

Abstract of thesis presented to the Senate of Universiti Malaysia Terengganu in fulfilment of the requirements for the degree of Doctor of Philosophy

**THE EFFECTS OF ABSORPTIVE CAPACITY AND INNOVATIVE CULTURE ON THE RELATIONSHIP BETWEEN HUMAN RESOURCE MANAGEMENT SYSTEM, AND INNOVATIVE PERFORMANCE OF JORDANIAN SMALL AND MEDIUM-SIZED ENTERPRISES**

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In Jordan, SMEs have helped to sustain the economic and social livelihoods of the people. The incessant regional unrests have forced SMEs in Jordan to concentrate on utilizing innovation in enhancing their business performance instead of just operating on a normal scale. As a result, this study was carried out to examine the potential variables that could help clarify on the innovative performance of Jordanian SMEs by trying to investigate the relationship between human resource management (HRM) system (which includes recruitment and selection, teamwork, incentive-based compensation, training and development, and performance appraisal) and absorptive capacity on innovative performance. Also, it aims to investigate innovation culture’s moderating role in HRM system’s relation to innovative performance. To explain the possible relationship between the variables in the study model, knowledge-based view theory and resource-based view theory are combined. A total of 324 managers of manufacturing SMEs participated in this study, which represented a response rate of 68.5%. The hypotheses were tested, and the data was analyzed. Statistical results show

that both absorptive capacity as well as innovative performance were positively associated to the HRM system. Absorptive capacity was also found to be positively related to innovative performance. Moreover, results reveal that absorptive capacity mediated in the relationship between HRM system and innovative performance. However, the effect of innovative culture on innovative performance and its role as the moderator were not significant. For Jordanian SMEs operating in extremely competitive environment, this research has vital implications with regard to the strengthening and building of competitive approaches. These results will be helpful to support the main objectives of Jordanian industries' strategic planning by enhancing performance, supporting strategic planning by establishing new policies, and promoting SME growth to be globally competitive.

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**KESAN KAPASITI PENERIMAAN DAN BUDAYA INOVASI KEPADA  
JARINGAN HUBUNGAN DI ANTARA SISTEM PENGURUSAN SUMBER  
MANUSIA DAN PENCAPAIAN INOVASI DI KALANGAN PERUSAHAAN  
KECIL DAN SEDERHANA DI JORDAN**

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Di Jordan, perusahaan kecil dan sederhana (PKS) membantu menjana kehidupan ekonomi dan sosial rakyat. Kegawatan serantau telah mendorong PKS untuk menumpukan pada inovasi perniagaan untuk mengembangkan perniagaan mereka, dan bukannya hanya beroperasi pada skala biasa. Secara keseluruhannya, penyelidikan ini bertujuan untuk mengenal pasti faktor yang menjelaskan pencapaian inovasi PKS Jordan melalui penilaian hubungan antara sistem pengurusan sumber manusia (termasuk pemilihan dan pengambilan bakat, kerja berpasukan, bayaran insentif, latihan dan pembangunan, penilaian prestasi) dan kapasiti penerimaan terhadap pencapaian inovasi. Penyelidikan ini juga bertujuan untuk mengkaji peranan mediator budaya inovasi terhadap hubungan antara sistem pengurusan sumber manusia dan pencapaian inovasi. Dalam model penyelidikan ini, teori perspektif berasaskan sumber dan teori perspektif berasaskan pengetahuan digabungkan untuk menerangkan hubungan antara pembolehubah. Sebanyak 324 pengurus PKS di dalam industri

pembuatan mengambil bahagian dalam penyelidikan ini, merangkumi 68.5% daripada responden. Hipotesis telah diuji dan data telah dianalisis. Hasil analisis menunjukkan bahawa sistem HRM boleh dikaitkan secara positif terhadap kapasiti penerimaan dan pencapaian inovasi. Kapasiti penerimaan didapati memberi kesan positif terhadap pencapaian inovasi. Oleh itu, kapasiti penerimaan boleh dianggap sebagai pemacu hubungan di antara sistem HRM dan pencapaian inovasi. Walau bagaimanapun, kesan budaya inovasi dan peranannya sebagai perantara terhadap prestasi inovasi adalah tidak signifikan. Bagi PKS Jordan yang beroperasi dalam persekitaran yang sangat kompetitif, penyelidikan ini mempunyai implikasi penting untuk mengukuhkan dan membina PKS ke arah pendekatan yang kompetitif. Hasil penyelidikan ini akan menyokong matlamat utama Perancangan Strategik Perindustrian Jordan, untuk meningkatkan prestasi, menyokong perancangan strategik melalui pembangunan dasar baharu, dan menggalakkan PKS untuk berdaya saing di peringkat global.