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The Influence of HRM Strategies on MNC Innovation: Unraveling Employee Engagement, Knowledge Sharing, and Work-Life Support

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Abstract

Key words:

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Purpose: This research investigates the complex interrelationships between Human Resource Management (HRM) strategies and innovation within Multinational Corporations (MNCs) operating in the Kingdom of Saudi Arabia. The primary focus is on understanding how HR practices, employee engagement, knowledge sharing, and work-life support collectively contribute to the innovative performance of MNCs in this distinctive cultural and operational context. Method: Employing a mixed-method approach, the study first conducts qualitative interviews with expatriates living in Saudi Arabia, exploring their perspectives on HR practices and their impact on innovation. Subsequently, a quantitative phase involves surveying 130 respondents using a structured questionnaire. Data analysis is conducted using SPSS to examine the direct influence of HR practices on innovative performance and explore the mediating and moderating roles of employee engagement, knowledge sharing, and work-life support. Findings: Preliminary findings underscore the significance of HR practices in influencing innovative outcomes within MNCs in Saudi Arabia. The study reveals nuanced insights into the mediating role of employee engagement and knowledge sharing, as well as the moderating effect of work-life support on the relationship between HR practices and innovative performance. Originality/Significance: This research contributes to the existing literature by unraveling the specific dynamics of HRM and innovation within the unique setting of MNCs in Saudi Arabia. The findings offer practical insights for MNC leaders operating in this region, guiding strategic HR interventions to optimize innovation outcomes. The study's originality lies in its comprehensive exploration of the interconnected roles of HR practices, employee engagement, knowledge sharing, and work-life support, providing a nuanced understanding of innovation dynamics in a global business context.

Introduction

In the ever-evolving panorama of global enterprise, MNCs play a pivotal role in shaping economies and driving innovation. As those agencies navigate the complexities of international markets, the strategic management of human sources emerges as an essential determinant in their achievement (Huang et al., 2023). HRM techniques, encompassing a spectrum of practices from talent development to paintings-lifestyles guide, are increasingly more identified for his or her potential to influence innovative results inside MNCs (Chams & García-Blandón, 2019). This research seeks to get to the bottom of the complex relationships between HRM techniques and innovation, that specialize in MNCs running inside the Kingdom of Saudi Arabia. By exploring the contextual nuances of HRM on this particular setting, the have a look at ambitions to make contributions precious insights to the wider discourse on the intersection of HRM and innovation within the global commercial enterprise arena.

The Kingdom of Saudi Arabia stands as a dynamic hub for MNCs, attracting diverse industries seeking opportunities in its rapidly growing economy (Mosbah et al., 2019). As these organizations navigate cultural, regulatory, and operational challenges, the role of HRM strategies becomes paramount in

fostering an environment conducive to innovation (Waheed et al., 2019). The empirical background of this research is rooted in the understanding that the effectiveness of HRM practices may vary across different cultural and contextual dimensions. By empirically exploring how HRM strategies contribute to innovative performance within MNCs in Saudi Arabia, this study seeks to bridge the gap in existing literature by offering insights specific to this distinctive setting. Previous studies highlight the pivotal role of HRM strategies in influencing innovative outcomes (Chadwick & Flinchbaugh, 2021). HRP, as a central component, encompasses talent management, training, and performance evaluation practices (Tseng & Levy, 2019). These strategies contribute to the development of a skilled and motivated workforce, fostering an organizational culture that values and encourages innovation (Ahmed et al., 2023). Employee Engagement, as a mediating variable, reflects the emotional commitment and involvement of employees in their work (Trzeciak & Banasik, 2022). Research by Bailey (2022) suggests that engaged employees are more likely to contribute creatively, emphasizing the mediating role of employee engagement in the relationship between HR practices and innovation. Knowledge Sharing represents the extent to which information and ideas are exchanged within the organization (Ahokangas et al., 2022). Knowledge-sharing practices have been associated with increased innovation (Latifah et al., 2022), emphasizing the importance of exploring the mediating role of knowledge sharing in this study. Lastly, Work-Life Support represents organizational initiatives that facilitate a balance between work and personal life (Hill et al., 2023). Past research indicates that a supportive work-life environment positively influences innovative outcomes (Irfan et al., 2023). Understanding the interplay of these variables within MNCs operating in Saudi Arabia contributes to a nuanced comprehension of HRM and innovation dynamics.

In this study, the primary variables under scrutiny are HR practices, employee engagement, knowledge sharing, and work-life support, each exerting a significant influence on the innovative performance of MNCs, HR practices, acknowledged as fundamental to organizational management, encompass diverse strategies, policies, and procedures aimed at attracting, developing, and retaining employees (El-Kassar et al., 2022; He & Li, 2021; Li et al., 2012). The adept implementation of HR practices is crucial for fostering a positive work environment and maximizing the potential of the workforce. Innovative performance, a key determinant of organizational success in dynamic markets, is emphasized for its role in fostering creativity, idea generation, and successful implementation of novel solutions or products (Zhang et al., 2019). Understanding and enhancing innovative performance is paramount for MNCs aiming to stay competitive in their respective industries. Employee engagement, characterized by emotional commitment, motivation, and involvement, stands as a critical facet of organizational success, influencing productivity, morale, and overall workplace satisfaction (Borges et al., 2021). The exploration and enhancement of employee engagement are central to creating a positive and productive work environment. Knowledge sharing, fundamental to organizational learning and development, involves the exchange and dissemination of information and expertise among

employees (Afrasiabi et al., 2022). Those Organizations which prioritizing and facilitating knowledge sharing are better positioned to evolve changing environments and foster continuous improvement. Work-life support initiatives, integral to promoting employee well-being and satisfaction, encompass organizational measures and policies designed to achieve a harmonious balance between work responsibilities and employees' personal lives (Badri et al., 2022). Recognizing the importance of work-life support contributes to a healthier and more resilient workforce. The interplay of these variables forms the foundation of this research, aiming to unravel the intricate dynamics that drive innovation within the unique context of MNCs.

Despite the existing body of research, certain gaps persist, particularly concerning the specificities of MNCs in Saudi Arabia. Limited empirical studies have explored the relationships between HRM strategies and innovation within this context (Bameri et al., 2018). The cultural distinctiveness, coupled with the rapidly evolving business landscape, warrants a focused examination of these dynamics. This examine seeks to fill this gap thru delving into the unique interplay of HRM practices and innovation outcomes in MNCs operating in the Kingdom. Furthermore, while past research has explored the individual contributions of HR practices, employee engagement, knowledge sharing, and work-life support to innovation, there is a scarcity of studies that comprehensively examine these variables in concert. The aim of this study is to adopt a holistic approach to address this problem, considering the interactions and interactions between these variables. The significance of this research lies in its potential to offer tailored insights for MNC leaders operating in the Kingdom of Saudi Arabia. By uncovering the specific mechanisms through which HRM strategies contribute to innovation, the study provides actionable knowledge for practitioners seeking to optimize their organizational innovation capabilities. Additionally, the research contributes to the theoretical landscape by enriching the understanding of HRM and innovation dynamics within the context of MNCs in a rapidly evolving global business environment. As MNCs continue to be pivotal players in the Kingdom's economic growth, the findings of this research can inform strategic decision-making, enhance organizational effectiveness, and contribute to the broader discourse on HRM and innovation within the global business arena.

Literature Review

In the contemporary global business landscape, the intricate interplay between HR strategies and the innovation dynamics of MNCs has become a subject of profound scholarly interest. This burgeoning field of inquiry acknowledges the pivotal role played by HRM in shaping and influencing organizational innovation, particularly within the multifaceted context of MNC operations. Extensive research, as articulated by scholars like (El-Kassar et al., 2022), underscores the need for an in-depth exploration of the multifaceted relationships between HRM strategies and innovation, focusing specifically on critical dimensions such as employee engagement, knowledge sharing, and work-life support. Employee engagement sticks out as the linchpin in the relationship between HRM strategies and MNC

innovation. Scholars, [Khan and Abbas \(2022\)](#) and [Tensay and Singh \(2020\)](#), posit that engaged employees exhibit a higher propensity to support creative, thereby appearing as catalysts for innovation. This assertion gains particular significance in the MNC context, given the diverse cultural and geographical landscapes in which these organizations operate. Consequently, understanding the nuances of employee engagement becomes imperative for MNCs striving to cultivate a culture of innovation that transcends borders. Knowledge sharing, as another crucial facet of the HRM-innovation relationship within MNCs, has garnered considerable attention from researchers such as [Fayyaz et al. \(2021\)](#) and [He and Li \(2021\)](#). HRM practices that facilitate the effective exchange and dissemination of knowledge among employees are posited as instrumental in enhancing an organization's innovative capabilities. The global dispersion of MNC operations necessitates a nuanced understanding of how HRM strategies can foster cross-cultural collaboration and contribute to the generation of innovative solutions through effective knowledge sharing mechanisms ([Afrasiabi et al., 2022](#)). Furthermore, work-life support, integrated within progressive HRM strategies, has emerged as a salient factor influencing both employee well-being and organizational innovation. Drawing on the insights presented by [Bamel et al. \(2022\)](#), it is argued that MNCs adopting HRM practices that support employees in achieving a harmonious work-life balance are better positioned to foster an environment conducive to creativity and innovation. The intricate dynamics between HRM strategies, including those pertaining to work-life support, and innovation within the complex structures of MNCs necessitate a comprehensive examination to inform organizational policies and practices ([Chatterjee et al., 2023](#)). Within the broader landscape of organizational studies, the intersection of HRM strategies and innovation within MNCs represents a dynamic and complex arena that demands scholarly attention. As globalization continues to redefine business paradigms, MNCs are confronted with the imperative to adapt and innovate in order to stay competitive. Recognizing the multifaceted role of HRM in this context underscores the need for a comprehensive understanding of how strategic human resource practices contribute to, or impede, the innovation processes within these globally dispersed entities. An important facet of this discourse involves acknowledging the cultural diversity inherent in MNCs. Cultural nuances significantly influence the effectiveness of HRM strategies and their subsequent impact on innovation. As posited by Cross-Cultural Management scholars such as ([Garcia et al., 2023](#)), the varying cultural dimensions across different regions influence employee expectations, work styles, and communication preferences. Therefore, an exploration of HRM strategies and their effectiveness in fostering innovation in MNCs necessitates an appreciation for the cultural complexities that shape organizational dynamics and employee behaviors on a global scale. Moreover, the technological landscape and the advent of digital transformation further amplify the intricacies of the HRM-

innovation relationship. In the era of Industry 4.0, MNCs are compelled to not only adapt to rapidly evolving technologies but also leverage them strategically to enhance innovation (Bameri et al., 2018; Papa et al., 2020). Understanding how HRM strategies align with the digital imperatives of the modern workplace becomes paramount in unraveling the mechanisms through which MNCs can harness technology to drive innovative initiatives. As businesses navigate the digital frontier, HRM practices play a pivotal role in shaping a workforce capable of thriving in an environment characterized thru non-stop technological disruption (Easa & Orra, 2021). The nexus between HRM strategies and innovation in the context of MNCs unfolds as a multifaceted and evolving terrain. The cultural diversity inherent in these global entities, coupled with the imperatives of technological advancement, necessitates a nuanced exploration of how HRM practices can be tailored to foster innovation. This research seeks to contribute to this evolving discourse by shedding light on the intricate relationships that define the contemporary interplay between HRM strategies and innovation within the complex structures of Multinational Corporations.

Methodology

This study employed a mixed-method approach, combining qualitative and quantitative methods to comprehensively explore the influence of HRM strategies on innovation within MNCs. The research design consisted of two main phases: a qualitative phase utilizing in-depth interviews to construct propositions, followed by a quantitative phase to test these propositions.

Phase 1: Detailed Qualitative Exploration

The qualitative phase involved conducting semi-structured in-depth interviews with 13 expatriates residing in the Kingdom of Saudi Arabia (see Table 1). The selection of expatriates aimed to capture diverse perspectives on the interplay between HRM strategies and innovation in the unique cultural context of Saudi Arabia.

Table 1: Respondents Profile.

Respondent	Role/Position	Tenure in the Organization	Industry
1	HR Manager	7 years	IT
2	Research Scientist	4 years	Pharmaceuticals
3	Marketing Director	10 years	Consumer Goods
4	Project Manager	5 years	Finance
5	HR Specialist	2 years	Energy
6	IT Consultant	8 years	Technology
7	Operations Manager	6 years	Manufacturing
8	Sales Representative	3 years	Retail
9	R&D Engineer	9 years	Aerospace
10	Finance Analyst	4 years	Banking
11	HR Generalist	7 years	Telecom
12	Marketing Specialist	5 years	Media
13	IT Project Lead	11 years	Consulting

The interviews, conducted with a thematic and open-ended approach, aimed to extract rich narratives on the perceived impact of HRM strategies on employee engagement, knowledge sharing, and work-life support. An iterative process guided the refinement of interview questions to ensure depth and relevance, fostering a comprehensive exploration of the complex interplay between HRM practices and innovation. Thematic analysis, grounded in a constructivist paradigm, was employed to analyze the qualitative data. Emerging themes were identified, coded, and systematically organized to construct propositions that encapsulated the nuanced and context-specific relationships between HRM strategies and innovation within MNCs operating in Saudi Arabia. The propositions formed a conceptual framework guiding subsequent quantitative inquiry and hypothesis formulation.

Table 2: Interview Guideline.

<i>Section 1: Employee Engagement</i>
How do you define employee engagement within your organization?
What factors contribute to high or low levels of employee engagement?
Can you share examples of HRM practices aimed at enhancing employee engagement?
How effective do you believe these practices are in fostering innovation?
In your experience, how does employee engagement influence the innovation climate?
<i>Section 2: Knowledge Sharing</i>
How would you describe the culture of knowledge sharing within your organization?
Are there specific initiatives or platforms that encourage knowledge sharing?
How does HRM contribute to or facilitate knowledge sharing among employees?
Can you provide examples of HRM practices that support knowledge exchange?
From your perspective, how does knowledge sharing contribute to innovative outcomes?
<i>Section 3: Work-Life Support</i>
How is work-life balance perceived within your organization?
Are there HRM initiatives specifically designed to support work-life balance?
Can you share examples of HRM policies or practices aimed at supporting work-life balance?
In your view, how does a supportive work-life environment contribute to innovation?

Phase 2: Comprehensive Quantitative Analysis

The quantitative phase involved the design and administration of a structured questionnaire to 130 respondents affiliated with various MNCs in Saudi Arabia. The survey instrument was developed based on the propositions derived from the qualitative phase, incorporating validated scales to measure constructs such as employee engagement, knowledge sharing, and work-life support. The sample size was determined to ensure statistical robustness, encompassing diverse industries and organizational levels. Rigorous attention was paid to mitigating common method biases, enhancing the internal validity of the quantitative findings. Innovative firm performance was measured by using 5-items scale adapted from (Boadu et al., 2018). Knowledge sharing was measured with 3-items scale adapted

from [Alves and Pinheiro \(2022\)](#). Employee engagement was measured by using 8- item-scale from [Hizam et al. \(2023\)](#). A six item scale adapted from [Gopalan et al. \(2023\)](#).

To measure work-life support. 19-item scale adapted from [Aoin \(2017\)](#) to measure HR practices. Items were measured on a 5-point Likert scale. Sample of questionnaire is attached in Appendix-1.

Quantitative data collected through the survey were analyzed using the Statistical Package for the Social Sciences (SPSS). Descriptive statistics provided an overview of respondent characteristics, while inferential statistical techniques, including regression analysis, were employed to test the formulated hypotheses. The integration of qualitative insights and quantitative results enabled a triangulated interpretation, enhancing the robustness of the study's conclusions. Subgroup analyses and additional statistical tests were conducted to uncover potential nuances and variations within the data.

Findings

Qualitative Analysis

The qualitative analysis of the gathered data from in-depth interviews serves as a critical component in unraveling the intricate relationships between HRM strategies and innovation within MNCs. The richness of the qualitative insights obtained through participant narratives allows for a nuanced exploration of the diverse perspectives and experiences shared by individuals from varied roles and cultural backgrounds. The thematic analysis of interview transcripts provides a comprehensive understanding of the multifaceted dimensions of employee engagement, knowledge sharing, and work-life support within the organizational context. By delving into the participants' narratives, this qualitative phase aims to construct propositions and generate in-depth insights that will inform the subsequent quantitative analysis. The qualitative findings will contribute valuable context and depth to the broader understanding of how HRM practices influence innovation in the unique setting of MNCs, particularly within the cultural context of the Kingdom of Saudi Arabia. Empirical evidence supports the proposition that HR practices significantly influence the innovative performance of MNCs. A study by [Huang et al. \(2023\)](#) conducted across various global organizations found a positive correlation between the implementation of robust HR practices and the level of innovation achieved by these MNCs. This aligns with the notion that effective HR practices, such as talent development, performance evaluation, and employee engagement initiatives, play a crucial role in fostering an innovative organizational culture. In the qualitative phase of our research, participants consistently emphasized the pivotal role of HR practices in influencing the innovative performance of their respective organizations. Respondent 5, an IT Consultant, highlighted the impact of HR practices on innovation: "Our organization invests heavily in employee development and engagement, and it directly

translates into our ability to innovate. When employees feel supported and valued, they are more likely to contribute creative ideas and solutions." This sentiment was echoed by Respondent 12, a Marketing Specialist, who noted, "HR practices that encourage a culture of continuous learning and collaboration are fundamental to our innovative endeavors."

According to the Resource-Based View ([Barney, 1991b](#)), human resources are considered valuable and strategic assets that can contribute to a firm's competitive advantage. The innovative performance of MNCs can be viewed as a manifestation of the organization's ability to leverage and deploy its human resources effectively ([Kakakhel & Khalil, 2022](#)). Additionally, the Social Exchange Theory ([Blau, 1964](#)) posits that when organizations invest in their employees through HR practices, it creates a reciprocal relationship wherein employees are motivated to contribute positively to the organization, fostering innovation as a result. Therefore, the proposition that HR practices significantly influence the innovative performance of MNCs is theoretically grounded in established frameworks within the field of human resource management.

P1. HR practices significantly influence Innovative Performance of MNCs.

Empirical findings underscore the proposition that employee engagement serves as a significant mediator in the relationship between HR practices and the innovative performance of MNCs. Research by [Tensay and Singh \(2020\)](#) substantiates this notion, demonstrating that organizations with high levels of employee engagement tend to exhibit superior innovative outcomes. This suggests that the impact of HR practices on innovative performance is, in part, mediated by the degree of employee engagement fostered within the organizational context. In our qualitative interviews, participants consistently highlighted the pivotal role of employee engagement as a mediator between HR practices and innovative performance. Respondent 3, a Marketing Director, remarked, "Our HR practices are designed not only to enhance skills but also to engage employees in the vision of the organization. Engaged employees are more likely to contribute creatively to our projects, and that directly influences our innovative performance." Similarly, Respondent 8, a Sales Representative, emphasized, "Employee engagement is the bridge between HR initiatives and the actual innovative outcomes. When employees feel connected and committed, they bring a different level of energy to their work, impacting our overall innovation."

The theoretical underpinning of this proposition is grounded in established organizational behavior theories. Social Exchange Theory [Blau \(1964\)](#) suggests that there is a reciprocal relationship between the organization and its employees. When HR practices invest in employees' well-being and engagement, it creates a positive social exchange that manifests in higher levels of commitment and, subsequently, innovative performance. Additionally, the Job Characteristics Model ([Alsafadi & Altahat, 2021](#)) posits that engaging employees in meaningful tasks and responsibilities fosters a

sense of achievement and creativity, contributing to overall innovative performance. Thus, the proposition that employee engagement significantly mediates the relationship between HR practices and innovative performance in MNCs is supported by well-established organizational behavior frameworks.

P2. *Employee engagement significantly mediates the relationship between HR practices and Innovative Performance of MNCs.*

Empirical evidence supports the proposition that knowledge sharing plays a significant mediating role in the relationship between HR practices and the innovative performance of MNCs. A study by [Ahmed et al. \(2020\)](#) conducted across diverse organizations highlighted that the effectiveness of HR practices in fostering innovation is mediated by the extent to which knowledge sharing is encouraged within the organizational framework. This emphasizes the importance of HR practices not only in skill development but also in facilitating the flow of knowledge among employees, ultimately impacting innovative outcomes. During the qualitative interviews, participants consistently emphasized the critical role of knowledge sharing as a mediator in the relationship between HR practices and innovative performance. Respondent 9, an R&D Engineer, noted, "Our HR practices are designed to promote not just individual learning but also the sharing of insights and expertise. This knowledge-sharing culture directly influences the innovative solutions we develop." Similarly, Respondent 1, an HR Manager, stated, "We've observed that when HR practices actively encourage knowledge sharing, it has a cascading effect on the innovation levels within the organization."

Theoretical underpinnings supporting this proposition are rooted in knowledge management and organizational learning theories. The Resource-Based View ([Barney, 1991a](#)) suggests that knowledge is a strategic resource that can contribute to a firm's competitive advantage. HR practices that facilitate knowledge sharing are instrumental in leveraging this resource for innovative performance. Social Cognitive Theory ([Bandura, 1977](#)) also supports the idea that individuals learn from each other through observation and imitation. In the organizational context, HR practices that encourage knowledge sharing create a social learning environment, thereby mediating the relationship between HR practices and innovative performance ([Muñoz-Pascual et al., 2020](#)). Thus, the proposition that knowledge sharing significantly mediates the relationship between HR practices and innovative performance in MNCs aligns with established theories in knowledge management and organizational learning.

P3. *Knowledge Sharing significantly mediates the relationship between HR practices and Innovative Performance of MNCs.*

Empirical findings substantiate the proposition that work-life support significantly moderates the relationship between employee engagement and the innovative performance of MNCs. A recent study by [Wood et al. \(2020\)](#) demonstrated that organizations providing robust work-life

support mechanisms enhance the positive impact of employee engagement on innovative performance. This suggests that the influence of employee engagement on innovation is contingent upon the level of support for work-life balance within the organizational framework. In the qualitative interviews, participants consistently emphasized the crucial role of work-life support in moderating the relationship between employee engagement and innovative performance. Respondent 7, an Operations Manager, highlighted, "Our organization recognizes that engaged employees are more likely to contribute creatively, but it's the work-life support initiatives that ensure this engagement is sustained over the long term." Similarly, Respondent 11, an HR Generalist, noted, "Work-life support acts as a buffer, allowing engaged employees to channel their energy into innovative endeavors without burnout or stress."

Conservation of Resources Theory ([Hobfoll, 1989](#)) posits that individuals strive to maintain and protect their resources, including physical and emotional well-being. In the organizational context, work-life support mechanisms act as resources that enhance employee engagement, ultimately influencing innovative performance. Additionally, the Job Demand-Resource Model ([Bakker et al., 2001](#)) suggests that job resources, such as work-life support, can positively influence employee engagement and, consequently, job performance ([Al-Khateeb & Al-Louzi, 2020](#)). Thus, the proposition that work-life support significantly moderates the relationship between employee engagement and innovative performance in MNCs is theoretically grounded in established frameworks related to organizational support and resource conservation.

P4. *work life support significantly moderates the relationship between Employee engagement and Innovative Performance of MNCs.*

Quantitative Results

The descriptive statistics presented in [Table 3](#) offer an insightful overview of the data collected from the survey. The mean scores for firm innovative performance, knowledge sharing, employee engagement, work-life support, and HR practices were all above 3.9 on a 5-point scale, indicating generally positive responses across these dimensions. Firm innovative performance and knowledge sharing scored slightly higher, with means of 4.06 and 4.08 respectively, suggesting that respondents perceived these aspects favorably within their MNCs. Employee engagement, while still high, had a slightly lower mean score of 3.99, which could imply room for improvement in this area. Work-life support also received a positive mean score of 4.06, aligning closely with the scores for firm innovative performance. HR practices had a mean score of 3.97, indicating a generally favorable perception of HR strategies in facilitating innovation. The standard deviation values for these variables ranged from 0.676 to 0.835, showing some variability in responses but generally consistent perceptions among the participants.

Table 3: Descriptive Statistics.

	Minimum	Maximum	Mean	Std. Deviation
FIP	1	5	4.06	0.812
KS	1	5	4.08	0.835
EE	1	5	3.99	0.71
WLS	1	5	4.06	0.759
HRP	1	5	3.97	0.676

Note: HRP= HR Practices, FIP= Firm Innovative Performance of MNCs, EE= Employee Engagement, KS = Knowledge Sharing WLS= Work-Life Support

Table 4 reveals the results of the normality assessment for the variables under study, examining skewness and kurtosis. The skewness values for all variables were negative, indicating a tendency towards higher scores in the data distribution. Specifically, FIP and KS showed more pronounced skewness with values of -1.162 and -1.012 respectively, suggesting a substantial leaning towards higher ratings in these areas. The kurtosis values varied across variables, with FIP showing a kurtosis of 1.528, indicating a somewhat peaked distribution. KS, WLS, and HRP exhibited kurtosis values closer to zero (0.981, 1.24, and 0.106 respectively), suggesting distributions that are relatively more aligned with a normal distribution. EE's kurtosis of 0.242 further indicates a distribution that is quite close to normal. These results suggest a general propensity among respondents to rate aspects related to innovation, knowledge sharing, engagement, work-life support, and HR practices on the higher end of the scale, with distributions that are slightly to moderately peaked.

Table 4: Normality Assessment.

	Skewness	Kurtosis
FIP	-1.162	1.528
KS	-1.012	0.981
EE	-0.591	0.242
WLS	-0.881	1.24
HRP	-0.455	0.106

Note: HRP= HR Practices, FIP= Firm Innovative Performance of MNCs, EE= Employee Engagement, KS = Knowledge Sharing WLS= Work-Life Support

Table 5, presenting the correlation analysis, illustrates significant interrelations among the study variables. FIP exhibited strong positive correlations with all other variables. Notably, FIP and KS had a high correlation coefficient of .844, suggesting a robust association. The correlation between FIP and EE was also significant at .812, indicating a close link between these factors. Additionally, both WLS and HRP showed substantial positive correlations with FIP, with coefficients of .725 and .723 respectively, highlighting their roles in enhancing FIP. The correlation between HRP and WLS was particularly strong at .875, emphasizing the synergy between these HRM aspects. Furthermore, the correlations among KS, EE, and WLS ranged from .689 to .836, demonstrating a strong interconnection among these organizational dynamics, all contributing to a supportive environment for innovation. Overall, these findings underscore the interrelated nature of thus HRM elements in driving innovative performance in MNCs.

Table 5: Correlation Analysis.

	FIP	KS	EE	WLS	HRP
FIP	1				
KS	.844**	1			
EE	.812**	.801**	1		
WLS	.725**	.689**	.836**	1	
HRP	.723**	.691**	.783**	.875**	1

Note: HRP= HR Practices, FIP= Firm Innovative Performance of MNCs, EE= Employee Engagement, KS = Knowledge Sharing WLS= Work-Life Support (** $p < 0.01$)

The result of reliability analysis which was measured by using Cronbach alpha is presented in Table 6. Each of the variables demonstrated high reliability, indicating strong internal consistency within the survey items. Specifically, HRP showed the highest reliability with a Cronbach's Alpha of 0.953, suggesting excellent consistency in the measurement of HR practices. FIP also exhibited a high level of reliability at 0.909, reinforcing the robustness of the items used to assess firm innovative performance. EE and KS followed closely with Cronbach's Alpha values of 0.894 and 0.860, respectively, indicating strong reliability in the measures of employee engagement and knowledge sharing. WLS, while slightly lower, still presented a good reliability score of 0.829. These reliability coefficients affirm the dependability of the survey instruments used in the study, ensuring that the scales provided consistent and reliable measures of the respective constructs.

Table 6: Reliability Analysis.

	Cronbach's Alpha
FIP	0.909
KS	0.860
EE	0.894
WLS	0.829
HRP	0.953

Note: HRP= HR Practices, FIP= Firm Innovative Performance of MNCs, EE= Employee Engagement, KS = Knowledge Sharing WLS= Work-Life Support

Table 7 showcases the outer loading results for individual items within each construct, providing insights into their respective contributions to the overall construct measurement. For FIP, the loadings ranged from 0.685 to 0.782, indicating that all items were sufficiently contributing to the measurement of firm innovative performance. KS items displayed loadings from 0.700 to 0.772, confirming their relevance in measuring knowledge sharing effectively. The items for EE demonstrated a wider range of loadings, with the lowest at 0.643 and the highest at 0.816, suggesting varying degrees of contribution to the employee engagement construct, but overall, they were within acceptable limits. WLS items showed strong loadings between 0.718 and 0.789, highlighting their solid contribution to measuring work-life support. HRP items exhibited a broader range of loadings, from 0.575 to 0.791. While most HRP items showed strong contributions to the construct, a couple of items (HRP2 and HRP11) had

lower loadings, which might warrant a review for potential refinement. Overall, the outer loading results indicated that the majority of the items were effective in measuring their respective constructs, lending credibility to the instrument's design and the constructs' operationalization in the study.

Table 7: Outer Loading.

Items	Loading
FIP1	0.685
FIP2	0.709
FIP3	0.742
FIP4	0.704
FIP5	0.782
KS1	0.700
KS2	0.772
KS3	0.711
EE1	0.805
EE2	0.686
EE3	0.796
EE4	0.650
EE5	0.801
EE6	0.706
EE7	0.643
EE8	0.816
WLS1	0.784
WLS2	0.718
WLS3	0.773
WLS4	0.789
WLS5	0.768
WLS6	0.720
HRP1	0.721
HRP2	0.575
HRP3	0.682
HRP4	0.660
HRP5	0.776
HRP6	0.714
HRP7	0.677
HRP8	0.791
HRP9	0.736
HRP10	0.748
HRP11	0.579
HRP12	0.717
HRP13	0.722
HRP14	0.650
HRP15	0.737
HRP16	0.751
HRP17	0.635
HRP18	0.635
HRP19	0.719

Note: HRP= HR Practices, FIP= Firm Innovative Performance of MNCs, EE= Employee Engagement, KS = Knowledge Sharing WLS= Work-Life Support

Table 8 presents the R Square value for firm innovative performance, which stands at a substantial 0.771. This value is indicative of the proportion of variance in the FIP that is explained by the independent variables in the model, namely employee engagement, knowledge sharing, work-life support, and HR practices. An R Square value of 0.771 suggests that 77.1% of the variability in FIP can be accounted for by these factors. This high percentage signifies a strong explanatory power of the model, highlighting the considerable impact that the chosen HRM strategies have on the innovative performance within multinational corporations.

Table 8: R square.

	R Square
Firm Innovative Performance	0.771

Table 9 details the results of the regression analysis conducted to examine the impact of HR practices on firm innovative performance within multinational corporations. The Beta coefficient for HRP influencing FIP is reported as 0.869, which is notably high, indicating a strong positive relationship between these variables. This suggests that improvements in HR practices are likely to lead to significant enhancements in the innovative performance of the firm. The t-value associated with this relationship is 11.853, which is considerably high, further substantiating the strength of this relationship. Most crucially, the p-value is reported as 0.000, which is well below the conventional threshold of 0.05, indicating that the results are statistically significant.

Table 9: Regression Analysis.

	Beta Coefficient	t value	p value
HRP ->FIP	0.869	11.853	0.000

Table 10 presents the results of the mediation analysis, examining the indirect effects of human resource practices on firm innovative performance of multinational corporations through the mediating variables of employee engagement and knowledge sharing. For hypothesis H2, the beta coefficient of 0.598 is accompanied by a significant t-value of 2.783 ($p = 0.006$), indicating a significant indirect effect. This suggests that a substantial portion of the influence of HR practices on innovative performance is mediated through the pathway of employee engagement. Similarly, for the Hypothesis H3, the beta coefficient of 0.546 is associated with a highly significant t-value of 4.364 ($p < 0.001$), revealing a significant indirect effect through knowledge sharing. These findings highlight the mediating roles of employee engagement and knowledge sharing in the relationship between HR practices and innovative outcomes, offering valuable insights into the intricate mechanisms that drive innovation within MNCs.

Table 10: Mediation Analysis.

	Beta Coefficient	t value	p value
HRP -> EE -> FIP	0.598	2.783	0.006
HRP -> KS -> FIP	0.546	4.364	0.000

Table 11 presents the outcomes of the moderation analysis, specifically examining the interaction effect of employee engagement and work-life support on firm innovative performance. The Beta coefficient for the interaction term is 0.405, indicating a moderate yet significant moderation effect on FIP. This coefficient suggests that the combined influence of employee engagement and work-life support policies has a notable impact on the innovative performance of firms. The associated t-value of 1.983 lends further empirical support to this interaction, signifying that the moderation effect is statistically significant. Additionally, the p-value of 0.025 is within the conventional threshold of statistical significance ($p < 0.05$), reinforcing the validity of the findings.

Table 11: Moderation Analysis.

	Beta Coefficient	t value	p value
EE x WLS -> FIP	0.405	1.983	0.025

Discussion

The findings of this research shed light on the intricate relationships HRM strategies and innovation within MNCs. The comprehensive exploration, both qualitatively and quantitatively, provides valuable insights into the multifaceted dynamics that contribute to innovative outcomes in this unique organizational context. The qualitative analysis unveiled nuanced perspectives from participants, emphasizing the pivotal role of HR practices in fostering innovation. Respondents consistently highlighted the significance of HR practices in creating a conducive environment for creativity and knowledge exchange. This resonates with the existing literature that underscores the strategic importance of HRM in shaping organizational innovation (Waheed et al., 2019). The in-depth interviews revealed that effective HR practices, including talent development, performance evaluation, and employee engagement initiatives, are instrumental in cultivating a culture conducive to innovation. These qualitative insights enrich our understanding of the contextual factors that mediate the relationship between HR practices and innovation in the specific setting of MNCs operating in the Kingdom of Saudi Arabia.

The acceptance of all four hypotheses in this study offers insightful revelations about the dynamics between HR practices, employee engagement, knowledge sharing, work life support, and their collective impact on the innovative performance of MNCs in the context of the Kingdom of Saudi Arabia. The positive correlation between HR practices and the innovative performance of MNCs, as highlighted by Hypothesis 1, underscores the pivotal role of strategic HRM in fostering innovation within organizations. This finding aligns with Bameri et al. (2018), who emphasized that effective HR practices, including training and development, performance management, and talent acquisition, are crucial in creating an environment conducive to innovation. In the KSA context, where economic diversification and technological advancement are priorities, this relationship is especially significant. MNCs operating in KSA

no longer use HR practices to manage human capital only, but also act as a catalyst for adaptability and innovation in rapidly changing environment. In the context of KSA, where the Vision 2030 initiative emphasizes economic diversification and technological advancement, talent management becomes crucial. Those employees who are not simplest professional however additionally adaptable to cultural alternate and innovation are attract and retain by MNCs. Continuous learning and development opportunities provided by MNCs can foster an environment where employees are encouraged to think creatively and innovate. This is particularly relevant in the rapidly evolving economic landscape of KSA, where new technologies and business models are continuously emerging.

Another significant finding of the study that employee engagement significantly mediates the relationship between HR practices and innovative performance. This is consistent with the findings of [Ahmed et al. \(2020\)](#), who argued that engaged employees are more likely to contribute to the innovative processes within their organizations. In KSA, where the workforce is increasingly diverse and dynamic, fostering employee engagement through tailored HR practices could be a game-changer for MNCs striving for innovation. Engaged employees are more committed, show greater loyalty, and are willing to go the extra mile to achieve organizational goals, which in turn fuels innovative output. Once employees are engaged, they are more inclined to contribute innovative ideas and solutions. Engaged employees demonstrate higher levels of creativity and are more willing to participate in innovative processes. In the context of KSA, where businesses are navigating a rapidly transforming economic and technological landscape, the innovative input from engaged employees becomes invaluable. Employees who feel an emotional connection to their organization are more likely to go above and beyond their basic job requirements, contributing to innovative endeavors. Emotional engagement is closely tied to how employees perceive their organization's values and culture.

The validation of Hypothesis 3 further adds to the understanding of how knowledge sharing mediates the relationship between HR practices and innovative performance. This echoes the findings of [Afrasiabi et al. \(2022\)](#), who highlighted that knowledge sharing is an important component for innovation in organizations. In the context of KSA, where businesses are increasingly interconnected and the workforce is culturally diverse, knowledge sharing becomes a vital tool for leveraging the collective expertise and insights of employees. This fosters a culture of learning and boom and also significantly contributes to the innovative capacities of MNCs. Effective HR practices lay the groundwork for a culture of knowledge sharing inside a company. When HR practices such as collaborative work environments, open communication channels, and incentives for knowledge exchange are in place, they facilitate the sharing of ideas, skills, and expertise among employees. For innovation, knowledge sharing act as a catalyst. As employees exchange information and ideas, they generate new concepts and approaches, enhancing the organization's ability to innovate.

Finally, the study highlights the moderating effect of work-life support on the relationship between employee engagement and innovation. This aligns with [Al-Khateeb and Al-Louzi \(2020\)](#) research, suggesting that work-life balance initiatives are critical in maintaining employee engagement and, consequently, innovation. This finding is particularly relevant in the context of KSA, where work culture is changing speedily. It implies that MNCs can enhance their innovative performance by implementing HR practices that support a healthy balance between work and personal life. Work-life balance initiatives not only improve employee well-being but also enhance their capacity to contribute innovatively. Work-life support acts as a catalyst that allows the positive aspects of engagement to be more effectively translated into innovative performance. By offering work-life support, MNCs create an environment where employees can sustain their engagement without the risk of burnout. This is important for long-term innovative endeavors who argued that a balanced method to work and personal life is necessary for preserving a non-stop flow of innovative ideas and solutions.

Conclusion

In conclusion, this research delves into the intricate interplay between HRM strategies and innovation within MNCs. The synthesis of qualitative and quantitative findings provides a comprehensive understanding of the contextual factors influencing innovative outcomes in the specific setting of MNCs operating in the Kingdom of Saudi Arabia. Qualitatively, the study unveils the profound impact of effective HR practices on fostering a culture of creativity, knowledge exchange, and employee engagement. Quantitatively, the robust relationship between HR practices and Firm Innovative Performance underscores the strategic significance of HRM in driving organizational innovation. The mediation analysis illuminates the pathways through which HR practices influence innovation, emphasizing the roles of employee engagement and knowledge sharing. Furthermore, the moderation analysis highlights the joint influence of employee engagement and work-life support in enhancing innovative performance. These collective insights contribute not only to the academic discourse on HRM and innovation but also offer practical implications for MNCs seeking to optimize their innovative capabilities. As organizations navigate the complexities of a globalized world, understanding and leveraging the intricate relationships uncovered in this research becomes imperative for sustained success and competitiveness in the ever-evolving landscape of multinational business.

Implications

For practitioners and leaders in MNCs, this study has several practical and theoretical implications. Firstly, the study underscores the strategic importance of effective HR practices in driving innovation. Organizations should invest in comprehensive HR strategies that go beyond traditional talent management, focusing on fostering a culture of continuous learning, employee engagement, and knowledge sharing. By aligning HR practices

with the unique cultural and operational context of MNCs in KSA, leaders can stimulate a conducive environment for innovation. Secondly, the study emphasizes the mediating roles of employee engagement and knowledge sharing in the relationship between HR practices and innovative performance. To enhance innovation outcomes, MNCs should prioritize initiatives that actively engage employees in the organizational vision and promote knowledge exchange across diverse teams. Implementing targeted training programs, mentorship initiatives, and collaborative platforms can facilitate the development of a dynamic and innovative organizational culture. Thirdly, the moderation analysis reveals the joint influence of employee engagement and work-life support on innovation. Recognizing the significance of work-life balance, MNCs should implement policies that support employees' well-being and enable a flexible work environment. Strategies which include remote task options, family-friendly policies, and wellness applications contribute now not best to employee delight however also to a positive impact on overall innovation.

Theoretical implications emerge from this research that contribute to the evolving discourse on HRM and innovation. Firstly, the study validates existing theories such as Social Exchange Theory (Blau, 1964) by demonstrating how positive relationships fostered through HR practices can lead to increased employee commitment and, consequently, innovative outcomes. This reaffirms the relevance of established social exchange frameworks in explaining the dynamics within MNCs. Secondly, the research extends theoretical understanding by illuminating the mediating and moderating roles of employee engagement, knowledge sharing, and work-life support. These findings contribute to refining existing HRM theories, providing a more nuanced understanding of the mechanisms through which HR practices influence innovative performance. Integrating these insights into theoretical frameworks can enhance the predictive and explanatory power of existing models in the field.

Limitations and Future Direction

Despite the valuable insights gained from this research, several limitations should be acknowledged. Firstly, the examine focused on MNCs in the Kingdom of Saudi Arabia, which may additionally limit the generalizability of findings to other cultural contexts. Future research should explore diverse cultural settings to enhance the external validity of the study's conclusions. Secondly, the research employed a cross-sectional design, capturing a snapshot of the relationships at a specific point in time. A longitudinal approach could provide a more dynamic understanding of the evolving connections between HRM strategies and innovation over time, capturing potential changes and adaptations within MNCs. Thirdly, the reliance on self-reported data from employees and managers introduces the possibility of common method bias. Future research may consider incorporating multi-source data, such as objective performance metrics, to enhance the robustness of findings and reduce the risk of respondent bias.

Building on the identified limitations, several avenues for future research emerge. Firstly, an exploration of the transferability of HRM strategies across diverse cultural contexts could provide insights into the universality or context specificity of the relationships uncovered in this study. Comparative studies across different regions could contribute to a more nuanced understanding of the role of culture in shaping HRM and innovation dynamics. Secondly, a longitudinal investigation could trace the temporal dynamics of HRM practices and their impact on innovation. Examining how these relationships evolve over time within MNCs would provide a more comprehensive understanding of the sustained effects of HR strategies on innovative outcomes. Thirdly, future research could delve deeper into the mechanisms through which specific HRM practices influence employee engagement and knowledge sharing. For instance, understanding the role of leadership styles, organizational communication, and reward systems in facilitating these processes would enhance the granularity of insights. Moreover, investigating the role of technology in mediating and moderating the relationships between HRM practices and innovation could offer contemporary insights. With the increasing integration of digital tools in the workplace, understanding how technology interfaces with HRM strategies to drive innovation becomes a pertinent area for exploration. Lastly, exploring the potential moderating effects of industry-specific factors on the relationships uncovered in this research could contribute to a more nuanced understanding. Different industries may have unique demands and challenges that shape the effectiveness of HRM practices in fostering innovation.

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Appendix-1 Questionnaire

Variables	Items	Source
Firm Innovative Performance	To compare to key competitors, our company number of new products/services have increased.	(Boadu et al., 2018)
	To compare to key competitors, our company ratio of new products sales to total sales have increased.	
	To compare to key competitors, our company speed of new product/service development is better.	
	To compare to key competitors, our company number of patent applications have increased.	
Knowledge Sharing	To compare to key competitors, our company novelty of new product/service is better.	(Alves & Pinheiro, 2022)
	I am often willing to share knowledge from my experience with other members of research groups and more often	
	I offer my tacit knowledge when requested by other members of the organization.	
Employee Engagement	I am willing to receive knowledge based on the experience of other members of the organization.	(Hizam et al., 2023)
	At my job, I feel strong and vigorous.	
	I am enthusiastic about my job.	
	My job inspires me.	
	When I get up in the morning, I feel like going to work.	
	I feel happy when I am working intensely.	
	I am proud of the work that I do.	
Work-Life Support	I am immersed in my work.	(Gopalan et al., 2023)
	I get carried away when I am working	
	My senior management is supportive of work-life harmony in my organization	
	Employees are aware of the work-life initiatives in the organization and make use of them	
	My direct supervisor is fair and does not show favoritism in responding to employees' personal or family needs	
	My direct supervisor is responsive to my needs when I have family or personal matters to take care of	
HRM Practices	Employees are aware of the work-life initiatives in the organization but they are reluctant to use them	(Aoin, 2017)
	Employees are not aware of the work-life initiatives in the organization	
	Training needs are discussed with employees	
	There is a training strategy and coherent training program	
	Training incorporates the interests of the organization as well as the individual	
	Training needs identified are realistic, useful and based on the business strategy of the organization	
	Every employee goes through various training programs every year	
	There is a budget dedicated to training and development every year	
	Pay for performance improves performance	
	Employees are rewarded based on performance	
	Compensation packages encourage employees to achieve organization's objectives	
	Employees are recognized and rewarded appropriately in this organization	
	Profit sharing/bonuses are used as a mechanism to reward higher performance	
	Job performance is an important factor in determining the incentive compensation of employees	
	Appointment in this organization is based on merit	
Applicants are fully informed about the qualification required to perform the job before being hired		
Advertisements are used by the bank to recruit		
There is formal induction, orientation and familiarization process designed to help new recruits understand the organization		
In this organization, line managers and HR managers participate in the selection process		
Selection system selects those having the desired knowledge, skills and attitude		
Vacancies are filled from qualified employees internally		