

Strategic Human Resource Practices and Organizational Change: A Conceptual Framework of Leadership Mediation in SMEs

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Abstract: Small and medium-sized enterprises (SMEs) have to successfully handle organizational change in an ever dynamic business environment to remain competitive and be able to deliver in the long run. The study seeks to formulate a conceptual framework that will examine the connection between strategic human resource practices and organizational change with special emphasis on the mediating aspect of leadership. Based on the Resource-Based View (RBV) and Transformational Leadership Theory, the research theorizes strategic human resource practices as a multidimensional construct that includes recruiting talent, compensation systems, employee engagement, training and development, and employee motivation. The conceptual research design was the systematic review of the newest literature (2020–2025) that has been adopted to synthesize the existing knowledge and reveal the key relationships among the study variables. The results indicate that the strategic human resource practices have a great role in boosting organizational change through improvement of employee capabilities, commitment, and adaptability. Nonetheless, the correlation is not that direct as leadership is also a key mediating factor that allows implementing these practices effectively and defining how employees will react to change programs. This research adds value to literature by combining the human resource management and leadership theories in a single framework and provides a better insight on organizational change in SMEs. In practical terms, the results emphasize the fact that SME managers should be able to match HR practices with effective leadership to enhance positive change results. The proposed framework is advised to be tested empirically in future studies and to consider other contextual variables that can potentially affect such relationships.

Keywords: Strategic Human Resource Practices; Organizational Change; Leadership; SMEs; Resource-Based View; Transformational Leadership

1. Introduction

In the modern world where the business landscape is highly dynamic, organizations are finding themselves obliged to keep up with the ever-changing dynamics fueled by globalization, technological changes, and competition in the market. Change in organizations has thus been an essential competency in the guarantee of long-term sustainability and competitiveness. The problem is especially acute in small and medium-sized enterprises (SMEs), which have limited resources at their disposal and are more exposed to environmental uncertainty. SMEs are a crucial factor in national development and economic diversification in Saudi Arabia within the framework of Vision 2030; nonetheless, most of them are not able to successfully introduce change initiatives because of constraints in their managerial practices and human resources (Luu et al., 2023). The strategic human resource practices have received a lot of recognition as determinants of organizational flexibility and performance. Talent acquisition, compensation systems, employee engagement, training and development, and employee motivation are some of these practices, which are fundamental in influencing the preparedness and desire of employees to embrace change. Such practices help improve the skills of employees, their commitment and alignment to the organizational objectives, and, in turn,

make the process of transitioning through the periods of change easier when properly applied (Quansah et al., 2022). To this effect, human resource practices are not administrative functions but strategic tools that facilitate organizational transformation. Nevertheless, human resource practices do not always have a direct relationship with organizational change. Leadership is important in ensuring that these practices are realized into meaningful results. Leaders are change agents, who express a clear vision, build trust and encourage employees to embrace change efforts. Good leadership complements the effectiveness of human resource practices by promoting engagement, innovativeness, and flexibility. Leadership as such could be considered as a mediating process that makes the relationship between strategic human resource practices and effective change management stronger (Kapoor, 2024). Leadership is further critical in SMEs whose organizational frameworks are less formal and the leaders have closer contact with employees. In this case, leaders play a major role in determining the attitude and behaviors of employees hence determining the effectiveness of change efforts. Nonetheless, the literature that has been done in this regard has focused on human resource practices and leadership separately, with little focus on their joint influence on organizational change especially among SMEs in developing economies like Saudi Arabia. Thus, the purpose of this paper is to create a conceptual framework discussing the relationship between strategic human resource practices and organizational change in the presence of leadership as a mediating variable. The synthesis of the current literature allows the current study to contribute to a more integrated perspective on how SMEs can improve their change management capacity using the effective human resource strategies and leadership practices.

2. Problem Statement

Although the role of organizational change in business sustainability is increasingly gaining significance, it is still clear that most of the small and medium-sized enterprises (SMEs) are faced with major challenges to implement change initiatives successfully. This is especially clear in the emerging economies like Saudi Arabia where the SMEs are key in the diversification of the economy but do not always have the structural, managerial and human resource infrastructure to effectively cope with change. According to previous research, one of the most important causes of change initiatives failure in SMEs is resistance to change, low employee preparedness, and lack of strategic alignment (Iqbal et al., 2020). Strategic human resource practices have been cited as important processes in increasing the flexibility of organizations and facilitating change processes. It is assumed that practices like effective recruitment, fair compensation system, engagement, unceasing training and development, and employee motivation can alter the attitude and behavior of employees towards change. Nonetheless, the available studies have mainly discussed those practices in terms of organizational performance as opposed to addressing specifically how they enable change management. Consequently, we have a small amount of empirical and theoretical knowledge on how these practices together lead to successful organizational change (Ha & Diem, 2025). Moreover, strategic human resource practices and organizational change are not invariably straightforward and simple to relate. The role of leadership in change has been extensively accepted as a decisive variable in the results of the change process, given that leaders are at the center of determining the organizational culture, vision, and employee direction during times of uncertainty. However, most of the previous studies have put leadership as an independent variable as opposed to its mediating role in the relationship between human resource practices and change management. This is a considerable literature gap because leadership can be a driving force that produces successful change effects when human resource strategies are converted into them (Khalil et al., 2023). Furthermore, those studies that combine strategic human resource practices, leadership and change management in a single conceptual framework are few especially when they are applied in SMEs in Saudi Arabia. Due to the peculiarities of SMEs like informal organization, a lack of resources, and a significant impact of leaders, it is critical to comprehend the interaction of these factors to enhance the adaptability and performance of organizations. Consequently, the lack of an elaborate structure that describes the impact of strategic human resource practices on the process of organizational change mediated by leadership seems to have a significant research gap. This gap should also be filled to offer both theoretical and practical contributions to the SME managers who must improve the effectiveness of change management initiatives.

3. Research Objectives

The primary objective of this study is to develop a conceptual understanding of how strategic human resource practices influence organizational change in SMEs, with a particular focus on the mediating role of leadership.

RO1: To examine the effect of recruiting talent on organizational change in SMEs.

RO2: To analyze the influence of compensation systems on organizational change in SMEs.

RO3: To evaluate the impact of employee engagement on organizational change in SMEs.

RO4: To assess the role of training and development programs in facilitating organizational change in SMEs.

RO5: To investigate the effect of employee motivation on organizational change in SMEs.

RO6: To examine the impact of strategic human resource practices on leadership in SMEs

RO7: To analyze the effect of leadership on organizational change in SMEs.

RO8: To determine the mediating role of leadership in the relationship between strategic human resource practices and organizational change in SMEs.

4. Literature Review

Strategic Human Resource Practices (SHRPs) have been generally accepted as key contributors to organizational efficiency and responsiveness especially in organizations that are highly dynamic and uncertain. In the modern management literature, SHRPs have been conceptualized as an integrated system of practices such as talent acquisition, compensation systems, employee engagement, training and development, and employee motivation that are combined to boost employee performance and align individual performance with organizational goals. This combination will allow organizations to create a robust workforce that can react efficiently to the changing market needs and organizational changes (Wang et al., 2024; Ferede et al., 2024). In the frame of organizational change, SHRPs are critical in influencing the willingness, attitude and behavioral reaction of employees. Proper recruitment is a guarantee of hiring competent and flexible individuals who can adjust to change, and equitable and performance-based pay systems support positive work behaviors and commitment to the organization. On the same note, employee engagement encourages a sense of ownership and involvement which is essential in decreasing resistance to change initiatives. The training and development programs also boost the skills and knowledge of employees who can thus find their way through new processes and technologies, but motivational practices reinforce the willingness of employees to be active contributors to organizational change (Dwikat et al., 2023; Matloob et al., 2023). All these practices together will help in developing a favorable organizational climate that will enable successful implementation of change. Nevertheless, the connection between SHRPs and organizational change is not always direct and can be determined by other organizational processes. The role of leadership has always been singled out as a key driver of the success of human resource practices. Leaders are the important agents of change because they interpret organizational strategies, convey vision and take employees through the trying moments. By so doing, they are crucial in putting HR practices into meaningful organizational results. According to recent research, leadership behaviors especially those relating to transformational and supportive leadership styles increase the levels of employee trust, commitment, and engagement, which in turn heightens the effects of HR practices on the outcomes of change management (Woo, 2025; Ho et al., 2024). The leadership mediating role especially applies to the effects of SHRPs on organization change. Instead of being independent, the HR practices tend to be effective with good leadership in order to be implemented and internalized by the employees. As an example, training initiatives are unlikely to achieve desired results without the leaders that promote learning and growth, and employee engagement initiatives will not be effective without supportive leaders. Therefore, the role of leadership is a bridging process that links HR strategies to employee behaviors and eventually organizational change outcomes. This view is consistent with modern organizational theories that focus on the significance of leadership in organizational culture development and the strategic alignment (Ferede et al., 2024; Ghlichlee & Goodarzi, 2023). When it comes to the context of SMEs, the interaction of SHRPs and leadership with organizational change gains even more importance. SMEs are normally less formalized and mostly depend on the influence of leadership in the decision making process. The leaders of SMEs usually have close contacts with the employees, which means that their contribution to HR practices implementation and change management is more significant. The effectiveness of organizational change programs within SMEs, in turn, is greatly reliant on the ability of leaders to consider the power of human resource practices in promoting the engagement of employees, motivation, and their flexibility (Hossain et al., 2025). Although there is an increasing appreciation of these relationships, the literature has to a large extent analyzed SHRPs, leadership and organizational change separately. It has been found that there are no integrated frameworks that would at once take these variables into account within one model, especially concerning SMEs in emerging economies like Saudi Arabia. This weakness constrains the knowledge of the processes by which HR practices mediate change outcomes and underscores the need to conceptualize such relationships more broadly. This research thus fills this gap by developing an integrated framework through which strategic human resource practices are related to organizational change via the mediating variable of leadership. This paper offers a coherent view of how organizations and in particular SMEs can improve their change management abilities by effectively aligning their HR strategies and leadership practices by synthesizing recent literature. (Rasheed et al., 2026).

5. Conceptual Framework

The proposed conceptual framework is grounded in Transformational Leadership Theory and Resource-Based View (RBV), which together provide a robust theoretical foundation for explaining the relationship between strategic human resource practices, leadership, and organizational change. From the perspective of the Resource-Based View, human resources are considered valuable, rare, and inimitable assets that contribute to sustained competitive advantage. Strategic human resource practices such as recruiting talent, compensation systems, employee engagement, training and development, and employee motivation enhance the quality of human capital and organizational capabilities, thereby enabling firms to effectively respond to environmental changes (Eaton et al., 2024; Ladkin & Patrick, 2022). In parallel, Transformational Leadership Theory explains how leaders influence employees' attitudes and behaviors during periods of change by inspiring vision, fostering trust, and encouraging innovation. Leadership plays a critical role in translating human resource practices into meaningful organizational outcomes by shaping employee perceptions and facilitating change readiness (Lubis, 2022; Mailani et al., 2024).

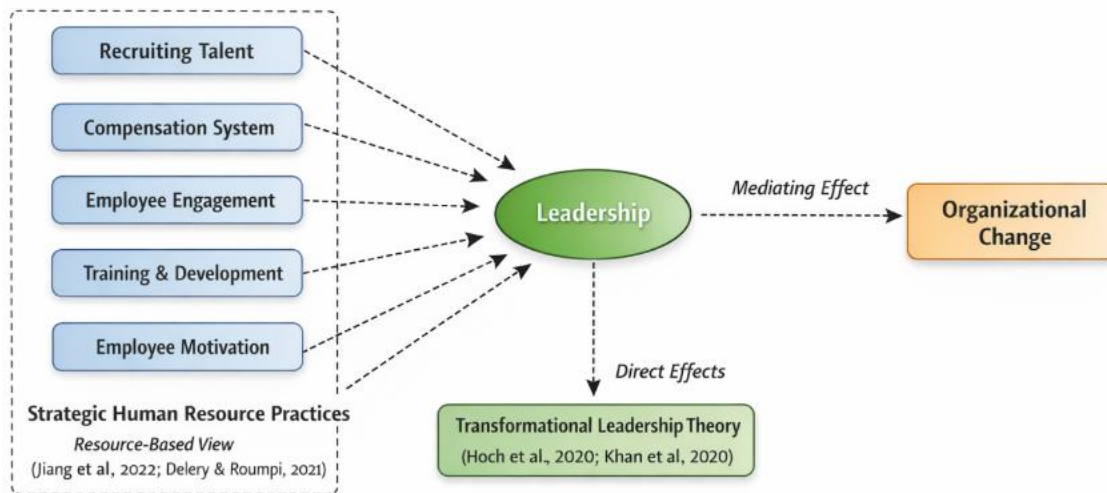


Figure.1 proposed conceptual framework

Hypotheses Development

Grounded in the Resource-Based View (RBV) and Transformational Leadership Theory, this study posits that strategic human resource practices enhance organizational change both directly and indirectly through leadership.

Direct Effects (SHRPs → Organizational Change)

H1: Recruiting talent positively influences organizational change.

H2: Compensation systems positively influence organizational change.

H3: Employee engagement positively influences organizational change.

H4: Training and development positively influence organizational change.

H5: Employee motivation positively influences organizational change.

SHRPs → Leadership

H6: Strategic human resource practices positively influence leadership.

Leadership → Organizational Change

H7: Leadership positively influences organizational change.

Mediating Effect

H8: Leadership mediates the relationship between strategic human resource practices and organizational change.

Methodology

The conceptual research design to be adopted in this study involves systematic review of the literature. The study is based on the use of secondary data sources in the form of peer-reviewed journal articles obtained with the help of Google Scholar and databases like Scopus, publishers like Springer, Elsevier, and Emerald Publishing. Only articles published in 2020-2025 and related to the strategic human resource practices, leadership and organizational change were taken into consideration. Key-word search strategy was used and articles that were selected were filtered on the basis of relevancy and quality. The literature gathered was thematically analyzed in a bid to determine important relationships among variables which culminated into the creation of a holistic conceptual framework. This approach is suitable in theory formulation and offers an organized interpretation of the role of leadership in the connection of HR practices to organizational change in SMEs.

Findings and Discussion

The literature review reveals that strategic human resource practices (SHRPs) are major contributors to the improvement of organizational change in terms of enhancing employee capabilities, engagement, and adaptability. Good practices like good recruitment, good remuneration, constant training, and motivation of the employees are all aimed at creating a work force that is more open to change initiatives. The present findings concur with the Resource-Based View (RBV), which lays focus on the significance of human capital as a competitive advantage source. Moreover, the discussion shows that the connection between SHRPs and organization change is not directly simple but is heavily impacted by leadership. In line with the Transformational Leadership Theory, leadership becomes a very crucial mechanism that influences the perceptions of employees, commitment, and the achievement of change initiatives. Leaders are crucial in transforming HR practices into relevant organizational results through trust, communication, and alignment. Notably, the results imply that leadership is a mediating variable, which enhances the impact of SHRPs to bring change in an organization. The mediation effect is especially applicable to the SMEs, where the leadership impact is stronger because of the less formalized structures and proximity to the employees. On balance, the combined framework offers an overall picture of how HR practices and leadership can help organizations to achieve successful transformation.

Future Research and Recommendations

This research offers a conceptual model connecting the strategic human resource practices, leadership and organizational change, but the results have to be expanded and confirmed by more research. In the future, research can be done to empirically test the proposed model, which can be quantitative or mixed-method research and especially in SMEs in Saudi Arabia and other emerging economies. Also, scholars can consider other mediating or moderating factors, including organizational culture, digital transformation, or employee willingness to change, to learn more about change management dynamics. Additionally, it is suggested that longitudinal research should be carried out to investigate the way in which the relations between variables change over time and in particular at the various stages of organizational change. The generalizability of the findings and the ability to gain a wider perspective on the effectiveness of HR practices and leadership could also be improved with the help of comparative studies across industries or regions.

Recommendations

In a practical manner, SME managers need to understand that effective organizational change cannot simply be achieved by the application of isolated HR practices. What is required instead is a strategic and integrated approach that harmonizes recruitment, compensation, engagement, training and motivation with organizational objectives. The focus should also be put on the development of leadership because leadership is one of the key factors that can be used to transform HR strategies into effective change outcomes. There is an encouragement among organizations to invest in leadership training programs that improve their communication, vision-setting, and employee support capabilities. Moreover, a culture of lifelong learning and employee engagement can contribute to the increased preparedness to change and lessening the resistance. With the right strategic human resource practices and effective leadership, SMEs are able to enhance their adaptability and better the success rate of organizational change activities.

Conclusion and Contributions

This research paper comes up with a conceptual model that will describe the correlation between the strategic human resource practice and organizational change with focus on the mediating role played by the leadership in SMEs. The results indicate that although SHRPs play a crucial role in increasing the readiness and adaptability of the employees, the success of the tool mainly relies on the leadership which serves as a vital connection between

organizational strategies and employee conduct. Theoretically, the study has added to the literature by the combination of Resource-Based View and Transformational Leadership Theory in a coherent framework, thus providing a more detailed explanation of organizational change. It builds on the previous studies by pointing out the aspect of leadership, which has been under-researched in earlier studies. Practically, the research offers useful information to SME managers, which focuses on the importance of aligning the human resource practices with good leadership in order to be able to manage change. Organizations need to invest in not only HR systems but also in leadership development in order to maximize the effects of the practices. This study has its flaws being that it is conceptual in nature and uses secondary data despite its contributions. It is recommended that future studies undertake empirical tests of the proposed framework, especially on SMEs in Saudi Arabia in order to support the relationships and increase the generalizability.

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