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Exploring Organizational Success: Strategies That Optimize Employee Performance in Small Businesses

Latoya Anthony
Walden University

Walden University

College of Management and Human Potential

This is to certify that the doctoral study by

Latoya Anthony

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Review Committee
Dr. LeVita Bassett, Committee Chairperson, Doctor of Business Administration Faculty

Dr. Inez Black, Committee Member, Doctor of Business Administration Faculty

Chief Academic Officer and Provost
Sue Subocz, Ph.D.

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Abstract

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MA, Webster University, 2018

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Research Project Submitted in Partial Fulfillment

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Abstract

Employee retention challenges in small businesses can undermine organizational effectiveness and profitability. Small business leaders in the Midwestern United States service industry are particularly concerned with ineffective human resource (HR) strategies, as these shortcomings often contribute to reduced workforce engagement and higher turnover. Grounded in the resource-based view (RBV) theory, the purpose of this qualitative pragmatic inquiry study was to explore successful HR strategies that small business leaders in the Midwestern United States service industry use to sustain organizational effectiveness and overall profitability. The participants were six HR leaders from small service firms who had successfully implemented HR practices that enhanced organizational performance. Data were collected through semistructured interviews and a review of publicly available organizational documents. Using thematic analysis, three themes emerged: (a) leading with purpose and vision, (b) supporting engagement through individual needs and inclusive cultures, and (c) sustaining engagement with structured communication, training, and performance systems. A key recommendation is for small business leaders to align employee development initiatives with business goals, remove engagement barriers through inclusive leadership, and build trust-based communication systems to strengthen retention and adaptability. The implications for positive social change include the potential to help small service firms cultivate engaged and resilient workforces, strengthen local economies, improve service quality, and enhance employee well-being.

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Dedication

This dissertation is dedicated to my parents, Sherrie Harris and Joseph Murray. Whose strength, guidance, and unwavering belief in me have been the foundation of all that I have accomplished. Your sacrifices and constant encouragement have shaped who I am, and I dedicate this work to you with profound love and respect. To my husband, Gary Anthony, thank you for your presence and patience throughout this journey. To my two precious daughters, Garyn Anthony and Rilyn Anthony, who inspire me daily with their boundless curiosity and resilience, I love you more than words can express. My prayer is that I reflect possibilities, hope, and perseverance, encouraging you to pursue every dream and desire that touches your heart and to grow into the most authentic, empowered versions of yourselves.

To my cherished siblings, Kimani Head and Lionel Harris, who have always been pillars of strength, and to my supportive family and friends, whose love and understanding have sustained me throughout this journey, your collective strength and belief in my potential have been the bedrock upon which I have built this work. Thank you for your constant support and for being my greatest cheerleader.

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Section 1: Foundation of the Project

Background of the Problem

Small businesses contribute significantly to the global economy by generating employment opportunities and driving innovation. However, constraints related to resource limitations, operational priorities, and the absence of specialized human resource (HR) expertise frequently result in informal HR practices instead of structured systems (Rafiki et al., 2024). Such conditions are associated with low employee morale, high rates of employee turnover, and reduced organizational productivity, which can negatively impact organizational effectiveness and profitability.

Small business leaders have limited abilities to attract, develop, and retain skilled employees without structured HR strategies. HR management frameworks help leaders align employees with organizational objectives, enhance workplace operations, and facilitate creative innovation (Azevedo et al., 2021). Organizations lacking strategic HR practices tend to experience challenges with workforce engagement and financial stability (Matei et al., 2024). HR deficiencies correlate with low employee confidence, customer satisfaction, and market positioning. In contrast, organizations with HR strategies aligned with organizational goals are resilient, adaptive, and financially profitable (Chimakati & Kelemba, 2023). This contrast suggests that small business leaders should implement HR practices that are aligned with organizational goals. This study contains an exploration into how small business leaders in the service industry implement HR strategies that support organizational sustainability and profitability.

Business Problem Focus and Project Purpose

The specific business problem is that some small business leaders in the Midwestern United States service industry lack effective HR strategies, negatively impacting organizational effectiveness and profitability. Therefore, the purpose of this qualitative pragmatic inquiry project is to explore successful HR strategies that small business leaders in the Midwestern United States service industry use to sustain effectiveness and overall profitability. The qualitative pragmatic inquiry research design was used to investigate successful HR strategies in small businesses.

The study's population consists of small business leaders in the service industry within the Midwestern United States. Business owners, managers, or HR decision-makers in active leadership positions in businesses with fewer than 500 employees were eligible for the study. Purposive sampling was used to identify and recruit six small business leaders from this sector. Eligible participants would hold an active leadership role within a small business, have at least 3 years of experience managing HR strategies, and be directly involved in implementing HR practices that influence organizational effectiveness and profitability. Participants were accessed through professional networks and business associations, including the U.S. Small Business Administration, the National Federation of Independent Business, and local chambers of commerce in the Midwestern United States.

The study's data sources include semistructured interviews with participating leaders and publicly available HR reports. Documentary evidence was drawn from the Society for Human Resource Management Workforce Trends Report, the Small Business

Administration's annual small business economic profile, and the Bureau of Labor Statistics reports on employment and workforce dynamics in small businesses. Such data sources should facilitate insights into HR strategies contributing to organizational profitability. The resource-based view theory (RBV) was chosen as the study's conceptual framework. Penrose's (1959) RBV posits that businesses achieve sustainable competitive advantage by managing unique internal resources, including human capital. RBV was applied in the study to understand how small business leaders can optimize HR strategies to enhance performance and profitability.

Research Question

What effective HR management strategies do small business leaders in the Midwestern United States use to sustain effectiveness and overall profitability?

Assumptions and Limitations

Assumptions

Assumptions are critical to the foundation of the research. Assumptions are facts or conditions researchers take to be true without empirical proof (Adler, 2022). Several assumptions were made to ensure the study is feasible and maintains academic integrity. The first assumption is that the participating small business leaders would be honest during the interviews and provide accurate and comprehensive responses. The second assumption is that the participants would have sufficient knowledge and experience with HR strategies. The third assumption is that the RBV is an appropriate and applicable framework for exploring HR strategies in small businesses. The fourth assumption is that

semistructured interviews and publicly available industry documents would provide sufficient data to address the research question.

Limitations

All research studies have weaknesses. Research limitations are potential shortcomings and constraints beyond a researcher's control that may impact the study's scope, validity, or generalizability (Fetzer, 2022). There are several limitations in my study's design. The geographic focus on small business leaders in the Midwestern United States could restrict the transferability of the study's findings to other regions or industries. Relying on semistructured interviews as the primary data collection method introduces the potential for biased responses because participants could provide answers, they believe a researcher desires. The small sample size of six small business leaders may not fully represent the diversity of the target population's experiences or perspectives, potentially limiting the depth of the findings. Time constraints and participant accessibility could also impact my ability to gather data. These limitations were mitigated by ensuring data saturation is observed.

Transition

Section 1 contained the foundation of this study by introducing the research problem, purpose, and significance of HR strategies for small business leaders in the Midwestern United States service industry. The section addressed small business leaders' challenges when HR strategies are ineffective, including the potential for reduced organizational profitability. The study's conceptual framework, the RBV theory, is applied to examine how internal resources can be identified and leveraged to enhance

competitive advantage. Section 1 also presented the study's research question, assumptions, and limitations.

Section 2 reviews academic and professional literature on HR strategies in small businesses. It includes a critical analysis of existing research on HR practices that support leadership effectiveness and organizational performance, providing scholarly context for the study. Section 3 describes the study's methodology, including participant selection and data collection within an ethical research framework. Procedures used to address reliability and validity are also detailed. Section 4 reports the research findings, examines their implications for business practice, provides recommendations for small business leaders, and evaluates the study's contributions to positive social change.

Section 2: The Literature Review

A Review of the Professional and Academic Literature

This section reviews professional and academic literature on HR strategies using the RBV as an analytical framework. The RBV examines how organizational leaders can achieve competitive advantage by leveraging unique internal resources, such as employee capabilities and HR strategies (Barney, 1991). The literature synthesis analyzes HR challenges and strategic responses that affect business performance. Peer-reviewed journal articles, government reports, and seminal books were analyzed to establish the depth and breadth of the research inquiry.

The literature review is organized into key thematic areas. The first theme addresses common HR challenges in small businesses, including resource limitations, talent acquisition difficulties, compliance issues, and the absence of formal HR structures. The second theme focuses on effective HR strategies, emphasizing structured recruitment processes, employee retention practices, and the integration of formal HR policies to improve workforce management. The third theme examines the role of leadership, with attention to the influence of transformational and servant leadership styles on employee motivation and workplace culture. The fourth theme considers HR capabilities as a strategic resource, specifically exploring the relationships between workforce planning, performance-based compensation, professional development, and overall profitability. Additionally, the review addresses technology-driven HR solutions, noting financial constraints limiting small business adoption. The final theme analyzes

how labor market conditions, local policies, and seasonal employment trends shape Midwestern U.S. service industry HR strategies.

To maintain academic rigor, at least 85% of the references used in this literature review are peer-reviewed sources. To ensure relevance, at least 85% of references are from publications within the past 5 years. These criteria align with academic standards and support a robust foundation for the study. Insights from this literature review informed the methodology for data collection and analysis.

Conceptual Framework

Resource-Based View Theory

RBV is a strategic management framework to explain how businesses achieve and sustain competitive advantage by leveraging valuable, rare, inimitable, and non-substitutable resources. Initially conceptualized by Penrose (1959), RBV suggests that a firm's success depends on external market conditions and on its ability to develop and effectively utilize internal resources. Such resources include workforce capabilities, organizational culture, knowledge assets, and technological infrastructure, which are crucial in determining business performance and resilience. Small businesses that cultivate and manage these resources strategically can achieve long-term profitability in competitive industries.

An advantage of RBV is its emphasis on resource heterogeneity and immobility. RBV highlights that each business possesses a unique resource configuration that is difficult for competitors to replicate (Helfat et al., 2023). Firm uniqueness provides the foundation for competitive advantage, particularly for small businesses without extensive

financial capital, but they can differentiate themselves in other ways (Carlson, 2023). Business leaders who prioritize strategic HR initiatives that capitalize on unique firm characteristics tend to outperform competitors regarding employee retention and organizational efficiency (Matei et al., 2024). HR management can help small businesses differentiate themselves from competitors, leading to the further development of valuable, rare, inimitable, and non-substitutable resources. HR can serve as a key differentiator for small businesses by enhancing workforce capabilities and promoting long-term stability.

RBV has also been integrated with knowledge-based and dynamic capabilities theories. These theoretical approaches emphasize the importance of continuous learning and adaptability to develop and sustain a competitive advantage (Gibson et al., 2021). This perspective is relevant for small business leaders who desire to cultivate a skilled, flexible workforce aligned with the firm's strategic objectives (Quansah & Hartz, 2021). Investing in HR policies that promote workforce development and agility can enhance employee productivity and innovation in small businesses.

Despite its strengths, RBV has faced scholarly critiques regarding its limited focus on how firms acquire and evolve resources over time. This limitation has led to dynamic capabilities theory, which extends RBV by considering how firms continuously develop and reconfigure their resource base in response to external market changes (Zahra et al., 2022). However, for small businesses in the service industry, RBV remains particularly relevant because human capital and organizational culture are among their most valuable and inimitable resources. By applying RBV to HR strategies, small

business leaders can enhance workforce potential, promote innovation, and build strong leadership frameworks. Understanding how HR practices contribute to competitive advantage enables small businesses to make informed workforce management decisions, improve employee retention, and invest in long-term HR initiatives that support organizational success. By leveraging HR strategies aligned with RBV principles, businesses can create a strong foundation for sustainable growth and differentiation in competitive markets.

Common HR Challenges in Small Businesses

Small business leaders frequently encounter HR challenges. Common challenges highlighted in the literature include talent acquisition, employee retention, limited HR infrastructure, and compliance with labor laws (Kindström et al., 2024). Unlike larger firms, small businesses often lack formal HR departments, leading small business leaders to rely on informal HR practices (Quansah & Hartz, 2021). One considerable challenge is attracting and retaining skilled employees; small business leaders struggle to compete with larger firms in offering competitive salaries, benefits, and career progression opportunities. High turnover rates, in turn, negatively impact business continuity and organizational learning (Evenseth et al., 2022). Lack of formalized HR departments and policies can induce challenges with employee recruitment, retention, and turnover.

Small business leaders also experience challenges with employee training and development. Many small business leaders do not implement structured employee training programs during onboarding, leading to skill gaps and low employee productivity (Frögéli et al., 2023). Insufficient employee training can hinder a business

leader's ability to adapt to market changes and technological advancements. Employee training equips teams with the skills needed to respond to evolving trends, technologies, and regulations (Bobitan et al., 2024). Without ongoing training, employees' skill gaps become evident, potentially reducing productivity, creativity, and innovation. Human resources drive adaptability by encouraging continuous learning and facilitating the development of a workforce poised to embrace change.

A lack of formal HR policies and compliance mechanisms introduces legal and operational risks for small businesses. In particular, the absence of structured HR frameworks can lead to noncompliance with complex and changing labor laws (Clibborn & Hanna-Osborne, 2023). Noncompliance increases the likelihood of legal disputes, sanctions from regulatory bureaus, and reputational damage or harm. While larger enterprises have departments devoted to HR or legal challenges, small businesses tend to operate without such administrative infrastructure. Consequently, many small businesses are not equipped to understand or navigate the intricacies of employment law and workplace regulations (Agustian et al., 2023). Insufficient knowledge of labor laws can lead to challenges with managing wage and hour compliance, occupational health and safety standards, anti-discrimination mandates, and benefits administration. HR departments with personnel trained in legal compliance can reduce small business leaders' risks of noncompliance.

Given the constraints small businesses face, such as limited financial resources, lack of formal HR departments, and operational pressures, leaders require cost-effective and scalable HR strategies. These strategies are essential for improving employee

retention, ensuring legal compliance, and supporting workforce development. Without a robust HR infrastructure, small firms often find themselves at a competitive disadvantage when trying to attract and retain high-quality employees. This challenge is particularly acute in industries with high labor demand and a limited talent pool (Jooss et al., 2023). To address these issues, small business leaders can implement efficient and adaptable HR models that combine standardization with the flexibility needed to respond to dynamic operational environments. By doing so, they can strengthen their competitive advantage, increase profitability, and promote long-term sustainability.

Challenges with employee relations can influence a small business's productivity, employee engagement, and overall profitability. Vuong and Nguyen (2022) conducted a systematic review of the literature on HR strategies, finding that employees in firms without well-defined HR strategies experience decreased morale and low job satisfaction, productivity, and engagement. Reduced productivity can, in turn, weaken a firm's competitiveness in the marketplace. Jooss et al. (2023) argued that high employee turnover is one of the most critical HR challenges influencing organizational effectiveness. When employees frequently leave, businesses face disruptions in operations and incur increased costs related to recruitment**,** onboarding, and training. This turnover cycle negatively affects service quality and customer satisfaction, which can further limit a business leader's ability to sustain growth.

In addition to turnover, workplace culture and employee engagement play crucial roles in organizational effectiveness. Many small businesses lack formal HR structures, making it challenging to implement employee motivation strategies that foster workplace

loyalty (Kandukuri, 2023). Employees could feel undervalued without initiatives that support them, potentially leading to low commitment, decreased job performance, and increased attrition. HR interventions can address cultural challenges to improve employee retention and organizational stability.

Financial instability is another primary concern for small businesses. Rashid and Ratten (2021) discussed how economic constraints in small businesses can stem from ineffective workforce management. Without strategic HR planning, small business leaders may over-hire or under-hire, creating operational inefficiencies that reduce cash flow and detract from other initiatives. The absence of structured performance management systems could lead to unclear job expectations and reduced accountability, creating role confusion that limits productivity and profitability (Ojiako et al., 2023). Small business leaders could help address challenges related to workforce-related financial instability by implementing structured goal-setting and feedback initiatives, ensuring employees' roles are clearly defined and articulated, and actively working to enhance workplace culture. Such measures could help small business leaders improve efficiency and reduce financial strain.

Technology-driven HR solutions offer potential solutions to workforce management and challenges with employee retention. Digital HR systems can enhance recruitment, onboarding, and employee performance monitoring, helping business leaders streamline their HR processes (Umrao et al., 2024). Many small business leaders struggle to adopt these technologies due to limited financial resources and technical expertise. A growing body of research highlights the increasing accessibility and strategic value of

digital HR platforms for small businesses (Zhang & Chen, 2024). Cloud-based HR information systems are modular, subscription-based services that do not require a substantial upfront financial investment, enabling businesses with financial constraints to digitize core HR functions, including payroll, benefits management, time tracking, and compliance reporting (Romero & Abad, 2022). Cloud-based systems are associated with improved data accuracy and facilitate real-time analytics, allowing small business leaders to make evidence-based decisions related to their workforce. Digital HR solutions can contribute to organizational profitability by enabling remote access, automating repetitive tasks, and reducing administrative burdens that often hinder small business leaders from strategic workforce planning.

HRM Best Practices in Small Businesses

Effective HRM strategies significantly impact small businesses, particularly employee retention, engagement, and business sustainability. Structured recruitment processes tend to improve employee satisfaction and reduce turnover (Evenseth et al., 2022). Adaptive performance management systems help small firms align employee goals with business objectives, improving workforce productivity. Structured HRM also facilitates transparency and accountability in performance evaluation, helping reduce biases and support fair treatment of employees, further strengthening organizational culture (Langer & König, 2023). Analysis of these studies suggests that small business leaders are more likely to attract candidates who fit with their organizations culturally and strategically when recruitment practices are standardized and aligned with

organizational values. Structured HRM practices can decrease attrition and reinforce alignment with organizational goals.

Fostering an engaged workforce is also essential for business resilience. Business scholars have highlighted the importance of flexible work arrangements, personalized training programs, and incentive structures in maintaining employee motivation (Jiang et al., 2023). These practices contribute to employees' psychological safety and foster an inclusive work environment, both of which are associated with job satisfaction and team-oriented behavior in small organizational settings. Investment in employee training and development is an important aspect of HR that addresses engagement, particularly for small businesses with financial constraints. Vu and Nwachukwu (2021) showed that cost-effective employee development programs significantly enhance skills and contribute to long-term business growth. Microlearning-based development, peer-led workshops, and on-the-job training are effective, low-cost alternatives to traditional employee training models. Such options offer business leader's scalability without disrupting daily operations. Emphasizing continuous learning supports workforce adaptability. Despite these benefits, some small business leaders hesitate to implement structured HRM systems in favor of informal HRM practices.

Informal and Formal HRM Practices

HR management in small businesses often comprises formal and informal HR practices, each with advantages and challenges. Informal HR approaches include word-of-mouth recruitment, flexible work schedules, and non-standardized training methods. These methods are common in small businesses because they are adaptable and cost-

effective; informal HR practices allow business leaders to make fast hiring decisions and personalize employee management, benefiting small enterprises in dynamic or resource-constrained environments (Biea et al., 2024). However, many informal HR strategies lack consistency, scalability, and legal safeguards, making them unsustainable for growing businesses (Chimakati & Kelemba, 2023). Reliance on informal HR practices long-term could result in operational inefficiencies, inconsistent performance outcomes, and an inability to meet regulatory demands. The absence of formal systems could lead to disorganization and missed opportunities as small businesses grow.

Formal HRM structures introduce clear policies, standardized performance metrics, and compliance mechanisms essential for business growth. Small businesses transitioning from informal HR systems to more structured models often experience enhanced operational efficiency, improved employee satisfaction, and reduced legal risk (Kroon & Paauwe, 2022). Lee et al. (2021) found that a key challenge in transitioning from informal to formal HR practices is balancing flexibility with the structured processes that promote stability and compliance. Many small business leaders struggle to implement standardized policies while maintaining the personalized work culture that initially defined their businesses (Azevedo et al., 2021). This tension can lead to partial or inconsistent adoption of formal HR systems, which undermines the effectiveness of standardization and reduces the benefits of standardized HR practices. The transition process also requires organization-wide changes in behavior, which can be delayed by inconsistent adoption of new practices.

Investing in structured HR practices increases profitability and employee retention. Kafouros et al. (2022) found that small firms implementing formal HR structures reported higher profitability and reduced turnover compared to those with informal practices. Formalized HR processes tend to foster a strong organizational culture based on employee trust, engagement, and job satisfaction (Alshwayat et al., 2021). Such facets of organizational culture are due to employees' experiences of increased clarity and transparency, including transparent job expectations and roles and feedback from leaders. Formal HR practices provide a basis for long-term strategic planning by enabling leaders to collect and analyze data about the workforce. Standardized processes help leaders align employees with organizational goals to enhance business performance.

Many researchers suggest that small businesses adopt a hybrid HRM model, given small firms' needs for structure and adaptability. The hybrid approach combines the agility of informal HR practices with the benefits of standardized approaches, allowing business leaders to be flexible, consistent, and compliant (Martinez-Sanchez & Vicente-Oliva, 2023). By gradually transitioning to structured HRM systems, small business leaders can enhance their long-term profitability and workforce stability while maintaining a personalized approach that makes them competitive in their industries. The hybrid model could be effective in small businesses involving small teams by allowing for customization.

Leadership and HR Effectiveness

Leadership is important for shaping HR strategies within small businesses, as effective leaders influence workplace culture, employee engagement, and overall HR

management success. Leaders define organizational values and behaviors, which impact how HR policies are implemented and how employees perceive their work environment (Evenseth et al., 2022). Leadership alignment with progressive HR practices can lead to high employee morale, performance, and overall workforce stability. This alignment ensures that HR strategies are well-designed, embraced, and reinforced at every level of the organization.

Transformational leadership has been widely recognized for its positive influence on HRM effectiveness. Transformational leaders, characterized by vision, motivation, and inspiration, create a culture of continuous learning, innovation, and employee development (Lasrado & Kassem, 2021). Leaders who adopt a transformational style empower employees, foster inclusivity, encourage adaptability, and enhance organizational performance (Quansah & Hartz, 2021). Transformational leadership within small businesses can help retain employees and improve operational efficiency in competitive markets by using leadership strategies that foster employee growth and engagement.

Transactional leadership that relies on task-oriented management and rewards may be less effective in small business environments. Transactional leadership can reinforce structure and efficiency, but this leadership style is typically inflexible and does not tend to support employee engagement needed for long-term success in small businesses (Jooss et al., 2023). Transactional leadership can be useful during times of uncertainty or when a business requires clearly defined roles, but the limitations of the transactional approach are pronounced in dynamic settings. As a result, small businesses

may benefit more from transformational leadership styles that prioritize creativity, innovation, motivation, and strong interpersonal relationships. Businesses requiring creativity, adaptability, and collaboration may not benefit from transactional approaches that limit innovation.

Servant leadership can also be an effective leadership approach for HR-driven organizational success. Servant leaders prioritize employee needs, well-being, and professional development, creating a supportive and inclusive work culture (Ortiz-Gómez et al., 2022). Servant leadership can enhance employee satisfaction and reduce turnover; this approach could be beneficial in small businesses where personalized leadership strengthens employee trust and organizational commitment (Westbrook & Peterson, 2022). Servant leaders can build mutual respect and shared purpose by fostering genuine relationships and open communication. This leadership style aligns closely with HR priorities that emphasize empowerment, inclusion, and long-term employee engagement.

Impact of Leadership on Employee Performance

Leadership directly impacts employee performance, commitment, and organizational citizenship. Employees become engaged, productive, and motivated to contribute to the organization's goals when small business leaders demonstrate supportive leadership behaviors (Qalati et al., 2022). Leaders who actively foster a positive and inclusive work environment create higher employee satisfaction and stronger workforce loyalty (Jiang et al., 2023). Lee et al. (2021) found that organizations where leaders engage in regular performance feedback and employee development programs

experience higher retention rates. Synthesis of these findings suggests that leadership shapes employee experiences and long-term organizational commitment.

Employee motivation is closely linked to a leader's approach. Transformational leaders enhance intrinsic motivation by creating a workplace culture valuing innovation, autonomy, and professional growth (Lasrado & Kassem, 2021). Employees working under transformational leaders often demonstrate high levels of engagement and creativity that contribute positively to organizational success. An autocratic leadership style contrasts transformational leadership and is characterized by top-down decision-making and rigid control; this approach is associated with high employee stress and low job satisfaction (Parker et al., 2025). Business leaders prioritizing a leadership style fostering trust and empowerment can achieve a motivated and high-performing workforce.

Leadership involvement is essential for talent development. Small business leaders who mentor and coach employees develop a skilled and engaged workforce, leading to higher productivity and long-term business sustainability. Participative leadership is an effective leadership strategy for talent development; this leadership approach actively involves employees in decision-making processes (Wang et al., 2022). Participative leadership helps foster a sense of ownership and accountability among employees, leading to improved job performance and innovation (Mata et al., 2023). Participative leadership also reinforces trust and collaboration, which are important for effective knowledge-sharing and continuous learning in small businesses.

Leadership Strategies for Culture and Conflict Resolution

A strong leadership presence shapes workplace culture as leaders establish organizational values, norms, and behaviors that influence employee engagement and satisfaction. Leaders who prioritize diversity and inclusion help create employees feel valued, respected, and motivated, leading to higher retention and job satisfaction (Chimakati & Kelemba, 2023). Leadership-driven workplace culture also positively impacts employee well-being. Hauff et al. (2022) found that organizations with supportive leadership practices experience low rates of burnout and levels of employee engagement. Leaders emphasizing work-life balance and flexible work arrangements contribute to employees' job satisfaction, reduced stress, and enhanced performance (Sani & Adisa, 2024). Synthesis of these findings suggests a direct relationship between leadership behaviors and employee well-being, reinforcing the importance of a people-centered approach.

Leadership is also important for conflict management, a key component of HR effectiveness. Conflict in the workplace can arise from differences in expectations, communication gaps, or organizational changes (Lim, 2023). Leaders employing collaborative conflict resolution strategies rather than punitive measures foster healthier workplace relationships. Open communication, transparency, and active listening are essential leadership traits for mitigating disputes and ensuring workplace harmony (Topley, 2023). Small business leaders can address conflicts proactively and constructively to promote employee trust, organizational commitment, and long-term loyalty.

HRM and Competitive Advantage in Small Businesses

HR management can help small businesses achieve a competitive advantage. Business leaders can foster innovation, increase productivity, and improve long-term profitability by leveraging their employees as a strategic asset (Azeem et al., 2021). RBV supports this perspective, emphasizing that firms gain a competitive edge when they effectively develop and retain human resources that are valuable, rare, inimitable, and non-substitutable. Small business leaders who strategically invest in HR initiatives can establish a distinct advantage over competitors. Competitive advantage may be pronounced in dynamic industries where the workforce directly impacts success.

Small businesses tend to have financial and operational constraints that limit the implementation of comprehensive HR strategies. Effective talent management, employee development programs, and a strong organizational culture contribute significantly to business performance (Saleh & Atan, 2021). These HR practices enhance workforce capabilities and foster employee engagement and retention, helping small businesses maintain a skilled and motivated workforce. In the service industry, customer experience and employee interactions drive business success. Businesses prioritizing HR strategies can differentiate themselves from competitors and enhance their market position.

HR as a Unique Organizational Resource

Small businesses that effectively harness HR capabilities create a sustainable competitive advantage by cultivating an adaptable, skilled, and motivated workforce. A well-structured HR strategy enables small firms to enhance employee engagement, improve efficiency, and promote long-term success (Bristol-Alagbariya et al., 2024).

Aligning HR strategies with business objectives improves workforce resilience and increases agility and adaptability in dynamic markets. Organizations with an entrepreneurial HR orientation incorporate flexible work policies, continuous learning opportunities, and employee empowerment, allowing leaders to respond to business challenges (Kim et al., 2021). These findings suggest that HR management can help drive small business growth.

Global talent management practices are becoming increasingly relevant for small businesses. Wang et al. (2022) demonstrated that organizations prioritizing diverse workforce recruitment and international talent development have improved problem-solving capabilities and competitive agility. This perspective aligns with the principles of RBV because it emphasizes human capital as unique and inimitable. Small business leaders can enhance their competitiveness and organizational adaptability by investing in talent development and workforce diversity.

Challenges Implementing HR Management for Competitive Advantage

While HR management can provide a competitive advantage, small business leaders tend to experience barriers that hinder the effective implementation of HR strategies. Financial limitations and lack of personnel make it challenging to establish structured HR policies that drive long-term success (Matei et al., 2024). Small businesses may rely on informal HR practices without adequate HR frameworks, leading to inconsistent hiring, inadequate employee development, and compliance risks. Firms with weak leadership, absence of formal HR infrastructure, and low investment in employee development tend to experience high attrition rates and low competitive resilience

(Bristol-Alagbariya et al., 2024). These findings suggest that HR challenges affect workforce stability and business performance.

Technological advancements and digital transformation present challenges for small businesses. HR technologies, such as recruitment software, employee performance analytics, and automation tools, can enhance efficiency, but many small businesses lack the expertise or financial resources to adopt these solutions. Larger firms can invest in HR technology, but small businesses may struggle with implementation costs, staff training, and data management (Shet et al., 2021). Strategic investments in HR technology and data-driven decision-making are essential for sustaining HR management as a competitive advantage. Business leaders who proactively integrate cost-effective HR technologies and align HR strategies with organizational goals was better positioned to enhance workforce productivity and maintain market competitiveness.

Strategies for Enhancing Profitability and Productivity

HR strategies are critical for organizational profitability. Business leaders who implement effective HR policies can enhance employee productivity, engagement, and long-term sustainability. HR metrics help measure the financial impact of HR strategies, such as employee retention rates, training return on investment, employee engagement scores, and overall productivity levels (Evenseth et al., 2022). Leaders prioritizing employee well-being and professional development experience high job satisfaction, workforce stability, and increased profitability (Ardelt & Sharma, 2021). Synthesis of these findings suggests that strategic HR investments benefit employees and contribute directly to business success. The findings further suggest that human capital management

and financial outcomes are interdependent, reinforcing the notion that HR is a strategic driver of competitive advantage.

A significant profitability indicator in small businesses is employee turnover. High turnover increases hiring and training costs, disrupts operational efficiency, and reduces profit margins. Implementing structured onboarding programs, career development initiatives, and competitive compensation packages can reduce employee attrition and enhance overall business profitability (Alshwayat et al., 2021). Small businesses failing to address turnover challenges face increased recruitment expenses, loss of institutional knowledge, and decreased service quality. In the long term, such workplace practices and conditions hinder business growth and reduce profitability.

Providing employees with professional development opportunities can improve profitability and productivity. Business leaders who prioritize continuous learning, skill development, and leadership training enhance employees' innovation and motivation. workforce. Consequently, companies that invest in training programs tend to experience high employee commitment, innovation, and improved job performance, directly correlating with enhanced profitability (Rožman et al., 2023). Such investments also strengthen internal talent and can reduce the need to recruit employees from external sources. Over time, a culture of continuous development fosters organizational agility, enabling firms to adapt more effectively to market changes and competitive pressures.

Employee performance is correlated with professional development opportunities. According to Clibborn and Hanna-Osborne (2023), companies that offer continuous training opportunities experience a 30% increase in employee performance compared to

those that do not. Mentorship programs and leadership development initiatives can also foster a workplace culture surrounding learning and professional growth that reduces employee attrition and increases internal talent retention. Small business leaders can strengthen their competitive position, improve efficiency, and enhance profitability by prioritizing HR strategies that support workforce development.

Technology and Performance Management

The integration of HR technology transforms performance management by enabling business leaders to track and enhance employee productivity. Digital HR tools facilitate real-time performance tracking, automated feedback mechanisms, and comprehensive workforce assessments (Burnett & Lisk, 2021). These technologies allow managers to monitor employee progress, identify performance gaps, and provide timely interventions that support professional growth. HR analytics can also help small business leaders predict workforce challenges and implement proactive strategies to improve efficiency and engagement. Business leaders can optimize talent management, performance reviews, and productivity assessments by leveraging data-driven insights from HR technologies.

New HR technologies are improving organizational efficiency and productivity. Enterprise resource planning systems and artificial intelligence-based HR tools enhance HR management by automating payroll, streamlining recruitment, and enhancing employee engagement strategies (Carlson, 2023). These tools reduce administrative burdens, improve HR efficiency, and ensure compliance with labor regulations. By minimizing manual processes and consolidating multiple HR functions into a single

platform, HR technologies significantly lower operational costs for small businesses. Their scalability also allows firms to access advanced HR capabilities without the expense of hiring additional personnel. Integrating AI-driven predictive modeling can help business leaders anticipate workforce needs, tailor development programs, and implement personalized engagement strategies.

Compensation and Incentive Strategies

Compensation and incentive strategies help shape employee motivation, engagement, and business profitability. Competitive compensation packages include salary benchmarking and performance-based bonuses, which contribute to higher job satisfaction and increased employee retention (Saleh & Atan, 2021). Business leaders who align compensation structures with employee performance and market trends can attract and retain top talent while fostering a motivated and committed workforce. Strategically designed compensation frameworks can promote fairness and transparency, reinforce employees' trust and motivation, and reduce turnover-related costs.

Employee productivity is correlated with HR management practices. Organizations that implement profit-sharing models and employee recognition programs experience a 15-20% increase in workforce productivity (Belloc, 2022). Non-monetary incentives, such as flexible work arrangements, professional development, and employee wellness programs, enhance employee engagement, job satisfaction, and retention (Irwan et al., 2025). Companies that offer benefits tailored to employee needs create a strong organizational culture, leading to improved performance and long-term business success.

Small business leaders can evaluate their approach to compensation and incentives to incorporate financial and non-financial motivators.

Workplace Culture Commitment and HR Risk Management

A positive workplace culture is essential for employee productivity and organizational profitability. Businesses prioritizing inclusivity, transparency, and empowerment tend to experience high retention rates, workforce collaboration, and business performance (Arora & Patro, 2021). Bauer et al. (2022) found that small business leaders who incorporate corporate social responsibility and initiatives aimed at improving employee well-being promote employee engagement and motivation, resulting in customer satisfaction and financial success. These cultural attributes create an environment where employees feel valued, fostering loyalty and the propensity for effort. Cultivating a strong organizational culture links HR practices to broader business outcomes.

HR compliance is crucial for profitability and mitigating legal risks. Non-compliance with labor laws can lead to fines, legal liabilities, and reputational damage that harm business stability (Clibborn & Hanna-Osborne, 2023). Small business leaders can implement HR policies addressing regulations and ensure adherence to workplace safety regulations to minimize these risks. Investing in HR risk management frameworks reduces litigation costs, improves employee relations, and enhances business performance (Fuchs & Reichel, 2023). Business leaders who emphasize ethical workplace practices, transparent grievance resolution mechanisms, and compliance with industry regulations create a secure and legally sound organizational environment.

Strategic HR planning ensures workforce decisions align with broader financial and operational goals. Workforce forecasting, talent management, and succession planning are HR functions that enhance scalability and organizational growth (Asfahani, 2024). Small business leaders who integrate HR insights into their strategic planning experience enhance operational efficiency, workforce stability, and profitability. This integration allows organizational leaders to address skill gaps, mitigate turnover risks, and allocate resources effectively. Business leaders strengthen their firms' capacity to adapt to market changes by aligning workforce strategies with long-term objectives.

HR Strategies in the U.S. Midwestern Service Industry

The service industry in the midwestern United States faces distinct HR challenges due to economic conditions, workforce demographics, and industry-specific labor demands. Unlike coastal regions, many Midwestern service businesses operate in smaller labor markets, with fewer skilled job seekers and limited access to specialized HR resources (Matei et al., 2024). These challenges are compounded by rural workforce shortages, seasonal fluctuations in employment, and wage pressures, making it difficult for small business owners to implement structured HR strategies. Many service-based businesses in the region rely on informal HR practices due to financial constraints, leading to high turnover rates, low employee engagement, and inconsistent workforce performance (Murphy, 2025). Consequently, small businesses in the midwestern U.S. experience distinct challenges compared to those in other regions.

The Midwestern service sector presents opportunities for innovative HR solutions that capitalize on the region's strong work ethic, community engagement, and workforce

training initiatives. Business leaders who align HR policies with regional economic trends and invest in local employees tend to experience sustainable growth and long-term profitability (Quansah & Hartz, 2021). Small businesses in the Midwest can navigate labor shortages and enhance workforce productivity by leveraging strategic HR practices. Collaborating with community programs, implementing retention-focused policies, and embracing flexible management models are some policies that could appeal to a rural workforce.

Regional Economic Conditions and Labor Markets

Economic conditions in the Midwest influence HR strategies for service-based businesses. Labor market shifts are pronounced in the Midwest and necessitate adaptive workforce management practices. The Midwest has recently experienced a decline in manufacturing and agricultural employment in favor of healthcare and hospitality as dominant job sectors (Charlton et al., 2021). These economic transformations require small business leaders to adjust their strategies for employee recruitment, retention, and development to meet evolving labor demands. Small business leaders who do not align their HR policies with changing economic conditions risk experiencing workforce shortages and operational inefficiencies.

A challenge for small business leaders in the Midwest is the imbalance between labor supply and demand. In many rural areas, skilled workers migrate toward urban centers, reducing the pool of talent for companies focused on hospitality and retail, where customer-facing roles require technical competencies and strong interpersonal skills (Ewers et al., 2022). Small business leaders can address these challenges by adopting

creative workforce planning strategies, such as cross-training employees, offering flexible work arrangements, and developing partnerships with local community colleges for workforce development initiatives (Azevedo et al., 2021). These approaches can help mitigate labor shortages and create a stable and adaptable workforce.

Competitive wage structures and employee benefits are also concerns for Midwestern service businesses. Small business owners may not provide comprehensive healthcare and retirement benefits, leading to employee turnover and low job satisfaction (Carlson, 2023). A lack of benefits creates disparities between small businesses and larger competitors, making it difficult for small businesses to attract and retain experienced talent. The resulting instability can disrupt service delivery, increase recruitment costs, and reduce institutional knowledge within the organization. Inconsistent or limited compensation structures can also signal a lack of long-term investment in employees, further diminishing morale and organizational loyalty. Midwestern service businesses can create a stable workforce and improve profitability by aligning HR policies with regional labor needs.

Local Policies and Workforce Demographics Decision-Making

Midwestern service businesses navigate diverse state and local labor policies that influence HR decision-making and workforce management. Variations in minimum wage laws, employment regulations, and workforce training programs create inconsistencies in HR practices across states (Manroop et al., 2025). State regulatory differences require HR leaders to adapt workforce strategies to maintain compliance, manage labor costs, and sustain employee engagement. Small businesses risk financial strain and workforce

instability without an HR approach encompassing state-level variations, reducing their ability to compete in regional markets.

Some states have higher minimum wage mandates than others. Small businesses in states with higher minimum wages have increased labor costs compared to other states (Chava et al., 2023). Small business leaders in states with higher wages could implement automation, streamlined workflows, and performance-based incentives to enhance profitability. States offering workforce development tax credits and apprenticeship incentives enable small business owners to invest in employee skill-building initiatives (Silalahi & Walsh, 2023). These variations impact HR planning and require region-specific strategies to optimize workforce efficiency and retention. Small business leaders can develop workforce strategies appropriate to their organizations by aligning HR policies with state regulations and incentives.

Workforce demographics also influence HR strategies in the Midwest. The region's labor market predominantly consists of Gen Z and millennial employees (AbouAssi et al., 2021). These groups of employees tend to prioritize career development, flexible work arrangements, and inclusive workplace cultures over salary. Small business leaders can tailor recruitment strategies to target the desired employee demographic within the organization. Generational shifts and tendencies place increased pressure on small business leaders to implement non-traditional HR policies. Understanding these workforce preferences is essential for aligning a small business's culture, communication style, and employee opportunities with employees' expectations to promote retention and engagement.

Transition

Section 2 provided an in-depth examination of HR strategies in small businesses, emphasizing the importance of the RBV framework in leveraging internal resources for sustained effectiveness and profitability. The literature review identified key HR challenges and strategic solutions relevant to small businesses in the Midwestern U.S. service industry, offering a critical analysis of how HR management contributes to business success. Section 3 outlines the study's qualitative pragmatic inquiry approach, detailing the research design, participant selection, and data collection methods used to explore effective HR strategies. Emphasis is placed on methods to enhance methodological rigor and ensure alignment with the study's objectives. Section 4 presents the research results, discussing emerging themes and insights gathered from the data. The findings are analyzed using the RBV framework and existing literature, culminating in practical recommendations for small business leaders to optimize their HR strategies.

Section 3: Research Project Methodology

This section outlines the research methodology used to explore successful HR strategies among small business leaders in the Midwestern U.S. service industry. Section 3 includes information related to project ethics, the nature of the study, and the population, sample, and sampling methods. It provides details regarding participant selection criteria, data collection techniques, and procedures for data analysis. Additionally, the section describes strategies to enhance the reliability and validity of the study's findings.

Project Ethics

Qualitative researchers play a vital role in the integrity and credibility of their studies, often serving as the primary instrument for data collection and analysis. In this study, data were collected through semi-structured interviews with participants and supplemented with evidence from publicly available industry documents. Data collection continued until saturation was observed, and thematic analysis was employed to identify key patterns and themes. Reliability and validity were enhanced through strategies to minimize researcher bias, including maintaining a reflexive journal to document insights and reflections during the research process (Ahmed, 2024). Acknowledging personal biases and preconceptions is essential to conducting rigorous qualitative research. I bring over 25 years of experience in management and human resources, including 17 years as an HR professional and consultant for small businesses. No participants with personal or professional ties to me were enrolled in the study to mitigate potential bias. Bracketing

techniques also prevented prior knowledge or experiences from influencing data collection, analysis, or interpretation.

Researchers must ensure adherence to ethical research standards throughout the study. The Belmont Report outlines three fundamental principles that guide ethical research: respect for persons, beneficence, and justice (National Commission for the Protection of Human Subjects of Biomedical and Behavioral Research, 1979). Respect for persons was upheld by obtaining informed consent and ensuring participants clearly understood the study's purpose, potential risks, and the voluntary nature of their involvement. The principle of beneficence was maintained by prioritizing participant well-being, minimizing foreseeable risks, and protecting confidentiality through pseudonyms and redaction of personally identifiable information from interview transcripts (Malik & Zhang, 2023). Justice was demonstrated by applying fair participant selection practices to prevent undue burden or benefit to any specific group (Ahmed, 2024). Compliance with Walden University's Institutional Review Board (IRB) guidelines further supported ethical rigor in the research process.

Selected participants received a detailed informed consent form, which outlined participants' rights, the voluntary nature of their participation, the purpose of the study, and procedures for handling data. Informed consent ensures participants understand their role in the study, including their right to withdraw immediately (Malik & Zhang, 2023). Consent was obtained via email by providing participants with the consent form and requesting a reply with the phrase "I consent." This approach ensured that participants

had clear information about the study and were empowered to make informed decisions regarding their involvement.

Participants were informed that they may withdraw from the study without penalty or the need for explanation. Participants were instructed to send any withdrawal requests via email, and upon receipt, any related data was promptly deleted from the research records. These procedures aligned with ethical research standards and reinforced participant autonomy and protection, as explained by Ahmed (2024). As a token of value and respect for time, an incentive of a $25 Visa gift card was provided to participants upon completing the semistructured interview. Abdelazeem et al. (2022) indicated that incentives should be communicated clearly in recruitment materials and participant invitations to ensure transparency and ethical recruitment practices. An incentive was issued to show the participants that their time and expertise are valued.

Confidentiality was maintained by masking participant identities. Participants were assigned unique identifiers. Their real names do not appear in transcripts or published findings. Ahmed (2024) indicated that researchers should mask the identities of the participants and their organizations. Therefore, any identifiable business details were generalized or redacted to protect confidentiality and prevent potential attribution, ensuring the ethical protection of all study participants.

Participant confidentiality was actively protected through secure data management practices. All electronic data, including interview recordings and transcriptions, was stored in password-protected, encrypted cloud drives. Access to these drives was restricted using a password known only to the researcher. Following Walden

University's research data policies, all data is securely retained for five years before being permanently destroyed. These procedures ensured alignment with institutional and federal research ethics guidelines and contributed to the overall integrity of the study.

Nature of the Project

The qualitative methodology was used to explore HR practices. The qualitative method allowed in-depth insights into lived experiences, contextual dynamics, and strategic decision-making processes (Lim, 2024). This approach is particularly effective for capturing nuanced perspectives of knowledgeable participants and is well-suited for examining complex business practices in small organizations. While quantitative methods are effective in identifying statistical trends, they are limited in their capacity to uncover novel strategies or context-specific insights (Mohajan, 2020). Therefore, qualitative inquiry offers a more appropriate methodological framework for addressing the purpose of this study.

A pragmatic inquiry research design has guided this study. The pragmatic inquiry was effective in examining real-world problems with the intent of generating actionable and contextually grounded solutions (Kelly & Cordeiro, 2020). This approach is particularly well-suited for exploring business strategies in dynamic organizational contexts where multiple variables interact. A pragmatic framework allowed for flexibility in data collection and analysis while maintaining a focus on practical outcomes, which is appropriate for understanding how small business leaders successfully implement HR strategies to sustain effectiveness and profitability. Pragmatic inquiry emphasizes what

works in each context, making it an ideal methodological foundation for producing insights that can inform both practice and policy in small business management.

Population, Sampling, and Participants

The study's population consisted of small business leaders in the service industry in the Midwestern United States. Eligible participants included business owners, managers, and HR decision-makers in active leadership roles within businesses employing fewer than 500 individuals. Purposive sampling was used to identify and recruit a minimum of six small business leaders who met the study's inclusion criteria. The purposive sampling method is useful for gaining access to knowledgeable participants with the appropriate characteristics (Campbell et al., 2020). Participants must have at least three years of experience managing HR strategies and be directly involved in implementing HR practices that affect organizational effectiveness and profitability. Participant access was facilitated through professional networks and business associations such as the U.S. Small Business Administration, the National Federation of Independent Business, and local chambers of commerce in the Midwestern United States.

An invitation letter was distributed through these professional networks based on the pre-approved Walden University IRB template. The invitation requested interested individuals to contact the researcher directly. Upon expressing interest, potential participants received a participant consent form via email. Informed consent is an important aspect of ensuring that the participants understand the study's purpose, activities, and the protections put in place (White, 2020). Consent was confirmed when the participant replied, "I consent."

Establishing a strong rapport with participants is essential in qualitative research, as it encourages open, truthful, and detailed responses (Horsfall et al., 2021). Effective rapport involves clear and respectful communication regarding the study's purpose, methods, risks, and benefits (Gabbert et al., 2021). Respectful interactions and transparency were emphasized to support participant trust and foster a positive research relationship. Participant characteristics aligned closely with the study's objective. Selecting participants with relevant expertise strengthened the study's ability to address the research question effectively (Negrin et al., 2022). The inclusion criteria were specifically chosen to identify leaders who successfully implemented HR strategies in small business settings, ensuring the data collected was relevant and informative.

Purposive sampling identified participants based on the defined eligibility criteria. This approach supported alignment between participant knowledge and the research purpose (Campbell et al., 2020; Denieffe, 2020). Recruitment through professional organizations enhanced the objectivity and credibility of the selection process.

A minimum sample size of six participants was selected to initiate data collection. Qualitative researchers recommend sample sizes that allow for data saturation, which occurs when no new information emerges from additional interviews (Daher, 2023; Hennink & Kaiser, 2022). Saturation was evaluated by comparing codes across interviews. If the sixth interview generates novel codes, additional participants are recruited until coding yields only previously established codes. This approach ensured rigorous and sequential assessment of saturation.

Data Collection Activities

I served as the primary data collection instrument, utilizing semistructured interviews and qualitative document analysis. Semistructured interviews enable the collection of in-depth, flexible data while maintaining a structured framework (Osborne & Grant-Smith, 2021). The semistructured interviewing method permits follow-up prompts when participant responses require further clarification or elaboration. Qualitative document analysis served as a secondary data source to enrich the study and provide corroborating evidence. Document analysis enhanced the depth and trustworthiness of qualitative research by offering additional perspectives or verified insights obtained through other means (Wood et al., 2020). Publicly available company documents, including social media content, employee recruitment materials, and job listings, were reviewed to identify evidence of successful HR strategies and triangulate findings from interviews.

An interview protocol guided each semistructured interview and ensured procedural consistency throughout the data collection process. An interview protocol is a structured guide used by qualitative researchers to standardize how interviews are conducted, ensuring that all participants receive the same information, prompts, and opportunities to respond (Jiménez & Orozco, 2021). The protocol, provided in Appendix A, includes an opening script outlining study procedures, confidentiality protections, a complete list of open-ended interview questions aligned with the research purpose, and a closing script to thank participants and explain the member-checking process. Utilizing a standardized interview protocol supports the dependability and credibility of the findings

by promoting consistency across data collection sessions, reducing interviewer bias, and allowing for replication (Jiménez & Orozco, 2021). The interview guide also provided a framework for ensuring that the data collected remained focused on the research question while allowing participants to elaborate on their experiences in context.

Interviews were conducted via Zoom telecommunications software. Virtual platforms such as Zoom have become increasingly prevalent in qualitative research due to their reliability, security, and ability to support diverse participant inclusion (Oliffe et al., 2021). Virtual interviews were scheduled at the participant's convenience, encouraging participation and accessibility. With informed consent obtained, each interview was audio-recorded using Zoom's built-in tools. Recordings were then transcribed and securely stored using participant-specific pseudonyms on an encrypted, password-protected cloud drive. Each interview lasts between 30 and 45 minutes.

Two verification techniques were applied to ensure the reliability and validity of the data: member checking and data triangulation. Member checking involves presenting participants with summaries of the researcher's interpretations of their responses and requesting feedback to ensure accuracy and alignment with their intended meaning (Motulsky, 2021). The member checking process functions as a quality-control measure to verify the authenticity of participant perspectives. Additionally, triangulation was used to compare interview findings with insights derived from document analysis and other theoretical perspectives. Using triangulation helped enhance the credibility and richness of the study (Natow, 2020). The convergence or divergence of themes across these

sources contributed to a more comprehensive understanding of the research topic and strengthened the trustworthiness of the findings.

Interview Questions

1. How would you describe your current human resource management strategies?
2. What challenges have you encountered in managing employees, and how have you addressed them?
3. What are some examples of a successful human resource practice you have implemented?
4. What role does employee training and development play in your leadership style?
5. How do you ensure employee engagement and motivation?
6. What strategies do you use to retain talented employees?
7. How has technology influenced your human resource management practices?
8. How do you measure the effectiveness of your human resource strategies?
9. What advice would you give to other small business leaders looking to improve their HR practices?
10. How do you see human resource strategies evolving in small businesses over the next 5 years?

Data Organization and Analysis Techniques

Data was organized using a dual-purpose research and reflexivity logbook and a systematic file management process based on participant pseudonyms. Proper data

management begins with a robust organizational system (McCoach et al., 2020). Electronic data and interview transcripts were saved on a password-protected, encrypted cloud drive, labeled using participant pseudonyms for secure and efficient access. This centralized system, supported by descriptive file naming, facilitates quickly retrieving data for analysis. Dependability was further supported by maintaining an audit trail in the research logbook (Carcary, 2020). The logbook documents all research-related activities, including communication timelines, methodological reflections, challenges encountered, and reflexive notes. This system also documents assumptions, biases, and preconceptions to enhance transparency and mitigate researcher bias.

Thematic analysis was applied to analyze the data, utilizing Braun and Clarke's (2006) six-phase framework. This method was appropriate for inductively identifying themes in qualitative data without presupposition (Ozuem et al., 2022). The first phase, data familiarization, involved reading each transcript multiple times. Byrne (2022) suggests an initial reading to develop overall impressions, followed by a second reading with reflexive memoing to engage deeply with participant experiences.

The second phase, coding, involved assigning short, descriptive labels to specific ideas or concepts within the data (Braun & Clarke, 2006). For example, the code "encourages professional development" was used to capture statements about employee training. Coding reduced large volumes of data into manageable units while preserving meaning (Vindrola-Padros & Johnson, 2020). Manual coding was supported using NVivo Version 14 software and assisted with code organization through the node function. The third phase, theme identification, required grouping related codes into categories and

identifying broader themes representing significant patterns across the data (Braun & Clarke, 2006). NVivo clustered codes into categories and created theme nodes for enhanced organization and analysis.

The fourth step is theme refinement. After generating initial themes, researchers review and refine the themes (Braun & Clarke, 2006). During this stage, themes were reviewed, consolidated, or adjusted to better capture the data's meaning (Christou, 2022). Redundant or overlapping themes were merged, and emerging themes were incorporated to refine the analytical framework. The fifth phase involves defining and naming themes to represent their underlying structure and significance (Braun & Clarke, 2006). The final phase, producing the report, involved articulating findings with supporting evidence and interpretation, offering a final opportunity for analytical synthesis.

To contextualize the research findings, results were critically compared with the existing literature from the study's literature review and any newly published sources. Findings were analyzed while considering the study's conceptual framework to strengthen theoretical integration (Dodgson, 2021). All raw data, including interview transcripts, documents, and analysis files, are securely stored for 5 years following the approval of the chief academic officer, following Walden University's research data retention policy. The IRB approval number for this research is 05-19-25-1201823.

Reliability and Validity

Researchers should promote quality through methodological rigor. Research quality depends on reliability and validity, which, in qualitative research, are assessed through trustworthiness (Adler, 2022). This section describes the methods used to

enhance the reliability and validity of the study's findings. These methods are intended to promote the methodological rigor of the study.

Reliability

The reliability of research refers to the consistency of the results. Qualitative researchers improve the reliability of their study's findings by promoting dependability, which measures the extent to which research is reproducible (Nosek et al., 2022). Researchers can promote the dependability of a study's findings by using methods that enhance methodological rigor and documentation (Johnson et al., 2020). Two methods were used to enhance the dependability of the study's findings: member checking of data interpretations and maintaining an audit trail in my research logbook.

Member checking can enhance a study's dependability. Member checking is a quality control mechanism where a researcher asks participants to confirm their interpretation of the findings (Motulsky, 2021). Member checking was conducted by creating a summary of each participant's transcript interpretations, based on the interview questions, and emailing them to individual participants. Participants were invited to provide feedback by either confirming the accuracy of the interpretations or offering clarifications. Member checking was expected to enhance dependability.

An audit trail was used to enhance the study's dependability. An audit trail is a written record of all research-related activities, including methods used for recruitment and details of all participant interactions (Carcary, 2020). Audit trails improve a study's dependability by providing a written record that facilitates reproducibility (Hansford et al., 2022). Storing an audit trail in a research logbook involves writing down details

related to participant recruitment, communication with candidates, informed consent, and interview scheduling. The audit trail enhanced the methods' transparency and improved the dependability of the findings.

Validity

Validity refers to the accuracy of the information presented in a research study. A study is considered valid if the data and interpretations of the findings are consistent with the participants' thoughts and experiences (Hayashi et al., 2021). Researchers assess validity in qualitative research through three additional aspects of trustworthiness: credibility, transferability, and confirmability (Johnson et al., 2020). In this section, methods used to enhance each aspect of validity in the study are discussed.

Credibility was promoted through member checking and data triangulation. Credibility is the degree to which the findings of a study accurately reflect the reality experienced by participants (Johnson et al., 2020). Member checking helps promote credibility by ensuring that a researcher's interpretations of the data align with the participants' viewpoints (Motulsky, 2021). Data triangulation enhances credibility by offering corroborating or alternative evidence that strengthens the study's analytical rigor (Ahmed, 2024). The triangulation process compared insights from semistructured interviews with organizational documents demonstrating effective HR strategies. Member checking and data triangulation were used to enhance the study's credibility.

The transferability of the study's findings was supported through thick descriptions. Transferability refers to the extent to which research findings apply to other settings, populations, or contexts (Drisko, 2024). Researchers enhance transferability by

providing detailed descriptions of the research context and participants, enabling readers to assess the relevance of the findings to their contexts (Stahl & King, 2020). In this study, the context of the phenomenon has been addressed through thick descriptions in Section 2, which details successful HR practices relevant to small business settings. Participant characteristics were thoroughly described, including relevant background information about their roles and experiences as small business leaders. These descriptive elements aimed to enhance the transferability of the study's findings and assist readers in determining applicability across different organizational or industry contexts.

The research study actively addressed confirmability by including methodological details, themes, and the organization of codes and categories within each theme. Confirmability is the extent to which the research findings can be corroborated (Johnson et al., 2020). Additionally, the study promotes confirmability by using participant quotations to support assertions, using each method to enhance confirmability.

Data saturation is another important consideration for trustworthiness in qualitative research. To ensure the data reaches saturation, the researcher assesses the need to develop unique codes to apply to the sixth interview transcript. Hennink and Kaiser (2022) indicated that qualitative data can be assessed for saturation by examining the redundancy of codes. If unique codes were required, the sixth participant contributed new ideas, indicating that the data did not reach saturation. Saturation was observed and accomplished with no new codes identified.

Transition and Summary

In Section 3, the methodology used in this qualitative pragmatic inquiry was described. This section discusses the ethical considerations of the study, including how the Belmont Report's principles of respect for persons, beneficence, and justice were addressed. The section also highlights my involvement in the study and describes the procedure for safeguarding the confidentiality and welfare of the participants. The study's nature is explored, with a particular emphasis on the rationale behind selecting a pragmatic inquiry research design and a qualitative methodology, as these approaches closely align with the study's objective. The section also described the population, sample, sampling procedures, and the methods used to collect, organize, and analyze the data. A description of how member checking, audit trail, data triangulation, thick description, and reflexivity were used to enhance the validity and reliability of the study. In Section 4, the findings from the study were presented, compared to themes in the professional and academic literature, and provided recommendations for practice, and discussed the implications of the study for positive social change.

Section 4: Findings and Conclusions

Presentation of the Findings

The purpose of this qualitative pragmatic inquiry project was to explore successful HR strategies that small business leaders in the Midwestern United States service industry used to sustain effectiveness and overall profitability. The overarching research question in the study is: What effective human resource management strategies do small business leaders in the Midwestern United States use to sustain effectiveness and overall profitability? Semistructured interviews were conducted with six HR leaders operating in small service firms across the Midwest. Braun and Clarke's (2006) six-phase thematic analysis process was used to analyze the data and identify three themes. The first theme was that the HR leaders enhanced employee engagement by leading with purpose and vision. The second theme showed that the leaders supported engagement by addressing individual needs and building inclusive cultures. The third theme demonstrated that leaders sustained engagement through structured communication, training, and performance systems.

Section 4 provides a detailed analysis of the findings derived from participants' perspectives. The findings are presented thematically, with each theme organized around a set of subthemes that describe the specific strategies used to foster engagement. Within each theme, the HR challenges small business leaders encountered and how they addressed these challenges through targeted leadership and management practices are described. The findings are explored in relation to existing literature on small business HR and engagement, with the RBV applied as the guiding conceptual framework. To

enhance the validity of the interpretations, data from interview transcripts were analyzed alongside relevant scholarly sources, and the analysis was aligned with existing knowledge on HR best practices for small businesses.

Theme 1: Building Leadership Capacity for Organizational Success

The participants emphasized that the foundation of organizational success lies in the strength and intentionality of its leadership. Across interviews, the leaders described how their effectiveness in empowering teams relied on aligning HR functions with strategic goals and stewarding operational resources to drive performance. Theme 1 contains three subthemes. The first subtheme explored leadership excellence for team empowerment, highlighting how participants approached their responsibilities to shape team culture, provide consistent support, and adapt to evolving needs. Leaders noted that their leadership style had a direct impact on employee trust, initiative, and resilience. Several leaders also identified the importance of providing regular coaching, modeling flexibility, and cultivating internal pipelines for leadership development.

In the second subtheme, participants described strategic HR management for business alignment, highlighting how they implemented high-level HR strategies that reinforced the organization's long-term direction. Instead of viewing HR as a transactional or compliance-based function, the participants positioned HR as a central mechanism for promoting workforce agility and business continuity. They described performance evaluation, recruitment pipelines, and future planning as tightly integrated with the firm's evolving priorities. The third subtheme explores resource optimization for operational excellence, where the participating leaders described the complexity of

managing technology, budgets, and operational challenges in a landscape characterized by digital transformation. While several participants highlighted the strategic benefits of new technologies, many also discussed barriers related to implementation, change resistance, and cross-departmental coordination. Collectively, these three subthemes illustrate how leadership capacity functions as an enabler of day-to-day operations and a catalyst for long-term organizational growth.

Theme 1.1: Leadership Excellence for Team Empowerment

The participants consistently emphasized that effective leadership development was essential to cultivating empowered, high-performing teams. Several leaders described how coaching, mentoring, and training were foundational for equipping employees with the skills and confidence necessary to grow within the organization. For example, LA-P1 expressed a desire for the organization to "offer more training programs, mentorship coaching, and any type of leadership development," underscoring the need for structured growth pathways. LA-P4 added that leaders should "train them on everything and get them developed so they can move up in their skills and in any new job." This emphasis on proactive development reinforced the idea that employee engagement and retention depend heavily on intentional investment in everyone's long-term progression. The participants did not view leadership development as incidental. Instead, they framed it as an ongoing process that required resources, planning, and attention to individual goals.

In addition to formal development opportunities, the leaders described how their efforts to personalize career support fostered employee loyalty and motivation. LA-P3

articulated the importance of "giving them opportunities to grow in the company" and "making sure that we're interested in their goals," which suggests that leadership should be attentive to organizational needs and employee aspirations. Similarly, LA-P2 explained that "it's important for employees to know and understand that you appreciate and value their desire to grow and to move on." These reflections conveyed a shared belief that development efforts should not only meet current role requirements but also anticipate future career stages. The participating HR leaders positioned themselves as partners in growth by demonstrating a genuine interest in individual advancement, which in turn helped to sustain engagement and commitment across diverse roles.

The HR leaders also reported making tangible changes to internal policies and practices to facilitate advancement and improve skill development. LA-P5 described efforts to revise promotion policies while also "teaching them, giving them the skills, allowing them to learn the skills, tuition reimbursement, and all those kinds of things that are needed." These adjustments created mechanisms through which high-potential employees could access opportunities that previously may have been unavailable. LA-P5 emphasized the long-term benefits of this approach by reflecting on a former employee who "ended up getting a PhD... and coming to VP," crediting targeted development strategies for that trajectory. These insights reinforce the notion that leadership excellence encompasses removing structural barriers and facilitating equitable access to career advancement opportunities.

Flexibility and adaptability emerged as complementary leadership traits that helped create environments where employees could succeed. LA-P1 described making

efforts to be “more flexible with workers, so my workers do not get burned out,” highlighting the relationship between workload, autonomy, and retention. The participants frequently linked flexible leadership with employee satisfaction, suggesting that policies accommodating personal needs or preferences were not signs of weakness, but rather essential practices in modern leadership. LA-P4 explained that supporting work-life balance, such as acknowledging when “an employee has just had a baby,” was integral to employee well-being. LA-P3 extended this thinking by suggesting that flexibility was particularly important to younger employees who valued having choices in how and where they worked. By adapting expectations and structures to meet a wider range of employee needs, the participating leaders enhanced the psychological safety and organizational loyalty of their employees.

Another key element of leadership excellence was the effort to maintain regular, meaningful communication with employees. The participants explained that consistent dialogue was necessary for building trust, resolving problems, and keeping employees aligned with organizational objectives. LA-P4 spoke to the importance of routine check-ins, stating, “we’re going to meet weekly or we’re going to meet monthly and train on something new every time.” These structured engagements ensured that employees received timely feedback and development, while also fostering a sense of predictability. Similarly, LA-P5 observed that successful leaders needed to “communicate, test it out, show the benefit, understand the potential fear and show how this is not going to hurt them,” signaling the importance of transparency and support during periods of change. These statements emphasized the central role of interpersonal connection in leadership,

where the leader's viewed presence, listening, and responsiveness as important forms of strategic influence.

The hands-on approach described by many participants further illustrated how leadership behavior modeled organizational values. LA-P1 noted, "I would say I'm a hands-on person. So be hands-on with the employees, focus on engagement and communication with them." In this way, LA-P1 linked direct involvement with increased visibility and trust. Similarly, LA-P3 stressed the importance of authenticity, stating, "You have to engage with your employees. You have to be a human to them." These reflections suggest that technical expertise or hierarchical authority is insufficient for employee engagement and profitability; rather, effective leadership depends on relational competence and day-to-day presence. LA-P5 added that the role of HR leaders involved both business strategy and emotional labor, describing it as "a hand-holding, den mother type of position and a business, strategic business, all combined." This framing portrayed HR leadership as an active, multidimensional participation in the employee experience.

Finally, several leaders discussed how empowering employees involved recognizing potential even before it was fully realized. LA-P5 reflected on their approach by saying, "Let me help you get where you want to go... What kind of things do you want to do? All right, I'm going to help you do that," which underscored a commitment to coaching over control. The leaders framed development as skill-building and as belief-building, creating environments where employees were encouraged to express goals and take ownership of their progress. In some cases, the participants described deliberately assigning "next-level work" to high-potential employees as a way to test and stretch their

capacity. LA-P6 stated that “at any time, any point, any leader could be promoted… you really need to have your bench ready for those positions,” reflecting an intentional effort to cultivate internal pipelines for advancement. By focusing on both readiness and aspiration, leaders ensured that the organization remained resilient and adaptive, with a workforce capable of responding to new challenges.

Theme 1.2: Strategic HR Management for Business Alignment

The participants emphasized that aligning HR practices with long-term business goals was a central leadership priority. Recruitment practices emerged as a critical starting point, with multiple leaders highlighting the importance of hiring employees who are both technically capable and culturally compatible. LA-P3 explained, “We want to make sure that the talent that we bring in fits,” adding that it was equally important “that they think we fit with them.” This reciprocal approach to hiring reflected a shift away from transactional recruitment toward a strategic partnership between the organization and employee. LA-P5 underscored this approach by describing a meticulous hiring process, stating, “We will look and search however long that takes to find those individuals to make the right hires for the long term.” In this way, leaders framed hiring decisions as foundational investments that shaped both organizational culture and long-term performance.

Once talent was onboarded, the participants described a range of HR practices aimed at retaining employees and supporting organizational stability. Compensation and benefits were frequently cited as baseline requirements for maintaining workforce continuity. LA-P4 stated, “The compensation and the benefit package were most

important because you want to keep the employees there." However, retention was viewed as dependent on culture, clarity, and long-term planning in addition to monetary incentives. LA-P5 reflected on this perspective by saying that success came down to "blocking and tackling, identifying the right candidate and taking your time through that process," implying that sustained engagement began with intentional alignment from the outset. These insights suggested that strategic HR practices necessitated leaders to strike a balance between meeting immediate staffing needs and adopting future-oriented decision-making frameworks.

Beyond basic qualifications and technical skills, leaders are placing increasing emphasis on hiring individuals whose values, work ethic, and goals align with the organization's mission and culture. LA-P3 emphasized the dual importance of compatibility, stating, "We also want to make sure that the talent we bring in... think we fit with them." This reciprocal notion of fit frames recruitment as a company-driven vetting process and as a mutual evaluation aimed at long-term retention. LA-P5 explained that sustainable hiring practices required patience and precision, noting, "It really comes down to just blocking and tackling, identifying the right candidate and taking your time through that process." The participating HR leaders appeared to resist quick hiring decisions in favor of investing time and resources into identifying candidates whose commitment and mindset would support long-term alignment with the business's strategic goals. This approach also helped minimize future turnover and created a stronger foundation for employee development.

Forecasting the future of HR strategy emerged as a complex and often divisive theme across interviews. Several participants expressed uncertainty, while others articulated concrete expectations for change. LA-P5 reflected on the workforce's future state, remarking, "How the workforce looks in 2025 will look much differently in 2030," signaling anticipated demographic and cultural shifts that would affect workforce planning. LA-P4 emphasized regulatory preparedness, highlighting the need to "keep up to date on all the laws that are going to be coming down the pipe for the next 5 years." These predictions demonstrated an awareness that legal compliance, workplace flexibility, and generational expectations would become more salient over time. However, there were also voices of hesitation. LA-P3 stated, "I see the evolution. I don't necessarily agree with the evolution," revealing resistance to emerging trends that may conflict with existing values or practices. The varied responses indicate that while the trajectory of HR transformation is widely acknowledged, its acceptance and implementation will depend heavily on leadership philosophy and organizational readiness.

The participants also offered critiques of existing HR infrastructure, particularly when it lacked strategic depth. LA-P1 expressed frustration with reactive or superficial HR approaches, stating, "Honestly, I really don't think that we have any strategies. Our HR is really not hands-on with any of the employees, really." This sentiment was echoed in broader concerns about the disconnect between HR departments and the needs of frontline employees. The leaders described a need for HR to move beyond administrative functions and take a more proactive role in shaping performance, engagement, and

development outcomes. In this sense, the participants framed HR as a driver of organizational alignment and success rather than as a support function.

The participants described performance management strategies as essential mechanisms for linking individual contributions to organizational outcomes. While the participants acknowledged that formal reviews were often unpopular, they still valued structured feedback systems as tools for accountability and growth. LA-P4 remarked, “So part of my strategy was to make sure that they had quarterly reviews or at least a monthly check-in.” These comments demonstrate how performance systems were not only used to evaluate outcomes but also to strengthen engagement by reinforcing shared goals and fostering two-way communication between leaders and employees. LA-P3 explained their efforts to make performance conversations more relational, saying “I try to make them more conversational than me just telling them what they did, how they did, and what they did wrong.” The participants’ observations reflected a dual aim of holding employees accountable and promoting continuous improvement. LA-P2 reinforced this approach, stating that “if the outcome of our work is effective, in many cases, in most cases, it should be aligned with the organization’s mission in the first place.” This alignment was viewed as essential to maintaining organizational cohesion and employee clarity about their contributions.

The integration of technology into HR systems was another area the leaders cited as essential for business alignment. LA-P5 explained that they had “used technology, we’ve interjected technology to help us with all those things,” referring to tools used for performance tracking, workforce analytics, and employee engagement initiatives. While

the specifics of these technologies varied, participants framed digital tools as enablers of consistency, transparency, and strategic insight. In addition to facilitating real-time data collection, technology allowed leaders to centralize feedback, monitor trends, and link performance metrics to larger business outcomes. These technological interventions were not presented as stand-alone solutions, but rather as critical infrastructure supporting long-term HR strategy and operational efficiency.

Leaders also emphasized the importance of measuring HR effectiveness through both quantitative and qualitative means. LA-P5 described using a dual lens: “With the leadership being able to give them numbers and validate how we’re contributing for the number side... with the people side, how do I evaluate my effectiveness? When what they tell me.” This integrated evaluation strategy highlighted the complexity of assessing HR value. LA-P1 proposed a more tactical approach, suggesting the use of “quarterly or monthly surveys sent out to employees, analyzing the quality of feedback that we get from them.” Others, like LA-P4, referenced turnover ratios and 360-degree reviews as essential metrics for gauging impact. Collectively, these insights reveal a nuanced understanding that HR success should be tracked through organizational performance indicators in addition to measurements of employee voices and experiences.

Planning and structured onboarding also received significant attention as mechanisms for business continuity and culture retention. Several leaders described how clear timelines and training sequences contributed to a more organized and consistent employee experience. LA-P4 stated, “This is what we are going to train on for the first 60 days. So, when an employee comes on, you have a plan,” illustrating how deliberate

onboarding structures mitigated ambiguity and improved early-stage performance. LA-P5 expanded on this by highlighting the role of strategic planning in cultural transformation, stating, “It was a culture change, it was an elevation, and we were able to do that over a period of time.” These insights reflect a broader understanding that planning in HR is not limited to logistics. Instead, it serves as a blueprint for embedding values, setting expectations, and ensuring the organization remains agile in the face of growth or change. This proactive mindset aligned HR with the organization’s future direction, allowing the business to scale with intention.

Across participants, a common thread emerged that HR management should not be confined to administrative functions or reactive problem-solving. Instead, HR was consistently framed as a strategic mechanism for fostering alignment between individual performance and organizational priorities. Through deliberate hiring practices, future-oriented planning, performance management systems, and technology integration, leaders ensured that HR remained connected to long-term outcomes. While participants acknowledged ongoing challenges, including regulatory complexity, resistance to change, and workforce evolution, they also viewed HR strategy as an essential tool for ensuring continuity and responsiveness. As small and mid-sized organizations grow and adapt, leadership will continue to rely on HR to manage personnel and the workforce as a central driver of enterprise success.

Theme 1.3: Resource Optimization for Operational Excellence

The participants consistently emphasized the importance of leveraging technology to enhance operational efficiency, reduce redundancies, and improve employee

experiences. Several leaders described how digital systems transformed formerly manual processes and increased organizational agility. LA-P4 noted, “You can have your payroll in that system. You can put all of the employee demographics, all of their education,” illustrating how centralized platforms contribute to administrative coherence. Similarly, LA-P5 observed the benefits of migrating from analog to digital tools, stating, “Whether it’s performance appraisal... moving from paper to online to a system.” These examples demonstrate a trend across organizations toward digitization, particularly in HR management, where automation was seen as key to streamlining processes and reducing overhead. The leaders regarded these shifts as essential to sustaining operations and scaling systems with consistency.

Technology was also framed as a catalyst for flexibility, especially in the wake of the COVID-19 pandemic. The leaders recognized that post-pandemic operational models necessitated remote work capabilities and hybrid infrastructures. LA-P3 noted, “I think after COVID, it was mandatory that we have to streamline and have an option to work remotely,” linking digital capability directly to continuity. In parallel, leaders described how online training tools empowered employees to develop skills at their own pace. LA-P1 stated, “Positive being that you have access to online training and information that you can use all the time.” The same participant later added that “You can do self-paced training and development online.” These developments revealed a broader pattern in which technology enabled autonomy, widened access to professional development, and allowed for the continuity of operations during periods of disruption.

While the benefits of technology were widely acknowledged, several participants highlighted the ongoing challenge of integrating technology effectively. LA-P5 highlighted this tension, stating, “We’ve always had resistance and a lot of resistance,” while acknowledging that adoption was “scary to people.” LA-P2 added, “We still need that human factor, even though that’s the case,” reinforcing that digital solutions could not replace interpersonal dimensions of leadership and employee support. Some participants worried about the potential for technology to depersonalize communication and fragment relationships. LA-P3 expressed concern that “it’s going to just be a person that you are talking to and it’s going to be very, just non-personable,” indicating a fear that over-automation could lead to disengagement. These concerns reflect the delicate balance leaders must maintain between efficiency and empathy when implementing technological solutions.

Beyond technology, the participants discussed financial resource management as a central concern. Budget constraints were reported across organizations, particularly in small businesses and nonprofits. LA-P4 remarked, “It cost $3,800 just to bring on one employee,” referencing the high cost of turnover and recruitment. LA-P5 expanded on this, noting, “From a cost perspective... the organization may ask for 10%, 5%, what have you of the budget back because of cost-saving measures.” In this context, leaders described having to make difficult trade-offs, often seeking to streamline expenditures while maintaining operational quality. LA-P5 added, “They want to do it, but they can’t... they don’t have it,” referring to instances where employee or departmental aspirations were limited by fiscal realities. The ability to manage within financial limitations while

still investing in critical infrastructure was portrayed as a key indicator of leadership effectiveness.

In addition to financial concerns, leaders highlighted the operational pressures created by time and labor constraints. LA-P4 described the vulnerability of small teams, stating, “If somebody goes on vacation and you’re in a small business and you only have four employees, nobody knows how to do payroll, that person will never be able to go on vacation.” LA-P1 addressed the challenge of meeting employee needs without exceeding labor budgets, explaining the need to “find a way to get them overtime without crossing over labor too much.” These reflections underscore how limited human capital creates operational bottlenecks that leaders must navigate daily. Time was treated as both a resource and a constraint, particularly in organizations without redundancy or specialized support staff. As LA-P2 stated, “I think that when an employee feels that they can spend some designated amount of time in an area,” productivity and engagement tend to increase. However, such flexibility is not always feasible under tight schedules or staffing shortages, especially in small business settings.

The leaders also discussed how the size and structure of their organizations influenced their capacity to manage resources effectively. LA-P3 encouraged peers to “take advantage of your small business,” implying that agility and close-knit teams could compensate for resource scarcity. Yet several leaders acknowledged the structural limitations of small operations. LA-P4 explained, “There’s nowhere to go in HR, especially in nonprofit, because you’re one, one person HR team,” while LA-P5 added, “Small business is totally different than big corporate... [corporate] sometimes [has] more

funds to be able to do certain things." These comparisons illustrated the disparity in operational bandwidth between small and large enterprises. Leaders in resource-limited settings emphasized creativity, multitasking, and culture-building as ways to maximize available capacity without sacrificing effectiveness.

Finally, the leaders described ongoing efforts to address broader operational challenges through a combination of planning, adaptability, and workforce engagement. LA-P5 reflected on how the post-pandemic landscape had altered leadership norms, stating, "Everything has changed... the amount of face time is typically not how it was pre-pandemic. And so you really just leave from afar." LA-P2 emphasized the challenge of building trust within teams, suggesting that relational effort remained essential even amid digital transitions. LA-P4 noted, "Probably the biggest challenge is keeping the staff motivated," indicating that operational excellence depends not only on tools and structure, but also on sustained morale. Across the interviews, participants described a dual imperative: to improve systems and processes while remaining attentive to the human elements of the workplace. Leaders navigated this tension by developing flexible practices, investing in relevant technologies, and adapting to change without compromising core organizational values.

Ties Between Theme 1 and the Conceptual Framework

The findings presented in Theme 1 align closely with the core principles of RBV, particularly in the emphasis placed on workforce capabilities, leadership development, and the strategic utilization of internal resources (Azeem et al., 2021; Kafouros et al., 2022). Theme 1.1, which focused on leadership excellence for team empowerment,

illustrated how small businesses invest in human capital as a primary resource to sustain organizational effectiveness. Leaders described intentional strategies to build internal leadership pipelines, foster adaptability, and cultivate trust. Each of these actions reflects non-substitutable assets that contribute to firm differentiation (Bristol-Alagbariya et al., 2024). These efforts support RBV's position that competitive advantage arises not solely from market conditions but from a firm's ability to develop and manage rare and valuable internal resources (Kim et al., 2021). The leadership behaviors described in Theme 1.1 demonstrate how workforce empowerment functions as both a strategic imperative and a mechanism for reinforcing organizational resilience.

Theme 1.2 reinforces RBV's emphasis on resource heterogeneity by illustrating how small businesses create competitive distinction through strategic HR management (Alshwayat et al., 2021). Participants described how hiring practices, performance evaluation systems, and workforce planning were aligned with organizational priorities. These practices demonstrate how HR management can act as a key differentiator, particularly in firms without extensive financial capital (Jooss et al., 2023). By aligning HR strategies with specific organizational contexts and employee needs, leaders established knowledge assets and workplace cultures that were deeply embedded and resistant to imitation (Matei et al., 2024). The variation in approaches across businesses reflects RBV's concept of immobility, where internal systems are not easily transferable and therefore offer a sustained advantage. Leaders did not rely on standardized models but instead crafted strategies reflective of their unique operational environments and strategic goals.

Theme 1.3 addressed resource optimization for operational excellence and illustrated the integration of RBV with related perspectives such as dynamic capabilities and knowledge-based growth (Kroon & Paauwe, 2022; Wang et al., 2022). Participants discussed the application of technology, financial constraints, and staff limitations as part of a broader effort to maximize internal efficiency. These practices illustrate how small businesses can reconfigure and extend their resource base in response to shifting internal and external demands. Leaders emphasized the need to maintain operational effectiveness while managing cost pressures and technological transitions. This emphasis on adaptability highlights how firms use both knowledge and flexibility as strategic tools (Kim et al., 2021). The findings from Theme 1.3 align with the view that the capacity to manage and evolve resources over time is essential for sustaining long-term advantage.

Taken together, the subthemes within Theme 1 demonstrate how leadership, HR strategy, and operational decision-making intersect to reflect core RBV principles. Across interviews, participants revealed how they developed distinctive approaches that elevated internal resources into sources of sustained advantage. The findings affirm RBV's central claim that value, rarity, inimitability, and non-substitutability are not theoretical abstractions but observable outcomes of strategic practice (Azeem et al., 2021). Through leadership development, targeted HR planning, and deliberate resource management, small businesses can strengthen their competitive position by reinforcing the capacity of their internal systems. Theme 1, therefore, provides practical insight into how RBV constructs are activated in real-world decision-making and supports the framework's continued relevance in small business environments.

Connections Between Theme 1 and Academic Literature

Theme 1.1 on leadership excellence for team empowerment is broadly supported by existing literature emphasizing the role of leadership in shaping HR outcomes. Prior research has established that transformational and participative leadership approaches enhance employee engagement, performance, and retention, particularly in small businesses that rely on strong interpersonal relationships and trust-building (Lasrado & Kassem, 2021; Wang et al., 2022). The findings of this study affirm these conclusions but also contribute new insights by illustrating how leaders in small service-sector firms intentionally develop internal leadership pipelines through mentoring and individualized support. This emphasis on leadership continuity within constrained staffing environments has received limited empirical attention in prior studies. Additionally, the findings underscore how leadership behaviors in small firms extend beyond engagement to serve as a primary mechanism for shaping informal HR structures. This connection reinforces but also expands the conclusions of earlier studies on servant leadership and talent development in small organizational contexts.

Theme 1.2 confirmed existing knowledge regarding the challenges small business leaders face in implementing structured HRM systems. Scholars have identified resource scarcity, limited HR expertise, and high turnover as persistent barriers to formalizing HR practices in small firms (Kindström et al., 2024; Quansah & Hartz, 2021). This study reinforces those findings by illustrating how leaders adopt adaptive HR strategies under conditions of financial and operational constraint. However, the findings offer a meaningful contribution by demonstrating that small business leaders are not uniformly

informal in their approaches. Instead, they selectively integrate formal HR practices such as structured onboarding, regular performance evaluations, and succession planning, even when no formal HR department exists. This selective formalization suggests a hybrid HRM model that combines flexibility with consistency, a concept supported by Martinez-Sanchez and Vicente-Oliva (2023), and is expanded here through detailed empirical evidence. Moreover, participants in this study viewed HR not only as a support function but as a vehicle for business alignment, underscoring its strategic role in small firms operating without traditional HR infrastructure.

Theme 1.3 built on literature exploring the intersection of technology, resource constraints, and operational challenges in small business environments. Prior research has recognized the role of digital HR platforms in streamlining administrative processes and improving workforce analytics, yet many small businesses face adoption barriers due to financial or technical limitations (Romero & Abad, 2022; Zhang & Chen, 2024). This study corroborates these findings while providing additional clarity on the emotional and organizational resistance to technology adoption. While past literature has focused primarily on cost and capability, the participants in this study described concerns about depersonalization, trust, and cultural fit when implementing digital tools. This adds nuance to the conversation by acknowledging the socio-relational factors that influence technology integration. Furthermore, the study contributes novel insights regarding how leaders in small businesses view operational resource management as interconnected with leadership behaviors and employee adaptability. These findings demonstrate that operational excellence in resource-limited settings depends on leadership’s ability to

integrate systems, align processes, and promote resilience through personalized strategies.

Across the three subthemes, this study expands on existing literature by situating leadership and HR decision-making within the unique context of Midwestern service-sector small businesses. Prior studies have often treated small businesses as a homogeneous category without accounting for regional variation in labor markets, workforce demographics, and regulatory environments (Matei et al., 2024; Murphy, 2025). This study addresses that gap by documenting how Midwestern leaders respond to challenges such as rural labor shortages, economic volatility, and cultural expectations. These contextual insights contribute a regional lens to the broader literature on HR strategy and leadership effectiveness in small firms. Additionally, while much of the existing literature frames HR as a support mechanism, this study demonstrates how HR is perceived and utilized as a strategic driver of performance, adaptability, and competitive positioning in small businesses that lack the formal structures found in larger organizations. This shift from operational to strategic thinking within small business HR contexts represents an important contribution to the scholarly conversation.

Theme 2: Creating Exceptional Employee Experiences

The participants emphasized that cultivating exceptional employee experiences was critical for attracting, retaining, and motivating talent in small business environments. The leaders described intentional efforts to design workplace conditions that foster employee satisfaction, long-term commitment, and organizational loyalty. These efforts extended beyond transactional management and reflected a strategic focus

on creating environments where individuals feel supported, valued, and invested in. Many leaders viewed employee experience as a foundational component of organizational effectiveness, recognizing that the quality of daily work interactions shapes employee engagement, team cohesion, and overall business performance.

Theme 2 encompasses three areas of focus that reflect how leaders approached the task of building and sustaining a high-quality employee experience. First, the participants discussed the importance of maintaining employee motivation and alignment with organizational goals through consistent engagement efforts and effective retention strategies. They also emphasized the importance of recognition and advancement opportunities in promoting employee development and encouraging long-term career growth within the organization. The participants also described their efforts to create inclusive and supportive cultures that prioritize employee well-being, reduce burnout, and foster a sense of belonging among employees. Together, these approaches demonstrate how small business leaders seek to cultivate environments that support both individual and collective success, reinforcing employee experience as a strategic priority that contributes to organizational stability and resilience.

Theme 2.1: Employee Engagement for Sustained Motivation

The leaders consistently identified employee engagement as essential to organizational sustainability and workforce stability. The participants described engagement as an active and intentional process involving consistent communication, trust-building, and recognition. Several leaders expressed concern about the absence of structured approaches to engagement within their organizations. LA-P1 stated, “Nor do I

feel like they really try to attract or motivate us to stay with the company long term," indicating that a lack of deliberate engagement efforts may contribute to attrition. In contrast, many leaders implemented informal recognition practices as one way to address this gap. For example, LA-P1 also shared, "With employee motivation and engagement, typically we'll just try to give them recognition publicly," suggesting that acknowledgment played a central role in maintaining morale even in the absence of formal programs. These reflections highlight the importance of consistent engagement strategies, particularly in small businesses where leadership visibility plays a crucial role in shaping the workplace culture.

Several participants emphasized that engagement begins with communication and interpersonal connection. Leaders described regular interaction, open dialogue, and active listening as strategies for strengthening workplace relationships. LA-P2 explained, "You know, it's important to connect, it's important to listen," framing engagement as a leader-driven behavior rooted in attentiveness and responsiveness. This sentiment was reinforced by LA-P5, who noted, "In employee engagement, you ask them, you communicate with them, you listen to them," and further added, "I try to create an environment where people feel heard." These statements illustrate how communication practices influence employees' perception of leadership care and commitment. Although engagement efforts did not always result in immediate agreement, LA-P5 stated, "They might not always agree, but they've always known that I've heard them and that I care about the overall," indicating that being heard, rather than being appeased, was

foundational to employee satisfaction. Collectively, these responses highlight that authentic listening and mutual respect were key components of sustained motivation.

Employee engagement was also linked to growth opportunities and early developmental conversations. The leaders stressed the importance of involving employees in discussions about their professional goals from the outset of the employment relationship. LA-P2 shared, “I think that small businesses should value or could value finding, taking the opportunity to engage with employees at the onset about what development they’re really looking for.” This perspective was echoed by LA-P3, who described part of their strategy as “giving them opportunities to grow in the company.” The leaders framed these development-oriented conversations as essential for retaining motivation and aligning expectations. As LA-P3 emphasized, “You have to engage with your employees,” adding that disengagement becomes likely if leaders fail to do so: “They’re not going to want to engage with you.” These insights suggest that employee motivation is strengthened when leaders demonstrate early and sustained interest in individual development, reinforcing the broader role of engagement in retention planning.

The participating leaders also acknowledged the need to integrate inclusive practices and cultural awareness into engagement strategies. LA-P4 explained that organizations must ensure “a diversity, equity, and inclusion plan in place before you do anything to make sure that the employees stay motivated,” positioning inclusion as a precondition to effective engagement. Feedback systems were described as another crucial tool for maintaining employee connection and identifying emerging concerns.

According to LA-P4, “Making sure that you get employee feedback if something’s going on” was not optional, but necessary for gauging the overall workplace climate. Several participants pointed to informal gestures as meaningful engagement tools. LA-P5 shared, “A thank you goes a long way,” and described how appreciation and recognition during team calls contributed to a culture of responsiveness. LA-P6 reiterated this idea by stating, “When they’re having the face time, when they’re feeling appreciated and valued and they know when they provide us with intel, we’re going to take quick action with it,” explaining that this created a culture of shared accountability. These interactions helped build momentum and motivation, which LA-P6 described as “a synergy... that is great and allows us to drive sales engagements just because our team feels empowered.” Such reflections demonstrate that even informal engagement strategies can contribute to both relational cohesion and operational success.

In addition to engagement practices, the leaders highlighted the direct connection between employee motivation and retention. Several participants noted that flexible work environments and supportive relationships were critical to retaining high-quality employees. LA-P1 discussed the use of performance-based incentives, stating, “Offering performance-based bonuses, trying to work with them, being flexible” was part of their strategy. Others linked retention to recognition of employee aspirations. LA-P2 explained, “It’s important for employees to know and understand that you appreciate and value their desire to grow and to move on,” reinforcing that respect for mobility and future growth can serve as a form of motivation. LA-P2 added, “Retaining is making certain that you’re providing what they need to be able to move on and to be able to

grow," suggesting that retention does not require stagnation but rather thoughtful succession planning. This perspective was captured in LA-P2's observation that "going into it with that mindset in the beginning" builds mutual trust. These statements indicate that leaders who invest in understanding and supporting employee career trajectories are better equipped to retain skilled personnel over time.

Other participants noted external pressures affecting retention and engagement. LA-P3 observed, "The workforce is very competitive," and acknowledged challenges in keeping employees who had access to more attractive opportunities. As a response, LA-P3 described efforts "to find ways for them to excel in the company and retain those employees." Compensation and benefits were also discussed as necessary but not sufficient. LA-P4 stated, "The compensation and the benefit package was most important because you want to keep the employees there," but later added, "The benefits can actually help retain an employee more so than the compensation," suggesting that retention depends on a broader set of supports beyond base pay. Some leaders emphasized the relational aspect of motivation and loyalty. LA-P5 asserted, "Most people leave because of the people, not because of the money," and elaborated that "the relationship keeps them more than just the money and the benefits, to be honest." These reflections underscore the pivotal role of workplace relationships and culture in fostering employee motivation, particularly in small business environments.

The leaders also discussed the use of strategic frameworks to assess engagement and talent development needs. Several referenced the use of tools to categorize and support employees based on their career stage and potential. LA-P5 noted that the "nine

box strategy is always great for tenured associates, mid-range associates, [and] new associates," as it allows leaders to differentiate support strategies according to developmental readiness. This framework was not limited to evaluation but was also used for planning. As LA-P5 explained, "You're always looking to have your bench ready," suggesting that engagement and retention strategies were oriented toward organizational continuity. LA-P6 confirmed this perspective, reiterating the use of talent identification systems to ensure that high-potential employees remained engaged and positioned for advancement. These practices reflect a strategic orientation to engagement that links employee motivation to leadership development, succession planning, and workforce stability.

Theme 2.2: Recognition and Growth for Career Development

The participants consistently emphasized that employee recognition and career growth were essential to sustaining motivation, loyalty, and performance in small business environments. Leaders described a range of strategies aimed at acknowledging employee contributions, personalizing recognition efforts, and creating opportunities for advancement. LA-P1 explained, "Typically, we'll just try to give them recognition publicly," and added, "If you can, announce them to other workers, rewarding them with gift cards, again, bonuses, or any kind of incentive that I can give them." Recognition was viewed as an active reinforcement of value, visibility, and trust. LA-P2 echoed this sentiment, stating, "My strategy always included the work toward recognizing the work that the employees contributed and really helping to make them feel valued." Several participants discussed the positive behavioral impact of these practices, with LA-P2

emphasizing, “That builds a lot of confidence among the group and it really allows us to grow.” While the tactics varied, many leaders expressed a strong belief in the cumulative value of consistently acknowledging and valuing employee effort.

Recognition practices were often tailored to employee preferences and closely linked to motivation. LA-P4 reflected, “Some people are motivated by public recognition,” while LA-P5 explained, “So we’re always thanking the team for what they’re doing,” and “When they’re having the face time, when they’re feeling appreciated and valued.” These actions were perceived to enhance team cohesion and operational outcomes. LA-P6 described a similar approach, noting, “So we’re always thanking the team for what they’re doing,” and “Some that want to be all stars in their roles… value their opinions.” Recognition, in this view, was not performative but functional. Participants repeatedly returned to the idea that motivation was fostered through environments where employees felt seen, heard, and trusted. LA-P2 underscored this approach, sharing, “I really like highlighting success,” and framed it as a confidence-building tactic. By reinforcing what employees were doing well, leaders signaled those individual contributions mattered, helping to maintain morale and performance standards.

The connection between recognition and long-term development was emphasized across multiple interviews. The participants spoke about recognition not as an isolated act but as part of a broader leadership strategy to nurture employee potential. LA-P5 noted, “When people see me that I’ve taught or that I’ve worked with and they, they fondly remember me,” using personal legacy as a metric of leadership effectiveness. This relational framing of recognition emphasized the importance of employee memory and

emotional resonance. LA-P1 emphasized immediacy and visibility, stating, “Let them know that we appreciate their hard work helping out with the company and that it doesn’t go unnoticed.” Recognition strategies, in this view, were embedded in day-to-day operations, shaping how leaders interacted with teams, how teams viewed themselves, and how performance expectations were internalized.

Motivation was also framed as a function of psychological safety and inclusive leadership. Several participants rejected the notion that motivation could be imposed externally, focusing instead on the conditions that allowed motivation to emerge organically. LA-P5 commented, “Motivation? I can’t motivate anybody. I can create an environment where people can motivate themselves.” This perspective was echoed by others who viewed their role as shaping environments where employees had autonomy, felt heard, and experienced growth. LA-P3 described the importance of building personal connections: “I think it puts a lot of people at ease when you want to learn about who they are personally.” LA-P2 offered a complementary view, emphasizing, “When they know someone cares, when they know that they won’t be penalized for making a mistake… they create an opportunity.” Participants identified emotional support, flexibility, and recognition as interdependent components of effective motivational ecosystems.

The data also illustrated how small business leaders approached motivational diversity. LA-P4 observed, “Everybody has a different form of motivation… some people are motivated by money, some people are motivated by encouragement.” This recognition of employee individuality informed personalized leadership approaches, such

as public recognition for those who preferred visibility and more subtle affirmations for others. LA-P4 expanded, “You want to motivate and empower them to know that I can leave something in my inbox and it’ll still be there tomorrow,” pointing to trust as a motivational mechanism. LA-P5 added, “So how do I incorporate engagement and motivation? I try to create an environment where people feel heard,” and noted, “It creates a synergy that is great and it allows us to drive sales engagements just because our team feels empowered.” These statements collectively emphasized that motivation was sustained through alignment between leadership behavior, organizational culture, and the needs of individual employees.

The participants linked motivation and recognition to broader organizational outcomes, such as productivity, customer engagement, and leadership development. LA-P6 articulated this by stating, “It creates a synergy… that allows us to drive sales engagements just because our team feels empowered.” By connecting recognition to tangible business metrics, leaders underscored its role as a strategic lever rather than an optional benefit. Recognition, when tied to growth, operated as both a short-term motivator and a long-term investment in workforce stability. LA-P3 highlighted this interplay, stating, “They’re able to be an individual by still working with a team,” reinforcing the view that autonomy and alignment were not mutually exclusive. The collective data portray recognition and career growth as integral to organizational health, rooted in interpersonal leadership, adapted to individual motivations, and directed toward long-term workforce development.

Theme 2.3: Inclusion and Well-Being in the Workplace

The leaders described inclusive workplace practices as essential to organizational culture, employee satisfaction, and overall business success. Across participants, inclusion was framed as both a mindset and a strategic necessity. LA-P1 emphasized the importance of visibility and support in the workplace, stating that leaders must "make sure everyone feels included and that they have the support that they need behind them." This principle of inclusion was echoed by LA-P2, who emphasized that leaders should be "really helping to make them feel valued" and involve employees in shaping workplace norms. LA-P2 elaborated that "allowing employees to weigh in on policies and practices in the workplace that are working is really important," suggesting that inclusion requires responsiveness and shared governance. LA-P5 reinforced this position, asserting that "what remains is that we're dealing with people and they need to feel valued, they need to feel heard, and we need to do something with that." This framing indicates that inclusive leadership is not solely symbolic but operational, requiring structures that ensure psychological safety and reciprocal trust.

Diversity and inclusion efforts were discussed as ongoing processes requiring intentional effort. LA-P3 described this effort as "learning the individual with diversity and inclusion," while LA-P4 asserted that a "diversity, equity, and inclusion plan" must be implemented from the outset of any employee engagement strategy. This focus on formal planning was reinforced when LA-P4 stated, "you want to make sure that there is a diversity, equity and inclusion plan in place before you do anything." LA-P5 suggested that building diverse teams also required internal education, explaining that leaders must

first “show them… the problems… what the numbers show us and how we can be better with diversity.” Participants emphasized that diversity must encompass varied perspectives and backgrounds. LA-P5 explained that meaningful inclusion includes “looking at hiring of women, you’re looking at hiring a BIPOC,” and LA-P3 referenced cultural learning through “things like International Food Day where we learn about their culture, we learn about their families.” These strategies reflect a broad, cultural understanding of inclusion as it intersects with employee experience and engagement.

In addition to strategic planning, participants linked inclusion with shared decision-making and transparency. LA-P5 noted, “I would say from within our industry, I think everyone has a voice,” and LA-P6 repeated this view verbatim, reinforcing the perception that inclusion requires space for individual expression. LA-P5 added, “so that they can feel their voice is going up the ladder,” indicating that inclusive systems must facilitate upward communication. LA-P2 highlighted the importance of relevance and adaptability, noting that “policies and procedures… could easily become out of date.” LA-P3 emphasized maintaining individuality in team environments: “they’re able to be an individual by still working with a team,” a point that underscores the tension between cohesion and authenticity that inclusive leaders must manage. LA-P4 further explained, “you want to have diversity in your thinking process, in your team building,” reinforcing the belief that inclusion strengthens problem-solving and group performance.

The participants also consistently linked inclusivity to employee well-being and motivation. LA-P1 emphasized the goal of “helping to create a work life balance,” while LA-P4 stated, “you want to make sure that they have their work-life balance,” and that

employees should “leave and go home and not worry about what’s going on.” These perspectives reflect a recognition that inclusion must accommodate employee needs holistically, extending beyond representational diversity to encompass flexibility, mental health, and sustainability. LA-P3 noted that employees “like to work remote,” or “go… to the beach and work,” illustrating how modern expectations about work environments have shifted, requiring adaptable leadership approaches. According to LA-P5, leaders must understand “the importance of diversity and how to get them to see that it’s just human nature to hire people that are just like you,” suggesting that inclusion requires deliberate interruption of biased defaults.

Many participants also associated inclusive leadership with employee empowerment and trust. LA-P2 described how leaders should be “helping them understand me as the manager that I really have their best interest at heart.” This sentiment was supported by LA-P5, who stated, “If you want their best, you need to make them feel valued.” LA-P2 emphasized the role of team cohesion: “building trust among the group… so we as a team can overcome the roadblocks.” Trust was presented as a key mediator of workplace harmony. LA-P2 explained that “trust can really be our best friend in overcoming any challenges,” and “when they know someone cares that they won’t be penalized for making a mistake,” employees are more likely to stay engaged and resilient. LA-P3 added, “it’s a very intimate setting,” suggesting that the smaller scale of many small businesses creates opportunities for personalized and relational leadership. This point was expanded by LA-P5, who stated, “so my strategy is to make sure that everyone

feels comfortable with me," indicating that inclusive leadership is grounded in intentional relationship-building and consistent communication.

Across interviews, several participants underscored the correlation between inclusive practices and organizational performance. LA-P5 asserted that "there's always a direct correlation to sales increase when there's a diverse audience in your group," linking diversity to tangible business outcomes. LA-P1 explained that because of their leadership style, "most of the people that work behind me typically perform more efficiently than others and are confident with what they're doing." This quote supports the view that employees who feel included and supported are more productive and autonomous. LA-P4 expressed the importance of "a culture of respect and collaboration," which was echoed by LA-P5, who described how "when they're having the face time, when they're feeling appreciated and valued," the workplace becomes more cohesive. LA-P3 described inclusive environments as comfortable: "A small business to me is preferred because it has that setting where you know everybody and you're comfortable with everybody, even leadership." LA-P5 similarly emphasized listening and openness, stating, "I try to create an environment where people feel heard." These insights suggest that inclusion and well-being are closely intertwined, and that fostering one enhances the other.

Connections Between Theme 2 and the Conceptual Framework

Employee engagement and motivation emerged as strategically valuable resources within the framework of the RBV. The participants described practices such as active listening, recognition, and responsiveness to employee feedback, which contribute to a

culture where individuals feel connected to organizational goals. These practices enhance workforce commitment and reduce turnover, aligning with the RBV construct of value by directly contributing to improved business performance and employee retention (Saleh & Atan, 2021). Engagement strategies that encourage participation and foster autonomy are not only valuable but also rare in small business environments where formal HR structures are often lacking (Kindström et al., 2024). In such firms, consistent and strategic engagement becomes a distinguishing factor.

The participant's insights revealed that engagement strategies are often tailored to individual employee needs, suggesting a level of inimitability. Practices rooted in authentic communication, responsiveness, and mutual respect are difficult for competitors to replicate because they rely on internal culture, leadership style, and institutional trust, which evolve (Matei et al., 2024). This uniqueness aligns with RBV's emphasis on inimitable resources as drivers of competitive advantage. Finally, the subtheme supports non-substitutability because no external systems or standardized processes can replace the depth of engagement created through interpersonal leadership behaviors. Employee engagement built on personal investment and strategic alignment cannot be replaced by purely transactional rewards or third-party platforms, underscoring its strategic importance (Vuong & Nguyen, 2022). Such engagement practices highlight the critical role of leadership authenticity and organizational culture in sustaining long-term employee commitment and business success.

Recognition and career development initiatives described by participants align strongly with the RBV construct of value. These strategies foster motivation, increase

retention, and enhance long-term productivity, all of which are central to organizational effectiveness. When leaders invest in recognizing performance and offering pathways for career advancement, they increase employee commitment and promote internal talent development, which is particularly valuable in small business settings (Langer & König, 2023). Such investments reduce the need for costly external recruitment and build internal resilience. These efforts are not universally adopted in small businesses, which makes them rare and potentially differentiating. As many small firms lack formalized HR systems, structured development programs represent a unique advantage (Frögéli et al., 2023). Their presence signals a strategic investment in human capital that can strengthen long-term organizational capacity.

The inimitability of these strategies arises from the embedded nature of professional development within the culture and daily operations of the organization. Tailoring growth opportunities to individual strengths and goals requires nuanced understanding that is cultivated over time through trust and internal knowledge. Competitors may imitate the form of recognition programs, but they cannot easily replicate the organizational culture that gives these practices their effectiveness (Gibson et al., 2021). Similarly, recognition embedded within relationships, rather than impersonal systems, becomes a resource that cannot be substituted. No software or external consultant can replace the impact of a leader who cultivates internal mentorship and values-based feedback. These conditions reinforce the RBV construct of non-substitutability and support the idea that recognition and career development are key contributors to sustained competitive advantage in small firms (Jooss et al., 2023). Such

deeply embedded practices reflect strategic intent and organizational maturity, positioning them as critical assets in long-term talent retention and firm differentiation.

Practices that promote inclusion, psychological safety, and well-being reflect valuable HR capabilities under RBV. Inclusive leadership, attention to work-life balance, and a culture of belonging contribute to higher employee satisfaction, reduced burnout, and greater collaboration. These outcomes support organizational performance and stability, fulfilling the RBV requirement of value (Arora & Patro, 2021). Participant insights emphasized the significance of voice, representation, and individualized support, which are especially rare in small businesses where formal inclusion frameworks are often missing. As such, these inclusive practices can serve as rare resources that enhance organizational differentiation (AbouAssi et al., 2021). By embedding these practices into daily operations and leadership behavior, small businesses create internal environments that are not easily replicated, thereby strengthening their long-term competitive positioning

The inimitability of these practices lies in their dependence on internal culture, leadership behavior, and trust. Building a genuinely inclusive and supportive environment requires long-term investment in values, interpersonal relationships, and behavioral modeling that cannot be easily mimicked by external actors or competitors (Ortiz-Gómez et al., 2022). Unlike standardized policies, inclusion and well-being rely on deep-rooted social systems and a consistent demonstration of care, empathy, and respect. This makes the construct of inimitability particularly relevant to this subtheme. Moreover, these practices are non-substitutable because no external intervention or

generic workplace policy can replace the impact of a culturally embedded, inclusive work environment. Leaders who cultivate belonging through authentic relationships and consistent support create a workforce advantage that is not transferable or replaceable (Bristol-Alagbariya et al., 2024). Leadership practices grounded in trust and interpersonal connection generate an internal culture that competitors cannot easily duplicate, reinforcing the strategic value of employee engagement as a firm-specific asset.

Connections Between Theme 2 and the Academic Literature

The findings within Theme 2 reaffirm existing scholarship that emphasizes the strategic role of employee engagement in sustaining motivation, enhancing productivity, and reducing turnover. Prior studies have shown that high levels of engagement contribute to improved organizational commitment, particularly in small business environments where formal HR systems may be limited (Jooss et al., 2023; Vuong & Nguyen, 2022). Similarly, Jiang et al. (2023) noted that sustained engagement requires interpersonal trust, meaningful communication, and a supportive workplace climate. Participants in the current study echoed these themes, consistently describing engagement as a leadership-driven, relational process that helps foster empowerment, clarity, and motivation. The leaders' emphasis on listening, providing feedback, and involving employees in goal alignment mirrors findings in the broader HRM literature on participatory leadership and employee-centered strategies.

This study offers a distinctive contribution by demonstrating how engagement is operationalized through real-time interpersonal interactions rather than codified systems. Unlike much of the literature, which focuses on engagement frameworks and metrics, the

current data reveal that small business leaders rely on visibility, relational consistency, and individualized attention to generate engagement outcomes. This relational dimension adds to current theory by demonstrating how engagement is not merely a system to be implemented but a practice shaped by leaders' daily presence and responsiveness. The study also introduces the idea that engagement can become a form of retention insurance when employees perceive leadership as responsive and invested in their development. In doing so, this work expands the conversation beyond engagement strategy design to include its execution through leader-employee interaction.

The importance of recognition and structured development pathways for employee satisfaction and retention is well-supported in existing literature. Researchers have found that formalized recognition programs and career advancement opportunities can strengthen loyalty, increase motivation, and reduce voluntary turnover (Langer & König, 2023; Vu & Nwachukwu, 2021). The present study confirms this perspective, as participants consistently described recognition and career growth as core elements of workforce strategy. Recognition was presented not as an optional initiative but as a foundational practice that reinforces employees' sense of value and contribution. Participants also emphasized the importance of offering development opportunities that align with individual aspirations and support broader organizational goals.

In contrast to existing scholarship that often emphasizes structured programs, your study reveals that recognition and growth strategies in small businesses are primarily informal, leader-driven, and deeply personalized. This suggests that formal structures are not always a prerequisite for career development; rather, consistency and

sincerity in leader behavior can foster similar outcomes. The data also show that recognition functions as a continuous dialogue between leadership and employees, which departs from the common portrayal of recognition as a discrete event or program. This insight contributes to HRM literature by demonstrating how relational forms of recognition can serve as a substitute for formal incentives in resource-constrained settings. Additionally, your study highlights how growth is conceptualized not only as vertical progression but as a form of professional validation, where learning and contribution are viewed as reciprocal investments between leaders and employees.

The findings on inclusion and well-being are consistent with a growing body of literature that underscores the critical importance of psychological safety, diversity, and organizational support for employee retention and performance. Scholars have argued that inclusive practices and well-being initiatives are crucial for fostering employee loyalty and enhancing productivity, particularly in environments characterized by high interpersonal interdependence (Hauff et al., 2022; Kandukuri, 2023). Your participants reinforced these claims by linking inclusivity with employee voice, engagement, and a shared sense of belonging. Participants described specific efforts, such as inclusive decision-making processes, cultural appreciation activities, and leadership behaviors that foster openness and transparency. These strategies align with academic perspectives that position inclusion as both a structural and cultural imperative within effective HRM.

The contribution of this study lies in its articulation of inclusion and well-being as interdependent constructs operationalized through everyday leadership behavior. While much of the extant literature frames employee well-being as a programmatic intervention,

such as access to mental health services or flexible work policies, this study demonstrates that employees often experience well-being through relational leadership practices, including individualized support, consistency, and empathy. This emphasis on behavioral inclusion offers a critical extension to existing HRM theory, highlighting the disproportionate influence of leader conduct in small business settings where formal infrastructure may be limited. Moreover, the study contributes to the literature by illustrating how small business leaders conceptualize diversity not merely as a compliance requirement but as a strategic resource that enhances innovation, morale, and customer responsiveness. In reframing inclusion and well-being as relational and embedded practices, the findings underscore their function as operational levers that support both workforce stability and competitive differentiation.

Theme 3: Establishing Effective Communication and Performance Systems

Theme 3 addresses how small business leaders establish internal systems of communication and performance management to improve organizational efficiency, employee alignment, and overall business outcomes. This theme captures how leaders implement structured processes that foster clarity, accountability, and continuous learning. Theme 3.1 examines how training and development initiatives are utilized to enhance employee capabilities and organizational knowledge through formal and informal instructional programs. Theme 3.2 explores the design and implementation of communication systems that facilitate feedback, recognition, and transparency in decision-making processes. Theme 3.3 focuses on establishing performance standards and evaluation mechanisms that ensure service consistency, support quality assurance,

and enable continuous improvement. Collectively, these subthemes demonstrate how strategic investments in communication and performance infrastructures help small business leaders build operational resilience and support a high-performing workforce.

Theme 3.1: Training and Skill Development

The participants consistently described training and development as essential strategies for cultivating workforce capabilities and advancing organizational goals. LA-P1 emphasized that training initiatives should not only address technical competencies but also contribute to employee confidence and comfort, explaining, “The employee training development is more so making sure everyone feels comfortable in the role that they have.” LA-P1 also expressed a broader concern that small businesses should “offer more training programs, mentorship coaching, and any type of leadership development,” signaling a perceived gap in current practices. For this participant, learning and development efforts were tightly linked to leadership style and operational stability, where structured support mechanisms had the potential to improve employee experience and long-term retention. Similarly, LA-P2 viewed development as both a recognition of individual ambition and a practical necessity, stating, “It’s important for employees to know and understand that you appreciate and value their desire to grow and to move on.” This approach emphasized proactive engagement, suggesting that organizations should “value finding, taking the opportunity to engage with employees at the onset about what development they’re really looking for,” reflecting an effort to personalize training strategies rather than apply uniform models.

Several participants emphasized the strategic design of development programs as an organizational investment. LA-P3 underscored the need for consistency, describing training as something that "has to be continued" and noting that "you have to have continued training in whatever discipline that you're in." This approach framed development not as a one-time onboarding process but as an embedded leadership function. LA-P4 provided an extensive description of how training was operationalized within a small business environment. They recounted hiring a dedicated training professional and designing a structured schedule: "We implemented a training department for each region," and "this is what we are going to train on for the first 60 days. This is what we're going to train on for the next 60 days." The participant also highlighted the importance of system-specific training and access to core knowledge, explaining, "You want to train them on your systems." These measures signaled a systematic, regionalized approach to developing organizational knowledge and reducing performance variability. In their view, the absence of training was unacceptable: "You can't not train someone to do their job."

The emphasis on training as a strategic leadership responsibility was further reinforced by LA-P5, who distinguished skill-based and interpersonal development. This participant recalled participating in long-term training programs focused on both functional expertise and communication: "Training, that's also training and development in addition to how to communicate, training programs around that, how to handle conflict." They explained that "it's critical. It's my focus each and every day," positioning training not as an auxiliary function but as a cornerstone of their leadership

model. To support their teams, they ensured that “any and all tools” were readily accessible and designed training around next-level analytical work: “You’re training them on various accounts. You’re training them on various analytical techniques that we use to derive some of our sell sheet data.” This dual emphasis on accessibility and complexity positioned training as both an equity tool and a lever for high performance. LA-P6 mirrored this stance, stating, “It’s critical. It’s my focus each and every day,” and emphasizing that training initiatives should elevate high-potential employees by equipping them with advanced tools and project exposure. For this participant, training was not limited to rote instruction but included responsibilities such as applying “various analytical techniques” relevant to the business.

Across participants, training and development were framed as essential practices for enabling operational resilience, building internal leadership pipelines, and sustaining competitive capacity. These leaders treated training as an organizational investment rather than an optional benefit, deploying structured programs, region-specific designs, and continuous feedback mechanisms to ensure knowledge transfer and performance alignment. Whether by hiring dedicated trainers, scheduling structured onboarding programs, or offering analytical skills training, participants described a shared imperative: to build a confident, capable workforce through intentional and sustained development strategies. In this way, training was not viewed as an isolated HR task but as a foundational mechanism for organizational learning and employee advancement.

Theme 3.2: Communication Excellence for Organizational Transparency

Participants described transparent communication as fundamental to leadership practice and organizational culture, particularly in the context of feedback systems and open dialogue. LA-P1 emphasized the role of feedback mechanisms in enhancing mutual understanding, noting the importance of "analyzing the quality of feedback that we get from them" and encouraging leaders to request clarifications to ensure accurate representation of employee perspectives. Similarly, LA-P2 explained that "feedback goes both ways," adding that she valued opportunities for feedback from employees as well as opportunities for self-reflection: "mainly it always gave me an opportunity not just to check myself." This bidirectional communication was echoed by LA-P3, who expressed that she wanted her team to feel empowered to critique her leadership: "I also want them to give me feedback on me and how they feel, are they comfortable in the environment." These perspectives collectively indicate a consistent preference for feedback loops that include both upward and downward channels, reinforcing psychological safety and a culture of accountability.

Several participants highlighted the structural features of feedback systems that facilitated transparency across organizational levels. LA-P4 referenced the 360-degree review model, describing it as a mechanism through which "an employee can be a same-level co-worker, the boss of, you know, it's just a whole bunch of different input from different employees on that supervisor." She contrasted this with more traditional approaches where "the manager always does the reviews on the employees," pointing out that such one-sided evaluations are common but do not promote managerial growth. LA-

P5 underscored the operational complexity of acting on feedback, explaining that “you can’t listen if you don’t let them know what you’re doing with what they’re telling,” and emphasized the importance of following up: “they can at least feel that they were heard. And here’s why I’m not doing it.” For her, leadership effectiveness was measured through responsiveness: “it’s getting the feedback and utilizing that feedback amongst the leadership team to help make us better.” She noted that information from “exit meetings” and real-time team interactions could be leveraged to identify patterns and adapt practices accordingly. LA-P5’s emphasis on prompt action reflected a broader commitment to transparency and continuous adaptation, which she viewed as leadership obligations.

Open communication was a central theme in participant responses, particularly as it related to building trust and ensuring accessibility. LA-P1 described her practice of hosting “open questions and answers that they can have with people in higher leadership,” which she believed helped employees feel more comfortable engaging with those in authority. LA-P2 reinforced this emphasis on presence and connection, stating, “it’s important to connect, it’s important to listen,” and noting that “being open-minded to that can really help foster loyalty from your employees.” LA-P3 echoed these views, explaining that performance conversations should be “more conversational than me just telling them what they did,” and that her organization upheld an “open door policy,” where “whenever you want to talk to somebody, you just walk up to them and you talk to them.” These responses collectively emphasize that accessibility and interpersonal engagement are not incidental, but intentional practices embedded in leadership behavior.

The participants also spoke to the ethical responsibilities of transparent leadership, especially in moments of uncertainty. LA-P4 cautioned against secrecy, stating, “don’t try to keep things quiet because you think something’s going to happen,” and advised that leaders should “at least give them the heads up that this is going to be happening.” LA-P5 expanded on this by describing how open communication created space for honesty and vulnerability within her team. She noted that fostering rapport allowed employees to “let their walls down, where they can share and become vulnerable.” Collectively, these reflections demonstrate that transparency, empathy, and approachability were essential conditions for maintaining an open and trusting culture.

The participants also discussed the importance of recognizing the social and psychological dimensions of communication. LA-P1 explained that public acknowledgment was a common tactic: “Typically, we’ll just try to give them recognition publicly,” which she associated with motivation and retention. LA-P4 reinforced this by stating, “some people are motivated by public recognition,” but warned that feedback should always be constructive in private: “don’t always, definitely ever, never ever criticize in public.” These examples demonstrate how leaders tailored communication strategies to both inspire and protect employees. Rather than treating communication as a procedural function, participants described it as a personal exchange requiring intention and emotional awareness.

These strategies were aligned with broader communication values centered on respect, recognition, and emotional intelligence. LA-P5 added that successful communication also required managing fear and uncertainty, noting that leaders needed

to explain “what we were doing and why we were doing it,” and suggested “communicating, testing it out, showing the benefit, understanding the potential fear” as part of rollout strategies. By taking a proactive and empathetic approach, leaders used communication to maintain transparency and reduce ambiguity during times of change. The participants’ emphasis on clarity and reassurance highlighted communication not merely as a functional activity but as an organizational stabilizer.

Formal assessment tools were discussed as mechanisms for capturing employee voice and guiding leadership decisions. LA-P1 advocated for the implementation of “surveys and action plans” and recommended “trying to get like quarterly or monthly surveys out to employees” as a way to track sentiment and respond proactively. LA-P4 also supported formal evaluations, encouraging organizations to “do reviews. 360 reviews, you know, everybody.” These comments illustrate a shared understanding that informal feedback alone is insufficient. Systematic data collection and structured assessment processes are seen as critical to creating reliable communication pathways between leadership and staff.

These suggestions reinforced the idea that transparency requires more than open-door policies; it also involves structured interpretation of feedback and leadership follow-through. LA-P5 shared that her team’s process allowed them to “real-time be able to answer questions, get feedback,” suggesting a model where data informs immediate response rather than delayed reflection. Taken together, these insights demonstrated that effective communication systems are multifaceted, encompassing real-time engagement, structured mechanisms, and intentional visibility into leadership actions. Through these

systems, leaders can cultivate transparency, foster trust, and drive informed decision-making that resonates with their workforce.

Theme 3.3: Performance Management for Quality Assurance

The participants emphasized the critical role of structured performance management systems that combine compensation, accountability, and support to drive consistent quality. LA-P1 explained that their organization uses "performance-based bonuses" and "flexibility" to encourage employees, indicating a compensation strategy tied directly to outcomes. This view was echoed by LA-P4, who underscored the strategic significance of "compensation and the benefit package" and the need to ensure employees are "paid what they're worth," which contributes to retention and motivation. Similarly, LA-P5 stressed the importance of market-aligned incentives, noting the value of "making sure that we're competitive and that people understand that," which reflects a deliberate attempt to create alignment between compensation strategies and performance expectations. The use of financial rewards was not seen as a standalone solution but part of a broader approach to engaging and retaining high-performing employees.

Confidence and empowerment emerged as essential drivers of sustained performance. LA-P1 observed that their leadership style fosters an environment in which employees "typically are confident with what they're doing," suggesting a relationship between psychological safety and output. LA-P2 expanded on this by stating that confidence "builds a lot among the group and it really allows us to grow," highlighting how emotional reinforcement supports team development. LA-P3 added a relational dimension by sharing that engaging personally with employees "puts a lot of people at

ease," making them more open and productive. The theme of empowerment was particularly evident in LA-P4's remark that employees feel assured they can "leave something in [their] inbox" and expect it to be handled properly, which reflects trust in team reliability. LA-P5 connected empowerment to role alignment, describing how conversations about individual strengths and values helped staff understand "what's important to you… what skills do you have, what do you like to do," thereby enhancing engagement through purpose-driven work. This approach fosters intrinsic motivation and promotes autonomy in performance.

Efficiency was another dimension repeatedly linked to performance outcomes. According to LA-P1, employees under their supervision "typically perform more efficiently than others," which they attributed to their supportive leadership. Efficiency was not viewed as accidental but as the product of deliberate hiring decisions and talent management. LA-P5 affirmed this perspective by describing a patient recruitment strategy focused on identifying "the right hires for the long term," indicating that long-term fit is prioritized over short-term convenience. This long-range thinking underscores the importance of workforce planning and careful onboarding as foundations of a high-performing culture. In this view, quality assurance begins at the point of hire and is maintained through ongoing evaluation and support.

The participants also emphasized the necessity of reliable metrics and formalized evaluation systems to ensure accountability and inform continuous improvement. LA-P1 highlighted the use of "quarterly or monthly surveys" and the need to "analyze the quality of feedback," revealing a preference for both quantitative and qualitative monitoring

tools. LA-P2 spoke to their investment in building these mechanisms, saying they "spend a lot of time developing performance management tools," which reflects a proactive orientation toward performance governance. LA-P4 described implementing "360 reviews" and "monthly check-ins," suggesting an iterative and participatory approach to performance feedback. From LA-P5's perspective, performance data serves both an evaluative and strategic function, as leaders are expected to "give them numbers and validate how we're contributing," while also engaging in "a constant process of data analysis" based on sales cycles. This emphasis on empirical tracking shows a clear preference for structured and evidence-based performance assessment practices that support strategic decision-making.

Quality orientation was repeatedly referenced as a defining feature of effective performance management. LA-P1 emphasized that evaluation efforts must include "analyzing the quality of feedback," signaling that management effectiveness cannot be gauged solely through output metrics. LA-P2 described performance efforts as a pursuit to "get the best that you can," a phrase that encapsulates a commitment to continuous improvement. LA-P5 shared that their organization has adopted a "quality over quantity" approach in the post-pandemic era, indicating a cultural shift in performance priorities. They also discussed multiple strategies for ensuring excellence, noting the need for "the best and brightest in the organization," and emphasized practices for identifying and cultivating top talent. These examples reflect a nuanced understanding of performance management—one that prioritizes high standards, strategic investment in people, and the integration of both developmental and evaluative practices to support excellence.

Ties Between Theme 3 and the Conceptual Framework

The RBV asserts that competitive advantage stems from cultivating internal resources that are valuable, rare, inimitable, and non-substitutable (Barney, 1991; Helfat et al., 2023). Participants described training programs that not only built employee competencies but also reinforced confidence and role clarity, thereby creating value by enhancing operational readiness and individual contributions (Matei et al., 2024). These training efforts were rare due to their strategic tailoring to the constraints of small businesses and the level of leadership commitment required (Carlson, 2023). Due to these systems being rooted in specific workflows, organizational culture, and interpersonal relationships, they were inimitable to competitors who lacked access to the same internal dynamics (Gibson et al., 2021). Their embeddedness in the fabric of daily operations made them non-substitutable, providing a source of resilience and ongoing learning that external vendors could not replicate (Zahra et al., 2022). These qualities positioned training systems as long-term enablers of internal capability and strategic alignment.

According to RBV, intangible systems like internal communication channels become strategic assets when they meet the criteria of value, rarity, inimitability, and non-substitutability (Barney, 1991; Quansah & Hartz, 2021). Participants emphasized open-door policies, real-time dialogue, and 360-degree feedback as practices that enhance inclusion, reduce ambiguity, and foster mutual trust, thereby creating value by improving organizational responsiveness and cohesion (Helfat et al., 2023). These practices were rare in small businesses where reactive or top-down communication is more common (Carlson, 2023). They were also inimitable due to their dependence on trust-based

relationships and consistent leadership behavior, which cannot be easily replicated in firms lacking similar cultural foundations (Gibson et al., 2021). Their non-substitutability was reflected in their irreplaceability by formal HR tools or impersonal communication technologies (Zahra et al., 2022). As such, communication excellence was a core resource sustaining long-term transparency and engagement.

The RBV emphasizes that performance management frameworks, when developed internally and contextually aligned, can evolve into firm-specific resources that provide enduring competitive advantages (Barney, 1991). In this study, performance systems encompassed incentives, data tracking, regular evaluations, and empowerment practices that participants viewed as essential for accountability and improvement (Matei et al., 2024). These systems were rare in their breadth and depth, especially in small business settings where formalized performance management is often absent or underutilized (Carlson, 2023). Their inimitability lay in their cultural integration, leadership-driven implementation, and unique alignment with company-specific metrics and values (Gibson et al., 2021). Furthermore, these systems were non-substitutable because no external tools or frameworks could deliver the same relevance, adaptability, or motivation rooted in organizational norms and expectations (Zahra et al., 2022). These findings suggest that performance systems, when customized and reinforced internally, serve as strategic assets with long-term operational significance.

Connections Between Theme 3 and the Academic Literature

The findings strongly confirm the literature on the critical role of employee training in small business performance, retention, and adaptability. Bobitan et al. (2024)

and Frögéli et al. (2023) emphasized that structured, ongoing training equips employees with skills to manage market shifts, and participants such as LA-P1 and LA-P4 confirmed this by describing phase-based training programs aligned to job roles and evolving competencies. The literature describes how informal or absent training leads to knowledge gaps and productivity loss, a pattern that participants also observed in early-stage or transitional periods within their firms. However, participants added that their training systems helped socialize employees into firm expectations and values, extending the literature's emphasis from skill transfer to organizational integration. These results confirm that structured training is a source of organizational learning and culture-building in small businesses.

The study also extends prior research by revealing how leadership-driven training serves motivational and relational purposes. Participants LA-P5 and LA-P6 described customizing training to high-potential employees, using it to build trust and autonomy—practices that support Vu and Nwachukwu's (2021) call for individualized, cost-effective development initiatives. While the literature typically frames development as a functional HR activity, participants treated it as a leadership priority, suggesting an alignment with transformational and servant leadership values (Lasrado & Kassem, 2021). These reframing positions training as a dynamic performance strategy that generates both competence and commitment. Additionally, this supports the RBV argument that when employee development practices are valuable, rare, and difficult to imitate, they contribute to sustainable competitive advantage (Azeem et al., 2021). Training in small

businesses thus serves as both a capability-building and culture-defining mechanism that reflects and reinforces leadership philosophies.

Theme 3.2 confirms that effective communication channels are foundational to trust, alignment, and engagement, especially in smaller firms where leaders and employees interact closely. The literature emphasizes the role of communication in engagement and morale, as demonstrated by Jiang et al. (2023). Participants LA-P2 and LA-P3 highlighted open-door policies, leader approachability, and reciprocal feedback as cornerstones of their organizational cultures. These findings reinforce Quansah and Hartz's (2021) conclusion that inclusive communication drives collaboration and clarity. Yet, while many studies highlight formal structures such as feedback forms or staff meetings (Langer & König, 2023), the participants described informal systems rooted in daily leadership behavior. Their accounts suggest that leadership's consistency and authenticity in communication may be more impactful than the specific medium used.

The data also extend existing models by showing that small business leaders use communication to humanize leadership and cultivate psychological safety. LA-P5 and LA-P4 described feedback as a two-way process and reported integrating employee input into decision-making, which reflects collaborative and relational dimensions not emphasized in transactional HRM literature. These accounts illustrate that communication practices were as much about emotional validation and shared ownership as they were about transparency. The literature review focused on systems-level communication strategies, but these findings suggest that in flat organizations, leader-modeled vulnerability and transparency serve as scalable tools for inclusion and trust-

building. Communication, in this context, becomes a relational asset that supports internal alignment, mitigates conflict, and sustains organizational culture.

The findings support the existing literature, which emphasizes structured performance management as a strategic tool for enhancing clarity, accountability, and motivation. Participants LA-P1, LA-P2, and LA-P4 discussed quarterly reviews, bonus systems, and data-driven assessments as methods to set clear expectations and track outcomes. These practices mirror those described by Clibborn and Hanna-Osborne (2023) and Ojiako et al. (2023), who stress that formal performance systems prevent ambiguity and improve employee output. However, unlike literature focusing on top-down evaluation, participants highlighted how performance discussions were often framed around growth, coaching, and collaboration. This aligns with the broader trend toward participative leadership noted in Wang et al. (2022), where performance metrics serve both organizational and individual development goals.

Theme 3.3 also contributes novel insight by showcasing how small business leaders build employee confidence through performance systems that emphasize trust and empowerment over surveillance. Participants, such as LA-P5, described creating synergy through data transparency, celebrating successes, and utilizing employee input to shape KPIs. These findings extend Saleh and Atan's (2021) research by adding that relational performance models can support retention and job satisfaction in firms lacking large HR departments. They also support the RBV perspective by positioning performance management not just as a monitoring tool, but as a capability-enhancing process that builds human capital as a strategic asset (Bristol-Alagbariya et al., 2024). Through this

lens, performance management serves as both a driver of quality and a cultural mechanism that reinforces employee value and agency.

Business Contributions and Recommendations for Professional Practice

In this section, I outline how the findings of this study can be applied to improve business practice in small service-based firms, particularly in the Midwestern United States. The study's results provide recommendations for small business leaders aiming to enhance employee engagement, reduce turnover, and support organizational resilience through HR practices. These findings address gaps in leadership and HR operations by examining how leaders support employee engagement through effective training, communication, recognition, and performance management systems. Each recommendation is derived from the perspectives of small business leaders and reflects actionable steps applicable to firms operating with limited infrastructure. The recommendations are intended for business owners, HR professionals, and the wider academic and practitioner community focused on small business leadership and workforce development.

Recommendations Based on Theme 1

The participants described the importance of leadership styles that prioritize clarity, empathy, and team culture. Leaders emphasized modeling adaptability and cultivating trust through transparent and consistent support. Business owners can develop leadership training programs that center on resilience, servant leadership, and employee empowerment. Intentional leadership that reflects organizational values helps build stronger relationships with staff and encourages accountability. By aligning leadership

behavior with organizational purpose, small businesses can strengthen employee engagement and long-term loyalty.

The leaders emphasized the integration of HR practices with strategic planning to maintain alignment and agility. They discussed how business priorities guided hiring, onboarding, performance evaluations, and succession planning. Business leaders should structure HR practices around long-term goals by developing recruitment pipelines and evaluation metrics that reflect strategic needs. Incorporating data from workforce assessments can help leaders make better decisions and foster agility. This alignment ensures HR practices support broader operational outcomes and prepares organizations to adapt quickly to market changes.

The participants explained that strategic investment in technology and operational infrastructure played a critical role in organizational resilience. They emphasized the importance of striking a balance between innovation and employee needs, particularly in resource-constrained environments. Business leaders can prioritize budgeting processes that allocate funds for essential tools, digital platforms, and training systems while addressing staff feedback. Cross-departmental coordination and inclusive planning can reduce resistance and improve implementation success. A deliberate approach to resource management helps sustain productivity and supports a culture of continuous improvement.

Recommendations Based on Theme 2

The participants emphasized the value of keeping employees connected to organizational goals through consistent engagement strategies. Leaders described using

regular check-ins, motivational incentives, and opportunities for meaningful contribution to maintain enthusiasm and reduce turnover. They reinforced that motivation is sustained when employees feel valued and when their work is tied to a broader vision. Business leaders can embed engagement into daily operations by implementing structured feedback loops, celebrating milestones, and clarifying expectations. These practices help create an environment where employees remain committed and aligned with long-term business objectives.

The participants identified recognition and advancement opportunities as essential to employee loyalty. They described the use of praise, both formal and informal, and internal promotions to reinforce development. These actions boosted morale and encouraged long-term retention. Business leaders can incorporate peer recognition, career discussions, and visible growth pathways into their HR practices. These efforts increase satisfaction and professional commitment. Recognizing talent and promoting from within creates a culture of appreciation. Internal mobility also helps retain institutional knowledge and strengthen internal leadership pipelines.

The participants described inclusive leadership behaviors as central to retention and workplace harmony. They emphasized the need for psychological safety and listening strategies in maintaining employee engagement. Approaches included open-door policies, work-life accommodations, and supportive communication. Business leaders can offer well-being assessments, host feedback forums, and deliver inclusivity training. These strategies contribute to equity and employee trust. Promoting inclusive

cultures can reduce turnover and increase organizational commitment. Employees who feel safe and respected are more likely to contribute ideas and collaborate openly.

Recommendations Based on Theme 3

The HR leaders described structured training as foundational for building employee capabilities and ensuring operational consistency. Leaders emphasized that onboarding needed to extend beyond initial orientation and include ongoing, role-specific development tailored to each employee's responsibilities. They implemented multi-phase training models that included peer mentoring, cross-training, and staggered learning modules. Business leaders can formalize training roadmaps that account for job complexity and evolving skill requirements. Creating accessible learning systems also supports long-term growth and adaptability in small business environments. These approaches reduce knowledge gaps and build confidence across diverse teams. A robust training infrastructure can help small businesses remain competitive and agile despite resource constraints.

Participants highlighted the importance of transparency, feedback, and active listening in supporting team cohesion and responsiveness. Leaders discussed the use of structured communication systems such as open-door policies, 360-degree feedback, and Q&A sessions with leadership. These practices created space for employees to voice concerns and contribute to decision-making processes. Business leaders can implement routine feedback tools, such as pulse surveys and structured one-on-ones, to ensure ongoing dialogue across all levels of the organization. Training supervisors in empathetic listening and timely follow-up helps employees feel heard and valued. Real-time

communication also fosters a proactive culture where issues are addressed before they escalate. Clear and consistent information flow strengthens trust and supports better execution of organizational goals.

The participants described performance management systems that focused on continuous improvement, recognition, and clarity rather than control or surveillance. Leaders utilized metrics-based evaluations, personalized coaching, and performance-based bonuses to reinforce accountability and motivation. These systems allowed employees to understand their contribution to organizational success and provided clear developmental pathways. Business leaders can adopt performance tools that balance quantitative outcomes with qualitative feedback, ensuring assessments are fair and constructive. Emphasizing empowerment in performance reviews helps foster intrinsic motivation and builds a culture of growth. Transparent expectations and regular feedback reduce ambiguity and increase alignment between individual and organizational objectives. Empowerment-based systems also contribute to employee retention by reinforcing engagement and career progression.

Implications for Social Change

The findings of this study have important implications for promoting dignity, inclusion, and workforce development within small businesses in the Midwestern United States. Employees in service-based firms often operate without the institutional support found in larger organizations, leading to challenges in professional growth, recognition, and job security. By implementing structured HR practices, such as consistent training, feedback systems, and performance development, small business leaders can create

workplaces that enhance individual contributions and foster a stronger sense of employee identity. The emphasis on supportive leadership and inclusive communication reinforces the psychological safety employees need to engage fully in their roles. The leaders believed that psychological meaningfulness is central to employee motivation and performance, suggesting that environments promoting autonomy and value alignment can drive both individual and organizational outcomes.

At the organizational level, the study's findings suggest that small businesses can contribute to social change by cultivating more equitable, development-oriented, and human-centered workplace cultures. Practices such as internal mobility, inclusive leadership, and flexible training systems enable small firms to foster collaboration, reduce turnover, and improve employee well-being. These strategies are especially valuable in rural and economically constrained regions, where employment options are limited, and job satisfaction has a direct impact on community stability. Small business leaders who prioritize professional development and inclusivity can enhance their organizations' resilience while setting higher ethical and cultural standards within their industries. Investing in people enhances internal performance and fosters sustainable business ecosystems that embody fairness, opportunity, and long-term growth.

The broader societal implications are equally significant. When small businesses implement equitable HR systems, they promote economic stability and social cohesion in their communities. Engaged and supported employees are more likely to participate in civic life, pursue continuous education, and contribute positively to local networks. As employees carry positive workplace experiences into their families and communities, the

ripple effects enhance trust, reduce socioeconomic strain, and support broader goals of inclusion and well-being. These changes can uplift underserved labor markets, close opportunity gaps, and create a model of employment rooted in mutual respect and shared success. Applying these findings to business practice can lead to improved organizational performance, as well as the advancement of social equity in service-driven economies.

Recommendations for Future Research

Several important opportunities exist for future research to build on and extend the findings of this study. Future researchers could explore whether the leadership and HR practices identified in small Midwestern service businesses apply across other geographic regions and industry contexts. While this study focused on businesses operating in rural and suburban Midwest communities, HR challenges and leadership strategies may differ in urban settings or in other sectors such as manufacturing, technology, or nonprofit services. Comparative studies could assess whether strategies like feedback-driven communication, structured performance management, and strength-based leadership are transferable or require contextual adaptation. Expanding geographic and sectoral focus would enhance generalizability and help business leaders tailor employee engagement efforts to diverse operating environments.

Future research could also include perspectives from a broader range of employees across organizational levels. This study prioritized the voices of business owners and senior leaders, yet employee engagement is shaped by experiences at the frontline, including those of hourly workers, team leads, and administrative staff. Incorporating employee viewpoints could reveal gaps between leadership strategies and

actual employee perceptions or experiences. Mixed-perspective studies would allow for triangulation between top-down and bottom-up views of engagement, illuminating whether HR practices are implemented and experienced as intended. This approach could offer critical insights into how organizations can refine their leadership development and HR strategies to be more inclusive and effective.

Additionally, future studies could use longitudinal research designs to assess how leadership strategies and HR practices evolve over time in small business settings. The present study captured a snapshot of strategies during a specific period, but employee engagement is a dynamic process that shifts with organizational growth, leadership transitions, and economic pressures. Longitudinal designs could examine how changes in leadership behaviors, communication styles, or training systems affect retention, performance, and morale over extended periods. These studies could also assess the long-term outcomes of initiatives such as open feedback systems, strength-based training, or bonus structures in relation to workforce stability and organizational development.

Future researchers should also consider mitigating the limitations associated with self-reported qualitative data. While this study gathered in-depth insights through leader interviews, future studies could strengthen methodological rigor by employing mixed-methods approaches. Combining interviews with employee engagement surveys, retention metrics, or performance data could increase the reliability of findings and provide a more holistic view of organizational functioning. Triangulating qualitative and quantitative data would enable researchers to draw stronger conclusions about the impact of specific HR practices on employee behavior and business performance.

Lastly, future studies could examine the role of cultural, regional, and demographic variables in shaping leadership effectiveness and HR engagement strategies. While this study focused on Midwestern U.S. small businesses, it did not explicitly explore how community values, generational differences, or local economic conditions influenced organizational culture or employee motivation. Research into regional labor market conditions, workforce demographics, and cultural expectations could uncover how leaders adapt practices to meet local employee needs. These insights would help develop context-sensitive HR strategies that are more responsive to diverse populations and operational realities.

Conclusions

This pragmatic inquiry study examined the HR and leadership strategies implemented by small business leaders in the Midwestern service industry to foster employee engagement. The findings identified the importance of purpose-driven leadership, strategic HR alignment, employee recognition, inclusive workplace cultures, structured communication systems, and performance-based development. Using the RBV as the guiding framework, the study analyzed how small businesses leveraged human capital as a competitive advantage through HR practices that support employee growth, autonomy, and belonging. These strategies were associated with increased organizational resilience and profitability and the creation of equitable, respectful, and empowering work environments.

The results indicated that sustaining employee engagement requires more than generic programs; it involves leadership practices tailored to employees' strengths,

motivations, and developmental goals. Engagement strategies emphasizing trust, transparency, and purpose were most effective in industries facing labor shortages and operational constraints, particularly in rural and underserved regions. Leaders who foster psychological safety, open communication, and meaningful work environments are better positioned to maintain organizational stability and reduce turnover. These findings align ethical leadership and effective HR practices with long-term business success.

By prioritizing the employee experience and aligning HR strategies with operational needs and employee aspirations, small business leaders can strengthen workforce loyalty and stability. This study shows that strategic HRM, integrated with inclusive and purpose-driven leadership, can produce sustainable improvements in organizational performance and community well-being. Engagement-centered leadership offers a practical approach to promoting sustainability, equity, and growth in the small business sector.

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Appendix A: Interview Protocol

Study Title:	Exploring Organizational Success: Strategies That Optimize Employee Performance in Small Businesses.
Researcher:	Latoya Anthony, Doctoral Candidate, Walden University

Purpose of the Study:

The purpose of this qualitative pragmatic inquiry project is to explore successful HR strategies that small business leaders in the Midwestern United States service industry use to sustain effectiveness and overall profitability.

Interview Protocol Overview

1. Introduction Script - Full script outlining purpose, process, and consent	Hello, and thank you for agreeing to participate in this study. My name is Latoya Anthony, and I am a doctoral candidate at Walden University. This interview is part of my research project focused on understanding successful human resource management strategies that small business leaders use to enhance performance and profitability. Your insights are vital to the success of this study. The interview will last approximately 30 to 45 minutes and will be recorded, with your permission for accuracy. All responses will be kept confidential, and your identity will be protected by assigning a pseudonym. Your participation is voluntary, and you may choose to skip any question or stop the interview at any time without any consequences. Following the interview, I will send a summary of your responses for

	you to review, which is part of a process called member checking to ensure the accuracy of the information. Do you have any questions before we begin? May I have your verbal confirmation that you consent to participate and for this interview to be recorded?
2. Demographic Questions – (Optional) - Job title, years in position, number of employees, years of business operation	What is your job title or role in the organization? How long have you been in this position? How many employees does your business currently employ? How many years has your business been operating?
3. Main Interview Questions - 10 open-ended questions related to HR strategies, challenges, training, technology, and outlook.	1. How would you describe your current human resource management strategies? 2. What challenges have you encountered in managing employees, and how have you addressed them? 3. What are some examples of a successful human resource practice you have implemented? 4. What role does employee training and development play in your leadership style? 5. How do you ensure employee engagement and motivation? 6. What strategies do you use to retain talented employees?

	7. How has technology influenced your human resource management practices? 8. How do you measure the effectiveness of your human resource strategies? 9. What advice would you give to other small business leaders looking to improve their HR practices? 10. How do you see human resource strategies evolving in small businesses over the next five years?
4. Probing Prompts	Can you give a specific example? What impact did that have? How did employees respond?
5. Closing Script	Thank you so much for sharing your experiences and insights. Your input is incredibly valuable and will contribute significantly to understanding effective HR practices in small businesses. As I mentioned earlier, I will follow up with a summary of this conversation for your review. Please feel free to provide corrections or additions to ensure I have accurately captured your perspectives. If you have any questions after today or would like a copy of the study once it's complete, feel free to contact me. Again, thank you for your participation
Interview Duration	Approximately 30 to 45 minutes via Zoom, with participant consent and recording.

Study Title:	Exploring Organizational Success: Strategies That Optimize Employee Performance in Small Businesses.
Researcher:	Latoya Anthony, Doctoral Candidate, Walden University

Purpose of the Study:

The purpose of this qualitative pragmatic inquiry project is to explore successful HR strategies that small business leaders in the Midwestern United States service industry use to sustain effectiveness and overall profitability.

Interview Protocol Overview

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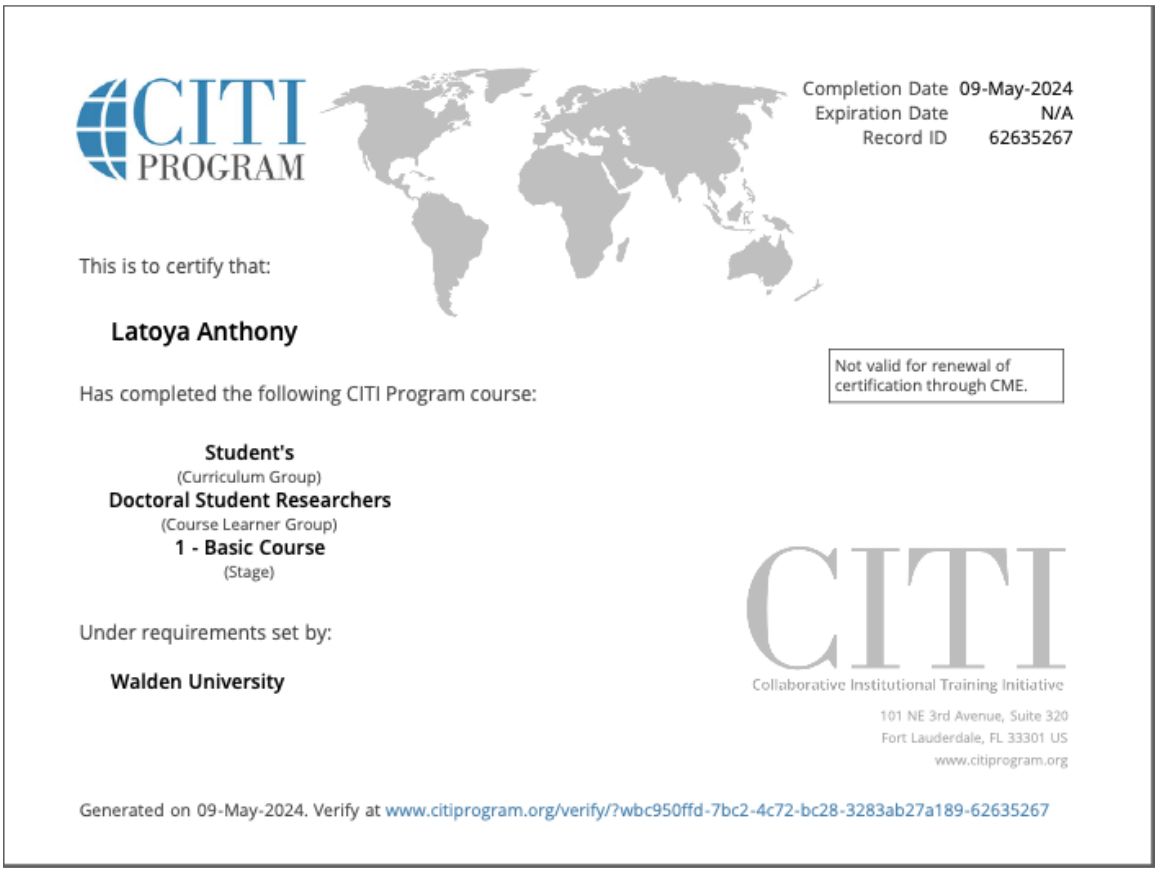
	Do you have any questions before we begin? May I have your verbal confirmation that you consent to participate and for this interview to be recorded?
5. Demographic Questions – (Optional) - Job title, years in position, number of employees, years of business operation	What is your job title or role in the organization? How long have you been in this position? How many employees does your business currently employ? How many years has your business been operating?
6. Main Interview Questions - 10 open-ended questions related to HR strategies, challenges, training, technology, and outlook.	11. How would you describe your current human resource management strategies? 12. What challenges have you encountered in managing employees, and how have you addressed them? 13. What are some examples of a successful human resource practice you have implemented? 14. What role does employee training and development play in your leadership style? 15. How do you ensure employee engagement and motivation? 16. What strategies do you use to retain talented employees? 17. How has technology influenced your human resource management practices?

	18. How do you measure the effectiveness of your human resource strategies? 19. What advice would you give to other small business leaders looking to improve their HR practices? 20. How do you see human resource strategies evolving in small businesses over the next five years?
4. Probing Prompts	Can you give a specific example? What impact did that have? How did employees respond?
5. Closing Script	Thank you so much for sharing your experiences and insights. Your input is incredibly valuable and will contribute significantly to understanding effective HR practices in small businesses. As I mentioned earlier, I will follow up with a summary of this conversation for your review. Please feel free to provide corrections or additions to ensure I have accurately captured your perspectives. If you have any questions after today or would like a copy of the study once it's complete, feel free to contact me. Again, thank you for your participation
Interview Duration	Approximately 30 to 45 minutes via Zoom, with participant consent and recording.

Appendix B: Collaborative Institutional Training Initiative Certificate



CITI PROGRAM

Completion Date 09-May-2024
Expiration Date N/A
Record ID 62635267

This is to certify that:

Latoya Anthony

Not valid for renewal of certification through CME.

Has completed the following CITI Program course:

Student's
(Curriculum Group)
Doctoral Student Researchers
(Course Learner Group)
1 - Basic Course
(Stage)

Under requirements set by:

Walden University

CITI
Collaborative Institutional Training Initiative
101 NE 3rd Avenue, Suite 320
Fort Lauderdale, FL 33301 US
www.citiprogram.org

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