Vol.11, No.3, pp.,71-97, 2023

Print ISSN: 2053-5821(Print)

Online ISSN: 2053-583X (Online)

Website: https://www.eajournals.org/

Publication of the European Centre for Research Training and Development-UK

# Improving Employee Innovation Performance of SMEs Through Human Resource Management Practices: A Moderated Mediation Model

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doi: https://doi.org/10.37745/ijsber.2013/vol11n37197 Published November 5 2023

**Citation**: Kwaido A.A. and Karadas G. (2023) Improving Employee Innovation Performance of SMEs Through Human Resource Management Practices: A Moderated Mediation Model, *International Journal of Small Business and Entrepreneurship Research*, Vol.11, No.3, pp.,71-97,

**ABSTRACT:** This paper proposes a theoretical model that analyzes the link between Human Resource Management practices (HRMPs) and employee innovation performance (EIP), the mediating role of entrepreneurial orientation (EO) and the moderating effect of organizational learning capability (OLC). A study was conducted using a cross-sectional approach in Sokoto, Nigeria, gathering data from sachet table water enterprises. Participants were selected through convenience sampling and questionnaires were personally administered. Hypotheses were tested using Partial Least Squares—Structural Equation Modelling (PLS-SEM). The findings suggest that EO mediates the relationship between HRMPs and EIP, while OLC moderates it. All six hypotheses were supported. This study adds to the current understanding of HRMPs by exploring the mediating role of EO and the moderating effect of OLC on enhancing and strengthening the same relationship.

**KEYWORDS**: small and medium enterprises, human resource management practices, entrepreneurial orientation, organizational learning capability, employee innovation performance.

## INTRODUCTION

Small and medium-sized enterprises' (SMEs) success depends heavily on their ability to adjust to shifting market demands and expectations. In order to do so, SMEs need to recognize that their employees are their most valuable resources and manage them strategically to remain competitive. To achieve this, SMEs should establish a solid

Vol.11, No.3, pp.,71-97, 2023

Print ISSN: 2053-5821(Print)

Online ISSN: 2053-583X (Online)

Website: https://www.eajournals.org/

## Publication of the European Centre for Research Training and Development-UK

human resources management (HRM) that can encourage employee to innovate through their value-adding initiatives and goals (Moustaghfir et al., 2020; Ayoko, 2022). considering employees as valuable resources to foster innovation initiative that requires a shift in employee behaviour will depend heavily on employee knowledge, skills, expertise and commitment as crucial inputs in the value-creation process (Bilderback and Miller, 2023). More innovative SMEs can better adapt to changing environments and develop new capabilities, improving employee performance (Hanaysha et al., 2019; Moustaghfir et al., 2020).

This study seeks to investigate the impact of human resource management practices (HRMPs) on employee innovation performance (EIP), focusing on the mediating role of entrepreneurial orientation (EO) and the moderating influence of organizational learning capability (OLC).

HRMPs are crucial to any enterprise's human resources (HR) routines, encompassing staff development training (SD), job description (JDS), dialogue (DIA) and employee participative decision-making (PDM) (Rasool et al., 2019). According to Alsafadi and Altahat (2021), organizations that effectively implement HRMPs can achieve their goals. By establishing consistent internal policies and methods, HRMPs ensure that an organization's HR contribute to achieving its objectives (Papa et al., 2020).

Additionally, HRMPs provide solutions that enhance employees' ability, opportunityand motivation, which are vital for increasing job commitment and productivity (Alsafadi and Altahat, 2021). Research suggests that effective HRMPs are critical indicators of organizational success and have the potential to drive innovation. Organizations can foster product innovation through EO and development training. This will improve enterprise performance and employee development, ultimately influencing employee behaviour and promoting business goals (Nur and Zulkiffli, 2022). HRMPs focus on developing and managing the human side of the business, considering factors such as employees' skills, knowledge, creativity, talentsand potential to effectively contribute to the organization's objectives. HRMPs are the primary means enterprises can influence and shape an individual's skills, attitudesand behaviour to achieve organizational goals (Waheed et al., 2019).

The SMEs are heavily dependent on the performance of their employees. To remain competitive, businesses must prioritize innovation as a critical aspect of employee performance (Baierle et al., 2020). Enhancing innovation performance involves several steps, including willingness, action, suggestion, achievementand communication of innovative ideas. This concept significantly improves the overall performance of SMEs. According to the literature, EIP can be divided into creative action and influence. The former entails generating new ideas and programs, while the latter involves actively pursuing and implementing the generated new ideas (Gupta et al., 2022;Xerri and Brunetto, 2011).

EIP can devise and execute innovative solutions by leveraging new and innovative methods for completing tasks, revamping existing methodologies and devising more efficient and quality-assured techniques. Resourceful employees can identify opportunities, customize processes, goods and services and repurpose tools and

Vol.11, No.3, pp.,71-97, 2023

Print ISSN: 2053-5821(Print)

Online ISSN: 2053-583X (Online)

Website: https://www.eajournals.org/

Publication of the European Centre for Research Training and Development-UK

technologies. They can generate fresh ideas and solve existing challenges, driving the organization's progress (Wyrwa, 2020).

Innovation, according to Hagedoorn (1996), occurs when a new good or change in its quality is introduced, a new production method, the opening to a new marketand the conquest of a new source of supply of raw materials or the creation of a new company in any industry. The development of the economy is due to innovation, understood as the dynamic process through which updated technologies replace the old ones, a process called "creative destruction." Innovative activity is the primary source of innovation and economic progress (Griffith and Reenen, 2023). Additionally, Griffith and Reenen (2023) defines innovation as implementing a new or significantly improved product (good or service), process, a new marketing method, or a new organizational method in business practices, workplace organization, or external relations.

Innovative behaviour encompasses identifying problems, developing or adapting ideas, effectively putting innovative ideas into practice and implementing them, which can occur at various organizational levels (Wyrwa, 2020; Xerri et al., 2009).

EO is vital for SMS's success. It includes the processes, actions, policies, decisionmaking stylesand practices that enable an enterprise to capitalize on new opportunities and execute entrepreneurial actions (Fredyna et al., 2019). EO significantly influences an enterprise's value, growthand results, making it the subject of many studies in recent years. These studies rely on conceptual bases constructed around Miller's definition of EO in 1983 (Rudawska et al., 2021).

According to Miller (1983) definition, entrepreneurial enterprises that prioritize risky initiatives to innovate in the product-market field are often the first to develop groundbreaking ideas. They are proactive in an attempt to defeat their competitors. Therefore, Miller (1983) defined EO as a firm-level construct of innovativeness, risk-takingand proactiveness. Each of the three dimensions of EO has varying effects on an enterprise's performance (Fredyna et al., 2019;Rudawska et al., 2021).

The innovativeness dimension of EO, as defined by Lumpkin and Dess (1996), is a firm's tendency to engage in and support new ideas, novelty, experimentationand creative processes that may result in new products, services, or technological processes. Furthermore, the proactiveness dimension, as defined by Ritala et al. (2021), represents a future perspective where enterprises try to develop new products or improvements in them, anticipating the changes and opportunities that appear in the business setting, promoting changes in current tacticsand detecting future market trends.

The risk-taking dimension is the degree to which managers are willing to make significant and risky resource commitments - i.e., the allocation of significant resources by the enterprise to exploit opportunities or carry out strategies whose results are uncertain in unfamiliar situations or with a reasonable chance of costly failures (Covin et al., 2020).

EO is not a one-time or unitary action. It is an activity that involves continuous strategic performance over time (Rudawska et al., 2021), which translates into an

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Print ISSN: 2053-5821(Print)

Online ISSN: 2053-583X (Online)

Website: https://www.eajournals.org/

## Publication of the European Centre for Research Training and Development-UK

ongoing process of the entrepreneurial strategy decision-makers use to disseminate the organization's purposes, maintain their visionand create sustainable competitive advantages (Fredyna et al., 2019).

Previous research has shown that the effectiveness of an enterprise is closely tied to the strength of its EO. According to Fredyna et al. (2019), a potent EO can positively impact product innovation. Additionally, studies by Hassim et al. (2018) and Schueffel (2015) demonstrate that EO has a positive effect on innovative performance and that entrepreneurial behaviour can influence innovative performance in SMEs. This is consistent with earlier research by Miller (1983), who emphasized the importance of entrepreneurial foresight. SMEs with high levels of innovation tend to perform more innovatively (Schueffel, 2015; Hassim et al., 2018; Fredyna et al., 2019; Bolton and Lane, 2012).

OL gained traction in the 1970s and remains a widely accepted definition today. It posits that when an organization identifies errors during its operations, it must take corrective measures, such as restructuring, to address them (Shodiya and Ojenike, 2021; Zhu et al., 2019). OL focuses on learning as a fundamental element in implementing the enterprises' vision and culture of encouraging a learning setting that includes individual and group learning. This approach is essential for obtaining better overall performance and sustainable competitive advantage for SMEs (Shodiya and Ojenike, 2021).

OL refers to creating, keeping, conveyingand delivering current or fresh knowledge, which strongly impacts organizational performance (Ur Rehman et al., 2019). It is crucial for any organization's success or existence in a highly competitive market because it significantly affects organizational performance or competitive advantage (Shodiya and Ojenike, 2021). OL creates a mechanism for matching resources and skills gained by minimizing time and costs in determining market demands, meeting customer demandsand addressing environmental changes. In this way, organizations can improve business procedures, connections with the environmentand internal and external obligations to boost overall firm performance.

OL also encourages managers to focus on specific obligations required to improve learning, including training, seminars, weekly meetings, teamworkand collaborative tasks to articulate their mission, visionand objectives (Shodiya and Ojenike, 2021). According to Patwary et al. (2022), OL is particularly suitable for organizations growing in an unstable business environment to improve their overall performance. Organizations must provide a structural framework for continuous learning among workers to achieve the desired results (Soelton, 2023). This knowledge-sharing enables organizations to innovate and improve product quality to meet the environment's needs. Therefore, a company's lack of innovation can lead to rigidity, delayand boredom due to the absence of OL. OL is critical in determining SMEs' overall performance (Ur Rehman et al., 2019). On the other hand, OLC describes the processes necessary to transform an enterprise into a learning organization (Gomes and Wojahn, 2017; Sivagiri, 2018). The knowledge possessed by employees is considered the most valuable organizational resource and is viewed as a source of competitive advantage and key to future organizational success (Sivagiri, 2018).

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Print ISSN: 2053-5821(Print)

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Publication of the European Centre for Research Training and Development-UK

Despite significant interest from researchers and practitioners, further understanding regarding the interrelationship between HRMPs, EO, OLC and EIP is required. The four-constructs relationship remains largely unexplored. This study aims to address this gap by using EO (innovativeness, pro-activeness and risk-taking) as an intervening construct between HRMP and EIP. As Adegbe (2017) notes, EO is significant not only in the field of entrepreneurship but also in HRM. Therefore, this study aims to add to the integrative theoretical framework by using the job demands-resources model (JD-R model) theory to explain how HRMPs can help SMEs foster EO and EIP.

This study uses the JD-R model to explore the relationship between job resources and EIP. Job resources like HRMPs and OLC inspire employees to learn and remain dedicated to their organization (Bakker and Demerouti, 2007). It can be expected that EO, mediates between HRMPs and EIP (Bakker and Demerouti, 2007). Job resources, such as OLC, can moderate between HRMPs and EIP and can enhance knowledge within an organization and potentially influence the strength and direction of the relationship (Madhani, 2014).

## Theoretical underpinning

Numerous studies in HRM have examined the connection between HRMPs, innovation and employee performance (Alqudah et al., 2022; Ashiru et al., 2022; Miao et al., 2020). Innovation refers to the process through which employees develop, adopt and execute new ideas. This process involves various steps like identifying problems, generating ideas, proposing solutions, implementing solutions, scaling up production and streamlining the process ((Scott & Bruce, 1994). HRMPs can motivate workers to innovate by offering specialized training, ensuring continuous learning (Miao et al., 2020), Providing feedback on suitable job designs and giving decision-making opportunities can motivate and empower employees to innovate (Kehoe & Wright, 2013). These practices can stimulate innovative behaviour among employees. Therefore, it is recommended that HRMPs receive additional attention and support to stimulate employee innovation (Easa & Orra, 2021).

The availability of HRMPs can decrease job demands and promote individual growth, learning and development (Shao et al., 2023). The JD-R model explains this relationship by stating that job resources can enhance employee performance, while job demands hinder it (Bakker & Demerouti, 2007; Schaufeli, 2017). HRMPs serve as job resources and can promote the personal resources of each employee. Job resources (HRMPs) can aid in achieving work objectives and reducing job demands (Zhang & Ma, 2021). The theory suggests that having access to available job resources in the workplace will increase employee performance (Borst et al., 2019). Bakker and Demerouti's (2007) research found a link between an employee's knowledge level, productivity and inclination to exceed expectations. Hollett et al. (2021) state that job resources can positively impact employee outcomes. Bakker and Demerouti (2007) suggest that each HRMP directly impacts performance and, when combined, can have a compounded effect on employee performance. Despite some contradictory findings, it is believed that HRMPs can play a crucial role in employee development and

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Print ISSN: 2053-5821(Print)

Online ISSN: 2053-583X (Online)

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Publication of the European Centre for Research Training and Development-UK

gaining a competitive advantage (Jayasekara, 2023). Accordingly, the following hypothesis is developed:

**H1:** There is a significant and positive impact of human resource management practices on employee innovation performance.

Research has revealed that personal resources, particularly EO, can significantly influence EIP. (Bodnarchuk, 2012; Maier et al., 2014). HRM is critical in providing the necessary resources to establish a learning-centered, entrepreneurial environment (Moustaghfir et al., 2020). Such an environment fosters an entrepreneurial mindset and encourages innovation, shaping employee behaviour and organizational culture (Saddique et al., 2021). By creating favourable conditions, HRM can promote entrepreneurial learning within the organization (Moustaghfir et al., 2020). Businesses can support entrepreneurial behaviour by encouraging greater employee participation in entrepreneurial activities and providing opportunities for employees to develop their entrepreneurial skills and ideas. (Moustaghfir et al., 2020; Madhoushi et al., 2011).

HRM assists in job resource development through personal resource optimization, such as creating an entrepreneurial identity that considers an individual's personal, academic, professional and social experiences (Yucel, 2011). Individuals become better equipped to identify opportunities, analyze experiences and convey their deeper meanings by forming connections and creating conducive environments (Borchers and Park, 2010). HRM tools help people learn about entrepreneurship through the processes and experiences involved in developing, organizing and managing new business ventures.

Furthermore, according to Fredyna et al. (2019), certain HRMPs highlight the growth of personal development and ambitions for the future and contextual learning. Individuals can cultivate an entrepreneurial mindset over a while by engaging in these practices. They can create their own experiences, analyze and compare them and then explore their underlying meanings. This enables them to establish meaningful relationships and circumstances that ultimately empower them to interpret these experiences in a manner most relevant to them personally (Borchers and Park, 2010). Given these insights, the following hypothesis has been proposed.

**H2:** There is a significant and positive impact of human resource management practices on entrepreneurial orientation.

Using the JD-R model, further insight into the connection between EO and EIP can be provided. EO involves developing and implementing ideas, beginning with problem recognition and culminating in creating solutions (Borchers and Park, 2010; Wyrwa, 2020). Empirical data demonstrate that EO strongly emphasizes an organization's potential for proactive and innovative practices (Akani et al., 2020). EO highlights specific personality traits and actions that can enhance an individual's inclination towards entrepreneurial endeavours (Bolton and Lane, 2012; Borchers and Park, 2010).

This study explores the EO of employees as a personal resource. Creative self-belief, which measures an individual's confidence in their ability to excel in creative pursuits,

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Print ISSN: 2053-5821(Print)

Online ISSN: 2053-583X (Online)

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Publication of the European Centre for Research Training and Development-UK

is a vital aspect of EO (Wyrwa, 2020). The belief in one's potential is the foundation for initiating and sustaining activities (Borchers and Park, 2010). Those with greater confidence in their capacity to generate new ideas are more likely to engage in innovative behaviours, particularly creativity (Zehir et al., 2016). EO enhances resilience, transforms limitations into challenges and improves EIP. This inquiry led to the following hypothesis being proposed:

**H3:** There is a significant and positive impact of entrepreneurial orientation on employee innovation performance.

Earlier studies in the literature have explored the success of SMEs and the positive link between effective HRMPs, organizational performance and competitiveness (Alsafadi and Altahat, 2021; Al-juboori et al., 2021; Gomes and Wojahn, 2016; Rasool et al., 2019). However, few meta-analytic studies have examined the role of EO as a mediator in the relationship between HRMPs and overall SME success (Moustaghfir et al., 2020; Zehir et al., 2016). These researchers recommend further exploration into how EO can more effectively explain the connections between HRMPs and EIP. JD-R theory suggests that SD and JDS can indirectly impact EIP. It is posited that:

**H4:** The impact of human resource management practices on employee innovation performance is mediated by entrepreneurial orientation.

To remain competitive, SMEs must prioritize entrepreneurship and innovation, critical drivers of OL and knowledge resource development(Cooney, 2012). The job resource known as OLC helps SMEs adapt to changes in their environment by developing new skills and strategies that respond to individual engagement (Gomes and Wojahn, 2016). Through active learning, organizations can quickly adapt to changes, develop new behaviours and improve their performance, making OL a critical tool for enhancing SMEs' performance (Alsabbagh and Khalil, 2017). By facilitating knowledge acquisition and the distribution of information, OLC can improve organizational culture and foster individual EO and innovation capabilities. While HRMPs help reinforce OL and shape business performance, more guidance is needed on their relationship with EIP. OLC plays a moderating role in translating HRMPs efforts into employee performance outcomes (Reilly, 1998). This research aims to develop and test an integrative framework linking HRMPs to EIP and OLC's moderating role in cultivating entrepreneurial behaviours and fostering organizational learning. Hence, the following hypothesis is put forward for consideration.

**H5:** OLC moderates the relationship between HRMP and EIP, such that a high OLC would strengthen the impact of HRMP on EIP and a low OLC would weaken the impact of HRMP on EIP

Vol.11, No.3, pp.,71-97, 2023

Print ISSN: 2053-5821(Print)

Online ISSN: 2053-583X (Online)

Website: https://www.eajournals.org/

Publication of the European Centre for Research Training and Development-UK

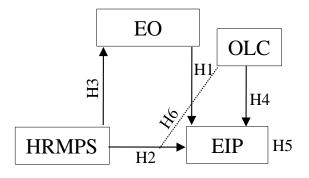


Figure 1: Research Model

## METHODOLOGY

## **Data Collection**

To achieve the study's objective, the researchers investigated the role of EO as a mediator between HRMPs' effects on EIP, with OLC moderating the relationship. A cross-sectional survey was conducted using the PLS-SEM technique with smart PLS-4. The questionnaire was translated into Hausa and back-translated into English using multilingual neural machine translation service and two independent academics proficient in English and Hausa. The results showed no inconsistencies (Son, 2018).

The study employed a convenience sampling technique, gathering information about STWEs from the list of registered and regulated SMEs in the Sokoto State Office of NAFDAC. Data was collected through personal visits from July to October 2022, resulting in a sample size of 306 respondents. Most respondents were male, with 86.9% of the sample, while 13.1% were female. Respondents had no solid educational background, with 46.1% attending secondary school and 31.0% attending vocational schools. Most respondents had one to five years of employment history; the largest age group was 18 to 27. Married respondents comprised the highest number, with 51.3% of the sample.

## Measurement

HRMP was measured with six distinct questions. Four questions from Ogbonnaya et al. (2018) were utilized to evaluate SD, while two questions from Ogbonnaya et al. (2018) were used to assess JDS. Five questions adapted from Sethumadavan et al. (2020) were employed to evaluate EIP, while Chiva and Alegre (2008) developed seven questions for the OLC assessment, of which DIA was assessed with four questionsand PDM with three questions. Bolton and Lane's (2012) ten questions were used to evaluate EO. The questionnaire's responses were measured on a five-point Likert scale, with 5 indicating strong agreement and 1 indicating strong disagreement.

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Print ISSN: 2053-5821(Print)

Online ISSN: 2053-583X (Online)

Website: https://www.eajournals.org/

Publication of the European Centre for Research Training and Development-UK

## **RESULTS/ FINDINGS**

## Measurement model

A thorough analysis of quality assessment criteria was conducted using factor loading, to measure the constructs discriminant validity and convergent validity (reliability and validity) by implementing Smart PLS 4. The indicators factor loading was accessed and according to Hair et al. (2010), any item indicator loading below 0.4 should only be removed if its elimination increases the composite reliability or AVE to an amount equal to or greater than the advised value. Based on this rationale, all items with loadings below 0.4 were removed, resulting in the elimination of six items (SD3, EO10, EIP5, DIA1, PDM3and PDM4) due to poor factor loading (Hair et al., 2010). Consequently, the model consisted of 22 items with loadings ranging from 0.60 to 0.80 (refer to Table 1)

The stability and consistency of a measuring instrument can be determined by its reliability. In our recent study, we utilized Cronbach's Alpha (CA) and composite reliability (CR) to evaluate the construct reliability and the results can be found in Table 1. Specifically, HRMPs obtained scores of 0.792 and 0.836, EO scored 0.878 and 0.902, OLC scored 0.788 and 0.836and EIP scored 0.711 and 0.820. It is worth noting that all CA and CR values exceeded the recommended threshold of 0.700 (Hair et al., 2010), indicating that the levels were within a reasonable range.

According to the criterion set by Bagozzi and Yi (2012), all of the Average Variance Extracted (AVE) values in Table 1 meet the minimum requirement of 0.5, indicating acceptable convergent validity. Therefore, the AVE findings are satisfactory. The AVE values for HRMPs, EO, OLCand EIP were 0.507, 0.506, 0.509 and 0.534, respectively. This study also evaluated the Fornell Larcker and heterotrait - monotrait (HTMT) ratio to investigate the discriminant validity. According to Fornell and Larcker (1981), the discriminant validity of the current study's AVE was determined by comparing the correlations between the latent constructs with square roots of the average variance retrieved from the data (values in boldface). Table 11 demonstrates that all extracted average variances had square roots greater than correlations among latent constructs (Fornell and Larcker, 1981). The results of the HTMT ratio are all less than the 0.90 limits (see Table 111). They indicated adequate discriminant validity for Fornell Larcker and HTMT ratio.

Vol.11, No.3, pp.,71-97, 2023

Print ISSN: 2053-5821(Print)

Online ISSN: 2053-583X (Online)

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Table I:	<b>Results of the Factor loading, reliability and validity (n=306)</b>

			8/	U V	,
Constructs	Indicators	Loading	Cronbach	Composite	AVE
			Alpha	Reliability	
HRMPS	JDS1	0.676	0.792	0.836	0.507
	JDS2	0.655			
	SD1	0.725			
	SD2	0.690			
	SD4	0.805			
EIP	EIP1	0.676	0.711	0.820	0.534
	EIP2	0.694			
	EIP3	0.781			
	EIP4	0.766			
EO	EO1	0.678	0.878	0.902	0.506
	EO2	0.675			
	EO3	0.737			
	EO4	0.730			
	EO5	0.741			
	EO6	0.726			
	EO7	0.687			
	EO8	0.678			
	EO9	0.744			
OLC	DIA2	0.678	0.788	0.836	0.509
	DIA3	0.675			
	DIA4	0.737			
	PDM1	0.664			
	PDM2	0.744			

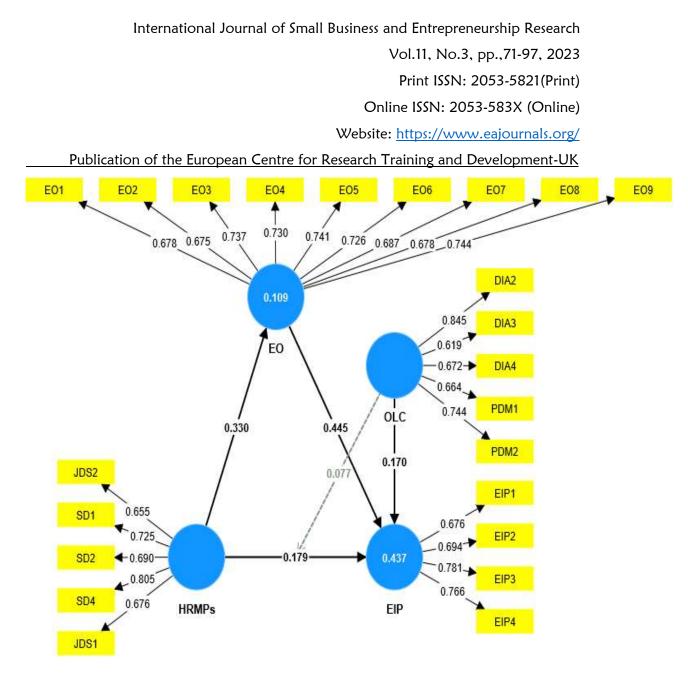


Figure 2: Measurement Model

Source: Author's Data Collection, 2022

Constructs	EIP	EO	HRMPs	OLC
EIP	0.731			
EO	0.612	0.711		
HRMPs	0.386	0.330	0.712	
OLC	0.512	0.649	0.292	0.713

Vol.11, No.3, pp.,71-97, 2023

Print ISSN: 2053-5821(Print)

Online ISSN: 2053-583X (Online)

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	Table III. Discriminant valuary. Recerotrate-inonotrate Ratio							
Constructs	EIP	EO	HRMPs	OLC	OLC x HRMPs			
EIP								
EO	0.750							
HRMPs	0.403	0.318						
OLC	0.527	0.728	0.302					
OLC x HRM	Ps 0.120	0.045	0.137	0.024				

Table III: D	<b>Discriminant Validity:</b>	Heterotrait-monotrait Ratio
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Source: Author's Data Collection, 2022

It was observed in table 1V The discriminant validity was assessed using the crossloading method, which demonstrated higher loads for each construct with its construct than in the other constructs. Therefore, the model constructs can be considered reliable and appropriate.

<b>x</b>				01.0	
Indicators	EIP	EO	HRMPs	OLC	OLC x HRMPs
DIA2	0.614	0.611	0.244	0.845	0.011
DIA3	0.202	0.343	0.197	0.619	0.006
DIA4	0.214	0.420	0.202	0.672	-0.020
EIP1	0.676	0.413	0.262	0.298	0.076
EIP2	0.694	0.332	0.288	0.272	0.081
EIP3	0.781	0.519	0.252	0.568	0.090
EIP4	0.766	0.492	0.337	0.308	0.049
EO1	0.494	0.678	0.246	0.274	-0.014
EO2	0.404	0.675	0.197	0.358	0.002
EO3	0.545	0.737	0.239	0.359	0.027
EO4	0.441	0.730	0.219	0.351	0.013
EO5	0.368	0.741	0.230	0.558	-0.005
EO6	0.429	0.726	0.278	0.576	-0.110
EO7	0.394	0.687	0.271	0.583	-0.083
EO8	0.376	0.678	0.154	0.583	0.006
EO9	0.416	0.744	0.259	0.585	0.013
JDS2	0.158	0.118	0.655	0.161	0.073
PDM1	0.202	0.342	0.138	0.664	-0.001
PDM2	0.256	0.466	0.252	0.744	0.041
SD1	0.176	0.190	0.725	0.131	0.092
SD2	0.180	0.171	0.690	0.209	0.103
SD4	0.465	0.371	0.805	0.315	0.111
JDS1	0.130	0.136	0.676	0.078	0.070
OLC x HRMPs	0.101	-0.023	0.131	0.012	1.000

 Table IV:
 Discriminant Validity: Cross Loading

International Journal of Small Business and Entrepreneurship Research
Vol.11, No.3, pp.,71-97, 2023
Print ISSN: 2053-5821(Print)
Online ISSN: 2053-583X (Online)
Website: https://www.eajournals.org/
Publication of the European Centre for Research Training and Development-UK

## **Structural Model**

To maintain reliability, assessing the structural model for possible collinearity concerns is crucial when the outer model is reliable. The variance inflation factor (VIF) method is a suitable approach to detect collinearity. A VIF score of less than 5.0 is preferred, as scores above this threshold suggest probable issues with collinearity between the predictor constructs (Hair et al., 2010).

Indicators	VIF
DIA2	1.323
DIA3	1.353
DIA4	1.682
EIP1	1.251
EIP2	1.347
EIP3	1.365
EIP4	1.389
EO1	1.802
EO2	1.604
EO3	1.980
EO4	2.022
EO5	2.065
EO6	2.046
EO7	1.781
EO8	1.881
EO9	1.924
JDS2	4.007
PDM1	1.590
PDM2	1.716
SD1	4.339
SD2	4.030
SD4	1.221
JDS1	4.283
OLC x HRMPs	1.000

Table V:Collinearity Statistic (n=306)

Source: Author's Data Collection, 2022

Based on the data presented in Table V, there is no evidence of collinearity among the exogenous latent constructs. This is supported by all indicators having VIF values less than 5, as Hair et al. (2010) recommended. This means that collinearity is not a concern in this study.

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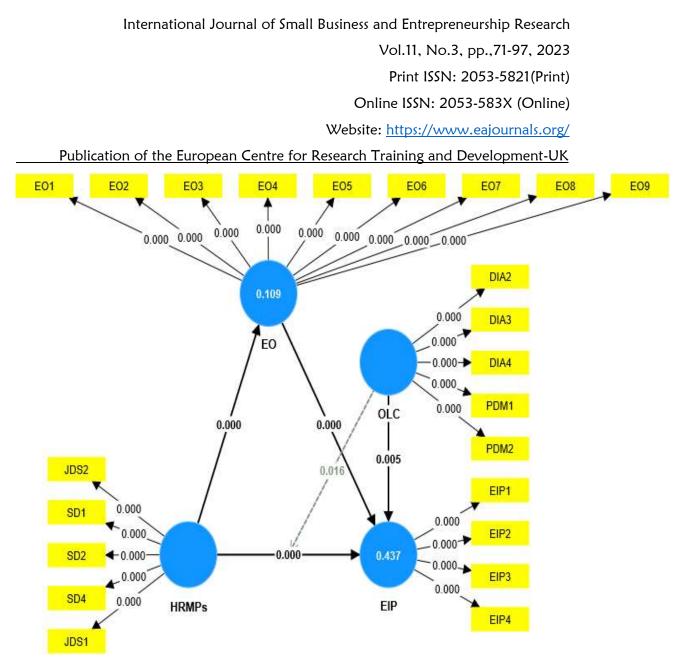
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The structural model corresponds to the directions suggested in the study hypothesis. Based on the R2 and Q2, a structural model is evaluated. The in-sample predictive power (R2) reflects the variation explained in each endogenous construct and measures the model's explanatory power (Hair *et al.*, 2010). Simply, it means how much change one or more independent variables may cause the dependent variable. This study discovered that 43.7% variation occurred on EIP, explained by the influence of HRMPs and EO. 10.9% variance occurred on EO by the impact of only HRMPs. Cohen et al. (2020) indicated that R2 = 2% is defined as a small effect, R2 = 13% as the average effect and R2 = 26% as an excellent effect for the field of social sciences, as noted in Table V1, 43.7% present a significant impact while 10.9% represent average effect.

To assess the strength of each structural path, both the dependent and mediating constructs' R2 and Q2 values must be greater than zero (Cohen et al., 2020). The findings demonstrate that the R2 value is greater than zero, establishing the predictive capability and the Q2 value is also greater than zero, establishing' predictive relevance.

Construct	<b>R-square</b>	Q-square
Entrepreneurial orientation	0.109	0.097
Employee innovation performance	0.437	0.248

#### Table: VI: R-square and Q-square





Source: Author's Data Collection, 2022

Hypotheses were tested as part of further model analysis to identify the significance of the relationship. The findings showed that EO has a positively significant effect on EIP ( $\beta$ = 0.445; t=6.710 p<.05) therefore, H1 is supported. The findings showed that HRMPs has a positively significant effect on EIP ( $\beta$ = 0.179; t=4.172; p<.05) therefore, H2 is supported. The findings showed that HRMPs has a positively significant effect on EO ( $\beta$ = 0.330; t=7.766; p<.05) therefore, H3 is supported. Thus, all the direct relationships are accepted (see table V11).

Hypotheses	Beta	Mean	STDEV	T value	P value	2.50%	97.50%
EO -> EIP	0.445	0.440	0.066	6.710	0.000	0.310	0.568
HRMPs -> EIP	0.179	0.179	0.043	4.172	0.000	0.091	0.261
HRMPs -> EO	0.330	0.341	0.043	7.766	0.000	0.228	0.401

Table VII:	<b>Direct Relationship</b>
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## **Mediation Analysis**

The study used the standard bootstrapping process with a number of 5000 bootstrap sub-samples to evaluate the relevance of the path coefficients from 306 cases (Hair *et al.*, 2010). Analysis of mediation is used to assess the model structure and it begins with an analysis of the indirect relationships involving the independent and dependent variables through the mediator EO to establish the indirect effect. Mediation in the PLS path model, can be referred to as a change in the exogenous construct leading to a change in the mediator construct, which, in turn, causes a change in the endogenous construct. The mediating role of EO was evaluated. The finding showed the indirect effect of HRMPs on EIP through EO was positively significant (H4:  $\beta$ =0.147; t=4.412; p<.05) therefore, H4 is supported. This is presented in table VIII below.

Tables VII and VIII display the 95% confidence intervals that the 5000 resample from this study produced. A significant link is indicated by a confidence interval greater than zero.

Hypotheses	Beta	Mea n	STDEV	T value	P value	2.50%	97.50 %
HRMPs -> EO -> EIP	0.147	0.151	0.033	4.412	0.000	0.086	0.215

## **Table VIII: Indirect Relationship**

Source: Author's Data Collection, 2022

## **Moderation analysis**

Moderation is a scenario where the connection between two concepts is not constant but varies based on a moderator variable's value. This variable alters the direction and strength of a model's relationship between the independent and dependent variables. In this study, moderation analysis was conducted to assess the moderating influence of OLC. The findings showed that OLC's interaction effect on the connection between HRMPs and EIP was significantly positive ( $\beta$ =0.077; t=2.416; p<.05), thereby supporting H5. OLC moderates the favourable link between HRMPs and EIP by strengthening it as OLC increases.

## Table 1X: Moderation analysis

Hypotheses	Beta	Mean	STD	T value	P value	2.5%	97.5%
OLC x HRMPs -> EIP	0.077	0.075	0.032	2.416	0.016	0.017	0.143

Source: Author's Data Collection, 2022

## Simple slope analysis

The study investigated the role of OLC in moderating the relationship between HRMPs and EIP. The R-square value for EIP was 0.430 without considering the

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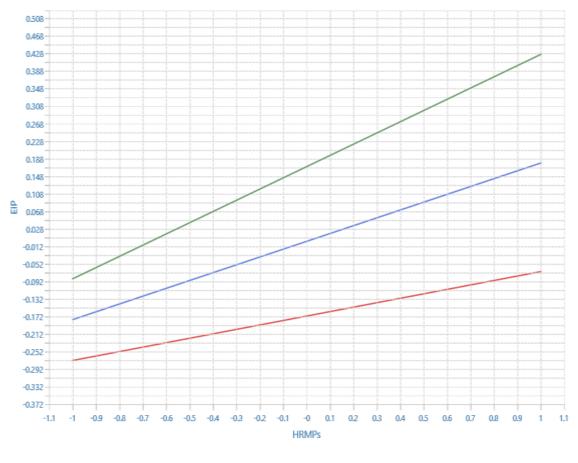
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moderating effect, indicating that HRMPs and OLC account for a 43.0% change in EIP. However, including the interaction effect increased the R-square value to 0.437, indicating a 0.7% increase in variance explained in the dependent variable (EIP).

Additionally, a slope analysis was conducted to understand the moderating effects' nature better. The line was much steeper for high OLC, suggesting that the impact of HRMPs on EIP is more significant at high OLC levels. Conversely, the line tends to flatten at low OLC levels, indicating that an increase in HRMPs may not result in similar changes in EIP. In conclusion, the study shows that low OLC weakens the impact of HRMPs on EIP.



OLC x HRMPs

- OLC at -1 SD - OLC at Mean - OLC at +1 SD

#### Source: Author's Data Collection, 2022

Based on the graph depicted above, it can be observed that the red line signifies low OLC, the blue line corresponds to OLC at the mean and the green line represents high OLC. The findings indicate that augmenting OLC at a high and positive standard deviation will enhance the influence of HRMPs on EIP while diminishing the impact of HRMPs on EIP at low OLC.

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## DISCUSSION

This research highlights the mediating role of EO and the moderating role of OLC in the relationship between HRMP and EIP in SME contexts. Previous research has investigated the effects of HRMPs on innovation performance and OLC on innovation performance. However, further research is needed on the relationship between HRMPs and EIP in conjunction with EO as a mediator and OLC as a moderator. To gain a more comprehensive understanding of how HRMPs can improve EIP through EO's mediation and OLC's moderation, an empirical study on STWEs in Sokoto state, Nigeria, was conducted using the JD-R model. Below is a discussion of the findings of the field research.

According to this study, the use of HRMPs has shown a significant and positive impact on EIP. This finding is consistent with similar studies conducted by Alsafadi and Altahat (2021). By providing employees with access to HRMPs, STWEs can effectively improve EIP. When HRMPs foster innovation, employees exhibit higher engagement and energy, supporting previous research that suggests resourceful work environments can enhance performance on creative tasks.

The investigation conducted by the study supports the previous findings that there is a positive correlation between HRMP and EO. This result aligns with the studies conducted by Saddique et al. (2021) and Zehir et al. (2016). HRMPs enhance employees' EO (personal resources) in STWEs by providing staff development training on entrepreneurship. This, in turn, creates a conducive business environment that enables staff to identify opportunities and engage in entrepreneurial activities systematically (Saddique et al., 2021; Yucel, 2011; Zehir et al., 2016).

Additionally, the study showed that EO has a significant and positive impact on EIP. This finding supports previous studies that determined EO's crucial role in driving SMEs' innovation performance (Hassim et al., 2018; Schueffel, 2015). The answer to the research question is provided by this discovery, which confirms the JD-R theory's assertion that EO is a valuable personal resource that positively influences EIP. The literature review indicates that EO encompasses innovation, proactivityand risk-taking, allowing businesses to make bold choices. As a result, this study emphasizes the importance of SME employees having an entrepreneurial mindset to maximize their enterprise's innovation potential. In Nigeria, SMEs should prioritize EO skills as they can use them to identify and capitalize on opportunities while taking calculated risks to drive innovation.

The study's findings indicate that employees' EO is a personal resource and a mediator, facilitating the relationship between HRMPs and EIP. The Job Demands-Resources Model proposes that HRMPs can enhance employees' creativity by providing resources supporting their entrepreneurial knowledge, resulting in higher job performance. It is particularly true when the proper HRMP is employed and employees are motivated entrepreneurially (Rudawska et al., 2021). The finding is consistent with Moustaghfir et al. (2020) and Zehir et al. (2016) studies demonstrating how EO mediates the impact of HRMPs on firm performance. SMEs with highly engaged employees are often driven to succeed, creating meaningful jobs.

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Furthermore, SMEs with high EO levels can generate innovative ideas and strategies to respond quickly to any situation, demonstrating their confidence in their skills, knowledgeand ability to tackle production-related challenges. They can generate fresh ideas and adapt to demanding circumstances, allowing them to exceed expectations and complete their work to the best of their abilities.

The emphasis is on how staff perceives their enterprise's entrepreneurial characteristics and attitude toward their employment (Quince, 2003). EO calls for swift judgment and cautious risk-taking initiative.

For SMEs and STWEs, in particular, to be competitive, they must have an entrepreneurial mindset while strongly emphasizing innovation as the primary component driving OL and knowledge resource development (Cooney, 2012).

The findings revealed that increasing OLC would enhance the impact of HRMP on EIP, ultimately boosting an organization's innovation potential. Although the study's findings they shed light on OLC's positive and significant influence on the relationship between HRMP and EIP. These results support the JD-R model, which suggests that personal and job resources can motivate employees to achieve positive job outcomes (Bakker and Demerouti, 2007; Schaufeli, 2017).

This study argues that the enterprise's overall capacity for innovation must be achieved in collaboration with the capacity for innovation of each of its employees. As a result, the sum of individual employee innovation talents represents the overall enterprise innovation capabilities. It may be reasonable to assume that high levels of employee participation in learning activities within their enterprises will increase the workforce's capacity for creativity. To put it another way, this study suggests that employees' involvement in entrepreneurial learning and distribution of information will strengthen their capacity to develop fresh concepts for developing products and services. Therefore, innovation develops due to the interaction between employee's entrepreneurial knowledge, experience and distribution of information.

## **Implication to Research and Practice**

The study's numerous theoretical contributions show the importance of the mediating role of EO and the moderating impact of OLC to improve EIP in SMEs. Numerous studies have examined the impact of EO on business performance (Iqbal et al., 2021; Khan et al., 2020; (Makhloufi et al., 2021), however, further research in the context of EIP is called for. Therefore, the current empirical study was conducted to learn more about the effectiveness of HRMPs that may be used to improve EIP utilizing EO as an intervening variable and OLC as a moderating variable. The work by Moustaghfir et al. (2020) and Zehir et al. (2016) advance the conceptual understanding of the link between HRMP to EO and EIP. The proactive, innovative and risk-taking behaviour of employees who desire to improve their innovation performance in a dynamic environment is the foundation of the EO structure. The results of the current study examined the link between HRMPs and EIP, the mediating effect of EOand the

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moderating effect of OLC. The facilitating role of EO and OLC is to translate HRMP endeavours into EIP by building on SD, JDS, DIA and PDM.

This research highlights the significant advantages of adopting suitable HRMPs for enhancing EIP directly and indirectly. Despite uncertainty among SMEs in developing countries regarding adopting HRMP, this study provides a clear understanding of its essential benefits and contributes to the existing knowledge base. Notably, the study also identifies the mediating role of EO in the relationship between HRMPs and EIP.

The findings indicate that incorporating EO to improve EIP and OLC to strengthen the impact of HRMP on EIP can result in better overall performance in SMEs. While previous research has explored the influence of EO on performance, the current study fills a gap in knowledge regarding the mediating effect of EO and the moderating role of OLC in the SME.

The findings indicate that OLC moderates the relationship between HRMP and EIP. This study demonstrates that OLC enhances EIP when HRMPs are applied, supporting the recommendations of earlier scholars that OLC should be considered a moderator (Qalati et al., 2021; Saunila et al., 2014). These results suggest that prioritizing OL can help SMEs strengthen the impact of HRMP on EIP.

Due to the limited number of academic papers investigating the constructs examined in this research study, the practical evidence obtained from the study is crucial. The study emphasizes the importance of having HRMPs that can cultivate an entrepreneurial mindset in employees, enabling them to generate more innovative and practical ideas to develop or implement in Sokoto, Nigeriaand beyond.

In order to foster knowledge and innovation, it is essential to equip employees with the necessary skills for innovative thinking. Additionally, challenging employees with tasks that require them to utilize their abilities and skills can be instrumental in promoting knowledge creation and innovation (Gomes et al., 2022). The study's findings emphasize the pivotal role that HRM can play in transforming learning into innovative ideas and long-term success.

# CONCLUSION

The objective of the present study is to investigate the link between HRMPs, EIP, EOand OLC, utilizing the JD-R model. The study aims to achieve several goals, including determining the connection between HRMPs and EIP, establishing the link between HRMPs and OLC, evaluating the relationship between HRMPs and EO, demonstrating the relationship between EO and EIP, identifying the relationship between EO and OLCand identifying the mediating effects of EO on the relationship between HRMPs and EIP, as well as the mediating impact of EO on the relationship between HRMPs and OLC. These connections are tested using data collected from

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Online ISSN: 2053-583X (Online)

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STWE employees in Sokoto, Nigeria, at a specific time. The study hypothesized that HRMPs positively impact EIPand the findings support this assumption. It is also proposed that HRMPs positively affect OLC, which is empirically supported.

Furthermore, the study hypothesized that HRMPs positively affect EO, which is supported. The findings also support the hypothesis that EO positively affects EIP. These relationships, which are strongly supported by empirical evidence, help elucidate the mediating role of EO in explaining how HRMPs enhance EIP. These findings, in line with the JD-R model, indicate that job resources increase employees' EO and EIP.

## **Future Research**

The study's findings revealed significant constraints in data analysis which can be considered in future studies. The study sample was limited to STWEs in Sokoto state, Nigeria and was conducted in the context of developing nations. Given these circumstances, an alluring avenue for research would be to investigate the influence of HRMPs on EIP, the mediating influence of EO and the moderating influence of OLC in diverse developing cultures and nations.

The study's conclusions were drawn from cross-sectional data, reflecting only the respondents' perceptions at a particular time. For future researchers to gain an advantage, conducting longitudinal studies can offer a more complete understanding of the subject—the interplay among the four constructs over an extended period.

Additionally, the current study used unidimensional EO variables. However, future studies may apply a multidimensional EO variable to comprehend HRMP adoption in EIP fully and to evaluate and validate the results of the current study.

This research establishes the foundation for using new variables to measure HRMPs. Many HRMPs can be measured; therefore, covering other variables or more than two variables that are not part of this study is a possible direction; this enhances the scope of measurement employed in this research.

This study used advanced quantitative SEM methodology to test hypotheses and explore complex causal relationships. Alternatively, collecting data using qualitative methods could prove practical as well. Another multivariate statistical method may be utilized to establish diverse causal pathways and produce findings for EIP. The current study utilized a mono-method. Hence, future researchers may find it valuable to employ a mixed-method design in their methodology. It would make a valuable contribution to developing fresh insights into the relations investigated.

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