

Nº 44

# AD-MINISTER

UNIVERSIDAD EAFIT · MEDELLÍN · COLOMBIA · ENERO · JUNIO 2024 · ISSN 1692-0279 · E-ISSN: 2256-4322

AARÓN A.  
VARGAS- ZELEDÓN

SU-YOL  
LECTURER

JEL: L26, M12, O15

DOI: [https://doi.org/10.17230/  
Ad-minister.44.1](https://doi.org/10.17230/Ad-minister.44.1)

[www.eafit.edu.co/ad-minister](http://www.eafit.edu.co/ad-minister)



UNIVERSIDAD  
**EAFIT**<sup>®</sup>

# ENTREPRENEURSHIP AND HRM IN EMERGING MARKETS: A KNOWLEDGE MANAGEMENT AND SKILL PERSPECTIVE

EMPRENDIMIENTO Y GRH EN MERCADOS EMERGENTES: UNA PERSPECTIVA DE GESTIÓN DEL CONOCIMIENTO Y HABILIDADES

AARÓN A.VARGAS-ZELEDÓN<sup>1</sup>  
SU-YOL LEE LECTURER<sup>2</sup>

## ABSTRACT

This study examines the relationship between entrepreneurship and human resource management in small ventures through knowledge management and skills in terms of how these competencies affect venture performance due to the scarcity of studies focused on minor entrepreneurial organizations in emerging markets—using 62 respondents derived from a mix of micro and small ventures to test the hypotheses in the Nicaraguan context. This study advances scholars' calls to examine the relationship between both fields. The findings of this research are as follows: Firstly, entrepreneurship and human resource management are positively associated with knowledge management of venture performances. Second, the skills required by entrepreneurs, i.e., technical, business, entrepreneurial, and personal, are not associated with human resource management-entrepreneurship related to the small venture's performance. Hence, the proposed model has demonstrated the relationship between the variables related to this paper's topic, contributing to disseminating the business management literature. This study can assist entrepreneurs and practitioners in small ventures in intending and realizing better human resource management actions.

## KEYWORDS

Entrepreneurship, HRM, Knowledge management, Skills, Small ventures, Lower-middle-income economy, Nicaragua

## RESUMEN

Este estudio examina la relación entre el emprendimiento y la gestión de recursos humanos en pequeñas empresas a través de la gestión del conocimiento y las habilidades en términos de cómo estas competencias afectan el desempeño de la empresa debido a la escasez de estudios centrados en organizaciones empresariales menores en mercados emergentes, utilizando 62 encuestados derivados de una combinación de micro y pequeñas empresas para probar las hipótesis en el contexto nicaragüense. Este estudio promueve los llamados de los académicos a examinar la relación entre ambos campos. Los hallazgos de esta investigación son los siguientes: En primer lugar, el espíritu

<sup>1</sup> Ph.D. Candidate Business Administration (Operations Management & Analytics – OM&A) College of Business Administration Chonnam National University Gwangju, South Korea E-mail: aaron.vargasz@outlook.com <https://orcid.org/0000-0002-1232-9378>

<sup>2</sup> Ph.D. of Management Case Development and Field Problem Solving College of Business Administration Chonnam National University Gwangju, South Korea E-mail: leesuyol@jnu.ac.kr

\*The proofreading and style correction of this document were carried out by the authors.

\*La corrección de estilo del presente documento estuvo a cargo de los autores.

empresarial y la gestión de recursos humanos están asociados positivamente con la gestión del conocimiento en relación con el desempeño de las empresas. En segundo lugar, las habilidades requeridas por los emprendedores, es decir, técnicas, comerciales, empresariales y personales, no están asociadas con la gestión de recursos humanos-emprendimiento relacionado con el desempeño de la pequeña empresa. Así, el modelo propuesto ha demostrado la relación entre las variables relacionadas con el tema de este artículo, contribuyendo a la difusión de la literatura sobre gestión empresarial. Este estudio puede ayudar a emprendedores y profesionales de pequeñas empresas a planificar y realizar mejores acciones de gestión de recursos humanos.

### **PALABRAS CLAVE**

Emprendimiento, Gestión de recursos humanos, Gestión del conocimiento, Habilidades, Pequeñas empresas, Economía de ingreso medio-bajo, Nicaragua

### **1. INTRODUCTION**

A business visionary works alone occasionally; sooner or later, small entrepreneurial ventures demand other human inputs (Jack et al., 2006; Moustaghfir et al., 2020b). Having an adequate workforce supply to perform the required work is crucial to small ventures (Wickramasinghe, 2022). In recent years, scholars have received attention for additional works on the connection between human resource management (HRM) and entrepreneurship fields (Barrett & Mayson, 2006; Novo-Melo & Machado, 2013; Van Lancker et al., 2022). As a result, studies looking at the devotion of HRM actions to entrepreneurship differ widely in a locus and mainly fearing the dependent variable (Hayton, 2005; Novo-Melo & Machado, 2013), such as entrepreneurship and productivity must be reinforced in the link to fortify the fitnesses of human resource (Sembiring, 2016). Despite the answers of studies concerning HRM as pivotal for small and entrepreneurial ventures, only limited works search the connection between the possible impact of entrepreneurship and HRM actions (Al Qaydi & Aris, 2021; Baron, 2003; Dabić et al., 2011; Heneman & Tansky, 2002; Irwin et al., 2018; Jack et al., 2006; Schmelter et al., 2010; Van Lancker et al., 2022; Wickramasinghe, 2022).

In this regard, it is arguable that small ventures are notably more modest and appropriately do not address the case for reasons of size, just as in business settings (Barrett & Mayson, 2007; Cardon & Stevens, 2004; Patel & Cardon, 2010). In addition, in expanding the contingent frontier, for instance, Daspit et al. (2018) argue that more effort still needs to be made to this well-known by the small number of works in their review literature. As long as HRM research is commonly connected with large, well-resourced ventures, it has much to express for smaller ventures, remarkably those challenged with the demands and challenges of venture growth in competitive markets (Barrett & Mayson, 2006), the number of works looking at the issue in entrepreneurial or small ventures is accelerating, albeit off a low base. Time advance has been slow, and continuous proficiency has primarily come from one direction. Further, there needs to be more consistency across the works regarding the HRM actions under assessment (Barrett & Mayson, 2007). Actions can contribute to disseminating creativity in the entrepreneurship setting connected with HRM. In this aspect, a business venture indicates the adequacy of a venture's HRM and the number of entrepreneurship motions that can be exalted by HRM actions (Castrogiovanni et al., 2011). Nonetheless, despite the growing literature on HRM actions, the examination of the smaller venture setting continues to be under-theorized and under-learned (Al Qaydi & Aris, 2021; Gilman et al.,

2015; Novo-Melo & Machado, 2013; Van Lancker et al., 2022; Wickramasinghe, 2022). When developing small ventures, it is crucial to pay attention to human resources by refining the knowledge and skills of small ventures (Namdarian et al., 2020; Sembiring, 2016).

Because entrepreneurship is generally established as the driver of economic prosperity and societal well-being (Brush et al., 2017), there are other reasons that HRM should be drawn to the domain of entrepreneurship and should be distinct from it (Baron, 2003). Closer ties can bring fresh knowledge to entrepreneurship (Barrett & Mayson, 2006, 2007). In this vein, Daspit et al. (2018), in their review of literature about HRM actions and family ventures, highlight opportunities at the connection of both fields of study, noting that HRM actions have been presupposed in the context of family ventures. Nonetheless, studies have primarily sharpened examining dissimilarities concerning family and non-family ventures. In turn, the domain of entrepreneurship can benefit significantly from HRM. Human resources challenges and pressures that exist in and support the development of all ventures are brought into play once a new venture is created, designated as an organization, and hired its first workers (Baron, 2003).

Knowledge plays a precious role in preparing a qualified and antagonistic human. Because knowledge is appointed as the focal point, everything is reflected and should be appropriately tended. The skills accentuating human resources are considered fundamental mechanisms in refining the fulfillment of small ventures. With the accessibility of highly skilled human resources to manage small ventures, it is unsurprising that better fulfillment of these ventures will be reached (Dabić et al., 2011; Sembiring, 2016). The main reason and principle of HRM, especially in small ventures, is to use the current human resources and the desire to have talented and skillful workers to make their venture more viable than their competitors (Shafeek, 2016). Refining labor skills is a fundamental issue for the prosperity of small ventures, particularly managers' skills, which directly influence the workers' skills and small ventures' performance. Critical challenges of HRM include refining workers' skills. Therefore, small ventures must inspire and support HRM for incessant improvement. For a small venture to succeed in a knowledge-based economy, HRM is essential. Small ventures may only enhance their resources, knowledge, skills, and capacities to expand, develop, and prosper in the dynamic and changing setting (Danns & Danns, 2023; Moustaghfir et al., 2020b; Voca & Havolli, 2019).

According to academic research on HRM, the discipline might benefit from paying closer attention to new and small ventures (Baron, 2003; Barrett & Mayson, 2006; Van Lancker et al., 2022); however, it was not only until a few years ago that HRM researchers newly turned their notice to the dissimilar levels at which this interface happens (Dabić et al., 2011; Renkema et al., 2017). For instance, Cardon and Stevens (2004) believe that our comprehension of critical human resource challenges in incipient ventures attain pivotal skills because the management of the human resources in small ventures presents difficulties exacting from those of their greater venture counterparts; thus, scholars maintain additional search of HRM in small ventures is merited which nowadays still is persisting. Conversely, Heneman and Tansky (2002) argue that there is precious little theory and studies with a clear purpose for examining the HRM field in entrepreneurial organizations such as small ventures (Dabić et al., 2011; Hinteregger, 2017). For instance, it would be beneficial to do a deeper and more thorough examination of how HRM affects start-ups and their performance.

Scholars recognize a need for more work on the connection between HRM and entrepreneurship (Barrett & Mayson, 2007; Dabić et al., 2011; Van Lancker et al., 2022). However, the most frequently found HRM actions in small ventures reveal operational needs and sensible concerns. Over time, mainly from the HRM field, there has been an argument about what can be taken and applied to help us appreciate valuable issues in entrepreneurship (Barrett & Mayson, 2006; Erävala et al., 2021). Still, little is known about how people manage these ventures; the management of human resources in small entrepreneurial ventures is a subject regularly disregarded (Jack et al., 2006; Novo-Melo & Machado, 2013; Van Lancker et al., 2022), studies conducted across countries and industry sectors, appears to be a valid alternative tool to examine the role of HRM in encouraging small venture entrepreneurship (Moustaghfir et al., 2020a), the literature reveals less guidance, on the interplay about HRM actions and entrepreneurial behaviors. Further studies may provide strategies for expanding our awareness of HRM in small ventures (Jack et al., 2006; Van Lancker et al., 2022). Entrepreneurs can deal with challenges connected to the instability of business settings by having broad skills and specialized knowledge (Danns & Danns, 2023; Hinteregger, 2017; Inmyxai & Takahashi, 2009). Expanding knowledge in the context of small ventures would be attractive to relate HRM actions to the individual entrepreneurship dimensions (Schmelter et al., 2010).

Therefore, the aim of the research posits to fortify better the gaps that exist regarding understanding entrepreneurship with the field of HRM by the connection of knowledge and skills considered precious and vital mechanisms mainly for organizations such as micro and small ventures, which conventionally are considered and relegated for its poor human resource actions, and even more remarkable in emerging markets. However, small ventures brought about meaningful change and inputs to economies both at the national and regional levels in a global context. In other words, small ventures can potentially implement higher levels of human capital enhancement actions (Patel & Cardon, 2010). In this vein, and even though the literature refers to small and medium-sized enterprises (SMEs), this study prefers to focus on small entities; it is advisable to divide the SMEs category into small ventures, which entities should demand much more diligence (Dabić et al., 2011; Zieba et al., 2016). Small ventures usually require singular, highly adjusting tools for managing their knowledge; they test novel solutions and can alter the existing ones to their own needs. In other words, this study poses the following research question: Do entrepreneurship and human resource management enclose knowledge management and skills in small ventures' performance? This work adds to the body of literature in three distinct ways.

First, from an empirical and methodological way, this study examines small ventures through knowledge management and skills critical for progressive growth concerning better innovation, competitive advantages, and design of suitable business strategy because there is a shortage of academic attention addressing the relationship concerning entrepreneurship and HRM, that is, management practices for the small ventures particular in emerging markets, where indeed represent a vital contribution to economic prosperity. Second, this study expands the literature on entrepreneurship and HRM by examining small ventures and providing evidence from one category of economic context: lower-middle-income economies. Third, the findings can provide reference material for evaluation and planning for micro and small venture management, as well as in terms of transfer of knowledge, those plans, and competencies to improve the effectiveness of this type of venture.

This paper is organized as follows in the remaining parts: A detailed literature review and the research framework, including hypotheses, are presented in the next section. Then, it evinces the research methodology. The following section presents the results and discussion and concludes with academic implications and suggestions for future research.

## **2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT**

### **2.1 Entrepreneurship and HRM**

Accordingly, HRM as a scope has been progressively linked with well-built organizations, which underpins the feeling that small ventures do not demand appropriate actions in their management, likewise given the entrepreneurship-driven class of such businesses (Schmelter et al., 2010). Over time, we might have a case of myopia. Researchers from the HRM field are revealing the connection between these two fields (Barrett & Mayson, 2006; Dabić et al., 2011). Entrepreneurship is a complex and robust process involving countless forces inside and outside ventures (Esnard & Stephens, 2023). Equally clear is the valuable role HRM plays in entrepreneurship (Elia et al., 2017; Hayton, 2005). We can be sure that HRM actions have been found to change with organizational size (Jack et al., 2006; Van Lancker et al., 2022). Our knowledge, experience, and prescriptions for HRM are typically formed from studies in large organizations; nonetheless, by not inspecting the relationship of HRM and its conceivable effect and impact on these endeavors, we perceive a chance at that point as analysts. As an illustration, newly launched ventures by entrepreneurs provide a unique and potentially priceless venture setting for evaluating the HRM principles and theories (Baron, 2003), and actions contribute to comprehending the issues challenged by the entrepreneurial venture (Barrett & Mayson, 2007; Esnard & Stephens, 2023).

Although entrepreneurs occasionally consider HRM, it can be integral in refining the manageability of business organizations (Ren & Jackson, 2020) because it spreads meaningfully beyond a venture's fuzzy boundary. Closer ties concerning HRM, and entrepreneurship can indeed play a part in valuable reciprocal benefits for both. All entrepreneurs desire a working knowledge of the principles and findings of HRM in connection to finding and managing new ventures that subsist and prosper, and the field of HRM reaps the valuable benefits with better forms on entrepreneurs and their new ventures. Both fields might benefit enormously from the construction of a closer weave because they are not that diverse from one another (Baron, 2003). Excluding in small ventures, such understanding is not prone to result essentially from exact communications concerning HRM and workers, nonetheless rather than information conveyed through many formal and informal communication channels (Ren & Jackson, 2020). Closer meshes help us comprehend whether and how theories of HRM are applied to new and traditional small ventures (Barrett & Mayson, 2006). In rapid growth, the management of HRM should be designated as meaningfully more critical. For instance, many workers working in family businesses are not family members, which suggests the need to execute professional HRM actions (Daspit et al., 2018).

Thus, HRM opens the door to appending works intended to progress and improve our comprehension of the needs of the entrepreneurial role and, consequently, to apply append discoveries from the field of HRM to comprehend the entrepreneurial process (Baron, 2003). The HRM literature, nonetheless, raises valuable points that are worth pondering when exploring small ventures (Gilman et al., 2015), maximizes workers'

knowledge and skills (Hinteregger, 2017; Hornsby & Messersmith, 2014), knowledge and skills required for HRM to be natural entrepreneurs are much more widespread than the typical grouping of technical business knowledge and HRM-specific knowledge and experience (Danns & Danns, 2023; Ren & Jackson, 2020).

Specifically, in family ventures, the HRM scheme could be an unequivocal indication of the family's internal system; a scarce equilibrium in the family makes an ascendance to a scarce equilibrium in the venture, which might, in the best of the case, ultimately impact performance (Daspit et al., 2018; Van Lancker et al., 2022). Such connections will, in any case, save both sides from wasting time and effort trying to find the knowledge that likewise exists (Baron, 2003), while there is still much to be gained from looking at the connection of these two fields of scope (Barrett & Mayson, 2006; Van Lancker et al., 2022), human resource actions contribute to nurturing entrepreneurship within small ventures (Castrogiovanni et al., 2011). The culture of small entrepreneurial ventures reinforces the venture's capability to familiarize itself with change (Barrett & Mayson, 2006). HRM can influence entrepreneurship through the formation of an entrepreneurial culture (Hayton, 2005; Hinteregger, 2017; Moustaghfir et al., 2020b; Namdarian et al., 2020), vast levels of enclosed communication are operational human resource actions for inspiring entrepreneurship in small ventures (Castrogiovanni et al., 2011) where the entrepreneurial attitudes emerge, HRM and entrepreneurship is a valuable subject for future exploration, and further inspections should be supported. We urge researchers to further comprehend HRM combined affairs within family ventures (Daspit et al., 2018) by taking an in-depth look.

A contingent scope is the most significant appointment to make an in-depth yet deserted comprehension of how and why workers are in entrepreneurship. The value of a contingent domain lies in its comprehension of the incrustated class of ontology, affording a chance to study the procedures of and more comprehensive HRM actions (Gilman et al., 2015). However, HRM actions appear to be less widespread in some ventures than others (Daspit et al., 2018); HRM actions are likely to be less formalized because small ventures are recognized more to use ad hoc actions, the unclear of HRM are least likely to expand skills and knowledge needed (Cardon & Stevens, 2004; Mayson & Barrett, 2006; Novo-Melo & Machado, 2013), notably much of the knowledge of entrepreneurial ventures exist in within workers (Heneman & Tansky, 2002). Because of that, one would expect that HRM actions that influence workers will be joined with knowledge development (Hayton, 2005; Hinteregger, 2017).

In small ventures, mainly in emerging markets, in comparison with other members of the organizations, entrepreneurs are pivotally influential human resources, such as stock of knowledge and skills. Entrepreneurs who are incredibly knowledgeable and skilled can handle complex business operations and create plans for the future of their ventures (Danns & Danns, 2023; Inmyxai & Takahashi, 2009). A key factor is deciding what workers demand to be unequivocal in entrepreneurship. Once this is determined, the venture can define the specific HRM actions that the organization needs to use (Schmelter et al., 2010). Many researchers have examined dissimilar parts of HRM development during the preceding years. For instance, the in-depth analysis of (Renkema et al., 2017) illustrates that multidimensional thinking is still fully utilized in HRM. HRM initiatives and actions can be beneficial in helping workers become accustomed to the new working actions fostered by technological advancements. Thinking about the incredible significance of small ventures for economic prosperity, they should capitalize on many HRM actions,

regardless of the sector they operate in, their size, or the area where they perform their activity (Voca & Havolli, 2019).

HRM decisions made by a venture, compulsory during their initial stages of venture development, impact the venture's long-term goals, and thus, attention to how HRM actions are developed and implemented is helpful in long-term economic and noneconomic success (Cardon & Stevens, 2004; Daspit et al., 2018). Lansberg's (1983) account among one of the first to consider human resource issues in family ventures, calling attention to the special connection of family and venture agendas made countervailing pressures on leaders recognized with determination, remuneration, examination, and preparation of workers. HRM is a system of management activities targeted to induce valuable changes in the worker base concerning entrepreneurship (Hinteregger, 2017; Schmelter et al., 2010). Recent works have begun this discussion; nonetheless, this must be spread to comprehend the connections concerning HRM actions and entrepreneurship (Hornsby & Messersmith, 2014).

Challenges for future studies include developing and applying a contingent scope to a broader range of issues and phenomena to explain worker voice in small ventures in greater depth (Esnard & Stephens, 2023; Gilman et al., 2015; Hinteregger, 2017). Through the activities and actions of HRM, workers achieve individual knowledge and novel skills and aptitudes (Voca & Havolli, 2019). Entrepreneurs rely on entrepreneurship – peculiarly skills and knowledge through time, append abilities may be demanded entrepreneurship, specifically, to distinguish and exploit chances which can create optimistic and external adhesive effects (Danns & Danns, 2023; Estrin et al., 2016), the choice to enroll in entrepreneurship will be conditioned on the individual's human capital that enables the identification and formation of a relatively complex venture which is recognized by the joint supply of outcome. Through the constant generation and use of competitive advantage, entrepreneurship secures novel seeds of knowledge; in this vein, entrepreneurship is a valuable feature of venture performance that HRM actions are predicted to be compulsory (Esnard & Stephens, 2023; Hayton, 2005).

HRM actions can significantly diverge in encouraging entrepreneurship; nonetheless, more specific prescriptions concerning HRM actions tend to be challenging to find and are typically contradictory. A more appropriate perspective on entrepreneurship would encourage building an affordable affinity between workers and the venture. These organizational relationships serve as vital channels for the movement of knowledge and entrepreneurial opportunities. The venture owners might require advanced knowledge and skills as a crucial component of the venture's human resources, which entrepreneurs have acquired over a while (Inmyxai & Takahashi, 2009). Entrepreneurs' pertinent, particular knowledge and abilities may affect outcomes more effectively. Schmelter et al. (2010) propose that HRM actions regarding entrepreneurial criteria surrogate entrepreneurial thinking, orientation, and activity within workers, thereby creating and nurturing entrepreneurship activity; skills coupled with abilities to work in a team are valuable for entrepreneurship as entrepreneurial activities are distinctively teams concerned. The skills of the owner-managers have a vital chain reaction in small ventures. For instance, indicators of skills include production skills, communication, teamwork and organization, supervision, finance, administration, and accounting (Ardiana et al., 2010; Erävala et al., 2021).

HRM actions will underpin one another in an interactive trend in their compatibility with entrepreneurship; still, there needs to be more literature interlacing HRM actions with entrepreneurship (Hayton, 2005; Heneman & Tansky, 2002). Jack et al. (2006)



evince the significance of HRM to entrepreneurship grounded in their review; nonetheless, HRM requires skill and endeavor, and many entrepreneurs prefer other paths in their entrepreneurial activities. The future challenge appears to broaden our comprehension of the role of HRM actions in bringing about the prosperity of small entrepreneurial ventures. The knowledge that secures strategies in human resources, more than others, can raise creativity that will contribute to entrepreneurs of smaller ventures shaping their virtuosity resources on such human resources (Castrogiovanni et al., 2011). From the above, the following hypothesis is proposed:

***Hypothesis 1: Entrepreneurship and HRM are positively associated through knowledge management in small ventures' performance***

### **2.3 Knowledge management and skills**

Due to the necessity of specific abilities in the workplace, we must progress in our knowledge of how HRM contributes to creating successful ventures (Jack et al., 2006; Moustaghfir et al., 2020b). In the current knowledge-based era, the venture's knowledge and other physical properties, e.g., human resources, are considered the most critical organizational property and source of competitive advantage (Namdarian et al., 2020). Enticing, keeping, and nurturing entrepreneurs with the knowledge, skills, and capacities to achieve the venture's goals are all parts of knowledge management (Hornsby & Messersmith, 2014); workers with the correct profile of knowledge and skills will fit the venture's innovative bearing (Franco-Arango & Álvarez-Mesa, 2022). Therefore, workers who can recurrently refine their skill sets are likely to be more productive in entrepreneurial organizations. Skills include taking advantage of opportunities to be persistent and removing challenges to start a new venture (Esnard & Stephens, 2023).

Up to now, there may likewise be dissimilarities in the comparative productivity of the entrepreneurial skills with a broader applicability for entry into entrepreneurship - rationality utility maximizes individuals' choice to be appointed entrepreneurs. The skills of workers in this setting can be measured by several indicators such as a) determining how to complete the task/job, b) determining the best procedure in carrying out the task/job, c) executing a well-done job, d) determining the size/volume of the best tasks that can be completed, e) determining the best measure of the quality of work that can be completed, f) predicting the results of the implementation of tasks/work (Alhempfi & Harianto, 2013), how human capital has the power to influence and nurture entrepreneurship entry is less well researched, and the findings are conflicting to date (Estrin et al., 2016).

Regarding these latter scholars, they argue that issues of recruiting and merely qualified workers whose knowledge repeatedly serves the venture's most precious capital value. However, there is still more to be done, and as long as small ventures are a source of continued interest, more research must be done on HRM from within the entrepreneurship field (Mayson & Barrett, 2006). HRM decisions made timely in a venture's creation process of dearly pivotal downstream success of ventures, in the field both HRM and entrepreneurship, do not spend plenty of time sharpened on the succeeding forces of these options; therefore, entrepreneurial enterprises that deal with human issues do so in a way that is more prudent and comprehensive in perspective of the dynamic and the ever character of HRM (Cardon & Stevens, 2004). Similarly, in the family venture literature, there are only a small number of studies shaping HRM actions in

general or high fulfillment in particular (Daspit et al., 2018); thus, in family ventures exist, comparatively insufficient works on HRM actions.

HRM actions are increasingly performed in large firms; nonetheless, far less in smaller ones is defined as performance valuation or management (Jack et al., 2006). HRM performance is fundamental to nurturing entrepreneurship; nonetheless, little is known about its features in small ventures (Castrogiovanni et al., 2011). Given the value of HRM actions to entrepreneurship, research is needed on the human factors governing the emergence of entrepreneurship in small ventures and the process underlying its implementation. Communication profoundly improves cooperation and the generation of trust in small ventures and, at the same time, facilitates knowledge. Family ventures may not easily alter HRM actions when challenged with the need to change, and disproportionality rigid HRM actions scarce and flexible hinder venture performance - valuable skills (Daspit et al., 2018); such divided HRM actions likely hamper the economic direction achievement of the venture, thus, HRM actions in family ventures influencing both economic and noneconomic venture outcomes.

Recognizing the need for owner-managers to introduce a more profound and more systematic professional management skill, one that disseminates change and learning through the prelude of novel knowledge and the latest perspectives (Danns & Danns, 2023; Franco-Arango & Álvarez-Mesa, 2022; Gilman et al., 2015), HRM makes a rationale for the use and operation of voice led owner-managers to reevaluate constraints and provide opportunities for worker voice. Previous contingent approaches (Baron, 2003; Barrett & Mayson, 2006; Cardon & Stevens, 2004; Hayton, 2005), HRM in small ventures allows one to analyze, present, and explore complex phenomena (Gilman et al., 2015). HRM actions combined with medium- and high-knowledge-intensity ventures (Hayton, 2005) and entrepreneurial ventures are inclined to make systematic investments in worker skills. Formal HRM actions are the attribute of some essential reasoning about how workers' skills contribute to achieving the venture's purpose (Mayson & Barrett, 2006).

Because human resource policies are necessary to inspire workers and foster a sense of belonging among workers, human resource skills and knowledge are indicators of human capital that can increase productivity (Inmyxai & Takahashi, 2009; Namdarian et al., 2020). Human resources are entrepreneurs and workers who have capabilities and competencies that can be deployed to influence venture performance. The most valuable skills for entrepreneurs are the ability to forecast and make decisions under circumstances of uncertainty, the value derived from the unique contribution of skills, and knowledge in achieving venture goals (Danns & Danns, 2023; Mayson & Barrett, 2006). Small venture success has been recurrently categorized in the literature into three categories of backgrounds: the individual features of the owner-manager, venture features, and environmental features (Rutherford & Oswald, 2000).

Distinctive attributes include the owner-managers age, education, managerial know-how, industry experience, and social skills. The venture attributes referred to the strategy, structure, location, and venture-specific policy by mentioning some of them. The environmental attributes are joined to market circumstances. Scholars have the opinion that entrepreneurial capabilities in particular categories are primordial for business success, like entrepreneurial skills, technical skills, managerial skills, and personal maturity skills (Danns & Danns, 2023; Narkhede et al., 2014; Smith et al., 2007) well-known and well-accepted in the literature and commonly admitted for practitioners as essential entrepreneurial skills. Training and development, performance management,

and worker relations are the most significant strategic HRM actions (Moustaghfir et al., 2020b).

Nonetheless, very scarce empirical works are not enough to help us better comprehend the requirements for and the impact of exactly seeking creative and entrepreneurial actors. HRM actions are expected to positively influence the levels of human – knowledge and skills within the venture (Hornsby & Messersmith, 2014; Lee et al., 2022; Mayson & Barrett, 2006; Moustaghfir et al., 2020b). Mainly, a venture's HRM is understood as a precious mechanism for developing entrepreneurial behaviors. For instance, Langwell and Heaton (2016) state that HRM only plays an outlying part due to a scarcity of knowledge. Regardless of size, most businesses do not use HRM as a strategic partner. Small ventures have historically been more likely to choose a short-term, operational solution to their current HRM issues because of a shortage of knowledge about the enhancement of a more strategic scope of HRM (Mayson & Barrett, 2006).

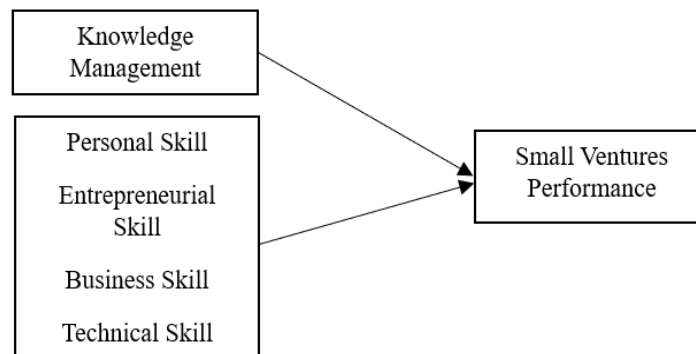
Refining the quality of human resources is highly needed, clearly in the field of HRM capabilities such as knowledge, skills, and attitude to entrepreneurship. Therefore, it is necessary to research the persuasion of knowledge, skills, and HRM. Knowledge reflects the cognitive ability of a worker in the link to recognize, realize, and comprehend a task/job. Skills are the ability to operate a job quickly and precisely, which requires a basic job understanding (Sembiring, 2016). The higher the knowledge and skills of HRM, the better the fulfillment of small ventures or vice-versa. Because of that, knowledge and skills need to be disseminated and maintained to encourage entrepreneurs and workers to accomplish better fulfillment, which will enrich and expand the fulfillment of small ventures (Danns & Danns, 2023; Esnard & Stephens, 2023; Moustaghfir et al., 2020b). Works in the smaller venture setting remain under-theorized and under-learned (Gilman et al., 2015; Novo-Melo & Machado, 2013), which opens the admission of room for additional research from the field of HRM to comprehend entrepreneurship (Baron, 2003; Van Lancker et al., 2022). Therefore, it is unsurprising that many works have been accomplished, and we need more and better research concerning comprehending HRM in entrepreneurial ventures (Heneman & Tansky, 2002). Accordingly, HRM is supplementary because many businesses, regardless of size, do not use HRM as a strategic ally. Strategic enablers such as talent, change, and knowledge management can provide an enabling context (Franco-Arango & Álvarez-Mesa, 2022). HRM actions play a pivotal role in embracing the rising circumstances within the context of a venture, which has the potential to nurture the venture's entrepreneurial learning (Moustaghfir et al., 2020a).

HRM scholars are now formulating novel perspectives; HRM-based change implicates more than the activities connected with the usual strategic change agent role prescribed for HRM and instead requires initiating and enabling changes that disrupt form and disrupt the prevailing logic (Ren & Jackson, 2020; Van Lancker et al., 2022). Humans have an essential ability that moves them toward reaching goals and outcomes. Unfortunately, movements or functions are not continually precise because the knowledge and skills concerning introducing functions and objectives to be achieved still need to be entirely right. By enlarging strategic forms of HRM, small ventures can cultivate entrepreneurial capabilities that leverage knowledge (Moustaghfir et al., 2020a). The strengthening of knowledge implies raising the appropriation of the individual to the collective as a dynamic capability of the ventures (Franco-Arango & Álvarez-Mesa, 2022). Therefore:

**Hypothesis 2:** *Entrepreneurship and HRM are positively associated through personal, entrepreneurial, business, and technical skills in small ventures' performance*

To better comprehend this study, the research framework is presented as follows:

**Figure 1.** Research framework:  
Entrepreneurship and HRM in emerging markets



Source: Authors' elaboration

The latent interconnections concerning entrepreneurship and the venture's HRM endure search. Considering the relationship between HRM and small venture entrepreneurship (Schmelter et al., 2010) is pertinent. Remarkably, HRM actions can supremacy to entrepreneurship. For all that, a model is essential to design methods in which ventures build adequate human resources and entrepreneurial solutions (Hornsby & Messersmith, 2014). Contemporary HRM actions enable elemental material at the individual level to manifest as aggregate phenomena. In this regard, HRM influences workforce development with solid talents, incentives, and chances for successful interpersonal interaction (Renkema et al., 2017). For instance, regarding incorporation and job analysis, HRM actions are appointed as more institutionalized as ventures grow. Small ventures are groups' efforts that most can endure when the economic crisis hits a country; even though the number of small business units continues to increase, it can open a big job. However, small businesses are still understood as having weak performance. Hence, it is necessary to do more extensive work to examine how small ventures manage their knowledge. HRM researchers and practitioners need to be more sensitive to the needs of nascent ventures. While these types of ventures are crucial and pivotal to the success of our economy, smaller entrepreneurial ventures are the drivers for economic prosperity. HRM researchers, who relegate the need to develop theory-building and practices for nascent ventures, risk becoming archaic (Heneman & Tansky, 2002; Hinteregger, 2017). Depending upon which facet of entrepreneurship one addresses, there may be dissimilar combinations of HRM actions helpful to the venture (Moustaghfir et al., 2020b).

### 3. RESEARCH METHODOLOGY

#### 3.1 Sample and data

In this study, the unit of analysis concerns small ventures depicted by the owner-managers or deputies in the Nicaraguan context. The reason for the selection is that, in micro and small ventures, the primary actor in the responsibilities and tasks associated

with the growth of the venture are the owner-manager or their deputies. Accordingly, by studying the perception of the managers or the owners, descriptive information about the organization can be achieved. In addition, the motives of examining the relationships between entrepreneurship and HRM through knowledge management and skills needed by a venture with, e.g., ten workers are far too dissimilar from the ones essential in a large company. Therefore, micro and small ventures should deserve much more attention, considering that depending on geographical location, the categorization differs notably.

For instance, based on the above-mentioned small ventures in the Nicaraguan context, they are defined as micro ventures with 1 to 5 workers and small ventures with 6 to 30 workers (MIFIC, 2023). Then, to ensure the representativeness of the sample population, the ventures were chosen from dissimilar locations and industries. Data collection is primary via a self-administrated questionnaire, where the sample selection is derived from specific criteria by citing that small ventures should have a workforce with a minimum of 5 workers. The questionnaire was translated from English to Spanish following a back-translation procedure (Brislin, 1970). The questionnaire was applied from October 2022 to February 2023. A sample of 62 small ventures participated in the study, resulting in a representative response rate of 77.5% out of the initial 80 small ventures contacted. The survey was distributed and administered electronically; in some cases, it was completed in person using paper and pencil format. Moreover, the researchers followed suggestions of studies encouraging scholars to consider country differences, which by logic, knowledge management, and skills differ between small ventures (Moustaghfir et al., 2020b; Zieba et al., 2016).

### 3.2 Measurement

An inductive scope has been accomplished to develop and test the connection concerning entrepreneurship and HRM actions in small ventures' performance. Accordingly, knowledge can be obtained from arranging and managing the ventures' relations with the setting. Under this perspective, the present research aims to find the connection between knowledge management and small ventures, assuming that small ventures have some particular features that make them dissimilar from large companies, and this is why they have to be treated differently (Zieba et al., 2016). Therefore, to measure knowledge management, 18 items were adapted from Bontis et al. (2000), Bozbura (2004, 2007), and the OECD (2003), which describe knowledge management as an effect of dissimilar outside resources to the success of small ventures that is, worker training, policies and strategies, creation and acquisition, and organizational culture. One of the most precious features is being a family venture, which is a vast majority of small ventures.

Small ventures are confronted with severe challenges in the present economic setting, which makes it necessary to research how the entrepreneurs' talents affect the endeavor's performance. The literature implies that skills are needed for the success and fulfillment of small ventures. Skills of management competencies of know-how, capacity, and ability are linked with a thriving business; venture functioning is the straight function of divergent skills. If any entrepreneur possesses these skills, the fulfillment of that particular industry is better because of the pivotal supremacy of an entrepreneur in a small venture (Narkhede et al., 2014). To find the connection of skills with small ventures, the present study measured skills derived from relevant literature regarding the four elements of skills – personal, entrepreneurial, business, and technical skills adapted from Narkhede et al. (2014) and Smith et al. (2007). Regarding the context and for the present work about small ventures, the literature's most common and accepted constructs were

considered, and 23 items concerning the four skills elements were used. Examples include adaptability to change, competencies for resource acquisition and use, and the ability to use tools, procedures, and techniques. Concerning the venture's performance, this was operationalized and derived from the profitability performance level, sales turnover, and return on investment, which were used to measure the venture's performance. All the construct variables were measured using a 7-point Likert scale.

## 4. RESULTS AND DISCUSSION

### 4.1 Descriptive statistics and analysis strategic

In this study, the reliability and validity of the variables were assessed. Composite reliabilities were more significant than 0.70 for all variables, which indicates sufficient internal consistency. Additionally, the Cronbach alpha indicator, which is derived, demonstrates appropriate indices because all the variables are more significant than the threshold of 0.70. Establishing validity requires that the average variance extracted (AVE) is more significant than 0.50 and that the AVE values are equal to or greater than 0.50 points. Table 1 illustrates the results. In this study, no evidence of common method bias due to the use of a single method (i.e., survey) to collect data was found (Podsakoff et al., 2003) after using Harman's single factor test (36.80%) to analyze multicollinearity concerns and the latent common method bias. Each variable's variance inflation factor (VIF) is less than 5, which shows that multicollinearity is not an issue. Thus, all these tests corroborate that the conditions expended in this study have validity (Al Qaydi & Aris, 2021; Almarashda et al., 2021; Khahro et al., 2021).

**Table 1.** Descriptive statistics

Variable	M.	S. D.	Reliabilities	$\alpha$	AVE	KM	PS	ES	BS	TS	SV
Knowledge management	4.59	.47	.83	.91	.62	<b>.79</b>					
Personal skills	4.71	.50	.80	.82	.56	.61**	<b>.75</b>				
Entrepreneurial skills	5.06	.40	.70	.72	.51	.49**	.34*	<b>.71</b>			
Business skills	4.81	.71	.94	.95	.70	.67**	.70*	.52*	<b>.84</b>		
Technical skills	4.69	.61	.85	.87	.70	.79**	.75*	.49*	.83*	<b>.84</b>	
Small ventures	5.09	.44	.70	.77	.50	.30*	.12	.19	.19	.29*	<b>.71</b>

*Note:* Diagonal elements (in bold) are the square root of the average variance extracted (AVE). \*\*significant at 0.01; \*significant at 0.05

The characteristics of the small ventures are shown in Table 2. The sample consisted of a mix of micro and small ventures, and all the ventures had less than 30 workers on board. To investigate potential multicollinearity issues, variance inflation factors' VIFs for all the variables were calculated (Table 3). VIF values greater than 10 indicate reasons for concern due to collinearity among the variables, and tolerance values less than 0.1 indicate collinearity among variables. In this study, the values do not suffer from collinearity.

**Table 2.** Characteristics of the survey sample

Characteristic	Frequency	Percent	Characteristic	Frequency	Percent
<i>Firm age (years)</i>			<i>Industry sector</i>		
< 5	31	50.00	Commerce	22	35.50
6 - 10	19	30.60	Processing manufacturing (food, craft, textile)	14	22.60
11 - 15	5	8.10	Services	8	12.90
16 - 20	2	3.20	Education	4	6.50
21 - 30	5	8.10	Processing industry (metal, wood, leather)	4	6.50
<i>Number of workers</i>			Health, social services (communal, personal)	2	3.20
= 5	18	29.00	Building and construction	2	3.20
6 - 10	26	41.90	Financial establishment and insurance	2	3.20
11 - 30	18	29.00	Tourism, hospitality (hotel, restaurant)	2	3.20
<i>Gender (owner-manager)</i>			Agriculture	1	1.60
Male	26	41.90	Real estate trade	1	1.60
Female	36	58.00			
<i>Type of firm</i>					
Family business	48	77.40			
Non-family business	14	22.60			
<i>Country</i>					
Nicaragua	62	100.00			

Note: Processed primary data

**Table 3.** Multicollinearity test on variables

Variable	VIF <sup>a</sup>	Tolerance <sup>b</sup>
Knowledge management	2.84	.35
Personal skills	2.47	.40
Entrepreneurial skills	1.47	.68
Business skills	3.69	.27
Technical skills	5.53	.20

Note: <sup>a</sup>VIF values greater than 10 indicate reasons for concern due to collinearity among variables. <sup>b</sup> Tolerance values less than 0.1 indicate collinearity among variables. Our values do not suffer from collinearity.

Confirmatory factor analysis (Table 4) was applied to determine which items measure each factor using specific statistical criteria like the Kaiser-Meyer-Olkin (KMO) test for sampling adequacy and Bartlett's test of sphericity for the analysis of the different constructs to obtain the factorial structure for a straightforward and significant interpretation (Irwin et al., 2018). After removing the lower loadings, most loadings are 0.55 or higher.

**Table 4.** Factorial Model

Variable	Indicator	Loadings	Variance explained (%)	Goodness of fit
Knowledge management	KME1	.73	74.85	KMO: .78 Bartlett's: 920.67 (p= .000)
	KME2	.71		
	KME3	.83		
	KME4	.90		
	KMP1	.56		
	KMP2	.56		
	KMP3	.77		
	KMP4	.77		
	KMP5	.77		
	KMC1	.73		
	KMC2	.70		
	KMC3	.62		
	KMC4	.72		
	KMC5	.87		
	KMO1	.59		
	KMO2	.77		
KMO3	.68			
KMO4	.68			
Personal skills	PS1	.85	69.53	KMO: .74 Bartlett's: 123.62 (p= .000)
	PS3	.73		
	PS4	.82		
	PS5	.74		
	PS6	.62		
	ES1	.75		
Entrepreneurial skills	ES2	.84	72.32	KMO: .50 Bartlett's: 58.16 (p= .000)
	ES3	.74		
	ES4	.96		
	ES6	.78		
	BS1	.71		
	Business skills	BS2		
BS3		.92		
BS4		.91		
BS5		.90		
BS6		.87		
BS7		.87		
BS8		.87		
Technical skills		TS1	.62	67.04
	TS2	.89		
	TS3	.90		
Venture performance	VPER1	.84	58.97	KMO: .56 Bartlett's: 32.37 (p= .000)
	VPER2	.55		
	VPER3	.86		
Model Fit: $\chi^2/df = 1.24$ ; RMSEA = 0.06; CFI = 0.97; GFI = 0.83; NFI = 0.87; TLI = 0.96				

Note: Processed primary data

This study applied the multiple regression method to a sample of 62 micro and small ventures to examine the relationship between entrepreneurship and HRM through knowledge management and skills. Therefore, this study measures a variety of variables concerning entrepreneurship and HRM. The data was analyzed using the linear modeling method for several reasons: First, the dataset evinces a high prediction rate *per se* (Mark & Goldberg, 1988; Mason & Perreault, 1991). In this aspect, the study tries to elucidate



how to arrange a set of capabilities and abilities so that the point estimates for the dependent variable across a collection of data are as accurate as possible (Lee et al., 2022; Mason & Perreault, 1991). Second, the regression method permits the tools to examine the relationships due to a lack of scientific research that looks at the link derived from knowledge management and skills to small ventures in terms of entrepreneurship and HRM. Third, the regression method was used as it yields suitable equilibrium rates and statistical power while likewise embracing the examination of the variables in context, which provides statistics about variance associated with the entrepreneurship country level (Lee et al., 2017).

Therefore, consistent with the theoretical focus, SmartPLS 4 and SPSS 25 were used to ascertain the relationship among variables, the examination of knowledge management, and skills, which can influence the performance of the small venture. The relationships between entrepreneurship and HRM were estimated after confirming that all the variables are cointegrated. Whenever a potential action has several possible results - in this case, knowledge management and skills - the total utility expected from that behavior is the arithmetic product of the significance of an expected outcome and the organizational strategy toward, i.e., HRM (Hair et al., 2010). Table 5 summarizes the regression analysis results to verify the relationship between the independent variables and entrepreneurial outcomes. As can be seen, in the first model, it was found support for the first hypothesis ( $\beta = .30$ ,  $p < .01$ ) derived from the research question in terms of enclosing knowledge management; however, concerning the second hypothesis in terms of skills in small ventures' performance in the second model was not supported.

**Table 5.** Regression analysis

Variable	Small Ventures	
	Model 1	Model 2
Knowledge management	.30**	.18
Personal skills		-.19
Entrepreneurial skills		.06
Business skills		-.14
Technical skills		.37
R <sup>2</sup>	.09	.12
Adjusted R <sup>2</sup>	.07	.04
F-value	6.05**	.56

Note: \*\*significant at 0.01 level

## 5. DISCUSSION

The development of multiple regression analysis showing the relationship between entrepreneurship and HRM actions and competencies, i.e., knowledge management and skills of organizational performance of small ventures in the Nicaraguan context, was presented in this paper. The developed model comprises five independent constructs regarding entrepreneurship and HRM actions and one dependent construct of small ventures' organizational performance. The model was developed based on five measurable indicators where 41 items were represented by five independent variables and three items in the dependent variable. The findings of the package assessment criteria revealed that the developed model is accepted for explaining the relationship between entrepreneurship and HRM, but only in terms of knowledge management. For instance, from value, R<sup>2</sup> used value as significant 0.092 or 9,2%. That is, under variable Y,

influenced as significant 9.2% by knowledge management ( $X_1$ ), obtained  $t_{\text{account}}$  as big 6.059 with significant  $t$  as big 0.017. Conversely, skills ( $X_2$ )  $t_{\text{account}}$  for as low as 0.566, which is insignificant. However, the proposed framework only represents a single aspect depicting the interaction between HRM and entrepreneurship.

It has been theorized and empirically established that HRM is synonymous with adopting a set of management actions and strategic activities, aligning them with the venture and its other strategies (Wickramasinghe, 2022). The findings evince that the respondents need a better understanding of the types of skills required by ventures, at least for the most minor, i.e., micro. It was found that the HRM action is not at a satisfactory level; the skills needed for growth are enormously different from those needed for businesses (Estrin et al., 2016; Inmyxai & Takahashi, 2009; Shafeek, 2016), the formalization of HRM action leads to greater HRM intensity (Wickramasinghe, 2022). For instance, generating management and leadership skills are much more critical among ventures. Evidence collected in this study shows that managers only play a peripheral part in HRM actions due to the scarcity of knowledge (Langwell & Heaton, 2016). The HRM actions needed to face new challenges and types of venture in the workplace can be obtained by understanding the traits we look for in the individuals who work in these ventures (Ardiana et al., 2010); knowledge can be found from organizing and managing the venture's relations with the environment (Bozbura, 2007; Erävala et al., 2021; Namdarian et al., 2020). Therefore, Nicaragua's micro-enterprises and micro-entrepreneurs persist in their early stage, particularly from a business and economic perspective (Pisani, 2018; Pisani & Yoskowitz, 2012).

Thus, nearly 60% of small businesses still use traditional techniques, and most need help to fulfill the managerial requirements. The effect of the skills variable does not have a significant impact on the performance of small ventures. In other words, to develop small ventures, they should pay attention to the competence of the small ventures' human resources involved in running their business so that small ventures can exist and be profitable and compete better (Narkhede et al., 2014; Voca & Havolli, 2019). One of the leading causes of some managers' final failure is their inability to handle HRM actions effectively (Baron, 2003; Cardon & Stevens, 2004). These individuals need to be managed so that the venture's goals are understood. As a result, there is a trap we can all fall into, which is to focus on HRM in small ventures, *per se*, rather than look at entrepreneurship more generally. Thus, this can be problematic as not all venture owners are entrepreneurs, and not all ventures are entrepreneurial. Numerous small ventures are not the site for innovation, and many small venture owners need business growth as a goal. Implicitly or explicitly implies something is wrong with what occurs in small ventures (Cardon & Stevens, 2004; Jack et al., 2006; Mayson & Barrett, 2006; Novo-Melo & Machado, 2013).

Concerning the contribution of the research to the existing literature, small ventures represent the country's most critical category of businesses, crucial in terms of economic prosperity. The existing literature identifies HRM as one of small ventures' most essential management activities (see, for example, Wickramasinghe, 2022). However, studies on HRM and small ventures are minimal; thus, they remain a phenomenon mainly in large companies. As small ventures for academics trained in traditional HRM paradigms, the need for HRM units in start-ups, in particular, poses a challenge (Dabić et al., 2011). This perspective should be used to study the relationship between HRM and entrepreneurship (Erävala et al., 2021; Heneman & Tansky, 2002; Van Lancker et al., 2022). The findings contend that HRM may help deeper comprehension of the function of HRM in small

ventures, given current requests for enhanced theory-building at the intersection between HRM and small ventures. Therefore, by searching small ventures, the current study focused on a type of venture that has been disregarded in the HRM and entrepreneurship research perspective in part because studies examining such venture types, i.e., micro, small, and medium-sized as a unique group (Wickramasinghe, 2022; Zieba et al., 2016), thus, the dissimilar types of ventures cannot put into the same basket when examining HRM actions.

The impact of human resources, knowledge, and skills must be studied. Using knowledge, skills, and abilities to enhance and advance venture capabilities and transform them into performance results is the goal of HRM, which consists of several procedures and actions (Moustaghfir et al., 2020b; Ren & Jackson, 2020). Growing small ventures are more likely than non-growing small ventures to have formal HRM actions, which means they are either written down, regularly applied, or assured to take place (Barrett & Mayson, 2007; Cardon & Stevens, 2004). That is since most of the small ventures in the Nicaraguan context are family ventures, the managers, likewise, the owners of these ventures are concerned about going out of business since they can no longer control even the most basic information about them (Bozbura, 2007; Heneman & Tansky, 2002; Shafeek, 2016). Even for essential roles, they do not hire professionals. Managers believe that knowledge flow and sharing are unimportant for the success of small ventures. For entrepreneurial activity, knowledge and learning are seen as necessary inputs (Moustaghfir et al., 2020b). Therefore, this study explains how small ventures perceive firsthand and intimate feelings concerning HRM. Theoretically, it points to some conceptual and measurement issues related to management and entrepreneurial capabilities and intentions of ventures essential for economic prosperity, as well as the examination of the relationship between two big fields considered critical to venture performance. Thus, progressing toward this conceptual and methodological aspect, small ventures in the Nicaraguan context need more purposeful exploration. If small ventures are appropriately managed, HRM pushes the long-term growth and survival of the venture. The findings generally support the observations of previous research on HRM function (Voca & Havolli, 2019; Wickramasinghe, 2022).

The findings also show that educational parity, i.e., entrepreneurial education has impact on whether the owner-managers will run ventures and how well they will handle human resource units. Nonetheless, at both phases of business development, gender parity in the process or system matters significantly, as does opportunity-driven small venture activity (Brush et al., 2017; Voca & Havolli, 2019). As a result, we need a greater comprehension of the significant challenges that HRM faces in small ventures, such as acquiring essential skills and competencies and building sustainable actions (Cardon & Stevens, 2004; Estrin et al., 2016). Moreover, the instability of HRM demands that small venture managers are least likely to develop the skills and tacit knowledge to perform needed HRM actions. However, only recently has research on HRM in the entrepreneurial process started to surface (Dabić et al., 2011; Novo-Melo & Machado, 2013; Van Lancker et al., 2022). The contingency and configurational perspectives derive from the idea that specific HRM actions will support a strategy by shaping behaviors and outcomes. The venture's ability to react to knowledge-based organizational challenges is crucial, particularly regarding knowledge management policies and strategies (Namdarian et al., 2020).

An example is human resources acquisition and deployment in small and highly innovative ventures. Considering the great significance of small ventures in economic

prosperity, and regardless of their sector, the size of their business, or the location of their workplace, small ventures should engage in diverse HRM strategies. Small ventures will be successful in the market and competitive in this way (Voca & Havolli, 2019). The findings of this empirical analysis do not allow us to reiterate firmly the existence of rhetoric or reality of HRM in small ventures. To define HRM concerning small ventures, it is necessary to mention that this is developed informally and has no strategic integration with business (Novo-Melo & Machado, 2013). Thus, small ventures are not a lesser form of larger firms; they need singular notice due to the characteristics they face, which impact their venture performance.

## 6. CONCLUSION AND IMPLICATIONS

This empirical research aims to comprehend the nature of entrepreneurship and HRM in the Nicaraguan context. It focuses on small businesses, which are considerably smaller than their counterparts in other regions, using a sample combination of micro and small ventures. The objective was to fortify a better comprehension of whether venture competencies, i.e., knowledge management and skills, are more likely to be used (or not) in venture performance. In so doing, this study, consistent with recent calls in the literature (see, for example, Daspit et al., 2018; Moustaghfir et al., 2020a; Novo-Melo & Machado, 2013; Van Lancker et al., 2022; Wickramasinghe, 2022), examine issues at the connection of entrepreneurship and HRM studies (see, for example, Barrett & Mayson, 2006; Gilman et al., 2015).

Concerning theoretical implications, small ventures should exhibit more formalized HRM actions to gain or maintain a competitive advantage based on HRM intensity (Wickramasinghe, 2022). This may result in beneficial consequences for the venture, such as improvements in and maintenance of current performance and focused expectations for future performance. As ventures grow, HRM actions become more institutionalized, as growth theories suggest (Heneman & Tansky, 2002). Human resources and knowledge management are highly interwoven. In this regard, creating an adequate setting for ideas and developing human resources skills and expertise to foster venture performance can be helpful (Namdarian et al., 2020).

This study indicates a scarcity of individual competencies; the unavailability of skills is a challenge that relates to both the individual competencies of the responsibility of a venture and the way to influence workers. The findings of this study showed that some ventures in Nicaragua operate under a less reliable, educated, and skilled workforce due to particular characteristics (Wickramasinghe & Mahmood, 2017). For instance, Esnard and Stephens (2023) found different predictors of entrepreneurship intentions related to skills by examining entrepreneurs from three Caribbean countries, explaining the highest yet low predictive value of variables such as capabilities, i.e., skills and knowledge.

Conversely, Danna and Danna (2023) evince that entrepreneurs in the Caribbean exhibit the necessary skills and knowledge, management, and entrepreneurial ability, suggesting that entrepreneurs are legitimate entrepreneurs in their own right in pursuing entrepreneurship intention. Voca and Havolli (2019), examining the impact of human resource development on small and medium-sized enterprises in Kosovo, also stress that entrepreneurs have the necessary capabilities to manage ventures. Therefore, from the perspective of competencies in the Nicaraguan context, small ventures must seriously consider reinforcing their managerial, individual, and reengineering management in terms of venture performance (Erävala et al., 2021; Hayton, 2005; Lee et al., 2022); skills include being aware of opportunities and developing business plans to

take advantage of them, in addition to being proactive and overcoming the dissimilar barriers to achieving business performance (Estrin et al., 2016), while the owner-managers decisions and strategies for navigating a standard set of management-related challenges powerfully influence the outcomes (Gilman et al., 2015).

Thus, the findings of this study suggest that it is worth clarifying that although the reference framework is based on analyzed cases, it can be a guide for smaller ventures that do not yet have a declared and aligned purpose regarding the possibility of taking what best suits their needs ventures and the flexibility to put it into practice (Franco-Arango & Álvarez-Mesa, 2022), a greater intensity of practices can address the specific skills and create the value that a venture need about more standardized HRM actions and procedure resulting in the best level for more effective management of the growing workforce (Wickramasinghe, 2022), the more flexible the organizational structure and procedures are, the better they can be adapted to the changes related to knowledge management (Namdarian et al., 2020). However, the literature on HRM and small ventures is still exploratory in design and descriptive (Štangl-Šušnjar et al., 2016). In this context, the study developed measures suitable for small ventures assessing the relationship between entrepreneurship and HRM based on knowledge management and skill.

In terms of practical implications, the findings of this study can help entrepreneurs and practitioners in small venture organizations properly plan and implement HRM to achieve the desired venture performance. In this perspective, all entrepreneurs and venture-related elements can be operationalized by recognizing suitable essential performance and target actions. Management practices are to be assumed as managerial targets during successful knowledge management to create the right conditions for a performing process (Elia et al., 2017). So, while it is essential to comprehend HRM in small ventures, we must be careful to make clear that this only sometimes captures what happens in entrepreneurial (growth) ventures. The findings suggest that the internal dynamics of the small ventures are likely to have a notable influence on the development of a broad range of HRM actions, including, but not limited to, successful planning (Daspit et al., 2018). Thus, this implies that small ventures must have HRM strategies and procedures. In addition, HRM actions should be broad enough to measure and evaluate diverse venture goals.

The venture setting changes continually; thus, entrepreneurs and ventures must be willing to change. Nicaragua's small ventures can grow, develop, and succeed in changing and dynamic settings by increasing HRM's knowledge, skills, and related competencies. For instance, entrepreneurial ventures face unique issues derived from their youth and small size at inception. From a sustainability perspective, since small ventures do not usually utilize succession planning, HRM actions could help establish and identify essential behaviors associated with the overall strategic goals of the ventures (Langwell & Heaton, 2016). Considerable transformations in HRM actions occur after venture inception, and there is much left to comprehend concerning how small venture managers decide when to change actions and how to manage these organizational transitions (Cardon & Stevens, 2004). Applying HRM actions can increase organizational adaptation in the work setting and the ability to increase and apply the resulting knowledge and skills in the performance of ventures and achieving goals (Lee et al., 2022). In small ventures, managers do not talk about HRM but rather as a series of connected tasks they manage concerning their workers, which alter and change as time passes, suggesting that

the formalization of HRM actions in small ventures may not be a desirable trend and that, instead, these actions may suppress creativity.

Furthermore, the cost of setting up and upholding an HRM unit can be spread over the number of workers. Therefore, the formalization should be considered as something other than an alternative option (Wickramasinghe, 2022). For HRM action, ventures with less than 12 workers are apt to be quite distinct from those with more than 30, derived from the categorization for medium-sized ventures in the Nicaraguan context. Therefore, when the number of workers at small ventures increases, they may experience a need for recognizable HRM actions, formal policies, and procedures; as a consequence, HRM actions could result in higher levels for a more operational venture performance. In this regard, the role of knowledge management would be helpful in problem-solving, dynamic learning, strategic planning, decision-making, and avoiding tensions, and lead to rising flexibility and organizational performance (Namdarian et al., 2020). HRM and entrepreneurship in small ventures are relevant topics for future research, and further studies should be encouraged. In other words, HRM actions are needed to channel the explosion of energy into the correct path. The related actions rushed into HRM actions are expected to positively influence humans regarding knowledge, skills, and abilities (Hinteregger, 2017).

### **6.1 Limitations**

There were constraints on the type of analysis that could be done and the relationships that could be investigated due to the data used in this study. For instance, the researchers did not collect the data directly, so they were limited in exploring potential respondents (see, for example, Barrett & Mayson, 2007). Hence, even though the respondents seem to comprehend the value of HRM for their ventures, its implementation on the ground could be more evident.

This analysis is a preliminary to this scale survey of small ventures and their HRM actions. There is difficulty in collecting data on both HRM and entrepreneurship, along with the need for a comprehensive and rigorous theoretical model relating to both areas (Dabić et al., 2011). Scholars should mix qualitative and quantitative data whenever possible. For instance, due to the non-cooperation of the ventures in completing the questionnaire, it was possible obtain only the data of 62 respondents. However, if more small ventures had cooperated, the possibility of generalizing the findings would have increased, given that sound generalizability requires data on large populations to increase the accuracy of the study findings (Namdarian et al., 2020). A broader representative sample should be employed to test the proposed framework developed in this research. However, the findings of this study can be utilized as a visual tool for other research developments in the field of small ventures and development.

Another limitation of the data concerns a single snapshot of small ventures. At the same time, it was possible to identify non-growing small ventures amongst the sample; it needs to be corrected to assume that they have not grown in the future to reach their venture performance. As a result, academics must conduct more research into HRM to support entrepreneurial endeavors. Despite how modest the ventures in this sample were, the data analysis supports the argument that growing small ventures are more likely than non-growing small ventures to use formalized HRM actions. However, it was not possible to determine, using this data, whether these ventures have a distinct competence in aligning HRM actions with business strategy to enable superior venture performance, even though the growing small venture is more likely to have higher total

sales (Barrett & Mayson, 2007). Case study research could likely be fruitfully undertaken to explore these issues, a valid alternative to investigate HRM's role in encouraging small ventures' performance (Moustaghfir et al., 2020a).

Likewise, future research should differentiate between small ventures, for instance, concentrate on a particular sector, venture in a particular location, or venture owned and operated by particular groups of people, as small ventures and small growth-oriented ones are not a homogeneous group (Barrett & Mayson, 2007; Brush et al., 2017). In so doing, a greater comprehension of how growth-oriented small ventures handle HRM can be developed. Future studies can also look at HRM from dissimilar perspectives to expand the comprehension concerning HRM and small entrepreneurial ventures. As an illustration, future researchers can begin concentrating on HRM in specific subcategories of entrepreneurial endeavors, such as new businesses, as well as focus on (Van Lancker et al., 2022), HRM actions are also significantly influenced by an entrepreneur's traits like education, social capital, or HRM philosophy. For instance, HRM philosophies can be measured at the venture level by asking managers about the philosophy of the whole venture, at the unit level, by asking a unit manager about the philosophy of a specific unit or sub-unit, or at the individual level, by asking workers about their perceptions of the HRM philosophy (Renkema et al., 2017).

## REFERENCES

- Al Qaydi, E. M. S., & Aris, A. (2021). Model of human resources Management (HRM) practices factors affecting small and medium enterprises (SMEs) performance. *International Journal of Sustainable Construction Engineering and Technology*, 12(5), 94–105. <https://doi.org/10.30880/ijscet.2021.12.05.010>
- Alhempri, R. R., & Harianto, W. (2013). Pengaruh pelatihan and terhadap pengembangan Usaha kecil pada program kemitraan bina lingkungan, (The influence of training and development toward SMEs). *Media Riset Bisnis and Manajemen*, 13(1), 20–38
- Almarashda, H. A. H. A., Baba, I. B., Ramli, A. A., Memon, A. H., & Rahman, I. A. (2021). Human resource management and technology development in artificial intelligence adoption in the UAE energy sector. *Journal of Applied Engineering Sciences*, 11(2), 69–76. <https://doi.org/10.2478/jaes-2021-0010>
- Ardiana, I. D. K. R., Brahmayanti, I. A., & Subaedi. (2010). Kompetensi SDM UKM dan pengaruhnya terhadap kinerja UKM di Surabaya, (HR competences of SMEs and their effects on SMEs performance). *Journal Manajemen Dan Kewirausahaan*, 12(1), 42–55
- Baron, R. A. (2003). Human resource management and entrepreneurship: Some reciprocal benefits of closer links. *Human Resource Management Review*, 13(2), 253–256. [https://doi.org/10.1016/S1053-4822\(03\)00016-0](https://doi.org/10.1016/S1053-4822(03)00016-0)
- Barrett, R., & Mayson, S. (2006). Exploring the intersection of HRM and entrepreneurship. *Human Resource Management Review*, 16(4), 443–446. <https://doi.org/10.1016/j.hrmr.2006.08.001>

- Barrett, R., & Mayson, S. (2007). Human resource management in growing small firms. *Journal of Small Business and Enterprise Development*, 14(2), 307–320. <https://doi.org/10.1108/14626000710746727>
- Bontis, N., Chua Chong Keow, W., & Richardson, S. (2000). Intellectual capital and business performance in Malaysian industries. *Journal of Intellectual Capital*, 1(1), 85–100. <https://doi.org/10.1108/14691930010324188>
- Bozbura, F. T. (2004). Measurement and application of intellectual capital in Turkey. *The Learning Organization: An International Journal*, 11(4–5), 357–367
- Bozbura, F. T. (2007). Knowledge management practices in Turkish SMEs. *Journal of Enterprise Information Management*, 20(2), 209–221. <https://doi.org/10.1108/17410390710725788>
- Brislin, R. W. (1970). Back-translation for cross-cultural research. *Journal of Cross-Cultural Psychology*, 1(3), 185–216. <https://doi.org/10.1177/135910457000100301>
- Brush, C., Ali, A., Kelley, D., & Greene, P. (2017). The influence of human capital factors and context on women’s entrepreneurship: Which matters more? *Journal of Business Venturing Insights*, 8, 105–113. <https://doi.org/10.1016/j.jbvi.2017.08.001>
- Cardon, M. S., & Stevens, C. E. (2004). Managing human resources in small organizations: What do we know? *Human Resource Management Review*, 14(3), 295–323. <https://doi.org/10.1016/j.hrmr.2004.06.001>
- Castrogiovanni, G. J., Urbano, D., & Loras, J. (2011). Linking corporate entrepreneurship and human resource management in SMEs. *International Journal of Manpower*, 32(1), 34–47. <https://doi.org/10.1108/01437721111121215>
- Dabić, M., Ortiz-De-Urbina-Criado, M., & Romero-Martínez, A. M. (2011). Human resource management in entrepreneurial firms: A literature review. *International Journal of Manpower*, 32(1), 14–33. <https://doi.org/10.1108/01437721111121206>
- Danns, D. E., & Danns, G. K. (2023). The pursuit of entrepreneurship by youths in the Caribbean. *AD-Minister*, 42, 69–96. <https://doi.org/10.17230/Ad-minister.42.4>
- Daspit, J. J., Madison, K., Barnett, T., & Long, R. G. (2018). The emergence of bifurcation bias from unbalanced families: Examining HR practices in the family firm using circumplex theory. *Human Resource Management Review*, 28(1), 18–32. <https://doi.org/10.1016/j.hrmr.2017.05.003>
- Elia, G., Li, X., Margherita, A., & Petti, C. (2017). Human-oriented corporate entrepreneurship: An integrative framework of creativity and HRM enablers. *European Business Review*, 29(4), 386–401. <https://doi.org/10.1108/EBR-12-2015-0169>



- Erävala, K. T., Muhos, M., & Rämi, K. A. (2021). Competence development needs for micro-enterprises entering servitisation. *International Journal of Value Chain Management*, 12(1), 86–105. <https://doi.org/10.1504/IJVCM.2021.112846>
- Esnard, T., & Stephens, A. (2023). Entrepreneurial intentions in the Caribbean: Antecedents and variations. *AD-Minister*, 42, 31–56. <https://doi.org/10.17230/Ad-minister.42.2>
- Estrin, S., Mickiewicz, T., & Stephan, U. (2016). Human capital in social and commercial entrepreneurship. *Journal of Business Venturing*, 31(4), 449–467. <https://doi.org/10.1016/j.jbusvent.2016.05.003>
- Franco-Arango, L., & Álvarez-Mesa, C. (2022). Systemic appropriation of social innovation in organizations from emerging markets: A proposal for the generation of shared value. *AD-Minister*, 40, 65–96. <https://doi.org/10.17230/Ad-minister.40.4>
- Gilman, M., Raby, S., & Pyman, A. (2015). The contours of employee voice in SMEs: The importance of context. *Human Resource Management Journal*, 25(4), 563–579. <https://doi.org/10.1111/1748-8583.12086>
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2010). *Multivariate data analysis: A global perspective*. (7th ed.). Pearson, Upper Saddle River, NJ
- Hayton, J. C. (2005). Promoting corporate entrepreneurship through human resource management practices: A review of empirical research. *Human Resource Management Review*, 15(1), 21–41. <https://doi.org/10.1016/j.hrmr.2005.01.003>
- Heneman, R. L., & Tansky, J. W. (2002). Human resource management models for entrepreneurial opportunity: Existing knowledge and new directions. In *Advances in Entrepreneurship, Firm Emergence and Growth* (Vol. 5, pp. 55–81). Emerald (MCB UP ). [https://doi.org/10.1016/S1074-7540\(02\)05004-3](https://doi.org/10.1016/S1074-7540(02)05004-3)
- Hinteregger, C. (2017). Integrating organisational culture and human resource management in the context of corporate entrepreneurship: A review and research agenda. *International Journal of Business Environment*, 9(2), 152–181. <https://doi.org/10.1504/IJBE.2017.085352>
- Hornsby, J. S., & Messersmith, J. G. (2014). Human resource management and corporate entrepreneurship. *Wiley Encyclopedia of Management*, 3, 1–6. <https://doi.org/10.1002/978111878537.weom030050>
- Inmyxai, S., & Takahashi, Y. (2009). Entrepreneurs as decisive human resources and business performance for the Lao SMEs. *Chinese Business Review*, 8(7), 29–47. <https://doi.org/10.17265/1537-1506/2009.07.003>
- Irwin, K. C., Landay, K. M., Aaron, J. R., McDowell, W. C., Marino, L. D., & Geho, P. R. (2018). Entrepreneurial orientation (EO) and human resources outsourcing (HRO): A “HERO” combination for SME performance. *Journal of Business Research*, 90, 134–140. <https://doi.org/10.1016/j.jbusres.2018.05.016>

- Jack, S., Hyman, J., & Osborne, F. (2006). Small entrepreneurial ventures culture, change and the impact on HRM: A critical review. *Human Resource Management Review*, 16(4), 456–466. <https://doi.org/10.1016/j.hrmr.2006.08.003>
- Khahro, S. H., Memon, A. H., Memon, N. A., Arsal, A., & Ali, T. H. (2021). Modeling the factors enhancing the implementation of green procurement in the Pakistani construction industry. *Sustainability*, 13(13), 7248. <https://doi.org/10.3390/su13137248>
- Langwell, C., & Heaton, D. (2016). Using human resource activities to implement sustainability in SMEs. *Journal of Small Business and Enterprise Development*, 23(3), 652–670. <https://doi.org/10.1108/JSBED-07-2015-0096>
- Lansberg, I. S. (1983). Managing human resources in family firms: The problem of institutional overlap. *Organizational Dynamics*, 12(1), 39–46. [https://doi.org/10.1016/0090-2616\(83\)90025-6](https://doi.org/10.1016/0090-2616(83)90025-6)
- Lee, Ch. W., Peng, Ch. L., & Chen, H. Ch. (2022). Reengineering human resources and entrepreneurial learning towards organizational revitalization in Malaysian travel and tourism companies during the COVID-19 pandemic. *Sustainability*, 14(20), 13509. <https://doi.org/10.3390/su142013509>
- Lee, S. Y., Sahaym, A., Cullen, J., & Juasrikul, S. (2017). Family involvement and the entry mode into entrepreneurship: The contingent role of national culture. *The Journal of Small Business Innovation*, 20(2), 17–34
- Mark, J., & Goldberg, M. A. (1988). Multiple regression analysis and mass assessment: A review of the issues. *The Appraisal Journal*, 56(1), 89–109
- Mason, C. H., & Perreault, W. D. (1991). Collinearity, power, and interpretation of multiple regression analysis. *Journal of Marketing Research*, 28(3), 268–280. <https://doi.org/10.1177/002224379102800302>
- Mayson, S., & Barrett, R. (2006). The science and practice of HRM in small firms. *Human Resource Management Review*, 16(4), 447–455. <https://doi.org/10.1016/j.hrmr.2006.08.002>
- Ministry of Development, Industry and Commerce of Nicaragua—MIFIC. (2023). [www.mific.gob.ni](http://www.mific.gob.ni)
- Moustaghfir, K., El Fatihi, S., & Benouarrek, M. (2020a). Human resource management practices, entrepreneurial orientation and firm performance: What is the link? *Measuring Business Excellence*, 24(2), 267–283. <https://doi.org/10.1108/MBE-12-2019-0119>
- Moustaghfir, K., Ramid, S., & Touhs, K. (2020b). Linking human resource management, entrepreneurial orientation, and firm performance: An integrative theoretical framework. *International Journal of Innovation and Learning*, 28(3), 394–414. <https://doi.org/10.1504/IJIL.2020.109843>

- Namdarian, L., Sajedinejad, A., & Bahanesteh, S. (2020). The impact of knowledge management on organizational performance: A structural equation modeling study. *AD-Minister*, 37, 85–108. <https://doi.org/10.17230/Ad-minister.37.4>
- Narkhede, B. E., Nehete, R. S., Raut, R. D., & Mahajan, S. K. (2014). Impact of entrepreneurial skills on the firm's performance: Evidence from manufacturing SMEs in India. *International Journal of Indian Culture and Business Management*, 8(2), 216–236. <https://doi.org/10.1504/IJICBM.2014.059207>
- Novo-Melo, P. R., & Machado, C. F. (2013). Human resource management in small and medium enterprises in Portugal: Rhetoric or reality? *International Journal of Entrepreneurship and Small Business*, 20(1), 117–134. <https://doi.org/10.1504/IJESB.2013.055696>
- OECD. (2003). *Measuring Knowledge Management in the Business Sector*. OECD/Minister of Industry, Ottawa
- Patel, P. C., & Cardon, M. S. (2010). Adopting HRM practices and their effectiveness in small firms facing product-market competition. *Human Resource Management*, 49(2), 265–290. <https://doi.org/10.1002/hrm.20346>
- Pisani, M. J. (2018). Emprendimiento femenino contemporáneo en Nicaragua. *AD-Minister*, 33, 5–20. <https://doi.org/10.17230/ad-minister.33.1>
- Pisani, M. J., & Yoskowitz, D. W. (2012). A study of small neighborhood Tienditas in Central America. *Latin American Research Review*, 47(1), 116–138. <https://doi.org/10.1353/lar.2012.0055>
- Podsakoff, Ph. M., MacKenzie, S. B., Lee, J.-Y., & Podsakoff, N. P. (2003). Common method biases in behavioral research: A critical review of the literature and recommended remedies. *Journal of Applied Psychology*, 88(5), 879–903. <https://doi.org/10.1037/0021-9010.88.5.879>
- Ren, S., & Jackson, S. E. (2020). HRM institutional entrepreneurship for sustainable business organizations. *Human Resource Management Review*, 30(3), 100691. <https://doi.org/10.1016/j.hrmr.2019.100691>
- Renkema, M., Meijerink, J., & Bondarouk, T. (2017). Advancing multilevel thinking in human resource management research: Applications and guidelines. *Human Resource Management Review*, 27(3), 397–415. <https://doi.org/10.1016/j.hrmr.2017.03.001>
- Rutherford, M. W., & Oswald, S. L. (2000). Antecedents of small business performance. *New England Journal of Entrepreneurship*, 3(2), 21–33
- Schmelter, R., Mauer, R., Börsch, C., & Brettel, M. (2010). Boosting corporate entrepreneurship through HRM practices: Evidence from German SMEs. *Human Resource Management*, 49(4), 715–741. <https://doi.org/10.1002/hrm.20366>

- Sembiring, R. (2016). Impact of human resources knowledge and skills on SMEs' in Medan city, Indonesia. *International Journal of Management, Economics and Social Sciences*, 5(3), 95–104
- Shafeek, H. (2016). The impact of human resources management practices in SMEs. *Annals of Faculty Engineering Hunedoara – International Journal of Engineering*, 14(4), 91–102
- Smith, W. L., Schallenkamp, K., & Eichholz, D. E. (2007). Entrepreneurial skills assessment: An exploratory study. *International Journal of Management and Enterprise Development*, 4(2), 179–201. <https://doi.org/10.1504/IJMED.2007.011791>
- Štangl-Šušnjar, G., Slavić, A., Berber, N., & Leković, B. (2016). The role of human resource management in small and medium sized companies in Central-Eastern Europe. In J. Ateljević & J. Trivić (Eds.), *Economic Development and Entrepreneurship in Transition Economies* (pp. 205–229). Springer International Publishing. [https://doi.org/10.1007/978-3-319-28856-7\\_12](https://doi.org/10.1007/978-3-319-28856-7_12)
- Van Lancker, E., Knockaert, M., Audenaert, M., & Cardon, M. (2022). HRM in entrepreneurial firms: A systematic review and research agenda. *Human Resource Management Review*, 32(3), 100850. <https://doi.org/10.1016/j.hrmr.2021.100850>
- Voca, Z., & Havolli, Y. (2019). The impact of human resources development on small and medium enterprises (SMEs) performance: The case of Kosovo. *Journal of Economics and Management Sciences*, 2(2), 45–54. <https://doi.org/10.30560/jems.v2n2p45>
- Wickramasinghe, V. (2022). The relationship between formalization of HRM function and HRM intensity in SMEs: An empirical investigation in Sri Lanka. *Small Business International Review*, 6(2), e529. <https://doi.org/10.26784/sbir.v6i2.529>
- Wickramasinghe, V., & Mahmood, M. H. (2017). Human resource management in Bangladesh and Sri Lanka. In F. L. Cooke & S. Kim (Eds.), *Routledge Handbook of Human Resource Management in Asia* (1st ed., pp. 392–412). Routledge. <https://doi.org/10.4324/9781315689005-26>
- Zieba, M., Bolisani, E., & Scarso, E. (2016). Emergent approach to knowledge management by small companies: Multiple case-study research. *Journal of Knowledge Management*, 20(2), 292–307. <https://doi.org/10.1108/JKM-07-2015-0271>

## Appendix

Table A1. Variables and measures

Variable	Measure
<b>Knowledge Management</b>	
Worker Training	Formal training is given to workers in work-related subjects Formal training is given to workers in personal skills (non-work-related subjects) Encouraging workers to continue their education (reimbursing tuition fees) Formal mentoring practices
Politics and Strategies	Quick and easy access to information Existences of a bureaucratic system IS contains all knowledge, including strategic definition Satisfactory technology and research and development investments Frequency of accessing and updating the database
Creation and Acquisition	Using knowledge obtained from its supply chain and competitors Using knowledge obtained from public institutions (e.g., Ministry of SMEs) Taking professional support from outside to obtain knowledge about the firm's environment Using the Internet to obtain external knowledge Hiring consultants to work with the internal workforce (learning while working together)
Organizational Culture	Experienced workers or managers transfer their knowledge to new or less experienced workers Has a value system or culture promoting knowledge-sharing Teamwork is encouraged Has an encouraging environment to develop and implement ideas and express opinions
<b>Personal Skills</b>	Motivation Adaptability to change Communication Decision-making Negotiating skill Learning ability
<b>Entrepreneurial Skills</b>	Opportunity recognition Ability to gather and control resources Creativity Innovation Role model interpretation Calculated risk-taking
<b>Business Skills</b>	Marketing management Financial management Human resources management General management ICT skills Legal Networking Operational
<b>Technical Skills</b>	Ability to use tools, procedures, and techniques Knowledge of the industry, its standards, and practices Knowledge of advanced manufacturing technology
<b>Venture Performance</b>	Profitability performance level Sales turnover