

STRUCTURAL EQUATION MODEL OF CAUSAL FACTORS INFLUENCING ON SME PERFORMANCE IN THAILAND

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Abstract

The goals of this study are to 1) investigate the relationship between high-performance work system, organizational culture, human capital, and organizational citizenship behavior and SME performance, and 2) establish and validate the consistency of the causal model of high-performance work system, organizational culture, human capital, and organizational citizenship behavior and SME performance. The Office of Small and Medium Firms Promotion database contains 545 small and medium enterprises, divided into three categories: (1) 110 retail and wholesale businesses, (2) 204 service businesses, and (3) 231 manufacturing organizations. According to the findings, 1) The variables of high-performance work system, organizational culture, human capital, and organizational citizenship behavior and SME performance have the same direction correlation with a low to high degree of correlation, and 2) the causal model of high-performance work system, organizational culture, human capital, and organizational citizenship behavior and SME performance is consistent with empirical data as follows: $\chi^2 = 51.880$, $p = 0.075$, $df = 48$, $GFI = 0.980$, $AGFI = 0.940$, $RMR = 0.006$. Finally, high-performance work system, organizational culture, human capital, and organizational citizenship behavior factors, with effect sizes of .37, .34, .40 and .46, respectively, have a direct effect on SME performance variables with a statistical significance of .01.

Keywords: high-performance work system; organizational culture; human capital; organizational citizenship behavior.

INTRODUCTION

It is clear that the current condition of affairs in regards to the economy, commerce, society, and technology has abruptly changed, affecting the competitiveness of enterprises and industries. This is especially true in the case of business competitiveness elements, which have obviously changed as a result of a variety of interconnected forces such as price, quality, and competitors (Tippawan Lorsuwannarat, 2010: 4). Organizational management is influenced by such elements. As a result, an

organization's purpose should be to improve and develop its business performance in order to stay competitive (Office of Small and Medium Enterprises Promotion, 2021: 13).

In order for an organization to achieve its objectives, it must maintain positive relationships among its various internal departments. This is due to the fact that work performance is derived from internal collaboration and cooperation (Pennings and Goodman, 1994: 146-154; 160-164). Organizational performance is only possible

when two or more components are in sync, allowing the organization to undertake necessary self-improvements in order to survive or achieve better results. Furthermore, firms that have a better structure that is aligned with contingency plans will function better than those that do not. Therefore, organizational citizenship behavior, high-performance work system, human capital, and organizational culture are all taken into account by the consistency idea (Deal and Kennedy, 1982; Carmeli and Tishler, 2004; Tanriverdi and Zehir, 2006; Chajnicki, 2007; Herrera, 2007; Weiss and Legrand, 2011). It is crucial for the development of organizational performance that elements are consistent.

A number of academic studies on the impact of organizational culture and human capital on success focus on employees' values and organizational norms, as these are at the heart of the culture that can propel a company to success or failure (Deal and Kennedy, 1982; Sithichoke Waranusantikul, 1997: 175-176). Employees' views and values that are in line with policy and operation affect organizational performance in terms of the ability to put management vision into practice, hence organizational culture is linked to organizational effectiveness. This brings ideals and behaviors closer together, resulting in improved organizational performance and effectiveness (Dension, 1990: 2; Calori and Sanin, 1991: 49-74; Kotter and Heskett, 1992; Gordon and DiTomaso, 1992: 783-798; Denison and Mishra, 1995: 204-213).

As a result, people are looking for ways to improve their knowledge, skills, and education in order to increase their human capital. In the meantime, the organization employs a high-performance work system (HPWS) to recruit, develop, and preserve human capital in order to achieve organizational success and a competitive edge. However, there is still a scarcity of information, research, and knowledge concerning human capital, the high-performance work system, and the relationship between these two factors influencing organizational performance in Thailand. This is a research gap that should be investigated further. Furthermore, Thailand continue to face

a slew of human resource management issues, including a lack of workplace safety, hazardous working conditions, low pay, and insufficient manpower compared to workloads (Krisada Sawaengdee, 2006: 52)

Scholars have acknowledged that employee conduct is a variable linking the high-performance work system and company performance from another perspective (Ramsey, Scholarios, and Harley, 2000: 502). However, just a few studies have looked into the specifics of the different types of behavior and how important they are. As a result, research aimed at examining employee behavior and identifying the factors that link high-performance work systems to organizational performance is tremendously beneficial. Organization citizenship behavior (OCB) is likely to be a factor increasing employees' knowledge, ability, skill, and work opportunity, according to social exchange theory, and it should be investigated to discover the mechanisms linking the high-performance work system and SME performance in Thailand.

Recent research on high-performance work system, organizational culture, human capital, and organizational citizenship behavior and SME performance has tended to focus on one idea or the interaction between concepts. There is no study on the impact of variables on the business outlook. Many researchers have analyzed management tools with an academic body of knowledge relevant to large firms, as well as an overview of small and medium enterprises, but none of them have been able to properly describe the relationship among variables impacting medium enterprises (Agmon and Drobnick, 1994; Jones and Tilley, 2003: 258; Robbins, 1990: 167-168). The researcher feels that more research into the elements that affect the performance of medium-sized businesses is necessary because they are seen as a significant source of growth for the country's economy. Exports, on the other hand, grew at a slower pace in 2021 (-2.49 percent) than in 2020. As a result, it is critical to build the organizational management of small and medium-sized businesses as soon as possible (Casey, 1996: 5). In truth, small

and medium-sized businesses require managers who are prepared and capable of dealing with a variety of changing events that occur on a regular basis. Furthermore, due to a lack of business administration skills, resistance to marketing changes, expertise, market-driven firms, and sufficient technology understanding, several small and medium-sized business leaders have failed to run their companies (Mosia and Veldsman, 2004).

Research Objectives

1. Investigate the relationship between high-performance work system, organizational culture, human capital, and organizational citizenship behavior and SME performance; and
2. Establish and validate the consistency of the causal model of high-performance work system, organizational culture, human capital, and organizational citizenship behavior and SME performance

Research Methods

Population and sample

The population in this study comprises 13,924 companies from three business segments of medium sized enterprises; for instance, (1) retail and wholesale, (2) service, and (3) manufacturing, as listed in the Office of Small and Medium Enterprises Promotion database (Office of Small and Medium Enterprises Promotion, 2021)

Sample size

Multi-stage sampling is employed in this study. The unit of analysis is organizational level for a total number of 545 organizations. The selection process consisted of the following:

(1) Step 1 Criteria Check The sample size for the Structural Equation Modeling (SEM) is determined by means of a linear structural relationship analysis. Bollen (1989, quoted in Nonglak Wiratchai, 1999) suggested that in consideration of sample size, the number

of free parameter estimation must be also taken into account. More free parameters require more sample sizes. Thus, the researcher employs the simple rule of a 20 to 1 ratio on the sample unit to the number of parameters or measurable variables (Lindeman, Merenda and Gold 1980; Weiss, 1972, quoted in Nonglak Wiratchai, 1999). The developed research model in this study requires a total of 15 measurable variables for parameter estimation, hence at least 300 organizations as samples for the research. This is considered adequate parameters estimation leading to the effective proving of hypotheses. The samples in this study involve senior management or their representatives as informants for the organization.

The population in this study equals 13,924 medium enterprises. The acceptable deviation of five percent yields a sample size of at least 389 organizations, which is sufficient for data analysis. However, data collection via mailed questionnaires receives rather slight attention from the respondents, hence quite a low response rate. The researcher estimates response rate to be $389 + (389 \times 0.4) = 545$ organizations (Kalaya Wanitchbancha, 2008) to compensate the non-returned or incomplete questionnaires. Therefore, the 545 organizations as samples used in this study are considered adequate and more than the minimum sample size required for the Structural Equation Modeling (SEM) analysis.

(2) Step 2 Sample Selection The researcher uses the establishment classification criteria to select the small and medium enterprises listed in the Office of Small and Medium Enterprises Promotion database. The researcher chose small and medium enterprises with 51- 200 full-time employees with 50- 200 million baht of fixed assets value to study. Because many academics have explored the management tool along with knowledge on the context of large enterprises environment. The overview of the research on small and medium enterprises also cannot clearly explain the relationship of variables for medium enterprises. Furthermore, small enterprises often face business obstacles like the lack of technology, shortage of human capital, inaccessibility to capital resources for

research and development, limit on competency upgrade, as well as family-owned operation type for most small enterprises. However, the advantages of medium enterprises over large enterprises are their ability to effectively respond to the needs of niche market and the business startup by entrepreneurs is fast. Thus, the researcher is interested in exploring medium enterprises. This also controls the differences in perspectives of organizational culture among large, medium, and small enterprises.

(3) Step 3 Stratified Random Sampling Through simple random sampling, the researcher divides the list of medium enterprises according to their business segment. Drawing on the list of business segments is used in order to get the sample proportion to the number of organizations in each defined segment of 545 organizations, as shown in Table 1.

Table 1. *Population and Sample by Business Segment*

Segment	Population (Amount)	Sample (Amount)
Retail and Wholesale	2,825	110
Service	5,205	204
Manufacturing	5,894	231
Total	13,924	545

Source: The Office of Small and Medium Enterprises Promotion, (2021).

Research Instrument

Questionnaires can be used to do research. The procedure for creating a questionnaire is as follows:

1. Conduct research into the literature, concepts, theories, and relevant studies in order to create a questionnaire based on the information.

2. Create the framework and questions for the questionnaire.

3. The questionnaire's validity and reliability should be checked:

- The content validity of the questionnaire is determined by having it reviewed by an expert using the Item Objective Congruence Index (IOC) method. Questions with IOC values of less than 0.5, on the other hand, will be excluded from consideration.

- Exploratory Factor Analysis (EFA) is used to investigate the exploratory components, and Confirmatory Factor Analysis (CFA) is used to analyze the elements to determine whether latent variables are made up of observable

variables, confirming whether the variables are consistent with the hypothesis.

- Check for accuracy by giving a questionnaire to people who aren't in the experimental sample, which has been modified to be consistent with the structural validity test, to complete a questionnaire of 40 subjects and statistically analyze the results, which should have a Cronbach's alpha coefficient of at least 0.70. (Suchart et. al,2008). As a result, 0.856 denotes a high level of confidence.

4. Improve the questionnaire's correctness and precision before putting it to use in research.

Data Analysis

To fulfill the objectives and put the research hypothesis to the test The following steps are taken to process it:

1. Frequency, percentage, mean, standard deviation, skewness, kurtosis, and coefficient of distribution are all useful tools. Standard score and variation (Z - score)

2. Check the measurement model's validity in each component using CFA. (Confirmatory

Factor Analysis is an acronym for confirmatory factor analysis.)

3. Use structural equation model analysis in model testing and research hypotheses to validate the hypothesis model against empirical data. It is a statistical program that analyzes the causal relationship between variables by assessing the relationship of various variables based on a rational model from a clear conceptual framework and theory to see if the evidence matches the theory. (Suchart et. al,2008). To verify the model's validity, examine the structural equation model to validate the researcher's hypothesis model (Model Evaluation). Finally, the assessment was split into two parts: More model development will result from 1) assessing the overall model fit measure's harmony and 2) assessing the harmony of the outcomes in the model's primary components (Component Fit Measure).

Results

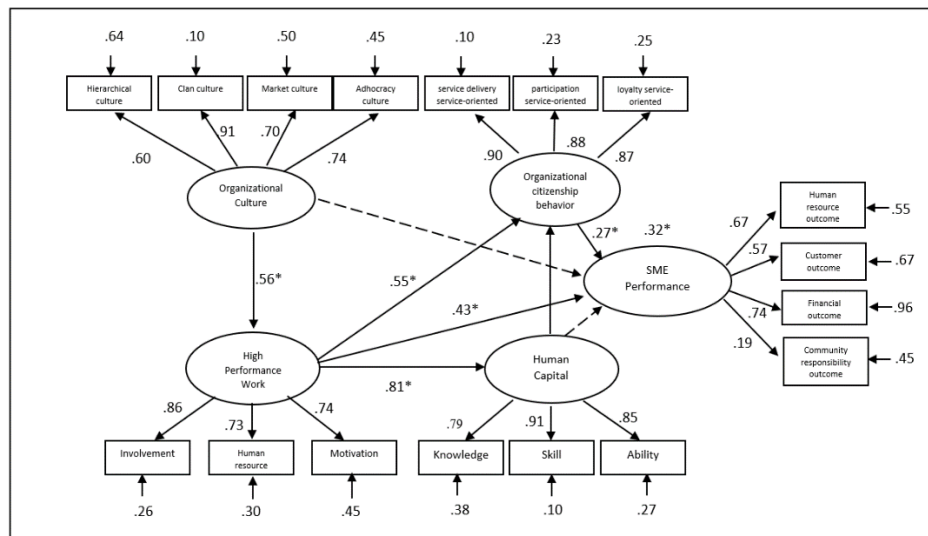
Gender, age, education, work tenure, and current title are among the basic data analysis results from the samples. According to them, males make up 55.12 percent of the 545 respondents in this study, while females make up 44.88 percent. The bulk of responders (41.58 percent) are between the ages of 41 and 50, with 51-60 years accounting for 27.72 percent. And, last but not least, 4.95 percent of responders are under the age of 30. The majority of the samples have a master's degree

(52.15%), followed by a bachelor's degree or equivalent (43.23%). Respondents with a postgraduate degree account for 0.99 percent of the total. When it comes to employment tenure, the majority of respondents (35.31 percent) have worked for 15 years or more, followed by 5-10 years (31.02 percent). And 7.26 percent of those who have worked for fewer than 5 years. Vice President is the present title of the majority of responders (23.76%), followed by Assistant President (21.12%). Secretary has the lowest percentage of 5.28 percent.

The causal relationship between high-performance work system, organizational culture, human capital, and organizational citizenship behavior and SME performance was investigated by the researcher. The structural equation model (SEM) is divided into two steps: the first is to evaluate the model using data from the sample to see if it matches the analytical data. The following are the specifics:

According to the statistical values gathered from the sample group, the Chi-Square Goodness of Fit Index (χ^2) is equal to 51.88, degrees of freedom (df) is equal to 48, and probability (p) is equal to 0.075. That is to say, the Chi-square insignificantly differs from zero. It signifies that the hypothesis for the developed causal model of the SME performance is consistent with the empirical data, as the Goodness of Fit Index (GFI) is equal to 0.98, the Adjusted Goodness of Fit Index (AGFI) is equal to 0.94, and the Root of Mean Square Residuals (RMR) is equal to 0.006.

Figure 1 *Examine the relationship between high-performance work system, organizational culture, human capital, and organizational citizenship behavior and SME performance*



Note: — Relationship pathway with statistical significance

--- Relationship pathway with no statistical significance, * $p < .01$

The end outcome of altering the model till it is complete. The following is based on the sample:

SME in Thailand: With a normalized factor loading of 0.56, it was clear that organizational culture had an impact on high-performance work systems. At 80%, organizational culture and high-performance work system covariance could be explained. Human capital and organizational citizenship behavior were both affected by the high-performance work system at a statistical significance level of 0.01, with standardized factor loadings of 0.81 and 0.55, respectively. The Structural Equation of Human Capital had an R² of 0.66, indicating that the variables impacting human capital in the model could explain 66 percent of the covariance of human capital. Similarly, the R² for the Structural Equation of organizational citizenship behavior was 0.62, suggesting that

the model's variables affecting organizational citizenship behavior could explain 62 percent of the covariance of organizational citizenship behavior.

At a statistical significance level of 0.01, the high-performance work system and organizational citizenship behavior had an impact on SME performance, with standardized factor loadings of 0.43 and 0.51, respectively. According to the R² for the Structural Equation, all of the variables affecting SME performance in the model could account for 32.5 percent of the covariance of SME performance, however organizational culture and human capital had no significant direct effect on SME performance. The analysis results of the direct effect, indirect effect, and total effect of the variables are shown in Table 2. The details are described below.

Table 2 *Compare the impact of the cause variable on the model's effect variable.*

Independent Variables	Effect	Dependent Variables				
		Organizational culture	High Performance Work System	Human capital	Organizational Citizenship Behavior	SME Performance
Organizational culture	DE	-	0.56*	-	-	-
	IE	-	-	0.45	0.43	0.46
	TE	-	0.56	0.45	0.43	0.46

High Performance Work System	DE	-	-	0.81*	0.55*	0.43*
	IE	-	-	-	0.22	0.39
Human capital	TE	-	-	0.81	0.77	0.82
	DE	-	-	-	0.27*	-
	IE	-	-	-	-	0.14
	TE	-	-	-	0.27	0.14
Organizational citizenship behavior	DE	-	-	-	-	0.51*
	IE	-	-	-	-	-
	TE	-	-	-	-	0.51

Remark DE = Direct Effect, IE = Indirect Effect, TE = Total Effect, * $p < .01$, ** $p < .05$

The high-performance work system was discovered to have both a direct and indirect effect on SME performance, whereas organizational citizenship behavior only had a direct effect and organizational culture and human capital only had an indirect effect. The high-performance work system was the variable that had the most direct and indirect impact on SME performance. Organizational citizenship behavior, organizational culture, and human capital, on the other hand, were found to have an impact on SME performance.

The high-performance work system had the greatest impact on organizational citizenship behavior, followed by human capital and organizational culture. Human capital was the sole variable with a direct influence, while the high-performance work system had both direct and indirect effects. Finally, organizational culture only had an indirect impact. In terms of human capital, it was discovered that at the highest level, the high-performance work system had a direct effect on human capital, followed by an indirect effect from organizational culture. Similarly, it was clear that organizational culture had a direct impact on the high-performance work system.

Discussion

The findings suggested that the high performance work system has a direct impact on the SME performance in Thailand. It shows that a people management system that takes strategic consistency into account is very important for the SME performance enhancement. These findings are consistent with the research of international scholars, such as Gittell, Seidner and Wimbush (2009), who studied the impact of the high performance

work system on the organizational performance in the United States by developing a high performance work system from the perspective of the relational model. It was found that a high performance work system is a key factor that helps improve the effectiveness and efficiency of customer satisfaction significantly. The practices included in this research were the recruitment aiming to seek the employees with teamwork and cross-functional skills, the process of solving conflict together, cross-functional performance evaluation in terms of quality and effectiveness, and teamwork rewarding. These practices can build relational coordination in determining operational goals together, sharing knowledge, enhancing the employees' respect for each other, and enabling a better communication system. Similarly, the research study of Chang Yang and Yun Lin (2009) examining the relationship between human resource practices and organizational performance by collecting the samples from the organizations in Taiwan suggested that recruitment, training and development, performance evaluation, and compensation were the significant factors affecting organizational performance. In Thailand, although there are few research studies related to the high performance work system, some findings have adequately indicated that a strategic people management system is a key factor contributing to the organization's achievement. For example, Vinai Panjakajornssak (2009) applied the service profit chain to investigate the connection of financial performance in a private company. It was found that the practice leading to the organizational performance was associated with the organizational practices that focus on the work environment, colleagues, and the whole organization. The research results

suggested that in order to achieve good organizational performance, the organization has to link human resource management with human resource policies and practices reflecting the management's focus on the employees so that the employees can demonstrate their abilities. This will create job satisfaction and link to customer satisfaction, ultimately influencing the financial performance of the organization (Vinai Panjakajornssak, 2009). Despite the fact that there are limited research studies on the high-performance work system in Thailand, certain findings have properly suggested that a strategic people management system is a crucial factor contributing to the organization's success. Vinai Panjakajornssak (2009), for example, used the service profit chain to explore the relationship between financial performance and profitability in a private organization. The organizational practices that focus on the work environment, coworkers, and the entire organizations were discovered to be connected with organizational performance. According to the findings, in order to achieve high organizational performance, the organization must combine human resource management with human resource policies and practices that reflect management's emphasis on the employees, allowing them to demonstrate their abilities. This will increase employee happiness and its link to customer satisfaction, ultimately affecting the company's financial performance (Vinai Panjakajornssak, 2009).

Organizational citizenship behavior is one of the extra role behaviors that enables employees to provide effective service while also significantly improving organizational performance (Podsakoff et al., 2000). The findings of this study revealed that OCB, which included loyalty, service delivery, and participative OCB, was a significant component with the most direct impact on organizational performance. This is because efficient service delivery necessitates workers that have a service mindset, are service oriented, and have excellent communication skills. As a result, having employees with OCB based on quantitative research findings, such as

communicating with customers on a regular basis, respecting and serving customers without discrimination, and intending to work with minimal errors, will improve the quality of service, as will having employees with OCB based on quantitative research findings, such as delivering holistic service based on the concept of customer-oriented and humanized care (Sutharjana et al., 2013).

The quantitative analysis found no evidence of a direct influence of human capital on organizational performance. As a result, the researcher assumes that the high-performance work system has no impact on organizational performance via human capital. Chang Yang and Yun Lin (2009), who researched the relationship between human resource practices, intellectual capital, and organizational performance, came to a different conclusion. Human capital had a direct impact on organizational performance, according to the study. This finding, however, is in line with prior research, such as Hitt, Bierman, Katshuhiko, and Kochlar (2001) and Myers, Griffith, and Daugherty (2004), which found that human capital had no direct impact on organizational performance. The researcher believes that the results of quantitative research, which found no direct impact of human capital, were influenced by the list of questions about knowledge, skill, and ability used in the current study. Those questions are typically used to assess generic human capital, which is regarded as a valuable and scarce resource that can be easily transferred between organizations (Ployhart, Van Iddekinge, and Mackenzie, 2011), so it is not included in the scope of inimitability or non-substitutability according to resource-based criteria that generate a competitive advantage (Barney and Wright, 1998). As a result, the findings of this study revealed that human capital had no direct impact on organizational performance.

The quantitative research findings, on the other hand, were intriguing, since it was discovered that the high performance work system influenced organizational performance through human capital, which in turn influenced service delivery OCB. It contributes to a better understanding of the mechanisms that link

resource-based view determinants to organizational success. This is because the findings revealed that a people management system or human resource practice aimed at improving the skill, knowledge, ability, and valued human capital is insufficient for accomplishing strategic goals. The people management system must be able to make advantage of the collected human capital by giving employees opportunities to conduct proper service behavior. These findings may be consistent with March and Simon's (1959, referenced in Wright, Danford, and Snell, 2007) strategic choice idea, which said that strategic people management should focus more on what impacts discrete employee behavior. As a result, the researcher believes that human capital acquisition, accumulation, and retention should be combined with an employee participation system that allows individuals to participate in work-related decision-making and empowerment, ultimately leading to discrete behavior. People management is a high-performance work system, according to the conclusions of this study, as a well-balanced combination of participatory practice, human resource practice, and incentive practice will actually contribute to organizational performance growth.

Human capital acquisition, development, and retention are vital operations that contribute to the organization's great performance. According to the organizational core competency idea, practices used in organizations, such as employer branding and scholarship giving, were key elements that influenced organizational core competency, leading to the organization's exceptional performance.

According to the findings, the high-performance work system improved organizational performance by encouraging organizational citizenship behavior. These findings may not yet be mirrored in SME firms, but a few studies in other industrial sectors, such as Sun et al. (2007), which looked at the effects of human resource strategies on hotels in China, have shown comparable outcomes. High performance work systems were found to be associated with lower employee turnover

and greater productivity, with organizational citizenship behavior serving as a partial mediator. The social exchange theory (Blau, 1964), which is frequently used to examine and explain a wide range of phenomena, can be applied to the findings of this study.

Although the relationship between an organization and an employee is mostly in the form of economic trade, this theory demonstrates that social interchange can increase employee commitment and trust. It helps employees to engage in organizational citizenship behavior, which leads to improved performance (Blau, 1964; Eisenberger, Huntington, Hutchison and Sowa, 1986; Sparrowe and Liden, 1997; Cropanzano and Mitchell, 2005; Numchai Supparerkchaisakul, 2007). Blau (1964) went on to say that the employment connection is a major determinant in determining the characteristics of social exchange. As a result, it may be concluded that employees recognized and valued a high-performance work system. This leads to a mutual interchange between employees and the organization, resulting in employee organizational citizenship behavior.

Similarly, according to Evans and Davis (2005)'s conceptual framework for the relationship between high performance work systems and organizational performance, high performance work system practices have an impact on employee relationships manifested as organizational citizenship behavior. To put it another way, a high-performance work structure can help to foster organizational citizenship behavior. A participatory system that allows employees to continually initiate and propose innovative ideas related to work, as well as a motivational system that encourages collaborative working and allows employees to realize organizational support or fairness, are both part of the high-performance work system. This suggests that a high-performance work system is a motivator and enhancer of organizational citizenship behaviors such as loyalty, service delivery, and participation. In terms of creating a work environment, the findings from the qualitative research are congruent with the methods to improve organizational citizenship behavior.

Here, the work environment is a high-performance work system.

According to previous research that looked at the relationship between the high-performance work system and organizational performance in other industries, human resource practices like training and development (Rhoades and Eisenberger, 2002; Snape and Redman, 2010), giving job performance feedback (Tansky and Cohen, 2001; Snape and Redman, 2010), and motivation practices like performance-based pay (Pfeffer, 1998; Snape and Redman, 2010), and motivation practices like performance-based pay (Pfeffer, 1998). This can help to build employee trust and desirable discrete behavior, which can help improve organizational performance.

Organizational culture is valuable, unique, and inimitable, and it can help the SME function better. According to Deal and Kennedy's (1982) organizational culture notion, a successful and remarkable organization is produced when conventions and shared values bind an individual to a company. Developing a strong organizational culture is a significant strategy for changing employee behavior and improving performance. The findings of this study revealed that organizational culture has a favorable impact on SME performance via the high-performance work system, indicating that organizational culture and human resource management are linked (Guest, 1994; Legge, 1995; Den Hartog and Verburg, 2004).

The human resource management policies and procedures that will be used in the SME are influenced by organizational culture. This is in line with Aycan (2005), who noted that while implementing any system connected to human resource management, senior management will consider the organization's views and assumptions about the nature of work and people, as well as the deeply established corporate culture. An organization's performance will be great if it has a culture that supports human resource management. Thailand's high-performance work system, according to the research, has a direct impact on SME performance. It highlights the significance of a people management system

that takes strategic consistency into account while enhancing SME performance. These findings are consistent with those of foreign scholars like Gittell, Seidner, and Wimbush (2009), who studied the impact of a high-performance work system on organizational performance in the United States by building a high-performance work system from a relational perspective. A high-performance work system has been discovered to be a significant aspect in greatly enhancing customer satisfaction efficacy and efficiency. This study looked into the hiring of people with teamwork and cross-functional skills, the process of resolving conflict collaboratively, cross-functional performance evaluation in terms of quality and effectiveness, and teamwork reward. By allowing employees to work together to create operational goals, share expertise, raise employee esteem, and improve communication, these tactics can improve relationship coordination. Similarly, in their investigation of the relationship between human resource practices and organizational performance, Chang Yang and Yun Lin (2009) discovered that recruiting, training and development, performance evaluation, and remuneration were major factors determining organizational success.

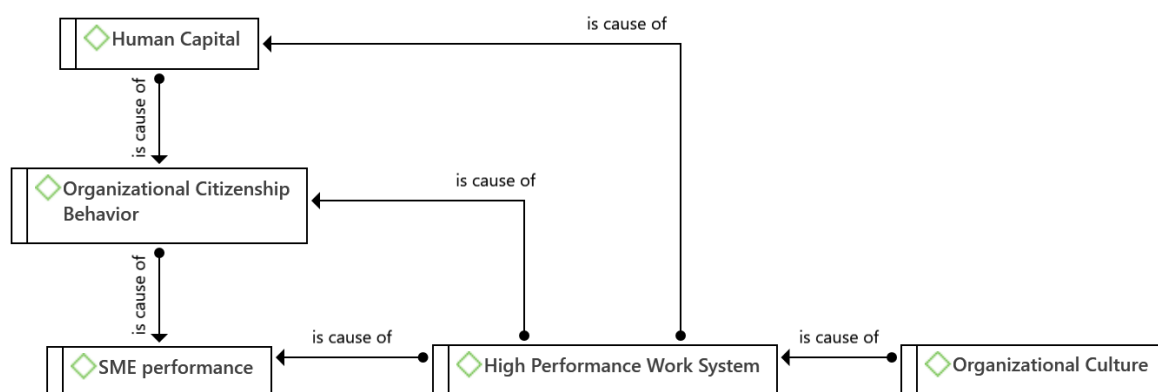
Conclusion and Suggestions

The relationship between high-performance work systems, organizational culture, human capital, organizational citizenship behavior, and organizational performance is the contribution of the findings to theory. The findings support and emphasize the importance of factors as a valuable asset that may meet the needs of a variety of stakeholders. For a long time, worldwide researchers have been interested in this technique. The notion that valuable, rare, inimitable, and non-substitutable resources will lead to great organizational performance is central to the theory that scholars frequently employ to construct a study framework defining the relationship with organizational performance. The findings of this study corroborated the hypothesis, demonstrating the validity of this notion. However, critics of the

resource-based theory have persisted, claiming that its assumptions are unfounded and may not apply to other businesses in the same industry. It's critical to better understand the mechanisms that connect the high-performance work system, organizational culture, human capital, organizational citizenship behavior, and organizational performance. The "black box" dilemma in human resource management is what it's termed (Lopez, Peon and Ordas, 2005). Scholars have recently been interested in learning more about the factors that relate high-performance work systems, organizational culture, human capital, organizational citizenship behavior, and overall organizational performance. The current study also attempted to investigate these mechanisms, with the results indicating that organizational citizenship behavior is an important component in the interaction between organizational culture, the high-performance work system, human capital, and SME success. Furthermore, this link was found to be linked to leadership, which has a significant impact on corporate culture and the high-performance work system. All of these connections aid in the development of theoretical knowledge and, as a result, practical execution for SME performance improvement.

The researcher offered the SME performance enhancement model based on the high-performance work system, organizational culture, human capital, and organizational citizenship behavior, which was formed from the synthesis of quantitative research data, as one of the study's contributions. The third research goal was to build a model of the interaction between high-performance work systems, organizational culture, human capital, and organizational citizenship behavior, as well as SME performance. Figure 2 shows the model, which shows that the resource-based view, which includes organizational culture, high-performance work systems, human capital, and organizational citizenship behavior, was the major core factor of excellent SME performance. The mechanisms of the human resources process, also known as the SME organizational process, must be used to implement these resources in SME performance improvement. This method aids resource coordination and leads to a values-based SME, which is a challenging goal to achieve. The following are the practical benefits of using the SME performance improvement model based on the resource-based view methodology.

Figure 2 *SME performance improvement model*



Source: Authors

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