



The Impact of Top Managers' Human Capital on Productivity in Cultural and Heritage SMEs in the UAE: The Mediating Role of Innovation

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مجلة الدراسات التجارية المعاصرة

**كلية التجارة – جامعة كفر الشيخ
المجلد (١١) - العدد (٢٠) - الجزء الثاني
ابريل ٢٠٢٥ م**

رابط المجلة: <https://csj.journals.ekb.eg>

Abstract

This research investigates the relationship between human capital of top managers and productivity of cultural and heritage SMEs in UAE with mediating role of innovation. Employing a quantitative method, the research data was obtained from 243 respondents, who were SMEs in the cultural and heritage sector. The research adopts SmartPLS for validity, reliability, and Structural Equation Modeling of the posited relationships. Hence, by presenting knowledge and skills of top managers, human capital in UAE's cultural and heritage SMEs and its relationship with innovation and productivity, the research gives understanding of how theories are applicable within context of analyzed firms. The contribution of this research is that it targets cultural and heritage SMEs in the UAE, a topic that is quite limited in literature in the vast domain of management. Moreover, it extends previous research by demonstrating an indirect mediated relationship between innovation and top managers' human capital in increasing productivity. The main managerial implications of the current research are thus important for business and political decision-makers, as well as for cultural and heritage industry stakeholders in the UAE. By identifying the significant influence of top managers' human capital in generation of innovation then enhance productivity as well as competitiveness, capacity building and leadership advancement in SMEs. At the same time, this research provides the basis for subsequent works that can deepen the understanding of motivations for innovation in related industries.

Keywords: Human Capital, Productivity, Innovation, SMEs, Cultural and Heritage.

الملخص

تتناول هذه الدراسة العلاقة بين رأس المال البشري للمديرين التنفيذيين وإنتاجية الشركات الصغيرة والمتوسطة العاملة في قطاع الثقافة والتراث في دولة الإمارات العربية المتحدة، مع دراسة الدور الوسيط للابتكار. وباستخدام المنهج الكمي، تم جمع البيانات من ٢٤٣ مشاركاً يمثلون شركات صغيرة ومتوسطة في هذا القطاع. وقد تم توظيف برنامج SmartPLS للتحقق من الصدق والثبات وتحليل العلاقات الهيكلية المفترضة باستخدام نمذجة المعادلات الهيكلية. ومن خلال تسليط الضوء على معرفة ومهارات المديرين التنفيذيين، تقدم هذه الدراسة فهماً عميقاً لكيفية ارتباط رأس المال البشري بالابتكار والإنتاجية ضمن سياق هذه الشركات في الإمارات. تُسهم هذه الدراسة في سد فجوة في الأدبيات، إذ تركّز على قطاع الثقافة والتراث، وهو موضوع لم يحظَ بالكثير من الدراسات في أدبيات الإدارة. كما توسّع الدراسة من نطاق البحوث السابقة من خلال إثبات وجود علاقة غير مباشرة بين رأس المال البشري للمديرين التنفيذيين والإنتاجية عبر وسيط الابتكار. وتتمثل أهم النتائج الإدارية في أهمية الدور الذي يلعبه رأس المال البشري للمديرين في توليد الابتكار، مما يعزز الإنتاجية، والقدرة التنافسية، وبناء القدرات، وتطوير القيادة في الشركات الصغيرة والمتوسطة. كما تُعد هذه الدراسة منطلقاً لأبحاث لاحقة يمكن أن تعمّق فهم الدوافع المحفزة للابتكار في الصناعات ذات الصلة.

الكلمات المفتاحية: رأس المال البشري، الإنتاجية، الابتكار، الشركات الصغيرة والمتوسطة، الثقافة والتراث.

1. Introduction

The UAE's strategy of maintaining the cultural identity while enhancing its position in the international market has brought certain problems for SMEs that work in this area. It implies that top managers in the organizations in question exert significant influence on the course of their enterprises. Human capital, being skills, knowledge, experience and other attributes possessed by those managers, has always been postulated to have a significant influence on organizational performance. However, the most important aspect of sustainably managing these SMEs is the capacity of top managers to promote and enact innovative initiatives and strategic actions which are compatible with the social culture and the general business environment of the country (Aman-Ullah et al., 2022).

Human capital is one of the components of competitive advantage, which may moderate the relationship between innovation and top managers' productivity (Marchiori et al., 2022). While the cultural and heritage sectors struggle to change their image and promote themselves abroad on the one hand, and, on the other, endeavor to maintain the originality of their mission and methodology, innovation appears to be crucial (De Man, 2023). Managers with high human capital are more capable of creating new products, services and processes that meet new market and consumer needs as required in organizations. In this regard, innovation can play a role of a mediator between the conceptualization of the top managers and the real effects that contribute to productivity improvement. SMEs operating in cultural and heritage industries need to depend on leadership skills, as well as promote organizational culture that is conducive to innovation (Sakkthivel et al., 2022).

In the context of the UAE, a country that is in the middle of transition and currently putting a lot of effort into the development of knowledge-based industries, understanding how human capital affects productivity through innovation may prove useful for both policy-making and business (Alosani & Al-Dhaafri, 2023). The purpose of this study is to examine ways that human capital of top managers in cultural and heritage SMEs can be capitalized on to increase productivity with special reference to the role of innovation. Therefore, this study aims at adding knowledge to the existing literature on human capital and innovation in SMEs and offer a framework that would help managers and policymakers to enhance productivity in this important and culturally sensitive

economic segment. The proposed work might be useful in defining the guidelines for the talent management, innovation and strategic leadership development in SMEs for the UAE and other similar markets.

Research Problem

Most research has neglected to establish clear relationships between human capital management practices of top executives and productivity outcomes in small and medium enterprises within cultural settings. The majority of published research investigates large organizations or fails to explore innovation when explaining the relationship. Productivity gains from innovation require deeper examination since managerial capabilities show limited evidence of their impact on performance enhancements in these business areas. The research fills this knowledge gap through a study which evaluates top managers' human capital influence on productivity by analyzing the role of innovation within the United Arab Emirates' cultural and heritage small and medium enterprise sector.

2. Theoretical Framework

Human Capital

Through earlier research human capital means all the skills knowledge and personal abilities people use to succeed at work and benefit an economy's development. Experts believe that putting money into education and health services creates better people who can work better and help build a better world. Research proves that nations with better human capital achieve quicker economic development because skilled workers can handle new technology and boost productivity everywhere. Human capital growth becomes a fundamental strategy to decrease economic differences between people and enable social upward movement (Aman-Ullah et al., 2022).

Top Managers Human Capital

Top Managers Human Capital is defined as the specific knowledge, skills and experience of the senior organizational members that are relevant to organizational strategy and performance. Academics argue that human capital

of top managers is crucial for building organizational capabilities because they are the ones who take crucial decisions that define the competitive position of the firm. Marchiori et al. (2022) pointed that background, education and experience of top managers influence the content and process of decision making as well as their leadership characteristics. The concepts of this variable are education and training, work experience and managerial skills. Education and training aim at the formal academic credentials as well as the professional certification that managers attain. Work experience can therefore be defined as the actual prior practical exposure and the previous positions held by managers that determines their decision-making capabilities (Shoaib et al., 2021). Organizational competencies comprise the special knowledge, expertise, and aptitudes inherent in an organization's leadership, as well as the general and targeted problem-solving and strategic spotting aptitudes required in the management of the organization.

SMEs Productivity

SMEs Productivity refers to the ratio of output from small and medium enterprises (SMEs) to the inputs used to produce this output. Several research papers suggest that productivity in the SMEs is a product of internal and external factors such as technology, labor, and organizational culture. Prasanna et al. (2019) the SME mainly exhibit certain constraints as they are in comparison with the large organizations; they have limited access to the resources and may experience financial restraints which in turn affect their productivity. SME productivity has three types including labor productivity, capital productivity, and technological advancement. Labor productivity aims at the number of products created per each worker, which is commonly employed for the measurement of the efficiency of the human capital (Alzoubi et al., 2022). Capital productivity relates to getting the best of capital resources – both financial and physical – in terms of value addition. Technological innovation relates to the acquisition of new products, methods and systems that increase the capabilities of the firm and its competitiveness.

Innovation

Innovation is understood to be the development of new or improved ideas, goods or services or business processes that translates into competitive advantage and firm growth. Raymond & Bergeron (2008) opined that innovation constitutes the fundamental process of development for the economy whereby firms create demand by introducing innovation to the market. Hence, innovation can be understood in terms of its dimensions, such as product innovation, process innovation and organizational innovation. Product innovation is a process through which an organization launches a new product or changes an existing product that addresses the customer needs or offers a new solution to a particular problem. Process innovation on the other hand is concerned with changes that takes place in the production or delivery process that makes it cheaper. Organizational innovation can be defined as the creation of new forms of operation, strategies, processes, or structures that increase the organizational performance and capacity for change of a firm (Imran et al., 2022).

Research Model

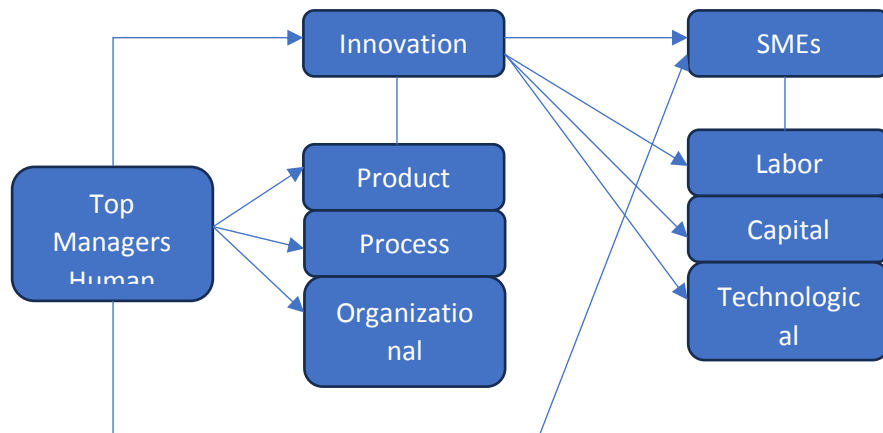


Figure 1: Conceptual Model

H1: The human capital of top managers in cultural and heritage SMEs in the UAE has a positive impact on the productivity of the organization.

H2: Higher levels of top managers' human capital positively influence the level of innovation in cultural and heritage SMEs in the UAE.

H3: The top managers' human capital in cultural and heritage SMEs in the UAE to drive innovation is positively correlated with an increase in organizational productivity.

H4: Innovation mediates the relationship between top managers' human capital and productivity in cultural and heritage SMEs in the UAE.

3. Literature Review

Researchers continue to explore how top managers' knowledge and skills affect business output in small and medium-sized enterprises. An organization's success depends heavily on the human capital of its top managers who bring professional abilities and educational expertise with them. In cultural heritage businesses top executives' human capital helps them define their business direction while overcoming specific sector challenges. The research works of Al-Mazrouei (2021) show that top managers who know their industry well plus lead effectively drive more innovation which boosts business performance and operational output. The UAE market demands SMEs to use their employees strategically to grow their businesses based on local culture and to improve their financial performance. Researchers have deeply studied how innovation connects human capital to productivity outcomes (Aman-Ullah et al., 2022).

SMEs need innovation to respond to market changes by introducing new solutions while making their operations more efficient. Research from Mehrez et al. (2021) shows leaders with extensive human capital better inspire creativity and calculated risk-taking which leads to new ideas. In the cultural sector innovation means developing original methods to safeguard and publicize cultural heritage which directly improves industrial results. Research carried out by (Ferreira et al., 2021) demonstrates that innovation functions as a bridge between managerial human capital and business output. Managers with robust human capital skills excel at creating environments that boost innovation which subsequently improves operating results (Al-sa'di & Miller, 2023). While the research shows positive results it lacks complete understanding of cultural and heritage business operations in the UAE.

Human capital and innovation have been studied in extensive research, but few on these elements have investigated United Arab Emirates history. Especially in the cultural and heritage businesses which are so closely linked to Arabic life-as evidenced by our own serious lack of originality. The emphasis of many

research papers is on big business and little to do with the more modestly sized concerns which literally represent the wave on which Basketball has ridden into 20th Century America. However, this causes a shortage in our understanding of small companies, capital resources Researchers should extend their research to include small cultural companies in the UAE to learn about the effect of heritage on productivity, management theory common sense dictates (Kabiraj & Joghee, 2023). Future studies which take these factors and conditions into account will provide research findings closer to the realities of UAE markets.

Top Managers' Human capital and SMEs Productivity.

Studies demonstrate that top managers' expertise strongly affects small and medium-sized enterprise (SME) performance. Research shows top managers' educational background and work history shape how they run their small and medium-sized businesses which boosts overall business success (Hani Al-Kassem, 2021). According to a study that, top managers who know more and make better choices help SMEs work better and compete stronger especially in fields needing advanced expertise. Managers with experience use their human capital to arrange resources better and reduce inefficiencies while setting up superior business procedures (Haseeb et al., 2019).

Research suggests that innovation in elements that impact how managerial human capital affects the productivity of SMEs (Chang *et al.*, 2024). Leaders in managing role within organizations operate in fast-paced industries. Thus, they need to monitor future market trends as it enables them to match business model, redesign with electronic solutions and maintain industry leadership (Al Shraah *et al.*, 2024). Besides, SMEs' business success happens when managers innovate and adopt new technologies actively and respond swiftly to the ever changing market conditions.

Organizations experience significant performance enhancements through administrative methods that develop positive workplaces by offering continuous education and giving staff the ability to make decisions. A powerful managerial presence in companies generates better worker interaction which results in performance enhancement through improved work process efficiency and elevated company goal achievement.

Top managers' human capital directs Small and Medium Enterprise productivity through their effective management of risks in their respective domains. Many uncertainties surrounding business operations affect small and medium enterprises because they need to handle changes in business cycles together with disruptions to supply chains and governmental regulatory changes (Hanaysha *et al.*, 2022). The work experience of managers leads them to acquire outstanding risk assessment talents and crisis management talents for sustaining operational stability. Organizations maintain consistent productivity in uncertain periods because they choose executive team members who both know their market well and resolve business difficulties. Research shows that managerial human capital becomes more vital to success in industries which depend on knowledge management like technological and creative and cultural industries.

Top Managers' Human capital and Innovation

Top managers' knowledge and experience heavily affect SME innovation performance. Top managers drive organizational innovation by using their experience and cognitive skills as indicated by (Abdullahi *et al.*, 2015). Managers with advanced education backgrounds and broad career backgrounds will support their companies by introducing new technology and business approaches. Research by Issac (2024) shows that managers with global perspective and extensive knowledge spots market opportunities better and leads innovation efforts. Managers with multiple skills and knowledge help creative cultural heritage businesses evolve their traditional ways to create new solutions. Top managers with strong human capital steer innovation allowing SMEs to stay ahead and grow reliably (Khalil Ibrahim Al-Khalidi, 2023).

The evidence proves that small and medium-sized enterprises with well-experienced managers at the top can build innovation capability. Effective top managers leverage their domain knowledge with their capability to enhance organizational innovation as well as facilitate new idea implementation and process and technological adoption (Dubey *et al.*, 2024). Executive competency to develop new business strategies emerges from reading textbooks and professional work experience as well as multichannel market exposure according to research evidence. The revelation demonstrates how executives

who track industry patterns and market movements will generate competitive innovations to support business expansion.

Small and medium enterprises experience major development of innovation-driven organizational cultures as their top managers gain superior work experience along with increased educational attainment. Members of management teams with professional degrees drive technological progress by advancing operations methods that help deliver suitable solutions to address market needs. Through research identification managers at the company guide digital tool adoption along with process automation and develop organizational settings that support flexible behaviors. Leaders in small and medium enterprises produce better results when they have knowledge because they recognize industry developments that results in enduring organizational success (Hanaysha *et al.*, 2022).

Enhancing market expertise with experience enables managers to find new business prospects while leading innovation programs. Managers who operate across international borders develop skills to identify excellent organizational practices allowing them to create collaborative innovation ventures. The broad professional experience within the management team of small and medium enterprises drives business expansion to its maximum potential because this structure enables methods outside traditional practices while identifying new collaboration possibilities resulting in unusual growth opportunities (Alzoubi *et al.*, 2024).

The transformation of creative and cultural heritage businesses needs various competencies which exist in organization leadership. The research shows that managers who bring traditional industries to innovation through their expertise in combining current design methods with digital transformation techniques and technological implementations. SMEs operating in cultural and heritage sectors will improve their market potential when they unite traditional techniques with modern management techniques to uncover their brand identity and tap into new revenue possibilities. Companies that integrate different areas of expertise enable their business managers to develop sustainable innovation solutions in their strategic sectors.

Studies also show that leadership strength among the top management team leaders provides constructive outcomes for SMEs about strategic planning and innovation sustainability (Al Shraah *et al.*, 2024). Leaders also drives

innovation by identifying future trends. The strategic initiative for innovation emerges from leadership focus points at the top management level to achieve digital transformation alongside improved production and client relationship strengthening across all operational areas.

Innovation and SMEs Productivity

Small businesses depend on innovation as a main factor that drives their productivity. Research shows that SMEs which focus on innovation create better ways to work while they launch new offerings and respond faster to market changes which leads to increased business performance (Niyi Anifowose et al., 2022). According to (Eniola & Entebang, 2015), SMEs that introduce process and product innovation see substantial increases in their output because they can optimize their systems while better addressing changing market requirements. Cultural and heritage small businesses can innovate by using technology to enhance preservation methods as well as creating fresh marketing methods to promote heritage tourism. SMEs who take creative steps stand out from their competitors and make their businesses work more efficiently (Alzoubi et al., 2021).

Research indicates that innovation represents a vital factor which enhances operational productivity levels for small and medium-sized enterprises (SMEs). All aspects of operations become more efficient through innovation at SMEs and their new services and products provide enhanced adaptation to market changes (Abu-Rumman *et al.*, 2024).

According to research, process innovation helps SMEs to arrange their operational sequences leading to improved efficiency. It ultimately helps organizations in maximizing resource management (AlMazrouei *et al.*, 2024). Abu-Rumman *et al.* (2024) assumes that, innovation serves as a primary element that allows heritage-based SMEs to support their traditional practices. Literature also suggests that, these businesses must use technology development for digital engagement platforms and modern preservation strategies for drawing higher-diversity audiences. Heritage businesses leverage virtual reality and augmented reality as well as online platforms to enable their users to create new meaningful customer experiences. Studies establish how innovation enhances heritage small and medium enterprises because it allows

them to find profitable combinations of preservation integrity with commercial expansion.

Research shows that businesses in the SME segment deliver superior productivity performance when they develop unique competitive features in their target market space. Research findings show a direct relationship between companies that implement experimental marketing methods together with consumer interaction approaches and branding solutions to their ability to keep loyal customers. Small and medium enterprises with innovative approaches deliver new solutions regularly to maintain their market dominance because they meet evolving customer requirements.

Top Managers' Human capital and SMEs Productivity through Innovation

The link between top managers' human capital and how they drive innovation to boost SME productivity is now better understood as a complex interdependent system. Research shows top managers with strong human capital directly boost innovation and indirectly spur higher productivity through an innovative work setting (Lee et al., 2023). Top managers with extensive experience understand better how innovation boosts productivity and know where to invest resources for new initiatives. Managers with professional experience and expertise use innovation as a tool to boost productivity because they understand market risks and know how to put effective new practices into action (Phung et al., 2023). Cultural and heritage SME managers need to combine innovation with their commitment to protect their heritage to achieve business growth. Top managers' human capital helps connect innovation and productivity outcomes for small businesses.

Evidence indicates that the relationship between top executive human capital and small and medium enterprise productivity through innovation functions as a complex joined-up system (Al Shraah *et al.*, 2024). Managers with robust human capital directly develop innovation practices which leads to increased productivity through friendly conditions for continuous improvement. Managers with vast knowledge and comprehensive experience understand innovation serves as the key to business growth therefore they tend to put into practice sustainability-focused productivity strategies. Top-level management

uses their experience to match innovation projects to organizational objectives thus enabling systematic performance improvement.

Existing organizational research has confirmed that experienced managers properly understand how innovative solutions shift performance across efficiency and cost-saving aspects and business metric measurements. Managers with depth experience achieve the identification of vital innovation investment possibilities that allows them to guide resources efficiently to optimize productivity levels. SMEs led by innovative leaders achieve improved operational excellence along with flexibility which yields more prosperous future financial stability.

Research findings indicate that professional top-level managers select innovation as their primary method to boost SME productivity levels. The research indicates such business heads comprehend market fluctuations and competitive threats and emerging business trends so they can successfully execute new methods. The growth of SMEs depends heavily on successful implementation of technology and process restructure and innovative solutions delivery by executive managers. The study demonstrates that enterprise leadership which predicts future trends produces market adaptability by confronting developing market problems which leads to continuous productivity growth.

Top managers who possess human capital help develop innovative organizational cultures and also take responsibility for implementing innovation. A study confirms that organization managers create working environments that empower staff members to test new ideas across a range of solutions through ongoing educational development (Al Kurdi *et al.*, 2023). Enhanced engagement between employees and greater knowledge-sharing occurs for organizations that develop innovative cultures which produce unique business strategies. Research proves productive SMEs select organizational environments that inspire workers to maximize their business productivity through process optimization activities which create value.

Studies indicate that managerial teams heading cultural and heritage SMEs should strike a balance between innovation methods and traditional heritage protection practices. The combination of business model innovation with conservation practices enables companies to maintain both operational development and authentic identity through research evidence. The

combination of innovation and heritage preservation enables businesses to achieve two strategic outcomes which include sustainable economic development together with market expansion opportunities.

Research evidence indicates that higher-level management abilities play an essential link between innovation programs and productivity enhancements across smaller business organizations. Companies that invest funds in teacher their executive leadership staff and document continuous educational advancement achieve better innovation integration combined with productivity enhancement. The strategic decisions made by managers regarding technology adoption and market response along with their strategic planning abilities enable their organizations to defeat market competition during times of transition. Research demonstrates this organizational success. Organizations that identify how investments in manager talent generate innovative achievements will endure as sustainable businesses with consistent productivity.

4. Methodology

This study uses research methods to understand how top managers' human capital affects productivity at cultural and heritage small businesses in the UAE while measuring innovation as a center point. Our research used a quantitative approach to verify theories by following a deductive research plan. Our research used survey questionnaires to directly gather primary data from top managers in UAE cultural and heritage SMEs. This research examined 501 cultural heritage SMEs in the UAE that emerged from listings provided by the UAE's Ministry of Economy and other business directories. We focused our survey on managers who make important business decisions and know how their teams use human resources and innovate. The research team emailed the survey questions to top managers at all selected SMEs.

The survey items used validated research to measure the connections between top managers human capital knowledge and their impact on innovation practices and business results. Respondents rated their level of agreement with different statements by choosing from a five-point scale between "strongly disagree" and "strongly agree." The research survey asked participants about their age range job tenure and education background then measured top managers human resources capabilities innovation activities and business

performance levels. The gathered 243 responses contained enough samples for our study requirements and reflected the target population well. SmartPLS processed survey results to test our research model's essential connections between different elements using structural equation modeling (SEM) methods. The choice of SmartPLS came from its capacity to process advanced models with multiple variables while validating model performance and alignment with research objectives. The research evaluated both measurement and structural model tests to show how top managers' human capital affects productivity through innovation as a mediator. The analysis with SmartPLS helped the researcher test hypotheses and verify that the model met important standards for trustworthiness so the researcher could learn how human capital and innovation affect productivity in UAE cultural and heritage small businesses.

5. Data Analysis

Researchers can analyze their data effectively through SmartPLS by measuring reliability validity and SEM performance. It helps to determine construct internal consistency through CR and AVE tests to evaluate reliability. Tests of convergent and discriminant validity show how well our measurements match their target concepts and remain separate from other concepts. SmartPLS simplifies SEM by enabling researchers to study path relationships between hidden variables plus handles measurement errors when analyzing direct and indirect effects. The program relies on Partial Least Squares (PLS) analysis to process complex models using limited sample sizes which benefits exploratory research in both social sciences and business sectors.

Demographic Data

The demographic data of the 243 participants from cultural and heritage SMEs in the UAE reveals a predominantly male representation, with 77% of the participants being male (187 individuals) and 23% female (56 individuals).

All participants were employed at managerial levels, providing insights into the leadership and decision-making structure within these SMEs.

This gender distribution reflects the broader trends in the region's workforce, where male employees often outnumber females in higher management roles.

The sample size of 243 participants offers a substantial basis for analyzing the perspectives of key decision-makers in the cultural and heritage sector of the UAE.

Reliability, Convergent Validity and Discriminant Validity

Table 1 shows how Top Managers' Human Capital (TMHC), Innovation (INN), and SMEs Productivity (SMEP) work together and stay separate in their measurements. The data shows strong reliability in all variables because their Composite Reliability values exceed 0.70. TMHC shows the strongest validity score of 0.941 while both SMEP and INN demonstrate validity scores of 0.923 and 0.874 respectively. The Cronbach's Alpha results demonstrate strong internal consistency across all variables with values between 0.874 and 0.915. The constructs demonstrate strong convergent validity because each measures shows more than half of its indicator variance with scores greater than 0.50.

Table 1: Composite Reliability, Cronbach's Alpha, Average Variance Extracted, HTMT

Variables	Convergent Validity			Discriminant Validity		
	CR	CA	AVE	TMHC	INN	SMEP
Top Managers' Human Capital	0.941	0.915	0.644			
Innovation	0.874	0.874	0.746	0.654		
SMEs Productivity	0.923	0.881	0.790	0.612	0.663	

Our analysis shows acceptable discriminant validity based on Heterotrait-Monotrait ratios which remain below 0.85. The HTMT results show TMHC differs significantly from INN with 0.654 index value and TMHC from SMEP with 0.612 value while INN differs from SMEP by 0.663. The evidence reveals Top Managers' Human Capital, Innovation, and SMEs Productivity as separate measurable aspects in this investigation. Data shows strong evidence that our chosen measures accurately measure both separate and similar business concepts within this research project.

Table 2: Hypothesis testing (Measurement Model Assessment)

H	Path	Beta	R-square	p-value	t-value
H1	TMHC→SMEP	0.093	0.555	0.000	3.595

H2	TMHC→INN	0.631	0.398	0.001	4.201
H3	INN→SEMP	0.683		0.000	2.118
H4	TMHC→INN→SEMP	0.449		0.000	2.803

Table 2 and figure 2 data shows the results of testing how Top Managers' Human Capital impacts SMEs' Productivity and their Innovation work. Top Managers' Human Capital (TMHC) shows a strong positive effect on SMEP as seen by the beta value of 0.093 and p-value of 0.000. Top managers who have higher levels of human capital drive innovation according to our research (beta = 0.631 and p = 0.001). The results show a powerful direct link between Innovation and SMEP performance as the effect size (beta) stands at 0.683 and the t-statistic value is 2.118 while the p-value comes out at 0.000. Our analysis shows that innovation acts as a vital link between top management human capital and small and medium enterprise productivity as indicated by Hypothesis 4 (H4) with a path coefficient of 0.449 and a t-value of 2.803. Our findings show that TMHC helps companies improve productivity through its direct impact and by promoting innovation activities.

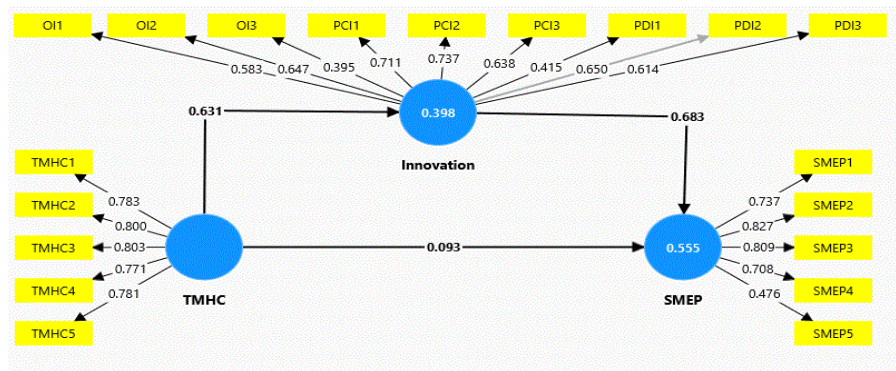


Figure 2: Structured Model

6. Discussion

Statistical evidence shows that adding top managers with high educational background and experience automatically boosts small business productivity. Top managers with advanced education credentials and many years of industry experience lead their small businesses to better productivity results than managers who lack experience. The findings support research done by Haseeb et al. (2019) who discovered top managers' educational background and

professional skills improve how they make strategic choices and boost firm efficiency. The test results show clearly that SME performance depends greatly on top managers' skills and knowledge to run effective operations better. The research results support Khusna Mustafa et al. (2018) findings about how human capital strengthens business performance. Managers with strong human capital skills help businesses direct resources better by sharing their expertise and support networks. The study results match theoretical frameworks by showing how SMEs can adapt to changes better when top managers understand specific business areas including finance, marketing, and operations. Top managers' human capital investments drive productivity improvements in SMEs according to this study and previous research that shows managers' abilities help companies do better.

Our research finds that educated and experienced top managers at SMEs create more innovative working environments. The data shows that companies with more skilled managers release more fresh product offerings. The results support previous research by Marchiori et al. (2022) who found experienced managers better understand how to discover and make use of new innovation prospects. Managers with higher education and diverse expertise help create innovative ideas and strategic approaches which lead to successful innovation at SMEs. The statistical data from this study confirms Aman-Ullah et al. (2022) findings that a manager's detailed knowledge and research experience boosts absorptive capacity which results in better innovation. Top managers who deeply understand their organizational field drive creative work practices while improving the company's ability to work with outside knowledge. The research shows these leaders have better ability to spot modern industry breakthroughs that generate innovative results. Our research proves that business managers need special skills to develop innovative environments because they drive business results.

The statistical data demonstrates that when SMEs employ innovative practices they achieve better results in their productivity performance. Companies that create and implement fresh product lines or service upgrades produce better output while working more efficiently. According to research by Khan et al. (2023) and other studies innovation helps businesses become more productive through better workflow and market growth. Our results show that innovative strategies help small businesses compete better while saving costs and gaining

market value which directly boosts productivity. The results demonstrate that innovation drives better production results through better process designs and efficient resource management while giving businesses access to new market opportunities. Alosani & Al-Dhaafri (2023) model shows innovation pushes economic growth by making companies more productive. Businesses that put money into innovation develop better products while making their internal operations run more smoothly. Our findings support the idea that innovation helps SMEs succeed by letting them dominate competitors and serve market needs better.

The current analysis demonstrates that higher-level managers boost SME productivity levels by supporting innovation activities. Managers with high human capital skills lead their companies to innovate more effectively which boosts organization productivity. Research by Khusna Mustafa et al. (2018) shows that how well managers use their capabilities determines how innovation leads to better business results. The study data shows that top managers' human capital works through innovation to affect SME performance results. This demonstrates the clear association between management knowledge and business results. The study's outcomes support Serenko (2024) framework which shows how top managers' innovation abilities directly boost SME productivity by letting them deploy new technology and business approaches. This study shows that managers with high human capital benefit productivity directly through strategic choices plus indirectly through environments that help innovation create operational enhancements. The results confirm that managerial expertise in innovation matters for productivity improvement in small business operations.

7. Conclusion

Our study shows that top managers' professional skills affect how cultural and heritage small businesses in the UAE perform through their innovative practices. Top managers who are experienced and educated deliver better innovation results that boost company productivity. Organizations need human capital to develop their strategy and adapt to market changes which are essential for UAE small and medium-sized businesses to thrive in their culturally vibrant and competitive setting.

The results from these studies create meaningful applications that help SME leaders and their industry partners understand how to support cultural and heritage sector growth. Leadership teams must receive ongoing training and new skill development to study innovative methods and boost their productivity. SMEs need to create spaces that support innovation across the organization then include it in their business strategy to reach long-term growth targets. The government can help managers in these sectors learn new skills which indirectly increases productivity by helping them lead better.

This research needs continued analysis because it has several important limitations. Our research's findings may not work for large companies or different cultural settings due to our small sample size and focus on UAE SMEs. The way this study collects data at one time limits researchers from tracking how things change over time. Studies in the future should test these results across various regional and national markets. Studies following the same individuals over time would help us better understand how human capital, innovation and productivity grow together. Examining organizational culture and leadership styles as possible linking factors between human capital and SME productivity would enhance our research knowledge.

The professional skills and experience together with educational background of top managers in cultural and heritage SMEs in the UAE produce substantial impact on productivity because they excel at innovation creation. Managers who demonstrate high human capital aptitude create conditions that bring out innovation within their organizations which leads to better processes and unique offerings to achieve enhanced business success.

The study fills a gap in scholarly research by showing how innovation serves as a pathway through which top managers' human capital affects SME productivity specifically in UAE social framework. Managers across this sector urgently need strategic leadership development and continuous education because it emphasizes their central role in sector growth.

The study acknowledges direct implications that benefit top managers of SMEs as well as policy developers and stakeholders operating within cultural and heritage sectors. Organizations that prioritize training their managers and build

their staff teams plus develop innovative company culture establish strong pillars for increased productivity alongside extended business longevity.

However, this research has limitations. Because this research employs a cross-sectional method to study United Arab Emirates SME businesses the findings should be used for UAE SMEs only while avoiding broad generalizations across different countries and business sizes. Future studies need to utilize extended time-period monitoring data along with different variables such as organizational cultural elements and digital transformation methods to better define the relationships between human resources, innovation development and productivity performance.

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