



(RESEARCH ARTICLE)



Innovative HR practices and product quality mediated by employee outcomes: Case of SMEs of Oman

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Abstract

Innovative HR practices in the SME context is a relatively less understood and less researched topic. Furthermore, innovative HR practices have the potential to give SMEs a competitive edge in the market. However, the mechanism that leads innovative HR practices to favorable business and employee outcomes is less understood. In the present study, we investigated this issue using a mediation mechanism. The objective was to test the effects of innovative HR practices on a selected business outcome i.e. product quality while testing the employee outcomes as mediator. The study utilized a cross-sectional method of data collection from SMEs and data was analyzed quantitatively (n=383). The first major result indicates that innovative HR practices including recruitment and selection ($\beta=.181$, $P<.05$); performance appraisal ($\beta=0.253$, $P<.05$); and employee involvement ($\beta=0.094$, $P<.05$) exert a positive and significant influence on product quality. Whereas, the results for performance-based pay ($\beta=0.056$ $P>.05$; and learning and development ($\beta=0.092$ $P>.05$) turned out to be insignificant. Furthermore, we tested four employee outcomes including employee commitment, employee competency, employee congruence, and job satisfaction as mediators. The result shows that in all four proposed mediation models, only employee involvement turned out to be functioning as a mediator which shows that this is the most important variable in the innovative HR practices and product quality relationship. We concluded that employee outcomes are important and need greater attention.

Keywords: Innovative; Human Resource; SMEs; Mediation; Product Quality; Oman

1. Introduction

Human resources play a crucial role in navigating business success in today's changing environment. The efficient management of human resources is a significant variable that influences the performance of an organization (Pfeffer, 2005). Over time, the concept has evolved tremendously as per the changes in the environment. Human resources can enable organizations to win in the marketplace if managed efficiently like other resources. In the SME sector, the recent implementation of innovative HR practices has significantly impacted organizational performance. It is, therefore, essential to understand how to manage human resources creatively to maximize their productivity and creativity while controlling the costs of the firms. Although there are many studies about general HR and business outcomes, our study is unique from two perspectives. Firstly, it tests the link between innovative HR practices and business outcomes in the context of SMEs, something that has not been focused on in previous studies. Secondly, our study uses a process approach and tests employee outcomes as a mediator, thus enhancing our understanding of the mechanism of innovative HR practices and business outcomes.

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1.1. Research Aim

The study aims to investigate whether organizational performance is influenced by innovative HR practices mediated by employee outcomes.

1.2. Research Objectives

The primary research objectives of the study include the following:

- Testing the impact of innovative HR practices on product quality in the context of SMEs of Oman.
- Examining the role of employee commitment as a mediator between innovative HR practices and product quality.
- Investigating the role of employee competence as a mediator between innovative HR practices and product quality.
- Analyzing the role of employee congruence as a mediator between innovative HR practices and product quality.
- Assessing the role of employee job satisfaction as a mediator between innovative HR practices and product quality.

1.3. Significance of the Study

The study sheds light on the connection between innovative HR practices and organizational performance in Oman's small and medium-sized enterprises (SMEs). This area of research has not been extensively explored before, making the findings of the study particularly valuable. Additionally, it contributes to the existing literature on innovative HR practices by testing it in a new and rapidly developing context i.e. Oman. The study's findings can help SMEs to better understand how innovative HR practices can lead to favorable employee and organizational outcomes. Moreover, the Small and Medium Enterprise Development Authority of Oman can utilize the study's results to design more effective policies and practices based on empirical research.

2. Literature review

2.1. Innovative HR Practices

The impact of effective human resource management (HRM) practices on the performance of small- and medium-sized enterprises (SMEs) has been extensively researched recently. For example study by Pratibha and Katyayani (2017) investigated how HRM practices significantly influences the overall performance of SMEs and found significant results. Similarly, the research by Bakator, Petrović, Borić, and Đalić (2019) also highlighted a positive relationship between HRM practices and firm performance. Innovative HRM practices are essential for growth and success in today's highly competitive markets. To understand the theoretical underpinnings of research and development in this area, it is crucial to comprehend innovation in the context of human resources. Enterprises must implement innovative HR practices to maximize performance and achieve success. There are various innovative HR practices, but in this study, we focus on five selected practices that are relevant to SMEs. These practices are recruitment and selection, performance-based pay, learning and development, performance appraisal, and employee involvement. These practices are considered critical indicators of organizational performance and reflect the performance of SMEs.

Recruitment and selection practices aim to attract and select the most qualified and suitable candidates for job roles. Performance-based pay practices reward employees based on their performance, thus creating a culture of motivation and productivity. Learning and development practices focus on enhancing employees' knowledge, skills, and abilities for better performance. Performance appraisal practices evaluate employee performance, identify strengths and weaknesses, and provide feedback for improvement. Employee involvement practices aim to increase engagement and empower employees to contribute meaningfully to the organization. Thus, innovative HR practices are critical for organizational performance, and SMEs must implement these practices to achieve growth and success in today's competitive markets. In the following sections, we discuss these innovative HR practices and their relationship with organizational performance based on the earlier literature.

2.2. Recruitment and Selection

Recruitment is a crucial process for any organization looking to hire the right candidates. According to Ofori and Aryeetey (2011), it involves implementing strategies to attract a pool of highly skilled and qualified individuals who are suitable for the job openings within the organization. The recruitment process not only involves attracting the right candidates but also screening and selecting the best fit for the organization's culture and goals. Choosing the best

candidate for a job position involves a process called selection that uses specific techniques and tools. The significance of an efficient recruitment and selection process cannot be emphasized enough. An organization's success depends on the expertise of its employees, and hiring knowledgeable individuals who can contribute to the organization's strategic goals is crucial. This is especially true for small and medium-sized enterprises (SMEs) that have limited resources and need to control costs while still ensuring that they hire the best candidates.

2.3. Performance-based Reward

Small and medium-sized enterprises (SMEs) need a reward system that supports and incentivizes innovation. Intrapreneurs, who are knowledgeable employees, can play a crucial role in driving innovation. However, their activities can also put a strain on SMEs' limited resources. According to Attar, Kang, and Sohaib (2019), when intrapreneurs leave, formal and informal knowledge can become mobile or immobile. To motivate their employees' entrepreneurial activities, SMEs should provide appropriate performance-based rewards, both extrinsic and intrinsic (Weerakoon, 2014). These rewards can include regular pay, profit share bonuses, equity or share in the organization, job security, promotion, research funding, public or private recognition, trips to conferences or exhibitions, and free time to work on personal projects, in line with the suggestions of Kuratko, Morris, and Covin (2011). Rewards also include non-financial benefits like health insurance, paid time off, retirement savings plans, and the opportunity to work remotely. Equitable treatment of workers in the workplace can boost productivity.

2.4. Learning and Development

Learning and development programs are a valuable investment for organizations, as they can significantly improve performance. These programs can take various forms, such as on-the-job training, off-site training, formal education through universities, overseas visits, mentoring programs, career support initiatives, and more. This practice is particularly relevant for small and medium-sized enterprises (SMEs), as research suggests that companies that invest in such programs are more likely to outperform those that do not.

2.5. Performance Appraisal

Performance appraisal is a critical aspect for organizations as it measures the quality of human resource management and encourages employee motivation and creativity. According to Tahiri, AlKovaci, and Krasniqi (2021), evaluating employee performance is one of the most significant issues in human resource management. Despite being the most significant development in human resource management, performance management and its appraisal tools have not received much empirical recognition. However, the importance of performance appraisal cannot be overstated, and it plays an essential role in fostering employee motivation and creativity. Although SMEs face challenges in executing performance management, the process remains an essential part of organizational success.

2.6. Employee Involvement

Employees are involved in making important decisions and carrying out daily tasks within the organization, which is referred to as employee involvement. This method can provide several benefits to the organization. In a study conducted by Ambarwati, Wardhana, Wardoyo, Churiyah, and Jihadi (2023), a significant correlation was found between employee involvement and performance in 670 small and medium-sized enterprises (SMEs).

2.7. Innovative HR Practices and Business Outcomes

Empirical studies have shown that implementing innovative HR practices can have a positive impact on business outcomes, such as increased profitability and growth. For example, studies by Carter, Kosmol, and Kaufmann (2017) and Khalil, Haque, and Rahman (2023) have highlighted the link between innovative HR practices and favorable business outcomes for SMEs. Additionally, previous studies conducted by Abbasi, Tahir, Abbas, and Shabbir (2022); Mamun (2023); Khan, Hafeez, Farooq, Minghai, Farooq, and Pucelj (2023); Tahiri et al. (2021), Wijetunge and Weepani (2014), Madhavkumar (2023), and Wongsansukcharoen and Thaweepaiboonwong (2023) have found that implementing innovative HR practices can lead to favorable business outcomes. Therefore, it can be concluded that implementing innovative HR practices is linked to positive business outcomes.

2.8. Innovative HR Practices and Employee Outcomes

Previous research has shown that implementing innovative human resources practices can result in favorable outcomes for employees, such as job congruence and job satisfaction. For instance, a study conducted by Aslam, Shafi, Ahmed, de Marin, Flores, Gutierrez, and Ashraf (2023) found significant positive effects of innovative HR practices on the performance of small and medium-sized enterprises (SMEs). Similar results have been reported by other studies, including Demirkan, Srinivasan, and Nand (2022), Gamage (2014), Henry and Temtime (2010), and Idris, Saridakis, and

Johnstone (2023). Therefore, taken together, these studies suggest that implementing innovative HR practices can lead to favorable outcomes for employees in the context of SMEs.

2.9. Employee Outcomes as Mediator between the Relationship of Innovative HR Practices and Business Outcomes

In the context of SMEs, we suggest that employee outcomes act as a mediator between innovative HR practices and business performance. This is because previous studies have shown that innovative HR practices have a positive impact on both business outcomes (Abbasi et al., 2022; Madhavkumar, 2023; Wongsansukcharoen and Thaweepaiboonwong, 2023) and employee outcomes (Demirkan et al., 2022; Gamage, 2014; Henry and Temtime, 2010). Employee outcomes are an immediate result of innovative HR practices, as they lead to changes in employee attitudes and behaviors before influencing organizational outcomes. Therefore, we propose employee outcomes as a mediator, which is further supported by a specific theory discussed in the upcoming section.

2.10. Theoretical Model of the Study

Our model is supported by AMO (Ability, Motivation, Opportunity) theory introduced by Paauwe (2009), which explains that employee performance is based on three aspects: ability, motivation, and opportunity. Therefore, we believe that the innovative HR practices we have selected can influence all three aspects, leading to favorable employee performance, which in turn leads to favorable business outcomes. For instance, effective recruitment and selection can enhance the organization's stock of knowledge and improve staff ability. Similarly, staff abilities can be enhanced through learning and development. Moreover, performance-based rewards can boost staff motivation level, while employee involvement can provide staff with opportunities to contribute positively. Hence, we can conclude that all innovative HR practices can influence some aspects of AMO that lead to favorable employee and organizational outcomes. Based on the theory and previous studies, we propose the following theoretical model that guides this study.

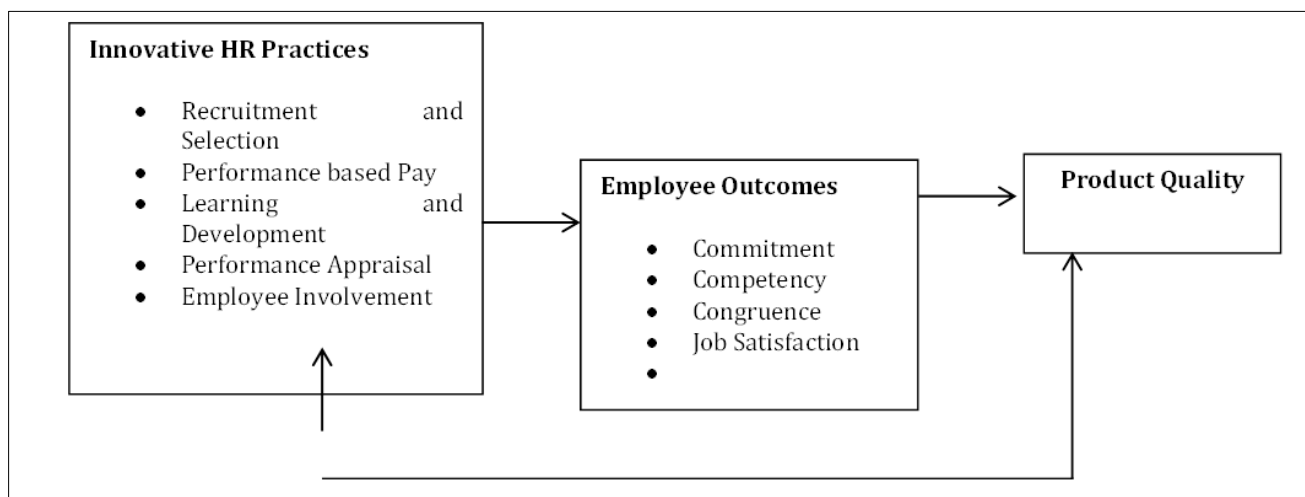


Figure 1 Theoretical Model of the Study

3. Research methodology

3.1. Research Design

The study utilizes quantitative methodology to test hypotheses and explore significant relationships between research variables through statistical analysis, explaining causal relationships.

3.2. Population, Sampling, and Data Collection

The study focuses only on small and medium-sized enterprises (SMEs) in Oman, which constitute the population of this research. A total of 381 respondents are randomly selected from the population of SMEs according to the number provided by the SME Authority (2023), which is 14,895. To achieve this, we have chosen sampling clusters from all of the governorates of Oman and used random sampling within each cluster. This method enables us to obtain a sample of 383 SME business owners. The data was collected with the assistance of research assistants who contacted the SME proprietors and collected the required data.

3.3. Measures

Since Arabic is the official language of the country, the questionnaires were distributed in Arabic. These questionnaires were initially developed in English and translated into Arabic to maintain consistency and ensure reliability. Professional translators and HR specialists carried out the translation process with a solid bilingual background. The questionnaire was adapted from multiple sources. The following criteria are used to measure the effectiveness of employee selection, performance-based payment, training and development, performance appraisal, and employee involvement. Employee selection is measured by 4 items adapted from Kehoe and Wright (2013). Performance-based pay is measured by 6 items adapted from Chen and Huang (2009). Learning and development are measured by 4 items and adapted from Kehoe and Wright (2013). Performance appraisal is measured by 5 items and adapted from Frimpomaa's (2014) Employee involvement is measured by 3 items and adapted from Balluerka, Aritzeta, Gorostiaga, Elorza, and Madinabeitia (2020). Product quality is measured by 7 items and adapted from Zhang (2000). Employee outcomes including commitment is adapted from Cook and Wall (1980) and measured by 9 items; competence adapted from Nishii and Wright (2008) and measured by 6 items; Congruence is adapted from Becker, Billings, Eveleth, and Gilbert (1996) and measured by 4 items; and job satisfaction is adapted from Cammann, Fichman, Jenkins, and Klesh (1983) and measured by 3 items.

3.4. Data Analysis

Data is analyzed using SPSS version 28 with a quantitative approach. The analysis comprised frequency analysis, descriptive statistics, regression analysis, and mediation analysis.

3.5. Ethical Issues

All ethical issues were followed in the study, including voluntary participation, no use of force, no harm, privacy maintenance, and data use limited to academic purposes. All participation in the survey was voluntary and no personal information was taken. All participants were clearly informed about the key objective of the study

4. Results

Table 1 Demographic Information

	Frequency	Percentage
Gender		
Male	273	71.3%
Female	109	28.5%
Missing	1	0.3%
Age		
18 to 30	206	53.8%
31 to 40	114	29.8%
41 to 50	55	14.4%
51 to 60	8	2.1%
Educational Background		
Secondary	3	0.8%
High School	6	1.6%
Diploma	141	36.8%
Bachelor	113	29.5%
Masters	93	24.3%
Professional Qualification	24	6.3%
Illiterate	3	0.8%

Number of Employees		
Below 10	234	61.1%
11 to 20	78	20.4%
20 to 30	43	11.2%
31 to 60	20	5.2%
61 to 90	7	1.8%
Above 60	1	0.3%
Business Size		
Small	296	77.3%
Medium	87	22.7%

There were a total of 383 participants in the survey, out of which 273 (71.3%) were male and 109 (28.5%) were female. 53.8% (206 participants) were between the ages of 18 to 30; 29.8% (114 participants) were between the ages of 31 to 40; 14.4% (55 participants) were between the ages of 41 to 50; and only 2.1% (8 participants) were between the ages of 51 to 60. Therefore, the highest percentage of participants were in the age groups of 18 to 30 and 31 to 40. In terms of educational background, 0.8% (3 participants) had secondary education; 1.6% (6 participants) had high school education; 36.8% (141 participants) had a diploma; 29.5% (113 participants) had a bachelor's degree; 24.3% (93 participants) had a master's degree; 6.3% (24 participants) had a professional qualification; and 0.8% (3 participants) were illiterate. This indicates that most participants had a diploma or a higher qualification. As for the number of employees, 61.1% (234 firms) had less than 10 employees; 20.4% (78 firms) had between 11 to 20 employees; 11.2% (43 firms) had between 20 to 30 employees; 5.2% (20 firms) had between 31 to 60 employees; 1.8% (7 firms) had between 61 to 90 employees; and only 0.3% (1 firm) had more than 60 employees. In terms of company size, 77.3% (296 firms) were small-sized firms, and 22.7% (87 firms) were medium-sized firms.

Table 2 Descriptive Statistics

	Number of Items	Cronbach Alpha	Minimum	Maximum	Mean	Std. Deviation
Recruitment_Selection	04	0.684	1.00	5.00	3.4106	0.84596
Performance_based_Pay	06	0.756	1.00	5.00	3.3821	0.77215
Learning_and_Development	05	0.704	1.20	5.00	3.2136	0.76097
Performance_Appraisal	05	0.703	1.20	5.00	3.3029	0.79169
Employee_Involvement	03	0.653	1.00	5.00	3.3464	0.91086
Employee_Commitment	05	0.775	1.00	5.00	3.3180	0.87494
Employee_Compentency	04	0.737	1.00	5.00	3.4426	0.88359
Employee_Congrence	03	0.710	1.00	5.00	3.2002	0.92755
Job_Satisfaction	03	0.584	1.00	5.00	3.4204	0.86256
Product_Quality	07	0.743	1.14	5.00	3.3409	0.68733

The reliability of the test was assessed using Cronbach's alpha. All items had a reliability score of over 0.60, indicating satisfactory reliability. The only exception was job satisfaction, which also had a reliability score of over 0.50, making it acceptable. The descriptive statistics showed that the participants reported moderate levels of innovative HR practices in their respective SMEs. These practices included recruitment and selection ($M=3.41$, $SD=.84$), performance-based pay ($M=3.38$, $SD=.77$), learning and development ($M=3.21$, $SD=.76$), performance appraisal ($M=3.30$, $SD=.79$), and employee involvement ($M=3.34$, $SD=.91$). Similarly, the employee outcomes, including employee commitment ($M=3.31$, $SD=.87$), employee competency ($M=3.44$, $SD=.88$), employee congruence ($M=3.20$, $SD=.92$), and employee job satisfaction ($M=3.42$, $SD=.86$), were also moderate. Finally, the product quality ($M=3.34$, $SD=.68$) was reported as moderate.

Table 3 Innovative HR Practices and Product Quality

	Unstandardized Coefficients	Std.Error	Standardized Coefficient	t-Value	Sig
Constant	1.089	0.128		8.524	.000
Recruitment_Selection	0.181	0.045	0.222	4.008	0.000
Performance_based_Pay	0.056	0.058	0.063	0.958	0.339
Learning_and_Development	0.092	0.054	0.102	1.714	0.087
Performance_Appraisal	0.253	0.051	0.291	4.912	0.000
Employee_Involvement	0.094	0.040	0.125	2.356	0.019
R	0.686				
RSquare	0.470				
FStat	66.85(.000)				

The result for the regression model shows that recruitment and selection ($\beta=0.181$, $P<.05$); performance appraisal ($\beta=0.253$, $P<.05$); and employee involvement ($\beta=0.094$, $P<.05$) exert a positive and significant influence on product quality. Whereas, the results for performance based pay ($\beta=0.056$ $P>.05$; and learning and development ($\beta=0.092$ $P>.05$) turned out to be insignificant. The RSquare shows that innovative HR practices explain 47% variation in the dependent variable of product quality. Furthermore, the Fstatistics shows that overall model is fit and significant (Fstat=66.85, $P<.05$).

Table 4 Mediation Analysis- Innovative HR Practices and Product Quality Mediated by Employee Commitment

	Direct Effects C'	A	B	Indirect Effects AB	Total Effects C' + AB
Recruitment_Selection	0.191**	0.224***	0.142**	0.0318	0.222***
Performance_based_Pay	0.035	0.194**	0.142**	0.0275	0.063
Learning_and_Development	0.082	0.140*	0.142**	0.0199	0.102
Performance_Appraisal	0.277***	0.098	0.142**	0.0139	0.291***
Employee_Involvement	0.092	0.236***	0.142**	0.0335	0.125**

* $P<.05$, ** $P<.01$, *** $P<.001$

The result of the first mediation analysis indicates that employee commitment is partially mediating the relationship between innovative HR practices and product quality outcomes. This is because if we compare the beta and their significance, the betas for recruitment and selection ($\beta=0.191$, $P<.05$); and performance appraisal ($\beta=0.277$, $P<.05$) remain significant and only employee involvement changed from significant to insignificant.

Table 5 Mediation Analysis- Innovative HR Practices and Product Quality Mediated by Employee Competency

	Direct Effects C'	A	B	Indirect Effects AB	Total Effects C' + AB
Recruitment_Selection	0.172**	0.245***	0.205***	0.0502	0.222***
Performance_based_Pay	0.015	0.232***	0.205***	0.0476	0.063
Learning_and_Development	0.072	0.150***	0.205***	0.0308	0.102
Performance_Appraisal	0.274***	0.082	0.205***	0.0168	0.291***
Employee_Involvement	0.087	0.188***	0.205***	0.0385	0.125**

* $P<.05$, ** $P<.01$, *** $P<.001$

The result for the second model shows that employee competency partially mediates the relationship between innovative HR practices and product quality as a result of recruitment and selection ($\beta=0.172$, $P<.05$), and performance appraisal ($\beta=0.274$, $P<.05$) remained significant after introducing the mediator. Only the result for employee involvement changed from significant to insignificant, thus indicating partial mediation.

Table 6 Mediation Analysis- Innovative HR Practices and Product Quality Mediated by Employee Congruence

	Direct Effects C'	A	B	Indirect Effects AB	Total Effects C' + AB
Recruitment_Selection	0.184**	0.210***	0.184***	0.0386	0.222***
Performance_based_Pay	0.031	0.172**	0.184***	0.0316	0.063
Learning_and_Development	0.075	0.149*	0.184***	0.0274	0.102
Performance_Appraisal	0.282***	0.049	0.184***	0.0090	0.291***
Employee_Involvement	0.085	0.220***	0.184***	0.0405	0.125**

* $P<.05$, ** $P<.01$, *** $P<.001$

The result for the third model of mediation shows that employee congruence partially mediates the relationship between innovative HR practices and product quality outcome as results for recruitment and selection ($\beta=0.184$, $P<.05$); and performance appraisal ($\beta=0.282$, $P<.05$) remained significant. Only the result for employee involvement changed from significant to insignificant.

Table 7 Mediation Analysis- Innovative HR Practices and Product Quality Mediated by Employee Job Satisfaction

	Direct Effects C'	A	B	Indirect Effects AB	Total Effects C' + AB
Recruitment_Selection	0.191***	0.093	0.335***	0.0312	0.222***
Performance_based_Pay	0.014	0.145*	0.335***	0.0486	0.063
Learning_and_Development	0.102	0.000	0.335***	0.0000	0.102
Performance_Appraisal	0.214***	0.232***	0.335***	0.0777	0.291***
Employee_Involvement	0.038	0.261***	0.335***	0.0874	0.125**

* $P<.05$, ** $P<.01$, *** $P<.001$

The result for fourth mediation model shows that employee job satisfaction partially mediate the relationship between innovative HR practices and product quality outcome as the result for recruitment and selection ($\beta=0.191$, $P<.05$); and performance appraisal ($\beta=0.214$, $P<.05$) remained significant. Only the result for employee involvement changed from significant to insignificant. Overall, mediation analysis indicate that innovative employee outcomes partially mediate the relationship of innovative HR practices and product quality which is a business outcome thus supporting the mediation hypothesis.

5. Discussion

In present study, the objective was to examine how innovative HR practices affect organizational performance and product quality. SME proprietors were surveyed through cluster sampling to collect primary data. The results indicate that innovative HR practices have a primarily positive and significant impact on product quality and organizational performance, which includes annual sales, market share, profitability, and annual sales value. The findings are consistent with previous research, such as Carter et al. (2017), Abbasi et al. (2022), and Mamun (2023). Recruitment and selection, for example, have a positive and significant effect on all aspects of organizational performance. The outcomes align with previous research, as suitable recruitment and selection can result in more qualified and talented human resources, ultimately significantly affecting firm performance.

The other key findings are that employee outcomes partially mediate the relationship between innovative HR practices and product quality. Accordingly, we tested four separate models and found that employee involvement is most significant variable as it is found to be mediated by employee outcomes in all four models. These results indicate that for SMEs to boost business and employee outcomes, greater attention need to be given to the employee involvement.

The results are consistent with the previous studies which shows that employee involvement is important for SMEs (e.g. Ambarwati et al., 2023).

6. Conclusion

The impact of innovative HR practices on the recruitment and selection process, learning and development, performance evaluation, and employee engagement was found to be significant and positive, leading to favorable organizational outcomes i.e. product quality. Furthermore, we found that employee outcomes partially mediate the relationship of innovative HR practices and product quality. The study highlights the importance of managing human resources creatively to maximize their productivity and creativity while keeping costs in check. The findings provide valuable insights for policymakers and practitioners in the Small and Medium Enterprise Development Authority to develop evidence-based policies and practices. The study's results can assist SMEs in Oman in understanding the importance of innovative HR practices in enhancing organizational performance. Ultimately, it can be concluded that innovative HR practices are crucial for the success of every SME in Oman.

Recommendations

The study provides the following suggestions.

- SME owners should prioritize the development and implementation of creative HR practices that are tailored to their specific needs. Doing so can lead to positive outcomes for both employees and the organization as a whole. Examples of innovative HR practices include recruitment and selection processes, learning and development opportunities, and performance-based pay structures.
- It is also recommended that proprietors of SMEs in Oman attend more awareness and counseling sessions to enhance their understanding of innovative HR practices.
- The government and relevant bodies, such as the Small and Medium Size Enterprise, should provide more support to SME owners to improve the effectiveness of these practices in their firms. By focusing on innovative HR practices, SMEs in Oman can improve their competitiveness, attract and retain top talent, and ultimately achieve long-term success.

Limitations and Directions for Future Research

The study has certain limitations, as it only analyzed five innovative HR practices. Further, the collection and analysis of data were solely based on perceptual measures, which is also a constraint. To enhance the comprehension of innovative HR practices and their impact on organizational performance, future researchers can use various data collection and analysis methods. Additionally, incorporating more mediating and moderating variables in future studies can provide a better understanding of how innovative HR practices contribute to improving organizational performance.

Compliance with ethical standards

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Disclosure of conflict of interest

The authors declare no known conflict of interest.

Statement of informed consent

Informed consent was obtained from all individual participants included in the study.

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