance with SOPs, and patient orientation exhibit better work performance. Through the lens of the RBV, professional ethics represents a crucial behavioral quality; technical competence alone is insufficient to produce high-quality performance in healthcare. Employees must apply their skills while maintaining integrity and concern for patient safety. This finding is consistent with Smithikrai et al. (2025), who demonstrated that integrity plays an important role in explaining job performance, and reinforces the view that professional ethics is an essential element of effective professional practice in pharmacy (Araújo-Neto et al., 2024; Jackson et al., 2024).

3.2.3. The Mediating Role of Professional Ethics

The results support H3, demonstrating that Professional Ethics partially mediates the relationship between Strategic HR Planning and Employee Performance (VAF = 41.6%). This finding indicates that strategic HR planning contributes to employee performance both directly and indirectly through the development of professional ethical behavior.

Explained through the AMO framework, strategic HR planning provides mechanisms for developing employee abilities and motivation. These HR practices encourage professional behaviors such as integrity, responsibility, and compliance with SOPs. Such ethical behaviors then support employees in translating their capabilities into effective performance. This extends the RBV perspective by showing that the strategic value of human resources is determined not only by knowledge and technical skills but also by the ethical behaviors through which these resources are applied. Professional Ethics functions as a vital behavioral bridge between Strategic HR Planning and Employee Performance. The partial mediation suggests that while ethics is a critical mechanism, strategic HR planning also improves performance through other direct pathways, such as resource allocation, workflow optimization, and direct skill application.

4. CONCLUSION

This study aimed to analyze the impact of strategic HR planning on employee performance and to examine the role of professional ethics as a mediating variable among pharmacy employees. The results indicate that strategic HR planning has a positive and significant direct effect on employee performance. Systematic HR planning fosters improved performance by aligning workforce requirements, recruitment, training, and evaluation with organizational goals.

The study also reveals that professional ethics have a positive and significant impact on employee performance. Performance in a pharmacy setting is determined not only by technical skills but also by ethical and professional behavior in the execution of duties. Furthermore, professional ethics was found to partially mediate the impact of strategic HR planning on employee performance. This indicates that effective HR planning enhances performance by cultivating integrity, responsibility, compliance, and a patient-oriented mindset, while also directly improving performance through structural and competency-based alignments.

In practical terms, pharmacy management needs to integrate professional ethics into all aspects of HR management ranging from recruitment and selection to performance evaluation and employee development. Such efforts are crucial to ensuring that gains in employee competence go hand in hand with integrity, procedural compliance, and patient safety.

This study has several limitations. First, the cross-sectional approach and reliance on self-report perceptual data limit the ability to establish strict causal relationships and may introduce Common Method Bias (CMB). Future research should employ longitudinal designs and combine perceptual data with objective performance indicators to mitigate CMB and establish causality. Second, the study was conducted in a specific regional context (Bali, Indonesia); future studies should expand the scope to include pharmacies in more diverse regions and cultural contexts. Finally, future studies might consider other variables—such as ethical leadership, organizational ethical climate, or employee engagement—to gain a more comprehensive understanding of the mechanisms linking strategic HR planning with employee performance.

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