Innovation is widely believed to be a key factor in economic growth (Shujahat et al., 2019), especially in developing countries (Crespi, Tacsir, & Zuniga, 2011; Jiménez & Zheng, 2018). It is crucially important to understand the determinants of innovation at the country level as well as to identify the development stages of innovation (Tidd & Bessant, 2018). Today’s business environment believed that human resource management is providing organizations with the competitive advantage and strength they need to achieve profitability, productivity, efficiency, effectiveness, and pioneering the market (Noe et al., 2017). Human resource practices approved by the researchers and scientists as the main supportive source for the organizational competitiveness and human resource management is a concern because it is the flexible forces in the organization that could make the difference (Melhem, 2019).

Thus, human resource is the source of knowledge while knowledge is considered as a firm’s source of strength and power. There has been a lot of changes in the understanding of KM and HRM, particularly from the perspective of an organization’s plan and strategies to share knowledge between employees in the organizations (Hisschemöller et al., 2018).

The private economy in Jordan is comprised almost entirely of SMEs. Most Jordanian SMEs work within the formal sector and are registered as required by the law (Roman, 2017). Formal SMEs play a significant role in employment, as they employ approximately 71.4% of the private sector’s workforce and almost 49.4% of all the personnel in the country’s private and public sectors (Assaad & Amer, 2008; Assaad et al., 2018a; Assaad et al., 2018b). Thus, Jordanian SMEs play a critical role in helping to expand the country’s economy. Innovation is a critical success factor that boosts the performance of many organizations throughout the world. The reviewed issues in this paper embodied the decrease of the GDP in Jordan from 5,600 in 2015 to 4,156 in 2019 due to the conflicts in the surrounding countries, adding the unemployment continuous increasing rate to reach 16.10% in 2019, while the Jordanian government announced the need for SMEs support (Betz & Frewer, 2016). Regardless, a huge number of SMEs were reported to have poor innovation performance and lack of well-used knowledge and human resource management (Al-Dwairi, Al-Tweit, & Zyout, 2018). Lack of knowledgeable human resources in Jordan is expected to impact innovation performance in the country (Alshanty et al., 2019). Roman (2017) stated that there is a presence of poor implication of human resource practices and activate knowledge base development in the country.
provider of IP in the organizations. In the working environment, the creativity of an individual enhances the IP of the whole organization (Khalili, 2016). These studies supported this finding to examine the effect of KM and HRM on IP while this relationship will be mediated by creativity. According to the previous studies, it was mentioned above the betterment of the model embodied in studying such group of variables to find out useful results in SMEs in Jordan. In the current fast-paced competitive globalized marketplace, innovation has become almost a prerequisite for business success (Santos et al., 2018).

### Innovation Performance

In economics, Joseph Schumpeter was the one who introduced this concept in his "theory of innovations," (Anthony et al., 2008), in which he defines it as the establishment of a new production function. The economy and society change when the factors of production are combined in a novel way.

Marketing innovation is developing new techniques, methods, and tools for marketing which is significant to rule the success of the organizations, such as changing ways for collecting customer’s information. Firms are now using computer software to collect customer information, new formats of trading such as online store which is also an example of marketing innovation (Li & Chen, 2006). Marketing innovations target at addressing customer needs better, opening up new markets, or newly positioning a firm’s product on the market with the intention of increasing firm’s sales. This is strongly related to pricing strategies, product package design properties, product placement, and promotion activities along the lines of the four Ps of marketing (Grimpe et al., 2017).

Organizational innovation is comprehensive including all the organizational activities and practices (Azar & Ciabuschi, 2017). The practices of innovation include sales, production, customer service, quality, and relations inside and outside the organization (Paula et al., 2016). This involves changing the structure of an organization into a different form to make it more cost-efficient and/or more suitable to exploit or serve market opportunities. As an example, a company moves from selling over-the-counter products and employing more staffs to operating online with fewer staffs (Shin, Jeong, & Bae, 2018). It is evident that innovation shall be examined according to the business environment in terms of factors affecting it and further dimensions could play a turn (Demircioglu, 2017).

### Knowledge Management

Malik, McKenna, and Plummer (2015) defined knowledge management as what the employees acquired during their lifetime as employees in terms of information, skills, and abilities to work in different environments and conditions according to the management requirements. Berger (2015) described it as a batch of values being practiced while the employee is doing his job and dealing with his colleagues.

The development of the scientific method has made a significant contribution to how knowledge of the physical world and its phenomena is acquired (Hassan & Hussein, 2019). Monavvarian and Khanda (2010) described knowledge creation and suggested that employees are an essential source of knowledge creation.

Lai, Chen, and Chang (2014) concluded that the optimal factor to achieve the IP is through KM. It is found that knowledge creation, knowledge integration, and knowledge application facilitate innovation and performance (Ferraris, Santoro, & Dezi, 2017). Soto-Acosta, Popa, and Palacios-Marqués, (2017) reported that all the aspects of KM are importantly presented in SMEs to improve the IP in the firms. Accordingly, the direct and significant relationship between KM and IP in the organizations is approved (Mardani, et al., 2018). Meanwhile, this study will examine it in the SMEs in Jordan.

### Human Resource Management

HRM is the development of creativity in organizations which is relying on consistent and stable activities, developing the organizational members, and implementing the policies of the organization (Armstrong & Taylor, 2020). The target of developing a human resource structure is to improve the total organizational performance in terms of skills, knowledge, and adaption abilities (Mohammed & Hassanain, 2010). This study summarizes the most important tasks of HRM as follows: Human resource management practices (Subramanian et al., 2016).

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<table>
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<tr>
<th>HRM PRACTICES</th>
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<tr>
<td>Developing knowledge and skills</td>
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<td>Internal evaluation</td>
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<td>Communicating</td>
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<td>Strategy plans</td>
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<td>Analyzing</td>
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<td>Support Program coordinate</td>
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Figure 1: HRM Practices
HRM practices are management functions. Recently, the organizations are targeting the department of human resources to improve productivity and quality of the goods through the higher achieved performance (Wikhamn, 2019). Training is one of the main practices in the firms toward total improvement such as maintaining market superiority, enhancing staff skills and knowledge, and increasing productivity (Habib, Zahra, & Muthaq, 2015). One of the most widespread ways to enhance individual productivity within an organization is by achieving organizational goals and improving staff skills and performance (Liu & Lu, 2016).

Furthermore, the recruitment process could indicate that the programs are concerned with selecting persons for unpaid posts, such as the unpaid trainee role or the voluntary role (Chang & Chin, 2018). The recruitment and selection process is considered as a very vital and important activity. As one of the human resource management functions, it positively influences the organization's performance, particularly in realizing its eventual and ultimate goals and targets (Njoku et al., 2019).

Creativity

Traditionally, there was little research on the creativity of dominant psychology (Henriksen, 2019), but there were also research in other sciences, including the theory of organization (Saether, 2019). It also provides a foundation for understanding the emergence of new businesses (Bocken, Boons, & Balldassare, 2019). Creativity research tends to cluster around four perspectives: trait (person), individual, process, and product. Conceptualizing creativity as a process constitutes a field in which this process takes place and empowers the individual to be creative (Puhakka, 2012).

The study of creativity was often aimed at identifying the most creative people or teams to improve the social situation (Mellander & Florida, 2011). In addition, the environment can be perceived as a source of stimulation (Tubbs & Moss, 2002). In fact, the analysis of a trait, a process, or a product must also take into account who is being evaluated, by whom, and according to which methodology.

Process innovation concerns more about organization innovation, as detailed as individuals, systems, and operation innovation (Comunian, Gilmore, & Jacobi, 2015). Illustrating the verifications, exploring, and implementing the required and proper process needs creativity (Sadler-Smith, 2015).

SMEs Industry in Jordan

The middle east countries lately are concerned with SMEs. Jordan was among the countries that worked hard to activate the economical practice, facing obstacles in the Jordanian environment such as economic, political, and legal aspects (Camra- Fierro et al., 2012). With the decrease of the GDP in Jordan from 5,600 in 2015 to 4,156 in 2019 due to the conflicts in the surrounding countries, adding the unemployment continuous increasing rate to reach 16.10% in 2019, the country now needs the SMEs industry to be more effective and contribute in the country’s development (Betz & Frewer, 2016). The Jordanian government needs the private sector support with the intention to fund the private sector to improve their activities and contribute further in the economic activities especially the SMEs sector (Betz & Frewer, 2016). The SMEs in Jordan are using general and traditional managerial strategies which cause poor organizational performance (Al Tawara & Gide 2017). Thus, SMEs accounted for 99.4% of Jordan’s 156,000 enterprises, and 70% of the workforce (Al-Dwairi, Al-Twiet, & Zyout, 2018).

Jordanian industries are required to have an innovation base and knowledge infrastructure (Hajir et al., 2015), and this is reflected in the financial performance as well as other variables such as knowledge and human resource management (Migdadi et al., 2017). There is an issue reported in the implications of the human resource management in the SMEs in Jordan as mentioned by Roman (2017). He stated that the implication of human resource in Jordan is critical and is discussed either in the context of human resource management or electronic human resource practices in Jordanian service SMEs.

Therefore, the importance of HRM is justified as the source of power to the Jordanian SMEs, as well as providing creative and innovative notions to the firms. Thus, this could call the knowledge capital of the firm represented by the human capital (Alshanty et al., 2019; Al-Hyari, 2013). The source of knowledge has a positive impact on the creativity of a firm, which leads the firms toward an economic revolution in the country (Malkawi & Abu, 2016). This study will examine the innovation performance of Jordanian SMEs through the anticipated effect of the variables (knowledge, HRM), and this relationship is mediated by creativity.

Study’s Framework

Referring to the previous literature and supportive studies, this study suggested this framework be studied, analyzed, and tested in the Jordanian SMEs. The framework structure was based on the literature and underpinning theories, which the logic of resource-based theory RBV papers suggested that only RBV resources matter in explaining sustained competitive advantage. However, we will argue that firm ability that is not necessarily rare, imitable, or inherently valuable can also explain performance variation (Bromley & Rau 2016). Theoretical foundations from the RBVF helped to guide the study. Innovation through products and processes (entrepreneurial) for cost efficiency and intellectual capital gained from employees among others. It is through these three perspectives (social capital, entrepreneurship, and intellectual capital) that the current inquiry is directed. An analysis of empirical research regarding the RBT noted that firm capabilities or resources were the primary drivers of explaining outcomes of performance (Campbell & Park, 2017).

Innovation theory supporting the model of the study stated innovation as an idea, practice, or object perceived as new by the individual and discovery that goes no further than the laboratory remains an invention (Franceschinis et al., 2017). Small and medium-sized enterprises (SMEs) are considered the engine of innovation and their role in world economies...
are increasingly seen as fundamental, as most economic structures are mainly composed of SMEs (Hoffman et al., 1998). Moreover, there is strong evidence of how SMEs in a wide variety of sectors do engage in technological innovations, and these innovations are likely to be an important determinant of their success (Hoffman et al., 1998). They are certainly active in innovation development and they have the capacity for going radical and new to the world innovation (Acs & Audretsch, 1987).

This framework will improve the innovativeness of the SMEs’ performance in Jordan by practicing the concepts of creativity, human resource management, and knowledge management in the industry.

![Conceptual Framework](image)

**Figure 2: Conceptual Framework**

**METHODOLOGY**

This research paper reviewed the relevant literature on organizational performance, human resource management, knowledge management, and creativity. The researcher reviewed up to 100 papers related to the keywords of this study. Comparing the findings of the papers and the different perspectives according to the industries of the study and the factors of the framework, it was found that there was a difference in the results.

The researcher used some annual and official government reports, such as The Higher Council for Science and Technology of Jordan report, The World Bank report, the 2014 Doing Business Report, statistics department of Jordan. These sources supported the data and figures of the study to establish the framework of the study according to the data reported in these reports.

**FINDINGS AND DISCUSSION**

The researchers reviewed 100 papers approximately to find out the discussion and different views of the innovation performance issue in SMEs in Jordan. This section will go through the most important discussions and highlighted the findings of the study.

**The Existence of Innovation Performance Issue in The SMEs Industry in Jordan**

According to the researches that have been held on the SMEs in Jordan, there is a lack of efficiency, productivity, and effectiveness in the practices of the Jordanian SMEs (Al Tawara & Gide, 2017), while the Jordanian government requires the SMEs to contribute further in the development of the Jordanian economy (Betz & Frewer, 2016). The researcher found through the previous literature and government reports that the SMEs is not reaching the global level of innovation and creativity, and keep doing the traditional business practices. Moreover, the SMEs in Jordan are not aware of the turn of these firms in handling the economy of a country with such citizens number. The research found that the Jordanian economy in the current economic situation in the world, especially in the surrounding countries could role the economic situation in the country and the middle east overall. In the previous literature, the researcher stated the importance and capacity of SMEs in the economy nowadays globally, which is also supposed to be implemented and well-used in Jordan.

**The Importance of HRM and KM on Practicing Innovation Performance in SMEs in Jordan**

According to the previous literature and reports, the researcher found that there is an important role of HRM on intellectual capital, creativity, and innovativeness of the SMEs in Jordan (Khudeir, 2016). There is a knowledgeable human resource in Jordan but it is not exploited and well-invested in enriching the creativity and innovativeness of the firms (Alshanty et al., 2019). This is impeding the development of the industry due to the strict and inflexible managerial patterns in the Jordanian SMEs. The industry needs skillful, experts and, knowledgeable staff to carry on the innovation performance and assist the country’s economy. This study found through reviewing the literature that there is a crucial role of KM and HRM on innovation performance and also the main source and support to the individuals and firms to raise and innovate in their daily tasks.
The Importance of the Innovation Performance in Jordanian SMEs.

The researcher found the previous researches discussed that the Jordanian government is reporting the need for the SMEs activation as the main sector. This could handle the employment percent, productivity, and financial support to the country (Al Tawara & Gide, 2017). Thus, the implementation of the innovation performance could increase the SMEs in Jordan in the economic, practical, and theoretical base in the industry (Betz & Frewer, 2016). Therefore, this study is encouraging the researchers to test several factors’ impact on the performance of the SMEs in Jordan to establish a framework to be implemented in the Jordanian industry.

CONCLUSION

The researchers reviewed several relevant studies on the SMEs in Jordan and the effect of innovation performance, creativity, HRM, and KM on the practices of these firms, as well as how it could impact the economics of the country. The findings of this study embodied the importance of activating the role of the SMEs in Jordan through implanting the keys of the innovation performance in the firms. HRM and KM are found to be the most important factors in the country in which it needs to create a suitable creative environment to enable the industry to achieve innovation performance and contribute to the development of the country’s economy. This study's practical implications could be reflected in the innovation performance level and improving the human resource abilities and skills in Jordan and enhance the knowledge base in the country. Meanwhile, the theoretical implications could be the aggregation and ideas of the researcher about the optimal framework to be implemented in the country.

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