

Strategic capability, financial management practices, and human resource management of SMEs in China: Basis for improved HRM framework for SMEs

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Abstract

The study aimed to assess the strategic capability, financial performance and human resource management practices of SME's in China and developed an improved Human Resource Management Framework for SMEs. The study made use of descriptive research design which is a procedure where a specific data and information were gathered from a population or group of people being assessed. Respondents were selected based on the fact that they belonged to technology-based SMEs identified by the Chinese government. The sample size of 338 were employees and middle level managers of selected companies from different regions of 16 cities in Shandong Province. The study used an adapted questionnaire in order to answer the problems of the study. Results of the study revealed that strategic capability in terms of learning capability, research and development capability and marketing capability was positively agreed upon by the respondents. Respondents assessment on financial management practices as to recording, budgeting and reporting were performed by the companies. As to human resource management practices were established in the company as to opportunity, motivation and ability. A high significant relationship was found between strategic capability, human resource management and financial management. The better the strategic capability, the better are the financial management practices as well as human resource management. It was also revealed that the better the financial management practices, the better is the human resource practices. A framework for Human Resource Innovation was developed to improve SME's.

Keywords: strategic capability, financial management practices, human resource management

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1. Introduction

Small and Medium-sized Enterprises (SMEs) play a crucial role in the economic growth and development of China. With China's rapid industrialization and transition to a knowledge-based economy, technological innovation has emerged as a key driver of competitiveness for these enterprises. Strategic capability is a set of organizational resources and processes that enable a company to achieve its strategic goals. These capabilities can be tangible, such as physical assets or financial resources, or intangible, such as knowledge, skills, and experience. Core competencies are essential for developing strategic capabilities. They refer to a firm's abilities and expertise that are absolutely required to retain a sustained competitive advantage (Nelson, 2013). Another type of skill is the ability to innovate, which refers to a company's ability to develop new goods, services, or processes. Finally, capability for execution refers to a company's ability to carry out its strategy. Strategic competencies are critical for businesses that desire to achieve their strategic goals. Companies can gain a durable competitive advantage and outperform their competitors by developing and using their strategic skills (Barney, 2016).

According to Li et al. (2019), strategic capability has a positive link with company performance in China's listed enterprises, and the influence of strategic competence affects financial performance. The impact of strategic competence on financial success varies by industry. The work force is a company's most significant resource for achieving sustainability and gaining a competitive advantage. Human resources (HR) are the most demanding management objects to handle when compared to capital and technology. Any firm that wants to manage its human resources effectively needs a solid human resource management (HRM) system, just like a successful home needs a strong building beam. Previous studies have shown that human resources can assist business activity with the aid of an effective HRM system, and that HRM practices are aspects of business activity that are utilized to manage a group of human resources, enabling those resources to contribute to the success of the firm.

The term "HRM practices" refers to business procedures used to manage a group of human resources and make sure those resources are contributing to the achievement of organizational goals. The business organization's HRM system should be built upon sound and cutting-edge HRM principles. This paper's primary goal is to assess the value of cutting-edge HRM techniques, such as opportunity seeking, motivation, and selection aptitude. Batt (2017) finds that a bundle of HR practices, which the author terms "high commitment management" (HCM), is positively associated with organizational performance. The findings of the study imply that HCM practices can be a valuable tool to firms that want to improve their performance. The external environment matters for the efficacy of HCM practices.

The financial performance of Chinese SMEs is an important indicator of their success and long-term viability. Effective financial management is critical for SMEs' ability to innovate and respond to market developments. Interestingly, Zhang and Rajagopalan (2018) discovered in their study that strategic capability is positively related to financial performance. However, the study cautioned that the impact of strategic competencies on corporate financial success is influenced by factors such as industry characteristics, company size, and level of competition. As a result, strategic competence is a critical aspect in helping a corporation achieve financial success. Nonetheless, the consequence of strategic competence on financial performance may not be guaranteed. The external environment, as well as the specific dimensions of strategic competence owned by a given organization, have an important role in determining financial performance. Zhu et al., 2021 investigated if human resource management techniques are favorably associated with SMEs' performance in China. They discovered that human resource management methods are favorably associated with SMEs' success

in China. The study also discovered that the association between human resource management techniques and SMEs' performance is modified by industry.

Effective human resource management ensures that SMEs attract and retain talented employees, cultivate skill development, and foster an innovative culture. Wang and Noe (2018) found that HRM approaches such as employee training, empowerment, and engagement greatly boost technical innovation in Chinese SMEs. Strategic HRM approaches at the top of the table improve employee performance and job satisfaction, resulting in good organizational performance (Li et al., 2019). Small and medium-sized enterprises (SMEs) constitute the cornerstone of the Chinese economy. They account for more than 90% of total business activity in China and employ more than 80% of its workforce. SMEs are important since they are deeply interwoven into the Chinese economy and contribute significantly to the country's development. They enabled the creation of new jobs while also encouraging innovation and competitiveness. As a result, small and medium-sized enterprises (SMEs) are becoming increasingly important as China grows. However, Li et al. (2019) found that SMEs confront several hurdles. Indigenous SMEs confront more problems in maintaining their competitive edge in domestic and international markets. Tech-based SMEs face internal and external structural changes throughout development. Thus, many specialists are studying the factors that affect technology-based SMEs' development. Along with previous research, this study helps explain how internal and external factors affect technology-based SMEs' business strategy.

More research is needed to understand the relationship between SMEs' performance and strategic competency, particularly across sectors, rather than focusing on a single or a few sections as is prevalent in the existing literature. More research is also required to determine how financial management skills improve the success of SMEs at various phases of development. Third, further study is needed to determine how HRM skills affect SMEs' performance in various cultural settings. To thrive and compete long-term, SMEs must be able to create strategic competence, connect it with their HRM practices, and generate financial performance that is at or above industry average. These three relationships are critical for making strategic decisions and implementing policies that benefit SMEs in China's changing business climate.

This study aims to evaluate the strategic capability, financial performance and human resource management practices of SME's in China and develop a robust human resource management framework particularly for SMEs. Specifically, it aims to measure the strategic capability which concerns the learning capability, R&D capability, and marketing capability; describe the financial management practices which include recording, budgeting, and reporting. Besides, it evaluates the human resource management practices in terms of opportunity practices, motivation, selection ability; and analysis the relationship among strategic capability, financial management practices and human resource management practices which develop an improved HRM framework for SMEs.

2. Methods

Research Design - The study employed the descriptive research design. The descriptive technique is a process that involves gathering particular data and information from a community or group of individuals undergoing assessment. Additionally, it provides the frequency of occurrence of certain situations or events, which can be expressed numerically using measures like the average or sum of episodes or the propensity toward recurrence (Semley et al., 2017). Furthermore, according to Suparno (2017), a descriptive research design is one type of formal study meant to give an explanation of a phenomenon or a fundamental feature of a population. Finding correlations, links, and differences between the three variables chosen is the aim of this approach, which also aims to accurately and methodically depict the facts and features of a certain population (Rahi, 2017). Polit and Beck (2014) also mentioned that the goal of descriptive research is to observe and analyze a new feeling that is difficult to identify as an objective aspect.

Participants of the Study - The respondents of this questionnaire are as follows: The respondents are 9 types

of technology-based SMEs, a total of 4,320 enterprises were selected from Shandong Province, China, and 10 enterprises of each type were located in each city. Respondents were selected based on the fact that they belonged to technology-based SMEs identified by the Chinese government. The selected companies are from different regions of 16 cities in Shandong Province, and are generally representative and random. Make contact by email, phone, WeChat, etc. with the appropriate person in charge, middle-level staff, and employees of the company to finish the research content. Using Google Raosoft, the sample size was 338, with an effect size of 0.50, an alpha level of 0.05 or 5%, and a power probability of 0.95 or 95%. One of the study's limitations was that some potential responders were not accepted to participate. But in an effort to enhance the study, the researcher did her best to cover the appropriate scope.

Data Gathering Instrument - In order to resolve the concerns raised by the study, a revised questionnaire was utilized. The major strategy employed to collect the necessary data involved the utilization of three sets of questionnaires. The questions of each instrument were presented as descriptive statements, and respondents were instructed to score their level of agreement or disagreement with each statement using a four-point Likert scale. The scores were verbally interpreted as follows: A rating of 3.50-4.00 on the Likert scale corresponds to a strong agreement, a rating of 2.50-3.49 indicates agreement, a rating of 1.50-2.49 indicates disagreement, and a rating of 1.00-1.49 indicates strong disagreement. The research tool consists of three components. Section I presents the inquiries. After the initial questions are generated, this paper invites 7 experts, 5 heads of technology-based SMEs, 5 middle-level personnel and 5 enterprise employees to discuss the initial questions of the scale. Among them, the consultation interviews with experts mainly discuss the selection of variables in the scale, the conceptual and operational definitions of variables, and whether the design of specific heading items is reasonable and effective. The consultation and interview with the person in charge of the enterprise, middle-level personnel and enterprise employees is mainly to explore and determine whether the variables selected in this paper are more important in the process of strategic capability of small and medium-sized enterprises, specifically whether the design of the title item conforms to the actual situation, and whether the expression of the scale language is easy to understand. Three experts were invited again to evaluate the overall construct validity and content validity of the scale from two aspects of theoretical significance and practical significance, so as to complete the preliminary survey scale for the research on influencing factors in this paper.

Furthermore, by analyzing the sample data, we have achieved the reliability test results of the formal scale. The Strategic Capability, Financial Performance, and Human Resource Management Instrument demonstrates a high level of consistency, as indicated by the Cronbach's Alpha value of (.986). The validation of this was supported by the outstanding remarks from Strategic Capability (.976). Furthermore, it was confirmed by the exceptional results from Learning Capability (.945), Research and Development Capability (.940), and Marketing Capability (.940). Furthermore, it received validation through the outstanding evaluations in Financial Performance (.954). Additionally, it was proven by the exceptional outcomes in Recording (.936), Budgeting (.964), and the satisfactory result in Reporting (.790). Additionally, the instrument's reliability index test was confirmed by the results obtained from Human Resource Management (.973), Opportunity Practices (.946), Motivation Practices (.944), and Ability Practices (.880). Therefore, the researcher proceeded with the real survey using the previously specified instrument.

Data Gathering Procedure - Before collecting data, the adviser approved and suggested request letters for the study to the respected participants. In addition, the researcher composed a formal letter requesting consent from the Human Resource Management (HRM). It was reiterated that the primary objective of the survey is to collect written data for academic purposes, and that all acquired information will be maintained confidentially. The researcher personally distributed the surveys and allowed respondents plenty of time to complete them. When they are finished, the researcher gets the data right away, totals the outcomes, and then interprets and analyses it after statistical processing.

Data Analysis - The respondent's age, sex, civil status, duration of service, highest education level, and professional credentials were characterized using frequency and percentage distribution. Weighted mean and

rank rated financial, human resource, and strategic management methods. The Shapiro-Wilk Test showed that the data set was normally distributed and that all variable p-values were larger than 0.05. The Pearson Product Moment Correlation was used to analyze the significant connection in the non-parametric tests to detect significant differences. All analyses utilized SPSS 28.

3. Results and Discussion

Table 1

Strategic Capability

Indicator	Weighted Mean	Verbal Interpretation	Rank
1. Learning Capability	3.17	Agree	3
2. Research and Development Capability	3.18	Agree	2
3. Marketing Capability	3.21	Agree	1
Composite Mean	3.19	Agree	

Legend: 3.50 – 4.00 = Strongly Agree; 2.50 – 3.49 = Agree; 1.50 – 2.49 = Disagree; 1.00 - 1.49 = Strongly Disagree

The strategic capability summary table is shown in Table 1. The composite mean of 3.19 indicates a positive assessment overall. With a mean score of 3.21, marketing capability was the highest ranking domain. This simply indicates that any business hoping to succeed in the cutthroat market of today needs to have strong marketing skills. Strong marketing competencies help businesses better understand their target market, create compelling marketing messages, choose the best distribution channels, and assess the success of their marketing initiatives. According to Wu et al. (2020), marketing capabilities can be deliberately focused on developing a market orientation through environmental research for a level of differentiation towards the client advice, costs, logistics impact, service needs, cultural adaptation, and business image. Similar to this, resources need to adapt to the market's level of competition through emotional education and methods that set them apart (Morgan, 2012). Additionally, it is oriented toward the primary objective of the business, which is to create a brand positioning based on a suitable combination of marketing variables that satisfy requirements whenever they arise and provide them with a particular good or service.

It was followed by research and development capability while, learning capability ranked the least with mean score of 3.17. Once new knowledge is acquired, learning capability includes the ability to store and retain that information in memory. This enables individuals or systems to access and retrieve the acquired knowledge at a later time when needed. Result also shows that it encompasses the ability to adapt and respond to new or changing circumstances. It involves being flexible in adjusting one's behavior or strategies based on new information or feedback, allowing for continuous improvement and growth. SMEs who have effectively built and are constantly improving their capacity for learning gain a significant competitive edge. SMEs with learning capabilities lay the groundwork for strategic learning, which promotes flexibility and the acquisition of a competitive edge. According to Salisu and Bakar (2019), a firm's capacity for learning and innovation go hand in hand. Thus, knowledge and learning are essential components that lead to notable improvements in overall performance. It is essential for supporting and fostering SMEs' strategic orientation. According to Peris-Ortiz et al. (2018), learning capacity enhances the process of SMEs developing radical innovations and makes other capacities easier to support, both incremental and radical. Learning capacity improves employees' emotional intelligence and job satisfaction (Le and Ok, 2012).

Table 2

Financial Management Practices

Indicators	Weighted Mean	Verbal Interpretation	Rank
1. Recording	3.07	Agree	3
2. Budgeting	3.14	Agree	1
3. Reporting	3.10	Agree	2
Composite Mean	3.10	Agree	

The summary table of financial management practices is shown in Table 2. Every domain received an agree

rating, with budgeting coming on top with a mean score of 3.14, followed by reporting and recording at the bottom. This simply indicates that budgeting is taken into consideration while analyzing a company's financial situation. It entails calculating and assigning monetary resources to various divisions, initiatives, and operations inside the company. Setting financial goals, allocating money wisely, and tracking actual performance against projected goals are the goals of budgeting. Accurate and timely recording is crucial for maintaining reliable financial records, complying with accounting principles and regulations, and facilitating the analysis of financial performance.

Nguyen et al. (2016) conducted a study on the financial management methods and profitability of small and medium-sized enterprises (SMEs) in Australia. Based on the survey findings, it was determined that 83% of small and medium-sized enterprises (SMEs) regularly compare their projected and actual results. Additionally, 77% of SMEs utilize financial planning techniques such as cash, sales, operational, and financial budgeting. Nguyen (2016) found that 75 percent of the 150 small and medium-sized enterprises (SMEs) in the research created and examined their financial statements. Additionally, all of these SMEs utilized accounting information systems to monitor and oversee their accounting operations. Ramli et al. (2017) state that accounting systems offer small business owners and managers in any industry a means of obtaining information to measure financial performance in areas such as costing, expenditure, and cash flow. These systems give data that enables monitoring and management.

Ramli et al. (2017) investigated the record-keeping methods for performance measurement with the aim of enhancing the financial management practices of SMEs in Zimbabwe. It was found that the majority of small and medium-sized enterprises (SMEs) did not keep detailed accounting records due to a lack of accounting knowledge. As a result, it was determined that accounting information was not being utilized efficiently.

Table 3

Human Resources Management Practices

Indicator	Weighted Mean	Verbal Interpretation	Rank
Opportunity Practices	3.15	Agree	2
Motivation Practices	3.17	Agree	1
Ability Practices	3.11	Agree	3
Composite Mean	3.14	Agree	

Table 3 presents the human resource management practices. It was observed that motivation practices ranked first with a mean score of 3.17, followed by opportunity and ability practices. Human resource management practices play a crucial role in motivating employees within an organization. Motivation refers to the internal and external factors that drive individuals to be engaged, productive, and committed to their work. In practice, human resource management (HRM) refers to the ongoing provision of solutions to a broad range of issues arising in the relationships between employees and employers, as well as between line workers and managers, employees, and other parties, such as trade unions. Both the influence of the environment and an individual's inherent traits influence human behaviors, emotions, and attitudes. A few examples of the many things that have an impact on HRM's shape include the changes in technology and population (Piwovar-Sulej et al. (2018). The field of HRM has developed both professionally and academically in tandem with deliberate changes in global concerns and unanticipated events like epidemics. It is critical for researchers to pinpoint, characterize, elucidate, and assist practitioners in comprehending the major elements influencing HRM. One of the responsibilities of researchers is to develop useful instructions for managing individuals under various conditions and to suggest areas for further research. The contributions produced in other fields that HRM absorbs and uses in practice are what make it grow. It dishonestly expands upon theoretical advances achieved before in adjacent fields (Piwovar-Sulej et al., 2018).

Table 4*Relationship Between Strategic Capability and Financial Management Practices*

Variables	rho-value	p-value	Interpretation
Learning Capability			
Recording	0.202**	0.000	Highly Significant
Budgeting	0.294**	0.000	Highly Significant
Reporting	0.308**	0.000	Highly Significant
Research and Development Capability			
Recording	0.216**	0.000	Highly Significant
Budgeting	0.345**	0.000	Highly Significant
Reporting	0.235**	0.000	Highly Significant
Marketing Capability			
Recording	0.205**	0.000	Highly Significant
Budgeting	0.333**	0.000	Highly Significant
Reporting	0.212**	0.000	Highly Significant

** . Correlation is significant at the 0.01 level

As seen in the table, the computed rho-values ranging from 0.202 to 0.345 indicate a weak direct relationship among the sub variables of strategy capability and financial management practices. There was a statistically significant relationship between strategic capability and financial management practices because the obtained p-values were less than 0.01. financial management practices provide the necessary framework and tools to support and enable an organization's strategic capability. They help align financial resources with strategic priorities, evaluate investment decisions, measure performance, manage risks, and ensure financial sustainability. The integration of strategic capability and financial management practices ensures that financial resources are effectively utilized to achieve strategic objectives and drive the success of the organization. Effective budgeting and forecasting can help organizations to allocate resources in a way that supports their strategic goals. Similarly, risk management methods assist organizations in avoiding hazards that may jeopardize their capacity to achieve their strategic objectives. Strategic competence is the starting point for financial performance. Companies with higher strategic capabilities can identify and capitalize on chances to improve their financial performance. Furthermore, organizations with stronger strategic competence have better risk management practices, which assist them safeguard their financial performance from the effects of risk. Hagoug et al. (2021) found that there is a favorable association between strategic competency and financial performance. The study also found that financial performance is positively related to strategic planning policies such as strategy creation, strategy execution, strategic performance evaluation, and strategic performance control. Gomera et al. (2018), on the other hand, demonstrate that strategic planning has a favorable link with financial success in small, micro, and medium-sized businesses in the Buffalo City Metropolitan Area of South Africa.

Table 5*Relationship Between Strategic Capability and Human Resources Management Practices*

Variables	rho-value	p-value	Interpretation
Learning Capability			
Opportunity Practices	0.374**	0.000	Highly Significant
Motivation Practices	0.260**	0.000	Highly Significant
Ability Practices	0.344**	0.000	Highly Significant
Research and Development Capability			
Opportunity Practices	0.224**	0.000	Highly Significant
Motivation Practices	0.317**	0.000	Highly Significant
Ability Practices	0.405**	0.000	Highly Significant
Marketing Capability			
Opportunity Practices	0.364**	0.000	Highly Significant
Motivation Practices	0.350**	0.000	Highly Significant
Ability Practices	0.350**	0.000	Highly Significant

** . Correlation is significant at the 0.01 level

There is a weak to moderate direct relationship with the sub variables of strategy capability and human resources management practices as seen in the table with the computed rho-values range from 0.224 to 0.405.

Because the p-values obtained are less than 0.01, it can say that there is a statistically significant relationship between strategic capability and human resources management practices. The resulting p-values were less than 0.01 indicating a statistically significant association between strategic capacity and human resources management methods. An organization's total success depends on the interplay between strategic capacity and human resources management techniques. An organization's ability to successfully allocate its resources and capabilities to meet its strategic goals is referred to as its strategic capability. Conversely, human resources management techniques are made up of procedures and guidelines that aid in staff development and management. For a business to succeed overall, the relationship between strategic capacity and human resources management techniques is essential.

Strategic capability is the capacity of an organization to deploy its resources and competencies to effectively implement its strategies in order to achieve its strategic goals while human resources management practices refer to the activities and policies that support the management and development of employees. According to Gratton and Truss (2017), the relationship between SHRM and organizational performance is positive. In addition, different factors of SHRM like performance management, employee development, and talent management have a positive impact on organizational performance. Organizations that focus on HRM activities such as talent management, employee development, and performance management are more able to transform compared to the other organizations. These results show that the relationship between strategic capability and HRM performance is positive. However, it is very significant to make further researches to understand this relationship appropriately.

Table 6*Relationship Between Financial Management Practices and Human Resources*

Variables	rho-value	p-value	Interpretation
Recording			
Opportunity Practices	0.280**	0.000	Highly Significant
Motivation Practices	0.315**	0.000	Highly Significant
Ability Practices	0.416**	0.000	Highly Significant
Budgeting			
Opportunity Practices	0.285**	0.000	Highly Significant
Motivation Practices	0.287**	0.000	Highly Significant
Ability Practices	0.393**	0.000	Highly Significant
Reporting			
Opportunity Practices	0.262**	0.000	Highly Significant
Motivation Practices	0.286**	0.000	Highly Significant
Ability Practices	0.410**	0.000	Highly Significant

***. Correlation is significant at the 0.01 level*

As shown in table 6, the calculated rho-statistics that range from 0.262 to 0.416 reveal that there is a weak to moderate direct association among the sub constructs of financial management practices and human resources management practices. There is a statistically significant relationship between financial management practices and human resources management practices as the p-values obtained are less than 0.01. The relationship between strategic capability and human resources management practices are crucial for the overall success of an organization. Strategic capability is the capacity of an organization to deploy its resources and competencies effectively in order to achieve its strategic goal, while human resources management practices include policies and activities which support the management and development of employees.

Abotaleb and Elnagar (2022) conducted a study that found a positive relationship between high-performance work practices (HPWPs) and financial performance. HPWPs are a collection of HRM practices that were created to increase employee motivation, productivity, and retention. They found that organizations which underline HPWPs have greater financial performance. Also, Wikhamn (2019) conducted a study that found a positive relationship between HRM practices and customer satisfaction. They found that organizations which underline

HRM practices have greater satisfied customers. These studies show that there is a positive relationship between financial management practices and HRM practices but more research is needed to fully understand this relationship.

Proposed Framework for HRM Innovation

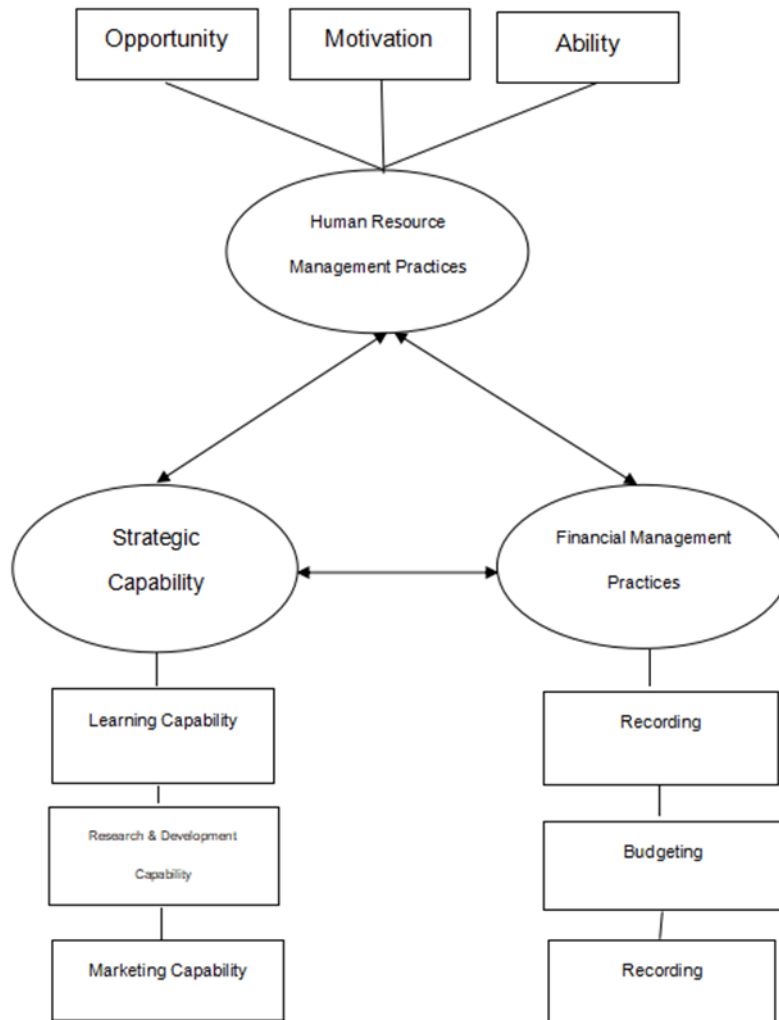


Figure 1. Proposed Model for Human Resource Management Innovation

Financial Management's Impact on Human Resource Management: Financial management practices play a role in the success of human resource management initiatives. If adequate financial resources are allocated to training and development, compensation and benefits, and employee engagement programs, human resource management can recruit and select the most capable talents, invest in the development of employees, and create a positive working environment. Consequently, human resource management can carry out its intended purposes. Moreover, financial management practices ensure the fiscal health of human resource management initiatives. Integration of Strategic Capability, Financial Management, and Human Resource Management: Effective company performance necessitates the coordination of financial management practices, strategic capabilities, and human resource management practices. For financial assets to be deployed toward strategic objectives, human resources must be prudently managed and nurtured to support the strategic initiatives of the organization. The synthesis and mutual support of these three components are required. They cannot exist separately. This model is a conceptual framework designed to demonstrate how strategic competence, financial management practices, and human resource management practices interact with one another. Depending on the organization's setting, industry, and strategic aims, discrete organizational implementation and circumstances may provide the model with varied dynamics and patterns of association.

4. Conclusions and Recommendations

The strategic capability in terms of learning capability, research and development capability and marketing capability was positively agreed upon by the respondents. Respondents assessment on financial management practices as to recording, budgeting and reporting were performed by the companies. As to human resource management practices were established in the company as to opportunity, motivation and ability. The better the strategic capability, the better are the financial management practices as well as human resource management. It was also revealed that the better the financial management practices, the better is the human resource practices. A framework for Human Resource Innovation was developed to improved SME's.

SME's businesses may explore the potential of AI and ML to streamline processes, automate tasks, and gain valuable insights from data. Implement chatbots for customer support, predictive analytics for decision-making, and intelligent automation for repetitive tasks. The companies may leverage data analytics to gain insights into customer behavior, market trends, and operational efficiency and make informed decisions based on data, which can lead to improved financial performance. The accounting department may regularly review and optimize costs across all departments. Identify areas where expenses can be reduced without sacrificing quality and consider cloud-based services, outsourcing non-core functions, and negotiating favorable vendor contracts. The management may prioritize employee well-being and create a supportive work environment and offer flexible work arrangements, wellness programs, and opportunities for personal and professional growth. Consider initiatives such as mental health support and work-life balance. The Human Resource office may implement policies and practices that promote equal opportunities and diversity at all levels of the organization and encourage open communication and provide training on unconscious bias and cultural competence. The proposed framework may be used as a basis to have an innovation-oriented human resource. Future researchers may conduct similar studies focusing on economic volatility and talent acquisition and retention.

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