



6. The Effect of Total Quality Management and Strategic Human Resource Management Practices on The Performance of Plastic Products Manufacturing SMEs

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ABSTRACT

The goal of this study is to investigate the influence of total quality management (TQM), strategic human resource management practices (SHRMP), and the performance of plastic products manufacturing small and medium-sized businesses (SMEs).

For the data collection, the questionnaire was adopted from the published articles to gather information from SMEs in Rawalpindi, Pakistan. Only 132 of the 350 surveys sent to SME owners and managers were returned, resulting in a response rate of 65.5%.

The results demonstrated that factors including TQM and SHRMP have the ability to predict the performance of small and medium-sized businesses. Therefore, the results show that TQM and SHRMP have a positive and significant effect on the performance of plastic product manufacturing SMEs in Rawalpindi, Pakistan. Researchers, practitioners, and policymakers working on small and medium-sized businesses will find this study valuable for seeking future direction while developing strategies for SMEs.

KEYWORDS

Total quality management, strategic human resource management, performance, SMEs.

Introduction:

The definition of small and medium-sized enterprises (SMEs) differs from nation to country and in different contexts (Bakar & Ahmad, 2010; Robu, 2013; Salisu & Bakar, 2018). All countries have been given their distinct meanings, depending on the predicted contribution of small and medium-sized enterprises (SMEs) (Lampadarios et al., 2017). SMEs are often defined in light of a country's level of industrialization and economic variables. Between nations and even within the same country, the definition of SMEs can vary widely due to their role in the economy and their current socioeconomic status.

An SME is defined in the European Union according to the number of workers it employs and its yearly revenue (Lukács, 2005; O'Regan & Ghobadian, 2004). A small business has fewer than or equal to 50 workers and a turnover of less than or equal to EUR 10 million per year (Belyaeva, 2018; Hodgson, 1995; Infelise & Valiante, 2013). There are less than 250 workers and a turnover of less than EUR 43 million in a medium-sized company (Europeancommission, 2003). As in the United Arab Emirates, small and medium-sized enterprises (SMEs) are categorized by the number of workers and sales turnover (AlSharji et al., 2018). More than 26 workers and yearly sales of less than AED 100 million are considered small businesses. Employees under 250 with annual revenue of less than AED 250 million qualify as medium-sized businesses (Kashmoola et al., 2017; Ng & Hamilton, 2021; Schilirò, 2015). In Malaysia, SMEs are defined by the number of workers and yearly sales turnover. The turnover ranges from MYR 3 million to less than MYR 15 million for a limited number of employees (Bakar, 2011). A medium-sized business has 75 to 200 workers and a sales volume of MYR 15 million to MYR 50 million or less (Bakar & Ahmad, 2010). International Finance Corporation (IFC) and World Bank created their definitions of SMEs for a common purpose and understanding worldwide, as several nations have varied statistics for identifying and defining SMEs according to their contextual setting (Beck et al., 2008; Elasrag, 2022; Enslin, 2007; Otman, 2021).

SMEs in Pakistan were defined by the number of workers, yearly revenue, and total assets on the company's balance sheet, according to SMEDA ("State of SMEs in Pakistan," 2021). A small business has less than 50 workers and assets worth less than PKR 30 million. Medium-sized businesses employ 51 to 250 people and have assets of between PKR 30 million and PKR 100 million ("State of SMEs in Pakistan," 2021). Pakistan's economy relies heavily on SMEs. According to recent estimates, Pakistan has 3.2 million SMEs. Up to 90% of all private businesses and 78% of the non-agricultural work population are employed in the industrial sector. Manufacturing generates over 40% of the GDP and 25% of exports of manufactured items, making it one of the most critical sectors of the economy ("State of SMEs in Pakistan," 2021).

SMEs in Pakistan are still dealing with several issues because of the lack of research on the subject (Dar et al., 2017; Khan, 2022; Maula-Bakhsh & Raziq, 2018). SMEs also face the problem of survival in a competitive market and the difficulty of entering overseas markets (Khan, 2022). The poor performance of Pakistan's SMEs might be due to various factors such as lack quality standereds and poor human resources (Ahmad et al., 2022; Awan et al., 2021; Khan & Bajwa, 2022). Many of these aspects have been discussed by researchers in their work (Khan, 2022). SMEs in Pakistan are less competitive and efficient due to the lack of trained workers needed to put in place a performance management system (Khan &

Bajwa, 2022; Rashid & Ratten, 2022), also stated by Syed et al. (2011) found that SMEs are struggling because of a lack of education (Zafar & Mustafa, 2017), training (Burhan et al., 2020), and entrepreneurial abilities (Israr Ahmad & Ahmad, 2018). More than half of SMEs are experiencing difficulties due to global sourcing (Ellegaard et al., 2022), low productivity (Iqbal & Ahmad, 2021), a lack of human resource management (Ahmad & Ahmad, 2021; Ahmad & Khan, 2022), and a lack of quality standards (Ahmad & Khan, 2022; Imran, Hamid, et al., 2018; Shah et al., 2019).

Companies must first increase internal efficiency by implementing quality management approaches to compete in the global economy (Kottika et al., 2020). A concept of total quality management (TQM) needs improvements not only in the production system but also in decision-making processes, employee development and involvement of employees, and employee participation and involvement (Charantimath, 2011; Dahlgaard et al., 2008; Sallis, 2014). To achieve TQM, organizations must rethink how they manage Human Resources (HR) by enhancing the HR function and restructuring current HRM practices to align with quality plans and goals (McElwee & Warren, 2000). To put it another way, organizations use strategic HRM process improvement projects to support the goals of quality and to align them more closely with TQM principles in the department (Ayoko, 2021; Eniola et al., 2019; Imran et al., 2018).

Many studies have reported that one of the primary reasons behind the reduced performance of SMEs in Pakistan is the lack of human resource capability and management (Dar et al., 2017; Mubarak et al., 2019; Mubarik, 2015). However, prior research hasn't given enough attention to the changes in the HR function and HRM practices due to the application of TQM by the HR department (Dubey et al., 2015). Studies like Ahmad and Schroeder's (2002) only look at a small subset of HRM procedures (such as recruiting, selection, or performance management). Therefore, it is appropriate to examine how TQM has changed HR practices and impact on the HR function (Chandler & McEvoy, 2000; Obeidat et al., 2019). Consequently, the current study is a bit different from prior research, which examines the impact of TQM on strategic HRM practices that will include such as, staffing, training, participation, appraising, and compensation (Morris & Jones, 1993; Parajuli & Shrestha, 2021; Tahir et al., 2010). In the twenty-first century, a company's quality and SHRMP management are crucial to its success because of the increasing population and increased competition (Parajuli & Shrestha, 2021). Total quality management and human resources are critical to an organization's success in this economic climate (Mehrajunnisa et al., 2021).

It was not just human resources that can help, as it has been in the past (Shah et al., 2021). On the other hand, strategic human resource management is critical to today's corporate success (Subramanian & Suresh, 2022). Many businesses have improved their performance through the implementation of TQM and SHRMP.

The plastics business is widely acknowledged as one of the fastest emerging sectors, serving local packaging, vehicle, home appliance, and construction requirements. In Pakistan, there are around 6,000 plastic manufacturing plants, of which 60% are located in Punjab, with 360,000 workers, 30% in Sindh, with 180,000 workers, 7% in the NWFP, with 42,000 workers, and 3% in Baluchistan, with 18,000 workers, according to an SBP research (Khan et al., 2021). Punjab's industrial hubs include Lahore, Gujranwala, Rawalpindi, and Gujrat, all large cities.

For the most part, Lahore and Gujranwala are known for producing high-end items and are home to medium- to large-sized businesses that operate in the organized sector (SMEDA, 2021). On the other hand, there are many cottage-level units in Rawalpindi's plastics sector, except for a few big companies (SMEDA, 2021).

Low-profile plastic products like shoes (chapeles) and sleepers, bottles, and basic cooking utensils were the first to be manufactured in Rawalpindi, Pakistan (Ali, 2021). The sector has evolved from traditional low-tech manufacture of essential plastic items to semi-automated manufacturing of a wide variety of plastic products in the packaging, vehicle, construction, and kitchen utensil sectors. Imports of high-tech manufacturing machinery from Japan, Korea, Italy, Taiwan, Hong Kong, and the United Kingdom are helping the cluster advance in this direction (Ali, 2021; Mehta et al., 2021; Umer & Abid, 2017).

On the other hand, most units continue to run on a small scale with an out-of-date and traditional technology (Dasanayaka & Sardana, 2015). As a result, they have difficulties managing operations, standardizing products, and acquiring necessary skill sets (Sharafat et al., 2022). The availability of Chinese products, both raw and finished goods, with the lowest prices in the Pakistan market creates a tremendous number of problems for Pakistan Plastic Products Manufacturing SMEs (Sharafat et al., 2022). Pakistan SMEs lag behind due to the quality of finished products (Akhtar & Liu, 2018; Ali, 2021; Chakraborty et al., 2019). Due to a drop in exports, which harms financial performance, the study focused on financial performance, which TQM and SHRMP primarily influence.

To compete in such a competitive global market, the implementation of TQM is necessary (Ahmad et al., 2022). Strategic human resources operations must now be integrated into the overall business strategy, forcing managers to develop their human resources practices and capabilities to deal with various business competitions (Popescu & Kyriakopoulos, 2022). TQM, HR practices, and organizational performance, have been widely studied in academic literature. This study examined the

Literature Review:

According to Batool and Zulfiqar (2011), there is an abundance of study that has been carried out by a variety of researchers on a variety of aspects that impact the performance of SMEs. It was discovered that wrong policies (Bagh et al., 2017), insufficient assistance from the government (Shoaib Ali et al., 2020), an energy crisis (Khan & Abasyn, 2017), an insufficient amount of human resource management and technical skills (Dar et al., 2017), lack of quality management (Chakraborty et al., 2019), and the absence of proper links between SMEs and major enterprises are the reasons for poor productivity and non-competitiveness of SMEs in Pakistan (Dar et al., 2017; Amjad Hussain et al., 2015; Riaz & Chaudhry, 2021). One of the strategies that directly affect performance is Total Quality Management (TQM).

Many studies have reported that TQM can improve and has a significant effect on performance (Fikri et al., 2022; Altaf Hussain et al., 2022; Iheancho, 2021; Imran et al., 2018; Siddique et al., 2021). Therefore, this study will take TQM as the first independent variable for the current study.

Total Quality Management (TQM):

Many quality gurus, practitioners, academics, and authors have offered their interpretations of TQM in the literature based on their unique perspectives, professional background, and academic training (Asad et al., 2020; Chakraborty et al., 2019; Iheancho, 2021). Using the TQM approach, an organization's performance may be constantly improved by integrating fundamental management practices with existing quality improvement activities (Ahmad et al., 2022). Besterfield (1995) defines Total Quality Management (TQM) as a philosophy, set of concepts, and collection of tools to constantly improve an organization's performance. This is comparable to Kanji (1990) 's definition of Total Quality Management (TQM) as a way of life for a company that is committed to meeting the requirements and desires of its internal and external customers via continuous improvement. TQM was defined in a three-word definition by Whyte and Witcher (1992), including all of the company's stakeholders, including workers, customers, and suppliers, in the decision-making process. Quality meets the consumer's needs and top management's dedication to the company (Garcia-Rada et al., 2022).

According to a review of the existing literature, TQM has been defined in various ways. An organization's TQM may be defined as a company's ability to deliver products and services that meet the needs of its consumers, according to Dale (1994). Additionally, Kanji (1990) described TQM as a way of improving the organization's operations, goods and services to ensure that customers are satisfied. Rules and concepts of TQM help a business obtain a larger market share and boost revenues while reducing expenses. Based on extensive literature analysis, two dimensions were used in this study to determine the amount of TQM adoption in Pakistan's SME sector.

Continuous Improvement:

TQM's primary goal is to keep consumers pleased. Customer expectations have risen due to increased competition, and they have become more cognizant of the growing quality standards for products and services (Swinehart & Green, 1995). According to Hunt and Morgan (1995), customer happiness can only be achieved by open and constant communication between businesses and their clients. Customer dissatisfaction might have a negative impact on an organization's success if the quality of its products and services declines (Jung et al., 2009). According to researchers, a higher level of customer satisfaction results in more return customers, reduced customer complaints, cheaper operational costs, and higher profits (Garcia-Rada et al., 2022). TQM emphasizes constantly contacting consumers, paying attention to their demands, and adapting to those changes. In the future of TQM, customer happiness and loyalty will be the most crucial factor in determining a company's success (Ershadi et al., 2019).

Employee Fulfilment:

No business can be without its people; they are a valuable resource. They must have a pleasant and productive work environment to feel proud. According to Anderson et al. (1994), Grandzol and Gershon (1998), and Wang et al. (2012), a business should continually endeavor to meet and fulfil employee demands, job dedication, job satisfaction, and pride in craftsmanship.

Appropriate rewards and recognition may boost employee satisfaction and inspire them to perform to their maximum capacity. More engaged and productive employees feel fulfilled in their work (Omar et al., 2018).

Strategic Human Resource Practices:

Human resource management (HRM) is used as a second independent variable for the current study. HRM is a term used to describe the policies and processes in place to regulate employee conduct and output (Chen & Huang, 2009). As can be seen from the research, there is still no agreement on what HRM encompasses (Khan, 2018). HRM, a relatively new profession, has seen tremendous growth and development over the past few decades (Singh, 2018). Certain writers have highlighted the efficacy of HR departments; on the other hand, HRM in terms of skills, knowledge, and abilities has been the emphasis of others (Hamadamin & Atan, 2019). HR recruiting, selection, training and development, remuneration, performance management, and employee relations are just a few essential activities they have prioritized (Bouaziz & Hachicha, 2018; Collings et al., 2021; Hamadamin & Atan, 2019).

The Chinese researchers Yong and Yusoff (2016) have highlighted some of the dimensions which explained the strategic human resource management practices as follows, such as (1) Carefully selecting new hires is one of the HRM procedures. (2) self-managing teams, (3) job security, (4) decentralized decision-making, (5) the basics of organizational design, and (6) extensive training is all necessary. In the last several decades, significant contributions to the academic literature dealing with issues related to human resources management have been widely acknowledged (Gkoltsiou et al., 2021). An innovative approach to employee monitoring, HRM, has garnered significant interest in recent years (Ngoc Su et al., 2021). Despite this, HRM research has been criticized for being "microanalytic" since it focuses on individual issues and their impact on business. During the past decade, researchers have produced new theoretical and practical work connecting HRM to company strategy (Boon et al., 2018; Stone et al., 2020). SHRM has piqued the curiosity of a new generation of academics (Boon et al., 2018). Though SHRM has received more attention and thought, several concepts remain confusing or imprecise. An organization's strategy for deploying human resources in a way that helps it accomplish its goals, as defined by SHRM (Greer, 2021). Organizational systems that employ people to create long-term competitive advantage are also part of SHRM's definition. So, SHRM connects HR practices and corporate strategy (Boon et al., 2018).

Performance:

An organization's primary function is to create value for its products and services in the minds of its consumers. Competition among organizations is standard, intending to find an edge via improved performance (Wernerfelt & Montgomery, 1988). Every business, whether for-profit or non-profit, has had to deal with the issue of performance at some point or another. In order to be competitive and successful, business owners and managers must know what influences their performance and how to influence it (Chaithanapat et al., 2022). Scholars have come up with a slew of various definitions and metrics for evaluating success. Performance has been conceptualized in a variety of ways by researchers (Barney & Wright, 1998).

An important consideration is the appropriateness of the technique used to assess and comprehend the idea of performance, according to Venkatraman and Ramanuiam (1986).

The firm's performance and the attainment of its goals is a significant issue for the corporation (Zhang & Vigne, 2021). Therefore, several researchers looked into strategies to improve the firm's performance, while others looked into the predictors of the firm's success (Saif, 2015). According to Rogers and Wright (1998) and March and Sutton (1997), company performance has been widely investigated as a dependent variable in most organizational research (Akhtar et al., 2023). In addition, most of the research on small businesses has sought to utilize performance as a dependent variable, according to Carton and Hofer (2010) and Brush and Vanderwerf (1992).

In Pakistan, there is an increasing interest in subjects such as total quality management and strategic HRMP, which have resulted in minimal studies in the current field. Based on the resource base theory, the effect of TQM and SHRMP on the performance of SMEs (Barney, 1996; Saif, 2015). The participants in this study were the owners and managers of Plastic Products Manufacturing SMEs s SMEs in Punjab province, Pakistan.

Research Hypotheses:

The following is the research hypotheses, which is based on the background of this study.

H1: There is a positive and significant relationship between TQM and Performance.

H2: There is a positive and significant relationship between SHRMP and Performance.

METHODOLOGY:

Population and Sample Size:

As indicated by the title, this research aims to assess the relationship between TQM, SHRMP, and the performance of Plastic Products Manufacturing SMEs located in Rawalpindi, Punjab, Pakistan. The research design employed a quantitative approach. Thus, SMEs being a significant portion of Punjab's business population. SMEs are businesses that fall within a certain size range in terms of number of employees, annual revenue, or other factors. They play a crucial role in many economies around the world, contributing to economic growth, job creation, innovation, and overall development (SMEDA, 2021). In Punjab itself, there are 2300 total SMEs and 300 total Plastic Products Manufacturing SMEs. For this research, based on the 2300 population, sample size was selected based on Krejcie & Morgan (1970) which are between 327-331 respondents. Thus, a total of 350 questionnaires has been distributed to SMEs and has screened to narrow down to only Plastic Products Manufacturing SMEs. Out of 350 questionnaires, 132 responses were received and considered usable for the purposes of this study. It is important to note that the unit of analysis for this research is the organization whereby managers and owners has been the representatives of the organizations. This is to justified based on their role in decision-making processes and their influence on the implementation of TQM and SHRMP practices within the SMEs.

Data Collection Method:

This investigation used a descriptive-analytical approach (Barney, 1996). This approach is suited to the research of the subject matter. This study aimed to collect the necessary data from the respondents linked with the phenomenon to comprehend its features better. The data for this investigation has been gathered from April to June 2022.

Among the key sources were the questionnaire used in the study's analysis, which was based on a survey. Research objectives and dimensions has been reflected in the questionnaire, covering the independent variable (TQM and SHRMP) and the dependent variable (Performance). Thus, data has been collected from 350 SMEs in Punjab together with secondary data from books, journal papers, master's and doctoral theses, and the Pakistani government website.

Measurement Instruments:

The scales' validity and reliability were confirmed using instruments used in earlier studies. Therefore, the current study adopted the previously published literature. The Items of the current study are being adopted from the previously published. The research was been divided into the following four research items, which can be referred in Table 1. A Five-point, Likert scale ranging from 1 to 5 was used to quantify the responder's degree of agreement or disagreement. Whereas 1 represents "Strongly Disagree", 2 "Disagree", 3 "Neutral", 4 "Agree", 5 "Strongly Agree". This study used SmartPLS 2.0 the evaluate the collected data and generate the results.

Table 1

Research Items

Research items	No. of items	Reference
TQM	7	(Abdullah & Rosli, 2012; Wanjau et al., 2012)
SHRMP	5	(Darwish, 2012)
Performance	6	(Sahoo & Yadav, 2017)
Demographic Info.	5	(Darwish, 2012)
Overall (total)	23 items	

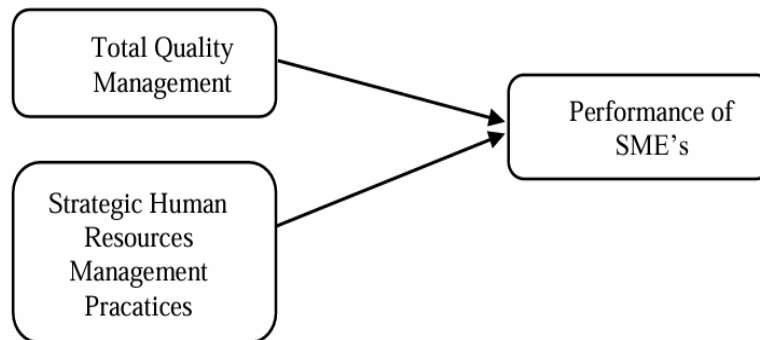
Research Model

Figure 1 presents the research model in light of the hypothesis.

The Resource-Based View (RBV) theory supports the current research framework. The RBV theory stresses the use of internal resources by the firm to design strategies that might help her achieve a long-term competitive edge in the market (Madhani, 2010). Therefore. TQM and SHRMP are considered as one of the firm's internal resources that, implemented correctly, can improve the overall performance.

Figure 1

Research Framework



RESULTS:

Demographics:

Plastic Products Manufacturing SMEs were selected as respondents in the research. A total of 132 organizations responded to the survey as in Table 2:

Table 2

Demographic Information

Variables	Categories	Count	%
gender	Male	121	91.67%
	Female	11	8.33%
Post	Top manager	20	15.51%
	Manager	63	47.73%
	Owner	49	37.12%
Experience	1-5 years	35	26.52%
	6-10 years	64	48.48%
	More than 10	33	25.00%
	Bachelor	76	57.58%
	Master	37	28.03%
	PhD	5	3.79%
	Other	14	10.61%
Number of Employees	1-100 Employees	89	67.42%
	101-250 employees	15	15.91%
	251-500 employees	89	11.36%
	More than 500 employees	7	5.30%

Reliability and Validity of Framework:

Instrumental reliability was evaluated using Cronbach's alpha. Next, reliability was established, and convergent validity was assessed, which is the evaluation of similar constructs linked and interconnected. Next, the AVE (Average Variance Extracted) value was used to assess the convergent validity (Zaiř & Berteau, 2011). After that, it was essential to check for internal cohesion. Finally, internal consistency was assessed using CR, or Composite Reliability (Bacon et al., 1995). In order to be regarded as reliable, the computed value should not be less than 0.60, while above 0.70 is preferable (Henseler, Ringle, & Sarste, 2015).

Table 3:

Reliability and validity

Variables	C-A	Rho_A	CR	AVE
TQM	0.781	0.791	0.851	0.536
SHRMP	0.754	0.785	0.849	0.593
Performance	0.819	0.834	0.871	0.533

After validating the data's reliability, descriptive statistic was produced to see if it was suitable for SEM. Structural equation modelling findings may not be trustworthy if data is abnormal or dispersed. Skewness and kurtosis thresholds are 3 and 8, respectively. All values were below the threshold, as shown in Table 4. After descriptive analysis, Smart PLS 3 was used to create a Structural Equation Modelling (SEM). PLS algorithms identify coefficients to analyze variable links. Figure 2 shows PLS findings.

Table 4:

Reliability and validity

Variables	Mean	Std. Deviation	Variance	skewness	Kutosis
TQM	3.3926	.79724	.636	-.613	.510
SHRMP	3.5954	.82255	.677	-.538	-.227
Performance	3.8690	.74708	.558	.690	.013

Factor Loading:

According to Hair et al. (2014), Hair et al. (2012), and Hulland (1999), the outer loadings of each of the latent variables were examined to determine the reliability of individual items in this research. The 23 items in this study were all retained since they all had loadings over the threshold of 0.40 and 0.70, according to the rule of thumb (Hair et al., 2014). As a result, all of the elements in the model had loadings between 0.527 and 0.847 throughout the model (see Table 5). Only two items were deleted (SHRMP1 and TQM3) because the factor loading was less than 0.4. The below-mentioned Figure 1 shows the Smart PLS model for

this study. According to the analysis, the direct effects and beta values are highlighted in the figure. PLS-SEM bootstrapping with Smart PLS 3 was used to determine the importance of correlations. Figure 2 depicts the findings of the PLS-SEM direct connections.

Table 5

Factor Loading

Items	P	SHRMP	TQM
P1	0.753		
P2	0.847		
P3	0.837		
P4	0.659		
P5	0.620		
P6	0.626		
SHRMP2		0.527	
SHRMP3		0.904	
SHRMP4		0.847	
SHRMP5		0.748	
TQM1			0.654
TQM2			0.576
TQM4			0.691
TQM5			0.715
TQM6			0.770
TQM7			0.622

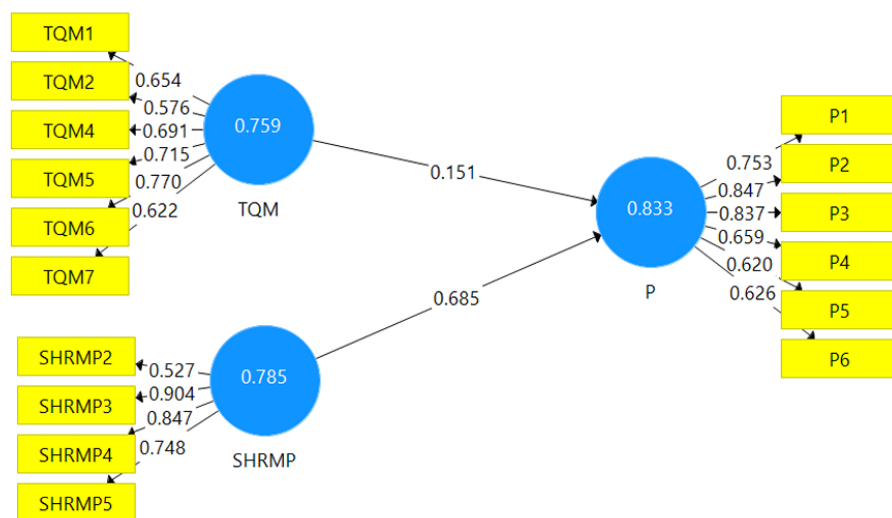


Figure 1. Measurement Model (Smart-PLS 2.0)

Discriminant Validity:

It is clear from the blow-mentioned table 5 below that the outer model is suitable, and the factor loadings of all the constructs were consistent with the threshold.

Therefore, discriminant validity is provided in Table 6 as a way to verify if the constructs genuinely measure what they claim to measure.

This table shows discriminant validity since the values of the relevant construct were more significant than those of the other constructs.

Table 6

Discrimination Validity

Variables	P	SHRMP	TQM
P	0.730		
SHRMP	0.764	0.770	
TQM	0.420	0.487	0.732

Hypothesis Testing:

The standardized beta coefficient, based on the TQM in Table (7), measures the TQM effect on The Performance of SMEs. With a standardized beta value ($\beta= 0.151$), standard deviation value (std= 0.076) and T-Statistics value (t= 1.984). A statistically significant effect value has a chance of (p= 0.048), which is less than 0.05. According to the results obtained, TQM positively and significantly affects performance. Therefore, the suggested hypothesis (H1) has been supported.

Whereas the impact of SHRMP on the Performance of SMEs was measured by a standardized beta value ($\beta= 0.685$), standard deviation value (std= 0.072), and T-Statistics value (t= 9.469), which was statistically significant because of the associated probability value of p= (0.000). Therefore, based on the results obtained, SHRMP has a positive and significant effect on the Performance of SMEs. Therefore, the suggested second hypothesis (H2) has been supported, as shown in Table 7.

Table 7

Results of Hypothesis

Variables	Original sample	Mean	STDV	T-Statistics	P Valuses
TQM-P	0.151	0.160	0.076	1.984	0.048
SHRMP-P	0.685	0.687	0.072	9.469	0.000

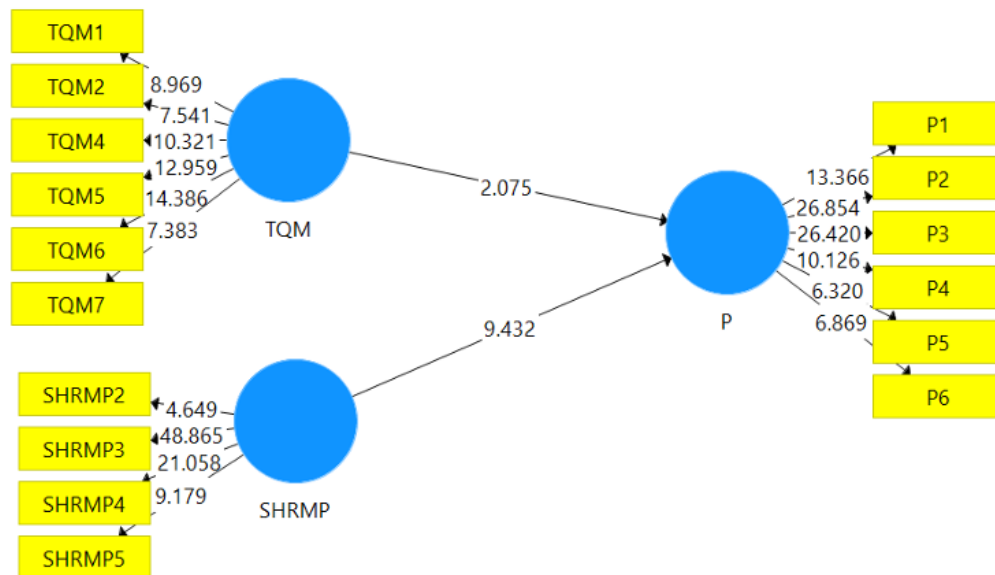


Figure 2. PLS-SEM Bootstrapping Direct Relationships

Study Limitations:

Notwithstanding its merits, this work has certain shortcomings worth discussing. Firstly, SME performance data in this study was subjective. Second, the study concentrated on plastic manufacturing SMEs Rawalpindi, Punjab in zone, limiting its generalizability. To generalise the findings, future studies should include SMEs from different sectors or geopolitical regions with in Pakistan. Future studies might relate manufacturing to plastic only, therefore, other sectors should also be studied too. Finally, the study should test by adding more variables such as, entrepreneurial orientation, organisational learning and competitive intensity with SME performance by collecting data at different points in time to confirm the findings of the present study.

Conclusion:

Resource-Based Value theory was used to build the theoretical framework of this study. The study found that TQM and SHRMP are essential factors in plastic product manufacturing SMEs in Pakistan that contribute to improved performance. To succeed in national and international markets, SMEs need to be quality-focused. Strategic human resource practices are essential to improve overall performance for the implementation of quality in the firm. These findings are in line with the real-world situation, which is why they promote factors that can improve the performance of SMEs. The study's outcomes, however, showed that the TQM and SHRMP significantly affect performance. Pakistan's environment is dynamic and challenging. Pakistan's dynamic and complex business climate is a pivotal contributor to the unstable performance of SMEs. This study's findings will help owners/managers and policymakers design and execute strategies to improve the performance of SMEs in the plastic product manufacturing SMEs of Pakistan.

However, this study also had several difficulties that were attempted to be addressed by taking the SHRMP into account as a variable, although this may add other variables to improve the existing framework further and develop new strategies to improve the SMEs in Pakistan. As a result, future researchers will be better prepared to provide policymakers with sound advice by including other variables, like entrepreneurial orientation and market orientation considerations, at every research stage.

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