



EXTENT OF STRATEGIC HUMAN RESOURCES MANAGEMENT PRACTICES ADOPTED BY OWNERS OF SMEs FOR BUSINESS SUCCESS IN ANAMBRA STATE, NIGERIA

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Abstract:

Small and Medium Scale Enterprises (SMEs) worldwide have been described as catalysts for achieving sustainable economic development. The adoption of Strategic Human Resource Management (SHRM) Practices among these enterprises was considered imperative to achieve their objectives and to ensure success. This study ascertained the extent SHRM practices were been adopted by owners of SMEs in Anambra State. A descriptive survey design was used and the opinion of 750 owners sampled from 2502 owners of SMEs registered with Anambra State Ministry of Commerce, Industry and Technology. A validated structured questionnaire with a reliability index value of 0.90 was used to collect data. Mean ratings and standard deviation were used to analyze data collected while Analysis of Variance (ANOVA) was used in testing the null hypothesis at 0.05 level of significance. The findings of the study revealed among others that such SHRM practices as recruiting suitable employees based on need and using suitable criteria for staff appraisal were adopted by the owners of SMEs in Anambra State at high and low extents respectively. It was concluded that the extent of adoption of SHRM practices among SMEs in Anambra State was moderate. Based the findings, it was recommended among others, that Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) should collaborate with research and tertiary institutions for provision of trainings to practising entrepreneurs on SHRM skills for effective resource management and overall success of their businesses.

Keyword: owners of SMEs, adopt, strategic human resource management practices, business success

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1. Introduction

Small and Medium Scale Enterprises (SMEs) have been described as the building blocks of the economy and catalysts for sustainable economic development. SMEs are business organizations set-up by individuals or group of individuals known as business owners for the main purpose of providing goods and services. Their classification into small and medium enterprises depend on the scale or size of business these business owners control. Central Bank of Nigeria (2010) defined SMEs based on the criteria used in Nigeria. They noted that small scale enterprises are those businesses whose total cost inclusive of working capital but excluding cost of land is over N1.0 million but not more than N40 million and a labour force of between 11 and 35 workers; and medium scale as enterprises whose total cost inclusive of working capital but excluding cost of land are above N40 million, but not more than N150 million with labour force of between 36 and 100 workers. However, this approach of conceptualizing SMEs has been criticized as the amount of capital invested and number of people employed is no more used to determine scale of enterprises but technology which has the capacity to boost production to any length. Moreover, the high inflationary rate in many economics which has destabilized the value of currencies also made the investment criterion unrealistic.

Many of these enterprises abound in Nigeria and Anambra State in particular due to favourable economic climate which includes natural resources, large markets and abundant skilled labour force (Obi, 2011). These enterprises comprise wide range of business types that transcends manufacturing to agro-based, distributive and general service firms. Emerging sectors of SMEs in Nigeria include entertainment and leisure, high technology enterprises in Information and Communication Technologies (ICTs), telecommunication businesses and biotechnology firms. These SMEs foster innovation, creating over 70 percent of the total jobs provided in the country, producing new products and services to the comfort and convenience of the citizens. Beyond creating employment opportunities, SMEs bridges the gap in development, by reducing rural to urban drift of the population, contributes to national income and growth, and encourages the development of adaptable technology among others.

Noting these contributions of SME to social and economic development, one could consider the success of these enterprises as critical especially in improving the living standards of the citizens. An SME is successful when the business is achieving its intended objectives; primarily in the provision of goods and services to solve societal needs and secondarily exhibiting high performance, with significant profitability for the owners. The justification for the existence of these enterprises is embedded in achieving these objectives. Unfortunately, SMEs in developing countries are faced with numerous managerial problems and with poor human resource management practices topping most in the list.

2. Strategic Human Resource Management Practices in Organizations

Human resource is the most sensitive and critical aspect of management. Managers in organizations function through the workers to put the other material resources into effective use. However, these workers are not the ultimate and serve only as a means to an end. Managers are expected to incorporate the workers into the general strategy of the organisation which is directed towards achievement of the organization goal. Adoption of SHRM practices as used in this study is the integration of the HRM functions with business strategy in organizational management to ensure that organization's human capital contributes to the achievements of its corporate objective. SHRM is a managerial innovation that is required for organizational high performances especially in a turbulent and high demanding business environment. This is different from the low involving, traditional human resource management practices or functions that cover a range of personnel practices as recruitment, selection, training, compensation and separation of workers. The HRM practices are described as strategic when the human resource functions are performed with strategic plans and of high involvement, to enable the organization have competitive advantage for survival. SHRM as a management strategy also involves designing and implementing a set of internally consistent policies and practices that ensures the human capital of an organization contributes to the achievement of its overall business objectives. It reflects a more flexible arrangement and utilisation of human resources to achieve the organisational goals, and accordingly helps organisations gain a competitive advantage (Ojokuku & Akanbi, 2015).

Ugheoke, Isa and Noor (2014) suggested the following strategies for effective human resources management. They are:

1. Right Individual for Firms Job- This involves selecting the right employees that fit the job because a firm's success is dependent on the collective effort of organizational members.
2. Adequate Work Knowledge- This is more of product of the human mind and creativity that leads to successful management and productivity. The organisational framework and technologies applied must be such that would tap the resource available to the fullest.
3. Adequate Incentive for Achieving Firms Goal- Incentive for performance is an innovative way of providing a reward that is associated directly with group and organizational goal attainment. Others are;
4. Clarifying the organizations strategic direction by way of articulating its Vision, mission and values statement, its short to long term human resource needs through a manpower Plan.
5. Adoption of a more open, flexible and caring style in managing staff. This approach establishes strategic linkage and integrates human resource programmes through an effective human resource management Plan.

6. Improving staff competencies through effective training to achieve departmental objectives and results and,
7. Delivering quality services through training and development of staff in maintaining a service culture for organizational survival.

However, managing human resources in small businesses is different from that of large businesses. Dessler (2011) noted size, priorities, informality, and nature of the entrepreneur as reasons for the variance. In most cases the SMEs are challenged by inadequate funds to hire quality people and to finance some strategic plans to boost performance of workers (Longenecker, Ariss and Eesly, 2008). Obi (2011), Isa and Noor (2014) also observed that most owners of SMEs or their managers in Nigeria seems not to adopt SHRM practices in managing their organizations. This has resulted to their inability to achieve business success and often results to premature deaths

Years of business experience have been cited as influencing factor that may affect a manager's adoption of SHRM practices in enterprises. Toohey (2009) argued that experience takes many guises that range from business start-up experience, industry type experience to breadth of experience that influence manager's abilities towards adoption of suitable human resources management practices to improve performance of firms. However, these views are theoretical and have not been empirically proven to affect owners of SMEs in Anambra State of Nigeria. It was against this backdrop that this study was conceived to ascertain the extent owners of SMEs in Anambra State adopt SHRM practices for business success and for sustainable economic development of Africa.

2.2 Research Question

To what extent do owners of SMEs in Anambra State adopt SHRM practices for business success?

2.3 Hypothesis

One null hypothesis was tested at 0.05 level of significance. There is no significant difference in the mean ratings of owners of SMEs in Anambra State on the extent they adopt SHRM practices for business success based on years of experience (0-5 years, 6-10 years and above 10 years).

3. Method

The study was a descriptive survey. The population of the study comprised 2502 owners of SMEs in Anambra State who registered with the State Ministry of Commerce, Industry and Technology. The sample of the study comprised 750 owners of SMEs drawn from the population using stratified random sampling. Data were collected with a validated structured questionnaire on a five point response categories of VHE (Very High Extent), HE (High Extent), ME (Moderate Extent), LE (Low Extent) and VLE (Very Low Extent). The reliability of the instrument was established with 10 owners of

registered of SMEs in Enugu Metropolis, Enugu State who were not part of the study population. Cronbach Alpha Coefficient for internal consistency of the instrument yielded a score of 0.90 which was deemed high for the study. The questionnaire was administered with the aid of three research assistants. Out of the 750 copies of the questionnaire administered, 605 copies were returned and were all found usable.

The data collected from the respondents were analyzed using descriptive statistics (mean and standard deviation). The mean value was used to answer the research questions while the standard deviation was used to ascertain the homogeneity of the respondents' ratings. ANOVA was used to test the null hypothesis at 0.05 level of significance. The following boundary limits were used to determine the extent of adoption of the SHRM practices:

- Very High Extent 4.50-5.00
- High Extent 3.50-4.49
- Moderate extent 2.50-3.49
- Low Extent 1.50-2.49
- Very low Extent 1.00-1.49

The hypothesis was not rejected where the calculated f value is less than the critical value of f. The hypothesis was rejected where the calculated f value is equal or greater than the critical f value.

4. Results

The result of the study are presented in Tables 1 and 2

Table 1: Respondents' mean ratings on the extent they adopt SHRM practices for business success (N=605)

S/No	Items on SHRM practices	\bar{X}	SD	Remarks
1.	Recruiting suitable employees based on need.	4.26	0.84	High Extent
2.	Placing new employees appropriately within the organization.	3.97	0.97	High Extent
3.	Training and developing personnel to meet staffing needs of the organization.	2.22	0.99	Low Extent
4.	Using social activities to improve staff interaction.	2.36	1.02	Low Extent
5.	Spotting errors and effecting changes in subordinates through proper staff control	3.50	1.05	High Extent
6.	Keeping abreast of an utilizing new techniques of planning	3.82	1.03	High Extent
7.	Keeping adequate staff records	3.80	1.13	High Extent
8.	Acknowledging staff performance in order to motivate higher performance.	2.60	1.31	Moderate Extent
9.	Utilizing staff advice appropriately.	2.34	1.16	Low Extent
10.	Delegating authority to subordinates.	2.66	0.94	Moderate Extent
11.	Encouraging innovations through effective planning.	3.08	1.16	Moderate Extent
12.	Interacting and exchanging ideas with subordinates.	2.61	0.84	Moderate Extent
13.	Being polite when interacting with subordinates.	3.28	0.98	Moderate Extent
14.	Using clearly spelt out rules and regulations for duty	2.48	0.89	Low Extent

	performance.			
15.	Avoiding preferential treatment in handling personnel matters.	3.50	1.05	High Extent
16.	Establishing policies on staff matters.	2.28	1.04	Low Extent
17.	Using suitable criteria for staff appraisal.	2.32	0.71	Low Extent
	Cluster Mean	3.00		Moderate Extent

Data contained in Table 1 shows that out of 17 items rated, six items ranging from 3.50 to 4.26 were adopted at a high extent; five items with mean ratings of 2.60 to 3.28 were adopted at a moderate extent and six items with mean ratings of 2.22 to 2.48 at a low extent. The cluster mean of 3.00 indicates that owners of SMEs in Anambra State adopted SHRM practices for business success at a moderate extent. The standard deviation of the items ranges from 0.84 to 1.31. This indicated that respondents were not far apart from their opinion.

Table 2: ANOVA summary of respondents' mean ratings on the extent they adopt SHRM practices for their business success based on years of business experience

	Source of Variance	Sum of Squares	df	Mean Square	f-cal	f- Crit. Sig
Between groups	1204.93	2	602.47			
Within groups	14846.4	12	1237.2	0.49	3.89	NS
Total	16051.33	14	1839.67			

The data contained in Table 5 indicates that the calculated f-value of 0.49 is less than the f- critical value of 3.89. This means that that there is no significant difference in the mean ratings of the owners of SMEs in Anambra State on the extent they adopt SHRM practices for their business success based on years of experience. Therefore, the hypothesis was not rejected.

5. Discussion and Implications of the Study

The findings of this study revealed that owners of SMEs adopt SHRM practices as recruiting suitable employees based on needs, placing new employees appropriately within the organization, spotting errors and effecting changes in subordinates through proper staff control at high extents. Others are keeping abreast of utilizing new techniques in planning and avoiding preferential treatment in handling personal matters. This finding reveals that the SMEs are practicing the low involving, traditional human resource management very well but need to harness these practices by integrating them effectively with other organizational plans and strategies towards achieving the organizational overall objectives.

However, this study discovered that such SHRM practices as training and developing personnel to meet staffing needs of the organization, use of social activities to improve staff interaction and use of clearly spelt out rules and regulation for duty performance were adopted by the owners of SMEs at low extents. Others adopted at low extents by the owners of SMEs in Anambra State include establishing policies on

staff matters and using suitable criteria for staff appraisal. This is in line with Dessler (2011) observations that managing human resources in small businesses is different from that of large businesses because of size, priorities, informality, and nature of the entrepreneur. This is also in line with Longenecker, Ariss and Eesly (2008) observations that the HRM challenges faced by SMEs may be regarded as logical consequences of their peculiar characteristic especially in meeting up with the costs of maintaining the practices. The poor adoption of these identified SHRM practices among these SMEs could be as a result of inadequate fund to carry them out. This is detrimental as these SMEs require high involving, SHRM practices for success and survival in a turbulent business environment of Anambra state in Nigeria.

Other SHRM practices identified were adopted at moderate extent by the owners of SMEs. The findings further revealed that there was no significant difference in the mean ratings of owners of SMEs in Anambra State on the extent they adopt SHRM practices for their business success based on years of experience.

The findings of this study have implications for owners of SMEs in developing countries to adopt SHRM practices that would increase their business performance and enhance their business success. Also for curriculum planners in management studies and business education programmes of tertiary institutions, to integrate the SHRM practices identified in this study into the learning experiences of their undergraduates. This is to ensure effective adoption of these SHRM practices by these graduates after school for the success of their businesses.

6. Conclusion

It was concluded from the findings of this study that owners of SMEs in Anambra State adopt SHRM practices management practices at high, moderate and low extents. Years of business experience of the business owners do not influence the extent to which they adopt the SHRM practices.

6.1 Recommendations

Based on the findings of this study, the researcher proffers the following recommendations:

1. The management of Entrepreneurial Study Centres, business education and management studies programmes in tertiary institutions in Anambra State should incorporate Strategic Human Resources Management (SHRM) practices into their curricular. This will provide the undergraduates with sound human resource and organisational management skills that would boost their performance as successful entrepreneurs and competitiveness of their SMEs after graduation.
2. The Federal Ministry of Commerce and Industry should organizing workshops and training programmes to enable the SME operators and owners improve their business skills and to gain relevant knowledge in SHRM practices.

3. Business schools should collaborate with the association of owners of SMEs in Anambra State for the provision of training on SHRM practices for success of their business.
4. Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) should also collaborate with research and tertiary institution for provision of training for the practising entrepreneurs to acquire the critical and SHRM skills necessary for success and survival of their businesses.

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