

HRM and innovation in SMEs

It is long recognised that small-to-medium sized enterprises (SMEs) often constitute the numerical majority of firms and are also frequently the employer of the significant part of national workforces in both developed and emerging economies (Blackburn, 2016; Games, 2019). Therefore, the economic and social impact of SMEs is highly important and thus merits attention. Nevertheless, in spite of this significance and the large canons of work on the topics of human resource management (HRM) and innovation, there remains scope to consider the intertwined role that HRM may play in relation to innovation activities and situations in SME contexts. It is that set of dynamics that the constitution of a guest editorial Anglo-French academic team addresses in this special issue through the papers assembled which cover a wide range of national contexts including: Jordan, Bosnia-Herzegovina, Vietnam, Pakistan, India, France and the United Kingdom.

In relation to HRM practices support for innovation, the wider research community has endeavoured to clarify this question most notably by emphasising the importance of the complementarity of HRM and innovation practices (Seeck and Diehl, 2017). However, to date, empirical studies have yet to conclusively demonstrate that HRM practices indeed stimulate innovation. Moreover, the fact that organisations might apply different combinations of HRM practices may equally moderate and mediate innovation thus rendering the analysis more complex. Therefore, adoption of an approach that focusses on HRM practices exclusively seems questionable and reductive and it is proposed that it is frequently *in conjunction with a set of factors and contextual lenses* that HRM practices might be better understood. Furthermore, this evolving research field can shed additional light on the organisational antecedents of innovation, including HRM (Laursen and Foss, 2014).

The implications of the nexus between HRM and innovation seems particularly important in the SME context given that HR in SMEs has been identified as one of the potential obstacles to innovation (Strobel and Kratzer, 2017; Madrid-Guijarro *et al.*, 2009). For example, heavy employee workload (Larsen and Lewis, 2007) and lack of training and or qualifications (Tourigny and Le, 2004) have been found to hinder innovation. In addition, because SMEs typically possess limited resources (De Massis *et al.*, 2018), some executives cannot afford to put in place costly HRM practices such as the introduction of financial incentives. Consequently, executives and consultants have increasingly begun to question the organisation of HRM when they wish to foster innovation within their structure. By deploying innovation-oriented practices, SME executives can transform their HRM into an effective lever (Adla *et al.*, 2020; Shahzad *et al.*, 2019; Curado, 2018). Therefore, overall, there is considerable rich and timely scope and potential to reflect on the interfaces and dynamics operating between HRM and innovation in SME contexts.

Contributions to the special issue

The 12 articles presented in this special issue capture the relationship between HRM and innovation in SMEs from various perspectives. The strength of these contributions lies in the heterogeneous analytical approaches, the diversity of SMEs studied (size, sector, nationality) and the richness of the results obtained. The special issue commences with five articles that explore the linkage between *HRM and innovation through diverse mechanisms*. The following seven articles underline the role of *HRM in innovation in varied SME contexts*.



In the first article, which discusses a mechanism that links HRM and innovation, [Al-Ajlouni \(2021\)](#) examines the relationship between HRM via high performance work system (HPWS) and organisational innovation through the lens of employee engagement. Based on a quantitative study of Jordanian SME, the author shows how employee engagement creates a correlation between HPWS and employee creativity.

In the second article, [Knezović and Drkić \(2021\)](#) look at determinants of innovative work behaviour (IWB) through the lens of a transformational leader. A study of SME employees in Bosnia-Herzegovina suggests that the determinants of IWB such as: empowerment; participation in the decision process and organisational justice exert a positive influence on the emergence of IWB. Further, transformational leadership moderates the relationship between organisational justice and IWB.

The article by [Hoang *et al.* \(2021\)](#) presents a qualitative study of SME executives in the Vietnamese tourism sector. The results show that these executives play not only a central role in employee empowerment but also influence the organisational climate prevailing within their structure. The authors contend that these two elements may stimulate innovation.

The article by [Bhatti *et al.* \(2021\)](#) affirms, through a study of Pakistani SMEs, that organisations which work in project mode have a propensity to increasing employees' innovation capacities by fostering knowledge sharing.

[Bamel *et al.* \(2021\)](#) examine the mediating effect of meaningful work (MFW) in the relationship between specific HR practices (staffing, training, participation, evaluation and compensation) and IWB within Indian SMEs. The results suggest that the HR practices studied are positively linked to adoption of IWB. Thus, MFW facilitates IWB via such HR practices. However, performance-based evaluation and compensation is not positively linked to IWB.

In the first of the articles on the sub-theme of the challenge of using HRM as a lever of innovation in SME, [Buisson *et al.* \(2021\)](#) highlight the key role of HRM within two innovative SMEs that wish to become ambidextrous organisations. The results suggest that even if ambidexterity is similar in both firms studied throughout the innovation trajectory, the needs for competencies and HRM practices evolve differently between SMEs.

The following paper, by [Black \(2021\)](#), explores social micro-businesses in the East Midlands region of the United Kingdom. The results emphasise the importance of implementing innovative HR practices when rewarding employees, despite the scarcity of resources within these organisations.

[Loufrani-Fedida and Aldebert \(2021\)](#) propose an original literature review of skills management in innovative SME through a multilevel approach. Beyond describing the implications for research and methodology, their paper identifies several limits and suggests various avenues of future research.

[Werner and Mear \(2021\)](#) contribute to the literature on HRM and innovation in SME by identifying the main secrets behind the success of "Hidden Champions" – small businesses that become leaders on their market. The article shows that specific features of their HRM are key success factors.

[Jebali and Meschitti \(2021\)](#) explore the implementation of HRM practices in start-ups. Specifically, they seek to identify HRM practices that can foster IWBs amongst employees. They emphasise the challenges inherent in creating a business environment conducive to innovation.

In a qualitative study, [Lichy and McLeay \(2021\)](#) specify eight levers of motivation for employees who engage in an international mobility programme in quasi-SME settings, which can stimulate innovation. However, they signal four obstacles which must be considered in order to favour this mobility.

Finally, a qualitative study of four European SMEs, conducted by [Sardis *et al.* \(2021\)](#) concludes that HRM represents an important driver in the creation of measurement systems

and organisational performance management. The researchers put forth three conceptual proposals that highlight the main characteristics of performance measurement and management in SME.

Final thoughts

This special issue encompasses a wide range of contributions which adopt diverse approaches to discuss the relationship between HRM and innovation in SMEs. In a number of the papers, the articulation mechanisms between the two elements focus on the role of the SME executives, whereas others are linked, for example, to employee commitment. The collection underlines that, regardless of the type or context of the SME, the role of HRM in innovation should not be ignored. Moreover, this special issue presents diverse methodological approaches that affirm that the relationship between HRM and innovation in SME can, and should be, valuably studied using both varied quantitative and qualitative methods. Lastly, this issue is enriched by articles that propose and extend extant literature reviews drawn from a span of national contexts. Overall, they demonstrate that there remains scope for yet further extensive research in order to understand yet further the rich, intricate and dynamic relationships between HRM and innovation in SME settings.

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