STRATEGIC HUMAN RESOURCE MANAGEMENT AND FIRM PERFORMANCE IN FOOD AND BEVERAGE SME IN LAGOS, NIGERIA.

By

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DECLARATION

I declare that the substance of this project paper has never been submitted for any degree or post graduate program and qualifications.

I certify that all the support and assistance received in preparing this project paper and all the source abstracted have been acknowledged in this stated project paper.

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ABSTRACT

SMEs are the most important source of economic growth and key ingredient in promoting private sector development in Nigeria. The need for the entrepreneur in venturing into SME is the creation of employment not only to their immediate family members but to contribute to the overall economic development of the society. Therefore, the objective of this study is to examine the relationship between strategic Human Resource management practices and firm performance in food and beverage SMEs in Lagos, Nigeria. Only SMEs in Lagos whose employees are full time staff of the firms and have been in business for a period not less than two years before conducting this study were involved in this study. Due to this, a cross sectional questionnaire survey research design was conducted in this regard. Data were generated from 163 SMEs comprising food and beverages SMEs in Lagos, Nigeria. A number of analyses were conducted using SPSS version19 to analyze the data collected. The findings from the hypothesis tested indicate that there is a significant relationship between SHRM Dimensions (work skills, work knowledge, knowledge sharing, incentive for achieving firm goals, incentive for employee contribution, team cooperation, individual contribution, job fit, and individual fit) and firm performance (intangible and tangible). Thus the study recommends that work skills and individual fit mostly influence intangible firm performance while work skills and job fit are the most significant factor that enhance tangible performance. Finally, both the theoretical and managerial implications are presented and the limitations of this study.

Keywords: SMEs, Firm performance, SHRM.

ABSTRAK (MALAY)

Industri Kecil dan Sederhana (IKS) merupakan sumber pembangunan ekonomi dan kunci utama dalam pembangunan sektor swasta di Nigeria. Perlunya usahawan untuk menceburi bidang keusahawanan bukan sahaja menyediakan peluang pekerjaan kepada anggota keluarga terdekat, tetapi juga menyumbang kepada perkembangan ekonomi masyarakat secara keseluruhannya. Maka, objektif kajian ini adalah untuk memperinci hubungan pengurusan sumber manusia strategik dan prestasi firma IKS di dalam industri makanan di Lagos, Nigeria. Hanya IKS di Lagos sahaja memiliki pekerja yang bekerja sepenuh masa dan telah beroperasi untuk tempoh tidak kurang dari dua tahun sebelum kajian ini dijalankan dan telah dilibatkan di dalam kajian ini. Untuk tujuan ini, borang soal selidik "cross sectional" telah digunakan. Data diperolehi daripada 163 IKS merangkumi IKS industri makanan di Lagos, Nigeria. Beberapa kaedah analisis telah dijalankan dengan menggunakan SPSS versi 19 untuk menganalisa data yang dikumpul. Hasil daripada kajian hipotesis yang diuji menunjukkan terdapat hubungan signifikan antara dimensi pengurusan sumber manusia strategik (kemahiran kerja, pengetahuan kerja, perkongsian maklumat, insentif bagi mencapai matlamat firma, insentif untuk sumbangan pekerja, kerjasama berkumpulan, sumbangan individu, kesesuaian kerja dan kesesuaian individu) dan prestasi firma (Langsung dan tidak langsung). Dengan itu, kajian ini mencadangkan kemahiran kerja dan kesesuaian individu secara tidak langsung mempengaruhi prestasi firma, sementara kemahiran kerja dan kesesuian kerja adalah faktor yang mempengaruhi hubungan signifikan yang tertinggi di dalam meningkatkan prestasi secara langsung. Kesan teori dan pengurusan serta kekangan kajian ini disertakan pada bahagian akhir.

Kata Kunci: IKS, Prestasi Firma, Pengurusan Sumber Manusia Strategik.

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CHAPTER 1

INTRODUCTION

1.0 INTRODUCTION

Performance is the behaviour or the task that the employee does in the workplace, not about the outcome of their work (Aguinis, 2007). However, Khandekar and Sharma (2005), define firm performance as the result that specifies or replicates the firm efficiencies or inefficiencies in terms of corporate image, skills and financial performance. Wright and snell (1998), also define firm performance as a planned human resource operation and activities to facilitate firm's achievement of goals and objective. Therefore, the growth and survival of any organization is subject to its important SHRM practices on organizational objectives, ensuring that the right employee is recruited at the appropriate time and at the accurate place. SHRM is acquainted with the task in ensuring firms competitiveness and identify the important practical area that will enhance firm performance (Teeratansirikool, 2013). It is essential for firm to evaluate their human resource strategies and practices if they desire to increase output and maintain a viable workforce that will enhance the chances of their firm's achievement.

Doing this require performance measures that will enables supervisor, managers to assess if established goals have been accomplished (Aguinis, 2007). It strengthens the signals that direct supervisors, and manager's consciousness to the major strategic path that leads to firm performance (Teeratansirikool, 2013). Performance measures facilitate the

objectives of the organization, be it financial or nonfinancial measures. In their study, Kaplan and Norton, (2001), posit that nonfinancial measures are better predictors of firm performance in achieving long term goals of the organization. However, Teeratansirikool (2013) suggested that financial measures are also important particularly in an unstable environment. Therefore, selecting the right KPIs is subject to an excellent understanding of what is important to the organization.

A combination of extensive training and development programs, above average incentive, information Sharing, teams and decentralization, and effective resourcing, may significantly influence firm performance (Waiganjo, Mukulu & Kahiri, 2012). This is based on the principle of agreement or contract as a substitute for commands, without this, the desire outcome will fail to manifest (Armstrong, 2009).

The desire for a firm to operate on a global level and international competition has necessitated the choice of external factors that influence firm competitiveness comprising more than just the internal environment of the firm. The internal environment of the firm should not be treated in isolation, external environment of the business, significantly influence firm performance because the external environment uniqueness symbolize customers' demands, and the nature of the market competition remain a significant factor that determines firm performance (Becker & Gerhart 1996; Waiganjo, et.al, 2012). In other words, both internal and external stability should be basically maintained in order for firms to enhance economic performance within the market economy. Subsequently, investigating country' influence on firm performance is

practically difficult due to the shortage of different theoretical clarification. However, there are numerous apparatus by which a country can use to influence the performance of their own firms.

1.1 BACKGROUND OF THE STUDY

The term SME is an acronym for Small and Medium Scale Enterprise which is unanimously recognized as a relief instrument for economic growth and poverty alleviation in both developed and developing nations of the world (Gibson & Vandervaart, 2008).

Extant literatures have defined SMEs in different ways but the fundamental idea remains unchanged. This definition differs from country, context and author. According to the American Small Business Administration (SBA), SME is a business that is independently owned and functioned, but not leading in its area of expertise, although meet definite precise condition for SME support loan programmes (Ogundele, Hassan & Olajide, 2008). In Malaysia SME is regarded as an industry whose capital investment is between RM250, 000 and RM25 million as well as having employees of not less than 5 to 150 (www.smidec.gov.my/node/33). SME in Japanese is also seen as an industry with capital investment of 100 million yen as well as labour size of not more than 300 (Ogundele et al. 2008).

However, within the Nigerian context as adopted by the National council of industry NCR13, (2001), SMEs are industries whose overall capital is above one million and five

hundred thousand Naira (N1.5 million) but not more than N200 million Naira, in addition to its operating capital, Labour capacity of 11-300 employees, not including cost of land.

Every nation at different levels encourages the sustainability of small and medium enterprise. Some believe sustaining SMEs is by formulating policies to support their growth and development, employment creation, the attention of others is to empower them to grow by granting soft loans and other financial benefit (Onugu, 2005). SME is recognized globally as the engine of economic growth of the nation and catalysts for social and economic modification, breeding group of skillful and semi-skillful employees in order to enlarge future business (Akabueze, 2002). These global recognition and interest justified the opportunity it provided by creating employment, improving workforce diversity, skill to organize domestic/global savings for investment, opening of new business ideas, mutually respectful change economies, improvement of economic balance via industrial distribution, promotion of effective resource exploitation, connecting participants in supply chain among others (Ogujiuba, Ohuche & Adenuga, 2004). It has been researched in recently established industrialized countries like Taiwan, North Korea and Singapore, that SMEs has powerful influence both in Production strategies and export earnings, instrumental for accelerating economic growth and development. In Malaysia, SME has been one of the major strengths of the economy with the contribution of 56.4% to the country's workforce (Dato, Sfri, Siti & Yuvaraj, 2010). In reality, SMEs represent the production circle for the large scale business of many nations, as examine by (Adeleke, 2002).

Table 1: The Contribution of SME in some Selected Developed Economics

Countries	Number of SME (%)	Employment (%)	SME Contribution to GDP (%)
Australia	96.0	45.0	23.0
Belgium	99.7	72.0	N/A
Canada	99.8	66.02	57.22
Denmark	98.8	77.8	56.7
Finland	99.5	52.6	N/A
France	99.9	69.0	61.83
Germany	99.9	65.7	34.9
Greece	99.5	73.8	27.14
Ireland	99.2	85.61	40.0
Italy	99.7	49.01	40.5
Japan	99.5	73.81	57.03
Netherlands	99.8	57.0	50.0
Portugal	99.0	79.0	66.0
Spain	99.5	63.7	64.35
Sweden	99.8	56.06	N/A
Switzerland	99.0	79.3	N/A
United kingdom	99.9	67.2	48.0
United States	99.7	53.7	48.0
Malaysia	92.2	56.4	32.0

Source: OECD (2000) Publication Service Paris France.

Their contributions in these nations have been seen by the government as a means to attain industrial and competitive global market (Adeleke, 2002; Okpara, 2011). This is predicated on their influence and input to the economic growth and development.

In Nigeria, SMEs strives to enhance their performance in sales growth , improved efficiency, achieve market advantage, receive a higher rate of return on investments. Acknowledging the contribution of SME in reducing poverty and economic growth, the Government has shown much attention especially since the implementation of economic reform in 1986, by initiating quite a lot of policy drive in the yearly budget in order to improve SMEs (Onuga, 2005). Among the policy initiated by the government is improving the overall economy to make it market inclined private sector led and technological driven, curtail joblessness and growing productivity, limit lending rates and increasing savings. As a result, encouraging them in building the economic growth of the nation is significant because of its distribution of income and wealth, economic self-reliance, entrepreneurial improvement and other benefit it contributes (Aremu, 2004). Despite the consequences of poor records of economic indices in Nigeria, SMEDAN (2005), categorically stated that Nigeria SMEs in the past accounted for over 75% of the country's workforce.

1.2 PROBLEM STATEMENT

According to Becker and Gerhart (1996), growing environmental changes, a global competition to supply modern products and services, changing customer's desire, increasing productivity, profitability and sales growth have become a normal

environment for firms to compete successfully, as a result firms must continually increase their performance globally.

Recently it has been stated that SMEs performance in Nigeria is creditably low and cannot be compared to what is obtainable in some developing and developed economies countries of the world; failure to play the important role in the economic growth and development of the country (Onugu 2005). Notwithstanding the contribution made by the government in providing programs to support the industry in creating value to the economic growth, their performance is still below what is expected by Nigerians. This scenario is alarming to the government, private organization, employees, and the professionals.

Despite the fact that the contribution of SMEs to the growth and development are globally recognized, SMEs in Nigeria is confronted with many impediments that limit their growth and survival. Studies have shown that the problems confronting the growth of SMEs in Nigeria are incomparable to those facing the developed countries (Arinaitwe, 2006). Researchers have identified lack of knowledge of SHRM, mismanagement of resources, inadequate technology, inappropriate skills, shortage of entrepreneurial proficiency, deficiency in granting long term loans, because most loans in the Nigeria market are short term, Poor road network, power failure, insecurity of lives and property, a policy reversal as a major impediment to SMEs in Nigeria (Onugu 2005; Ayanda 2011). Akabueze, (2002) also identify lack of capital, insufficiency in firms to meet the expenses of competent line managers and skilled staff, difficulty in

recruiting skilled employees, high tendency to consume, marketing weaknesses, failure to transform and become accustomed quickly to the changing environment, low capacity to produce as a result of failure to benefit from the economy linked with large scale operations and modern technological innovation, and unnecessary overhead and operating costs. Omega (2005), also listed survival rate as a predicament mitigating against the industry's ability to perform, occupying 5% of SMEs chances to liquidate within one year of their commencement of business. The researcher reiterated that the contribution made by SMEs to the country gross domestic product (GDP) and industrial production in particular is minimal. While in advance countries of USA, South Korea, Germany, SMEs has creditably performed better by engaging 64% of the country's workforce, meanwhile Nigeria recently has less than 31%, far below what is obtained in advance economy. Regardless of its minimum contribution to economic growth, unemployment and poverty level is increasing on a daily basis as measured by the Nigeria's Human Development Indicator (World Bank, 2005). In summary, the researcher, condense these problems into four; administrative, operating, strategic and exogenous problems.

Though firm performance is created by individual employee performance built by their attitude to work. Therefore it is important to note that strategy without change is a redundant hope, likewise change without strategy is accidental action. In sum, the above issues can be surmounted by the growing effort of SHRM. This underlying principle validate the assumption that regardless of how sophisticated and modern the operation of business might develop into, is like effort made in futility to continue its growth and

efficiency without strategies that balance the business procedures (Waiganjo, et.al 2012). It takes "what is" to improve initiative of "what should be" equipped with "how to get there". Through a practical organizational strategic aim at what the future ought to be, SHRM provides the road map for achieving this task to make the best use of human resource to the greatest benefit of the organization, developing individual talent and retaining skilful employees to work for the firms as long as possible, enhances productivity and the effectiveness of the firms (Waiganjo et.al 2012). When a firm engages in SHRM practices such as training and development, teams and decentralization, information sharing, incentive and performance, and resourcing they are more able to achieve their goals and objectives (Waiganjo et.al 2012).

In spite of research effort into SHRM and firm performance, many SMEs in Nigeria are still underperformance, it is uncertain if SMEs owners, line managers are actively engaging, in modernizing HR functions to be more strategic. This question has been achieved in the developed economy. SMEs in American, Japanese, and Taiwanese are well-known in engaging the services of SHRM regularly (Huang, 1999). SHRM practices in Nigeria lack full recommendation (Ayanda & Danlami S., 2011). Therefore, the researcher effort is to address this gap empirically testing SHRM and its relationship with firm performance in food and beverage SMEs industry in Nigeria as little or no empirical study had been done in this area in Nigeria. In addition, past research in this field was mainly focusing on the wide scale manufacturing sector and limited work if any is available in the food and beverage sector that is mainly subject on human resource (Ayanda & Danlami S., 2011).

1.3 RESEARCH QUESTION

The study is intended to investigate the influence of SHRM on firm performance in food and beverage SMEs industry in Lagos, Nigeria. As a result, the research attempts to answer the following questions.

1 Does strategic human resources management have a relationship with firm performance?

2 What extent is strategic human resource management influence firm performance?

1.4 OBJECTIVE OF THE STUDY

The broad aim of this research is to examine the influence of SHRM on firm performance. Specifically, the study is expected to investigate.

1. The relationship between Strategic Human Resource Management and firm performance in food and beverage SMEs in Lagos Nigeria.

2. The extent of Strategic Human Resource Management practices to firm performance in food and beverage SMEs.

1.5 SIGNIFICANCE OF THE STUDY

The benefit of the study upon completion can be viewed from two perspectives:

theoretical to practical benefit. The study will be of great significance in enhancing the

knowledge of the student in Human resource management, in addition to assisting researchers to do better by making contributions to their literature particularly in this area of research.

Moreover, the research will assist practitioners such as SMEs owners and the policy makers (Government of Nigeria) in human resource management by presenting the road map for managing SMEs and furnish government the input to develop policies.

The research will also be of assistance to Human Resource practitioners, supervisors, and managers in recognizing the particular relationship of SHRM practices that will significantly influence firm performance.

Despite its cross sectional in nature, this research will in addition give practical information for HRM practitioners, since it deals with bundles of SHRM practices and not specific practices in accordance with the current development that occur in the field. The recommendations of this research will assist managers and SHRM practitioners to develop an effective and efficient HRM practices that will enhance firm performance which is the central part of the firm.

1.6 SCOPE OF THE STUDY

Only SMEs in Lagos is involved in this study, this is because 80% (percent) of SMEs in Nigeria are concentrated in Lagos (Onuga, 2005). The SMEs engage in this research are those whose employees are full time staff of the firm. Likewise, the firm had been in business for a period not less than two years before this research is conducted.

1.7 ORGANIZATION OF THE THESIS

The current study is comprised of five chapters. The researcher presented chapter 1 by giving a brief introduction of the study, background of the study, problem statement, research question, the objectives of the study, the significance of the study, the scope of the study, as well as the organization of all the studies. Chapter 2 provides the related literature relevant to this study with particular focus on strategic human resource management and firm performance. This encompasses the definition of an SME, followed by the development of SHRM, definition of SHRM, theoretical review, discussion of the dimensions of SHRM, firm performance as well as the relationship between SHRM and firm performance. Chapter 3 describes the research methodology of the study. It contains research framework, research hypothesis, selection of the measures, sampling design, and data collection procedure and data analysis techniques. The findings of this study as well as the detail analysis of statistical test conducted will be explained in the fourth chapter, leading to discussion and conclusion of the study with its implication and suggestion for future research in chapter five.

CHAPTER TWO

REVIEW OF LITERATURE

2.0 INTRODUCTION

What determines firm performance is a fundamental question for strategic human resource management. Analysis of various literatures gives a general idea about work that has been conducted on the topic under review, in order for the researcher to come up with his own conclusion. For that reason, the presentation of this section contains literature on strategic human resource management and firm performance in food and beverage industry in Nigeria. It begins by presenting the definition of an SME, followed by the development of SHRM, different definitions provided by scholars in the field of SHRM, Theoretical review, Conceptual framework, and ends with the relationship between SHRM and firm performance.

2.1 SMALL AND MEDIUM SCALE ENTERPRISE (SMEs)

To global view, it is difficult to have a unified definition of what constitute SME using size and scale of business and the economy of every country. Though within national boundaries, it could be reasonably easier to accept a common definition. In order to obtain a clearer understanding of SME, the researcher attempt to define the following based on SME categories.

2.1.1 Micro/Cottage Industry

Within Malaysia context micro/cottage industry is an industry whose sales turnover is less than RM250,000 or full time employees is less than five (5) (www.smidec.gov.my/node/33). Meanwhile the organization of European cooperative development describes micro /cottage industry as an industry whose employees is less than ten (10) which annual turnover and assets is less than or equal to 2 million Euro (OEDC, 2000). However, at the 13th Council meeting of the National Council on Industry in July, 2001 Micro/cottage industry in Nigeria was defined by the council as follows: An industry whose total number of workforce is not more than 10 employees or whose entire capital does not exceed N1.5million not including cost of land (Aremu, 2004).

2.1.2 Small-scale Industry

Small scale industry in Malaysia is an industry with a total sales turnover of RM250, 000 to RM10 million whose employee is within the range of five (5) to fifty (50) (www.smidec.gov.my/node/33). In Europe small scale industry is an industry which number of employees is more than ten employees but not more than fifty (50) with annual turnover and assets of less than or equal to ten million Euro (OEDC, 2000). In Nigeria it is regarded as an industry whose total number of employees is more than ten but not greater than one hundred employees (11-100 workers) with a total cost not

exceeding N50 million, together with working capital but not including the cost of land (Aremu, 2004).

2.1.3 Medium Scale Industry:

According to the organization of European development cooperation OEDC (2000), define Medium scale industry as an industry whose number of employee is more than fifty (50) but not greater than two hundred and fifty (250) with a total annual turnover of not more than 50 million Euro. Meanwhile, in Malaysia is an industry with overall sales of RM 10 to RM25 million and full time employees of fifty one (51) and one hundred and fifty (150) in the manufacturing industry, while in the service industry its total sales turnover is between RM1 and RM 5 million with total full time workers of twenty (20) to fifty (50). In Nigeria Any industry having more 100 but not more than 300 employees or whose total capital is beyond N50 million but not exceeding N200 million, including working capital, excluding cost of land, can be regarded as a medium scale industry (Udechukwu, 2003).

Integrating these two concepts, make up SME, the study will look at various definitions presented by different scholars. However, SME in Ghana is an industry having annual turnover of $ 23,700 and $2, 370, 000 (Gibson & Vandervaart, 2008). Also in develop countries like USA, Canada, Britain to mention but a few SME is defined base on the annual income or revenue and the number of permanent employees that the firm engage in their services (Ogundele, et al. 2008). This description is supported by the fact that the

annual proceed of sales of the SME falls within the limit of five million dollars in service industries. United Nations on the other hand defines SME as an industry whose employees are less than hundred people (Udechukwu, 2003). Meanwhile in India, SME is an industry with capital investment in plant and machinery not exceeding six million rupees. This is consistent with Hashim and Abdullahi (2002), who defined SMEs in Malaysia as a small size enterprise with the employment capacity varying from 10 to 50 employees and all these 50 employees are permanent employees with a highest paid up capital not exceeding RM10 million.

However, within the Nigerian context as adopted by the National council of industry (NCR13, 2001), SMEs are industries whose overall capital is beyond N1.5 million but not exceeding fifty million Naira, including operating capital excluding cost of land, labouring capacity of over 100-300 employees. SME within the Nigeria context is categorized by the capital involve in the project, sales growth, and cost of earnings of the employees. As a result the Nigeria government establish a standard capital to strengthen the definition of SMEs businesses, these capital fluctuate depending on the economic situation of the nation and changes in the global market such as from N60,000 (Naira) in 1972, N159,000 in 1975, N250.000 in 1979, N500,000 in 1986, to a fixed investment of not more than N2,000,000 (two million Naira) in 1992 respectively (Ogechukwu, 2011).

Though other definitions have long been in existence before NCR integrated the above definition such as that provided by Ogechukwu (2011), reflecting stages of development

of the country. The Nigeria Apex Bank (Central Bank of Nigeria), to facilitate and improve the standard condition of the industry in early 80s categorize SME as a business enterprise whose turnover is not exceeding $500, 000. In similar situation, the International Bank for Reconstruction and Development (IBRD), in collaboration with Nigerian Bank for commerce and industry define SME as a business enterprise with capital cost and cost per employee within the value of $300,000 and $7,500 correspondingly (Ogundele et al., 2007). Upon these definitions springing from various sections, the Nigeria Bank of Commerce and industry develop its own operational definition of SME as an industry with operational capital of $750,000 not including the cost of land.

Following the confusion surrounding the various definitions given above, the researcher observes that, definitions provided by various organs are aimed at promoting the growth of the business. Therefore, the National Council on industry, incorporated these definitions of SME as an enterprise having a fixed asset of between $1 million and $10 million excluding cost of land but including working capital (Christopher & Adeleke, 2012).

Therefore, from the aforementioned definitions, one would understand that the capital involve in setting up the industry is moderately affordable couple with technological advancement. SME can without difficulty increase their scope of business and maximize the available surplus labour resources (Ogundele et al., 2008). One of the major

benefits that can be coined out of the above definitions is the decentralization of economic activities, reducing disparity surrounded by sections and the rural and urban environ.

From the above mentioned definitions, it shows that the various countries of the world and their firms have their own way of screening SME raising the support that there is no universally acceptable definition of SME. The suitable definition in this study is the one presented by Ogundele (2007), referring to SME as small business independently owned with no supremacy in its market sector. The choice of this definition is subject to the understanding of changes in economic indicators such as exchange rate, interest rate and price index which will either decrease or increase the value of money (Christopher & Adeleke, 2012).

From a planning standpoint, SMEs is gaining acknowledgment as the most important means for achieving equitable and sustainable industrial diversification and distribution (Udechukwu, 2003). They have positively impacted the process of industrialization and economic growth both in advance and developing countries of the world (OECD, 2009).

In Nigeria SMEs contributed 10% of the entire manufacturing productivity and 70% of the industrial employment (Aina, 2007). In addition, Ihua (2009), posit that 97% of businesses in Nigeria comprises of SMEs engaging roughly 50% of the workforce and

industrial output respectively. The industry has been recognized as a means for economic growth, consequently SME cannot be ignored in the economic improvement of any nation. Okongwu, (2001), in his opinion, he opined that SMEs are the most important source of economic growth as well as key ingredient in promoting private sector development, both in advance and emergent economy. SME industry is significant to the growth and improvement of energetic economy, as a result, economic growth can be achieve in Nigeria via the coming out of strong SMEs, that will in subsequent time turn out to be the main competitor in the developing economy (Ige, et.al, 2011).

The industry has also played a major role in diversifying the economic condition contributed to importation and exportation (Ige, et al, 2011). Wattanapruttipaisan (2003), opined that the impact of SMEs for growth, efficiency and competitiveness of the market in emergent and advance economy are giving recognition collectively, in view of the fact that SMEs drive local capital formation, add value to enhanced living standards as well as attaining a higher level of output. SMEs is acknowledged as an avenue for accomplishing equitable and maintaining industrial diversification. However, Ige, et.al, (2011), categorically stated that, today's knowledge-based economy, require SMEs to champion procedure that facilitate them to provide services that will bring about competitive advantage.

Table 2: Classification of Industries by Assets Based and Number of Employees in Malaysia manufacturing and Agro based industries.

S/N	Industry	Assets Base	Number of Employees
1	Micro/Cottage Industries	RM200,000-≤RM250,000	1- ≤5 Employees
2	Small Scale Industries	RM250000-RM10 Million	5-50 Employees
3	Medium Scale Industries	RM 10-RM25Million	51-150 Employees
4	Large Scale Industries	RM25 Million and above	151 Employees and above

(Source: http://www.smidec.gov.my/node/33)

Table 3: Classification of Industries by Assets Based and Number of Employees in Europe

S/N	Industry	Assets Base	Number of Employees
1	Micro/Cottage Industries	≤ £ 2 million	Less than 10 Employees

2	**Small Scale Industries**	**≤ £10 Million**	**Less than 50 Employees**
3	**Medium Scale Industries**	**≤ £43 Million**	**Less than 250 Employees**
4	**Large Scale Industries**	**£43Million and above**	**250 Employees and above**

(Source: European commission).

Table 4: Classification of Industries by Assets Based and Number of Employees in Nigeria.

S/N	Industry	Assets Base	Number of Employees
1	**Micro/Cottage Industries**	**0-1.5 Naira**	**1-10 Employees**
2	**Small Scale Industries**	**1.5-50 Million Naira**	**11-100 Employees**
3	**Medium Scale Industries**	**50-200Million Naira**	**101-300 Employees**
4	**Large Scale Industries**	**201 Million Naira and above**	**301 Employees and above**

Source: Ubom (2006:18).

From the definitions adopted by different countries of what encompasses SMEs, I do not recommend any better approach for SMEs is perfect. On a more thoughtful point, the common characteristics of these definitions are that SME is directly related to my

understanding of private sector development. It emphasizes that SMEs are the backbone of the economy of many countries, this has become fundamental boilerplate for papers, presentations as well as prominent articles on private sector development.

Additional characteristics underpinning the definitions is the adoption of three common characteristics of many countries in explaining SME such as, capital invested in plant and machinery; number of employees engaged, and volume of production or turnover of the business (National SME Development Council (NSDC) 2005; Ayanda, 2011). The definitions also show that the larger the firm, the greater the turnover and number of employees it will have. Therefore for the firm to increase its performance it must engage more employees.

2.2 DEVELOPMENT OF STRATEGIC HUMAN RESOURCE MANAGEMENT

SHRM is a field that has and will continue to generate concern, because of its evolutionary phase and complexity in identifying a specific framework to retrofit the current spread view.

Table3.

Year	Authors	Concept of SHRM
1967	Rensis Likert	Examine that every activity of a firm established by person are unproductive unless they are directed by human, however managing these human factor becomes the fundamental task.
		As competition increases in the USA and UK,

1973	Juices	companies fight against recession, as a result they hunt for skillful employees, the language for managing these human factors have a tendency to revolutionize from personnel management paving way for human resource management.
1989	Legge	Speedy transformation in business environment requires that, for an organization to continue to exist, such organization attention must be centred on its competencies so as to remain ahead of its competitors. These lead to the emergence of SHRM.
1997	Hope- Hailey et al.	In recent years, many still condemn the significance formation of human resource management, that is, if really it have direct value to the achievement of strategic objectives of the organization and improve performance.
2000	Kazmi and Ahmed	An innovative method of improving organizational effectiveness was provided through the surfacing of the concept of SHRM. It is in four dimensional stages such as: Strategic human resource management, managerial rank, functional strategy, and merging strategy. These developments incorporate three main concepts: Personnel management, Human resources management and now Strategic human resources management.
2011	Azmi	The idea of HRM came to limelight in the early 80s with the development of two models, such as matching model and the Harvard model suggesting the incorporation of SHRM and HRM.
2011	Oladipo & Danlami S.	The field of SHRM generated serious attention in accordance to the fact that the organization realizes that employees are the most valuable assets; as a result they need to be managed strategically for the firm to enjoy a sustainable competitive advantage over competitors. Advances in high-technological environment and the need to maximize productivity, demand firms to also engage in severe competition, mainly observes by

mergers and acquisition in recent time. This enlightens the kind of energetic and difficult business environment that business has to face. These also lead to the emergence of SHRM highlighting on an integrative and value-drive method of human resource management.

However, the knowledge of SHRM awareness is reasonably inadequate, in addition most of the questions generated concerning the influence of SHRM in an organization particularly SMEs is absolutely in need of further investigation.

2.3 DEFINITION OF STRATEGIC HUMAN RESOURCE MANAGEMENT

Regardless of the planned effort of practitioners in the field of SHRM in bringing an innovative way in the process of doing business by facilitating organization's core competency, the phrase SHRM is indistinguishable. To some it is a process, or input, while others refer to it as process and outcome respectively. According to Azhar and Faruq, (1999), SHRM is view in different ways by scholars such as:-

1. Some integrate human resource management and SHRM as a single subject,

2. Whereas, Some believe the activities in strategic human resource are for the rank of strategic management in the organization,

3. Other scholars maintain that the procedure engage in human resource management that connect strategic function of the organization are the strategic human resource management,

4. While others believe that any organization that engages the services of strategic human resource management in order to attain the aims of the organization is considered as SHRM.

SHRM as inputs include the Skills and motivation of employees that facilitate organizational human resource management processes to build and distribute manufactured goods and services that are appreciated by customers (Lado & Wilson, 1994; Delaney & Huselid, 1996). HR practices describes above translate these inputs such as employees' skills and motivation via different interconnected behaviour, functions, and processes to attain the productivity of work and firm performance (Lado & Wilson, 1994). Individual employee skills are the fundamental aspect of the entire human resource system. For sustainable competitive advantage, firm should focus on its assets and skills acquired by the organization, as well as its employees. Such skills comprises of reading, writing, computer and software knowledge, problem solving, critical thoughts, capability to participate in corporate meetings, and report writing (Askov, 2000). The researcher further asserts that, the approach in which a firm competes in its environment, as well as the assets and skills of the firm reinforce its competitive advantage. Delaney and Huselid, (1996), suggested that incentive enhances the efficiency of employees, absence of incentive will limit workers moral to perform a

work in the organization. Certo (2003), argued that the major goal of HR is to recruit the right employee for the right job, making the best use of human resource to the greatest advantage of the organization, building employee skills, and maintain skilful employee for the benefit of the organization.

As a process, Ulrich and Lake (1991) view SHRM as a process of connecting human resource practices and business strategy. According to Bamberger and Meshoulam (2000), SHRM link human resource functions with strategic objectives as well as organizational aims in order to enhance firm performance via the understanding of the culture of the organization that encourage performance, commitment, as well as participation between their workers. Also Wan, Ph, and Kok (2002), define SHRM as a process of planning and implementing a set of practical HR practices that guarantee the contribution of human capital to the achievement of the objectives of the organization. Similarly, Lain (2011), argued that SHRM is an experience base approach to personnel administration that centered on the development of human resources. Human resource practices are also the processes used to change existing human resource inputs contained by the human resource system. Achieving these aims requires efficient and flexible Strategic human resource management (Wright & Snell, 1998).

According to Cooke, Shen, and McBride (2005), SHRM is an output, a well-organized function that survives with the changes in the environment. In their analysis of HRM practice of underperformance firm, they realize that those high performing firms

implement SHRM measures. In similar vein Wright and McMahan (1992), examine SHRM as a pattern of design human resource deployments and actions anticipated to facilitate the achievement of organizational goals.

Looking at SHRM as a process and output simultaneously, Nigam, Nongmaithem, Sharma, and Tripathi (2011), define SHRM as a field of study that is concern with the connectivity between human resource management (HRM) and strategic management in an organization, enveloping the general issue connecting organizational arrangement, customs, how organization deal with change, organizational efficiency, performance, capability, harmonizing resources to future business needs and employee development.

From the various definitions provided above, SHRM is an activity of human resource management that is linked to the overall incorporation of human resource management and strategic requirement with business strategy, policies of human resource comprise of internal organizational hierarchy, policy crossover, as well as human resource practices acknowledged and shared between workers and management in daily life.

Consequently, the goal of Strategic human resource management is to make available future road map in managing workforce in the organization. However, this research work is mainly focus on human resource inputs the long term plan of human resource management that is in line with the overall strategic planning of the organization because

of its strong influence in enhancing firm performance. Because of the differences in researchers perspective, the analysis of SHRM is to plan and implement an innovative way that will ensure internal reliability of HR practices in the organization, human capability, value added in attaining business goals, considering the fact that HR is the most important resource that any successful organization must acquit itself with, given that the management of other resources is the responsibility of HR to encourage organizational performance, (Waiganjo, et.al, 2012).

2.4 DIMENSIONS OF STRATEGIC HUMAN RESOURCE MANAGEMENT

Evidences has been provided of the combination of bundles of HR practices on firm performance, by establishing theoretical and empirical linkage between SHRM and firm performance (Huselid 1995; Richard & Johnson 2000; Guest, 1997). According to Pfeffer (1998); Ahmad and Schroeder (2003), SHRM practices improve firm performance.

One of the most widely used dimensions of SHRM is presented by (Dyer & Reeves 1995). In their study of SHRM and organizational effectiveness, they suggested that, with bundles of SHRM dimensions such as: Staffing (tight hiring standards, promotion from within, promotion base on merit); Training (formal training, type of training); Rewards and recognition (labour costs, incentives/ gain sharing etc, knowledge base pay, benefits costs); Work systems (participation, QC, teams, decentralized decision making, responds for quality); Communication (information sharing); Employee relations (due process procedures, opinion survey social gatherings); Other (skill mix, span of control, Number of job classification, customers visits, status barriers, number

suggestion/EE, % suggestions implementation, employment security, unionized) significantly improve output than any single activities. In a similar situation, Green, Whitten, and Medlin (2006), in the large US manufacturing firm, assert that SHRM dimensions such as vertical alignment factor; horizontal integration factor; job satisfaction; organizational commitment; individual performance; are necessary to assess the direct and indirect impact of SHRM approaches to organizational performance. According to Rogers and Wright (1998), classify SHRM dimensions into six categories such as:- Work organization; high performance work system (HPWS); strategic human management; participation and motivation; training and selection; and compensation. Ngo, Lau and Foley (2008), in a study conducted in china, use selection and recruitment, training, performance appraisal, and compensation as a dimension to determine organizational performance.

The effort of the present study is to expand the above line of research with a conceptual framework of a study conducted by Waiganjo et al. (2012), with five dimensions of SHRM supported by other scholars. These include: training and development, delery and Doty (1996); Xiao (1996); Atteya (2012); information sharing, Ahmad and Schroeder (2003); Ahmad (2010); Pfeffer (2001); Gurbuz and Merit, (2011); incentive for performance, Milkovich and Newman (1996); Ngo, Turban, Lau (1998); Booth and Frank (1999); Collins and Clark (2003); resourcing, Harrison and Mason (1997); Cassar (2001); Brush et al. (1996); Jones and Jayawarna (2010), teams and decentralization, Pfeffer (1998); Delarue et. al (2008), towards firm performance (Dyer & Reeves 1995).

Environmental settings and culture play a great role in ensuring successful implementation of SHRM practices, what work well in as developed economy, may/not be successful in developing economy like Nigeria. As a result not all the dimensions used by Dyer and Reeves (1995) in western setting can work well in Nigeria. However, the major concern of SHRM is if the organization should increase its internal competency (make strategy) or external competency (Buy strategy) to enhance firm performance. The choice in adopting (Waiganjo et al. 2012) framework; the support for the make strategy which is the focus of this study, the study was also conducted in Kenya a developing economy like Nigeria.

2.5 THE DIMENSIONS OF SHRM

The dimensions of SHRM in this study are: training and development, information sharing, incentive for performance, employee resourcing, and team and decentralization.

2.5.1 TRAINING AND DEVELOPMENT

Training and development is the quality of formal learning provided for employees. Organizations are capable of providing extensive formal training otherwise dependent on acquiring skills via selection and socialization. Training is aimed at skill development, be it technical, clinical or soft skills such as team working, leadership and interviewing

(Delery & Doty 1996). Training influence firm performance by enhancing the important skills as well as increases employees satisfaction with their current job and workplace (Delery & Doty 1996). Consequently it is an important aspect in developing human resource in the context of an organization.

Incereasing global market competition has place much demand on firm to seek for employee having prior knowledge and skills to perform job effectively. These growing importance, motivated this study to examine firms base on their capacity to develop work skills and knowledge. According to Zander (1991), work knowledge has a significant influence on the performance of the firm. For instance some studies support the view that uncomparable quality in firm knowledge base assets and competence have a significant influence in the performance of the firm (Teece, Pisano & Shuen (1997) . In the same vain, Bresman, Birkinshaw, and Nobel (1999), opined that knowledge is the most strategically important resource to firm, the researchers further strengthen their argument by saying that the champion of tomorrow marketplace will be the master of knowledge management. According to Li (2010), Knowledge that reflect on the quality of understanding about task may extensively enhance the performance of the firm. . In a study conducted by Battacharya, Donald, Gibson and Doty (2005), claim that firm having employee with work skills enhance firm's ability to respond quickly to market competition than if the firm had to enter the open market and acquire skills to meet new demand conditions. Lloyd (2003), also stated that he attempted to find a few links between technical Skills and performance , even though HR practioners believe that employee skills are an important part of work process.

It is the responsibility of human resource department to be dedicated in training and developing employees of the organization, on skills and knowledge to meet the need of the firm. Nevertheless, training and development is an organized way of developing knowledge in individuals for the reason of improving organizational performance. In today's competitive market economy, the most knowledgeable and proficient employee, need training in order to fit into the organization and make important contributions to the advantage of the firm. Other studies have shown that training and development are important to firm success in maintaining competitive advantage and employee retention (Ahmad & Schroeder 2003; Oladipo & Danlami 2011; Waiganjo et al. 2012; Atteya, 2012). It gives employee the knowledge, skills required to perform the required task effectively and to enable the organization update modern work activities, (Atteya, 2012).

Generally, training and developing employee, reduces organizational cost of supervision, increases employee motivation and reduces employee turnover. Huselid (1993), affirming this statement, assert that Training and developing employees will not only influenced employees efficiency but will as well serve as short and long term indicators of firm performance, it also helps in enhancing firm productivity and trim down employees attrition. In other word training and development help to pay the damages of external recruitment and selection since the firm will be able to encourage its employees internally. Training employees invalidate the pressure that causes displeasure of

employee in the workplace (Xiao, 1996). While training and development is generally acknowledged, majority of SMEs in Nigeria is unwilling to provide formal training to their employees. Oladipo and Danlami (2011), argued that the level of training provided to line managers in most organizations in Nigeria is relatively minimal. Insufficient training would discourage organization's ability to perform successfully.

Its facilitate firm performance by knowledge improvement, skills, and aptitude that is related to employees task and development as well as to improve employee job satisfaction in the workplace (Xiao, 1996; Atteya, 2012). Dimba (2010), in a study, in Kenya established that training and development is the strongest relationship to firm performance. Some organization invested huge cost on training while others perceive that training their employee will provide the employees the opportunity to depart the organization at their own will. Another stream of researchers have argued that training employees have negative short and long term effect on the firm as it is believe to be too expensive for the organization (Salas & Cannon-Bowers 2000, Kraiger, McLinden & Casper 2004). Others also believe that they find it difficult to find strong evidence in the human resource literature, that giving training to employee like on work skills and knowledge have strong relationship with performance particularly at the organizational level of analysis of this nature (Nguyen & Buyens, 2010). They further stated that, the relationship between training and firm performance is not adequately addressed and studied in developing countries. And the impact of training for various employees such as

workers, supervisors, office staff, and managers and their performance may not be the same to job characteristics and locations.

The above mentioned examples have indicated that there are conflicting evidence that training and development positively influence firm performance of SMEs, as a result, the researcher will examine the relationship linking training and development and SMEs performance in food and beverage industry in Nigeria.

2.5.2 INFORMATION SHARING

Globalization of business and the zeal for competitive advantage has propelled many organizations as well as SMEs to seek and share information. Sharing of information will help them to evaluate and forecast future decisions that would influence firm performance. Information sharing in an organization creates a sense of belonging. Accordingly within a favorable organizational environment with stronger interpersonal relationship the zeal to do job better is always stronger when information are shared between employees (Ahmadi, 2010). In a study conducted by Srivastava, Bartol, and Locke (2006), found that Knowledge sharing has a significant influence on the performance of teams. In their definition, Knowledge sharing is the exchange of unambiguous and implicit knowledge significant to job. They suggested that Sharing Knowledge among team is unusual, and the team's leader has the possible to strongly influence the extent of knowledge sharing. Knowledge sharing may possibly facilitate firm problem solving since the difficulty facing them at hand can be better understood

earlier and more various alternatives to the problems can be explored. This is consistent with the findings of Lee, Gillespie, Mann, and Wearing (2010), in a study Leadership and trust: Their effect on knowledge sharing and team performance, found that team knowledge sharing will significantly predict performance. The researchers is of the view that when teams member share knowledge, it facilitate their chances of meeting project goals, achieving quality, efficiency and meeting the expectation of the customers.

However, sharing information among employees has both positive and negative implication in the organization (Ahmad & Schroeder, 2003). The positive implication is that it built trust on the employees that their employer acknowledge their contribution towards the organization, it also facilitates firms in making knowledgeable decision among others (Ahmad & Schroeder, 2003). creativity is established when employees share knowledge about workplace, which is an important component to team performance (Faraj & Sproull, 2000). Whereas on the other side most firm disinclined to share vital information with their employees because of the fear of taking advantage of the firm and losing control on them (Pfeffer, 2001). Firms also avoid sharing information with their employee because of the danger of revealing important information to the competitors (Pfeffer, 2001).

Sharing information requires the accuracy of the information, this involve the honesty of the information that would support the firm in making the decision. To remain competitive, necessitate accurate information. On the other hand, their information

should be reliable i.e. both information shared by employees and managers should not be contradicted. Lastly, having reliable and accurate information, is not a guarantee to achieve firm performance, the information should be available when it is needed (Ahmad & Schroeder, 2003).

Employees should be given the opportunity to assess important information. Information relating to employee's performance should often be communicated to them in order to enhance their performance, this promotes the transparency of the firm which results in lessening workers attrition (Ahmad & Schroeder, 2003).

In their study of Turkish firms Gurbuz and Mert, (2011), observe that many of the Turkish firms lack the knowledge that information sharing enhance firm performance. They consider the cultural standard of the people of Turkey to be an impediment to the sharing of information. However, in every society, the culture of the people may affect some workplace practices and style of running the organization either the culture will restrain or facilitate the behaviour of the employees. Consequently, centralizing firm decision in organizational practices will as well affect the relationship between information sharing and firm performance, (Gurbuz & Mert, 2011).

2.5.3 INCENTIVE FOR PERFORMANCE

According to Milkovich and Newman (1996), analysing incentive in different perspectives; from societal perspective, employees, managers and stakeholder perspective. To the Society a benefit for expression of equity or justice, therefore the watchword, 'equal work for equal pay'. This replicates the general chorus of dissatisfaction against the unfairness of any style in distributing incentive. To the employees it is an entitlement for a job well done. This motivates their interest in the skills and education they have acquired. To the stockholder incentive means linking pay to firm performance allegedly increases stockholder returns. Incentive compensation is to reward employee past performance in order for the firm to grow and survive in a competitive market. In line with the above argument, Ahiabor (2013), suggest that giving incentive on employee contribution play a significant role in motivating employee to perform better and if management implement this approach will constantly stimulate employees interest to work and enhance their performance. Empirical evidence has shown that giving incentive for individual contribution may significantly influence performance, via their influence on goal setting (Wright, 1992). Moussa (2000), argued in terms of organizational contextual incentives and self-set goal level instructions influence goal valence.

Therefore, connecting pay to performance is an important strategy that every organization is requested to achieve. Work that is linked with performance pay (PRP) creates a centre of attention for workers of higher ability and encourages them to put greater effort (Booth

& Frank 1999). According to Tomal and Tomal (1994), the major long term effect of providing incentive to employee performance is that offering incentive base on individual employee performance actually diminish quality instead of reducing it (for example, by increasing the scrap rate). In the same way when only certain individuals receive rewards and others don't, this have the possibility of setting envy and dislike in the organization. Providing economic incentive demotivate teamwork, as each worker will develop a competitive behavior to obtain personal gain at the expense of co-workers , creating a win-lose circumstances (Tomal & Tomal, 1994).

Cost-effective approach to encourage employees to perform is important to all types of organizations including SMEs. To remain competitive and enhance performance, there is a need for them to provide incentives to their employee's base on their efficient and effective work. In their study, Bear Well and Holden (1995), classify incentive provided by the organization into; individual bonus scheme; collective bonus scheme, as well as a collective bonus scheme in accordance to the profit generated by the organization. Ann and Nathan, (2012) also established that, giving incentive to employee influence firm performance and job satisfaction in a production setting. They recognized that, the nature of the relationship between the types of incentive provided by firms for employees that will increase performance is always difficult to determine. Nevertheless, some firm adopted financial incentive which is not the best option to enhance performance base on the empirical study conducted by Ann and Nathan, (2012), which involve cash and noncash incentive. Their suggested was that, in an attempt to improve performance,

employee must be proficient in performing the task and they should not be coerced by external controlling factors.

Though other studies believe that employees Incentives are attached to their performance. Most developed markets like in USA, Taiwan, Japanese market economy, there has been a renew attention on Performance related pay, supported by the governments (Booth & Frank, 1999). The need to influence employees work performance and then enhance productivity and efficiency of the firm, is the major reason firms believe incentive for performance can yield competitive advantage (Milkovich, 1996).

Incentive for performance is an innovative way of providing a reward that is associated directly with individual, group and organizational performance (Armstrong, 2002). The researcher examined that, there is a development in the direction of PRP in SMEs manufacturing firms. The researcher sees incentive for performance as making financial reward available to individual linked explicitly to their individual, group or organizational performance. But Schuler (1998), maintains that incentive for performance should not be constraints only to financial rewards, therefore, non-financial rewards, such as recognition, also make up pay for performance. The reason for this is that performance improves the chances of a firm competitive advantage and equity (Milkovich & Newman, 1996). In line with this view Beardwell and Holden (1995), recognize that incentive for performance help in recruiting and selecting skillful employees, supporting change in

organizational culture; deteriorate trade union power; greater financial control as well as encouraging flexibility.

Many researchers have argued that incentive and firm performance, have a direct relationship, (Milkovich & Newman, 1996; Booth and Frank 1999). Expectancy theory also posit that incentive compensation strategy will influence employee performance when they recognize that there is a relationship linking the attempt made by them and when such employee gain particular benefits if they perform better (Ngo, Turban, & Lau 1998).

Regardless of empirical proof provided by scholars about the positive relationship between incentive strategy and firm performance, another emergent scholar also suggest that incentive compensation does not only guarantee firm performance, the pay structure of the organization plays a vital role in firm performance (Sigh, 2004).

As a direct effect, incentive influence employee performance as well as the performance of the entire organization. Gaibraith and Nathanson (1978), highlighted that organization is required to plan their incentive compensation strategy that will eliminate the constraints preventing them from performance, in view of the fact that the possibility of depending on voluntary and spontaneous selection of behaviour to produce nearly all valuable work performance is not reliable. They suggest further that, because it is the

idea of the employees that organization dependent upon, to create the needed influence on its environment, an organization must have incentive strategy that is competitive in the market.

The level of Incentives provided to employee will also influence their level of satisfaction with the job (Atteya, 2012). When incentive is judiciously utilized, it add value to the expansion and survival of the firm. Rodriguez and Ventura (2003), in their study of 120 firm in Spanish manufacturing industry recommend that incentive for performance is above seniority pay decisions, besides that, incentives pay is essential in overall compensation package and the compensation system replicate an equal orientation.

Some researchers also believe that incentive for performance cannot motivate employee, occasionally, employeès see it as an instrument by management to regulate their behaviour (Ahmad & Schroeder 2003). Collins and Clark (2003), examining the relationship between HR practices and firm performance in terms of sales growth found that the social interaction of top managers act as a goal between them. Similarly Katou and Budhwar (2006), establish in their research of 178 Greek manufacturing firms, recommended that universalistic model in addition to HRM practices of training and development, incentives, benefits, and were positively correlated to firm performance. Huselid (1995), asserts that better incentive motivate individual to perform than by merely relying on fixed compensation. Employees are willing to remain with the

organization when their reward is proportionate to level of task and independence. Empowering strategy also influence efficiency merge with good working condition and incentive program (Chênevert & Tremblay, 2009).

2.5.4 EMPLOYEE RESOURCING

The constraints encounter by most of the newly established firm in competing with existing business entrepreneurial firms is the problem of competence and innovation (Witt, 2004). Human resource is the best assets that any organization should think of, although only very few organizations are able to completely connect to this potential (Ahmad & Schroeder, 2003). An Organization can either internalize or externalize its human resource activities (Lepak & Snell, 1999). Internalization is the organization's decision to build up its employees' skills within the organization, whereas externalization means outsourcing its human resources desires to market base agent (Rousseau, 1995). Though both approaches has its price that is attached to it. For instance outsourcing HR functions decreases bureaucratic bottleneck. Then, organization reliance on outsourcing will also restrain its ability to build up core competency that is important to long term survival of the firm in the market (Ahmad & Schroeder, 2003). Schmitt and Chan (1998), suggested that selection system should be design to measure employee knowledge and skills as well as employee personality that have relationship with job persormance.

These problems indicate that most of the SMEs lack the resourcing available to kick up the business (Cassar, 2001). Brush and Greene (1996), posit that SMEs who use their 'resources raising ingenuity' are in stronger chances of improving their firm's performance.

Despite the growing effort in establishing the relationship between resourcing and SME performance, many of the existing empirical studies have not qualified the relationship between resourcing and firm performance (Jones & Jayawarna, 2010). However, Resourcing is significant to firm performance, in view of the fact that approximately 95% of new SMEs involve in creative and cost-conscious techniques (Harrison & Mason, 1997). Clarifying this relationship will be of great advantage to both SMEs and the policy makers. In an effort to elucidate the relationship many studies have suggested that organizations should embrace bundles of resources that underpin competitive advantage, (Jones & Jayawarna, 2010). It is important for a firm to identify these resources to survive and remain competitive in the market (Brush & Greene, 1996).

Employee resourcing is a significant strategic human resource management role. Its attention is on matching resources according to organization priority (strategic and operational) as well as making sure they are accurately utilized (Armstrong & Baron, 2002). As a result, it is considered as representing the central part of human resource activities (recruitment, selection, and deployment of employee in the organization, organizational structures, careers planning and flexibility) that will facilitate the strategic

objectives of the firm (Pilbeam & Corbridge, 2006). Regardless of the important team selection and formation to enhance firm performance, Loosemore, Dainty, and Lingard, (2003) argued that resourcing remains a reactive and a temporal function in most of the project base organizations. This is because allocating employee to project demand that the requirement of the organization, the project and the employee and the resources that is available must be balanced (Armstrong & Baron, 2002).

Additionally, resourcing has been identified as the nuts and bolts of human resource management practices. Integrating HRM into organizational strategy require a proactive approach to enhance firm ability to achieve its strategic agenda. This is consistent with (Ulrich, 1991), who suggested that employee engagement to the firm can be enhanced when there is shared approach between management and the employee. This is the central plan of strategic resourcing; how to attract, engage, motivate so as to maximize the overall strategic goal of the organization via developing and strengthen shared mindset (Pilbeam & Corbridge, 2006). According to Anderson (1998), Job fit and value is the foundation for performance improvement process which comprises of two major activities. The researcher stated that, it is important for management to make a decision on the key performance measurement. The measurement will facilitate setting up the evaluation measure use to identify top performers. Another component listed by the researcher is the *prevue* tool used to profile the top performers, i.e, those identified as achieving results in their environment at significantly higher levels than others In the same jobs. This combination becomes the blueprint for top performers.

Employee resourcing strategies influence firm performance through the result of individual and group performance. Strategic resourcing incorporates long term resourcing objective from work design through recruitment, deployment, assessment and reward, whether that be the pursuit of quality, cost leadership, or innovation. Resourcing strategy guarantee firm ability to retain the people it needs and employs them efficiently.

2.5.5 TEAMS AND DECENTRALIZATION

Organizing employees in teams is an important factor that every high performing firm seeks to achieve. Most research work demonstrates the usefulness of teams as a standard of organizational blueprint (Pfiffer, 1998; Delarue et. al 2008). Working in teams enjoys larger sovereignty as well as carefulness, doing this gives the employee's job satisfaction. Teams could also do better than conventional group supervisions in most experimental studies (Pfiffer, 1998). Also in a study conducted in 1996, it was discovered that Honeywell's defence avionics plant enhance on their timely delivery by realizing 99 percent in contrast with 40 percent in the late 80s, this was as a result of the performance of teams (Pfiffer, 1998). The performance of teams in regional Bell telephone operating company, also reported higher customer service quality as a result of the team (Pfiffer, 1998). Webber and Donahue (2001); Gupta, Huang, and Niranjan (2010), found a positive relationship between team cooperation and performance. Their findings contradict the result of Young, Fisher, and Lindquist (1993), they assert that intragroup cooperation has no significant relationship with performance. In a study

conducted by Seong, Kristof-Brown, Park, Hong, and Shin (2012) , found that the relationship-oriented mechanism of social cooperation is not a strong predictor of group performance.

In a study by Reagans, Argote, and Brooks (2005), assert that as organization increases, the difficulty rate and the number of confounding factors decreases. The authors in addition stated that as individual increases the contribution of their experience severity of the cases decline.

However, the important role of teams in firm performance cannot be over emphasized as assisting firms in finding alternative peer-based for hierarchical control of work (Delarue et. al 2008). As an alternative management does not dedicate time and energy to control the employees openly, rather teams control themselves. Team control is always further efficient than hierarchical control (Pfiffer, 1998). An employee may likely fail his supervisor, but the likelihood of that employee to fail the teams is minimal, even doing so has less effect on the team than the formal (Pfiffer, 1998). Teams allow employees to key in their idea together in an effort to get better resourceful solutions to market challenges. Pulling skills together enhance the possibility of addressing difficulties confronting the firm.

Other studies have also argued that working in teams have positive relationship with firm performance, while others believe that the effort and motivation of individual worker improve organizational performance, (Delarue et. al 2008). They further explained that, the positive relationship is based on the impact of a team working on employee attitude, behavior and organizational structure.

SHRM theory advocate that suitable HR practices that include teamwork will positively influence the satisfaction, motivation and the commitment that employee will develop on the job thereby resulting to firm performance (Dyer & Reeves, 1995). They argued that the environment of the firm also dictates the nature of tasks to perform, thus the work environment whereby customarily prohibit the use of team, encouraging the employees to work in teams might result to group terror. In this situation team pressure could result to counterproductive for the firm. Teams could also implement certain standard that will negatively affect firm in maximizing productivity, this is called 'social loafing' (Delarue et. al 2008).

However, it is noteworthy to recognize that successful firm performance, or HR practices to use the idea and skills of the employees necessitate firm to decentralize decision making and allow employees to put into practice considerable influence over firm decisions and practices. All these entail trust, a service which many firms are in short supply that has become familiar with an emphasis on hierarchical control (Pfiffer, 1998).

Decentralizing HR system into sub dimensions is not new in SHRM studies, for instance Tsue, (1997) believe that decentralizing task will assist firms in enhancing employees expected outcome. In the same vein, decentralization will be a best practice that will enhance firm performance in an environment where it is prohibited for employees to work in teams (Pfiffer, 1998). Decentralization can facilitate supervisors, managers, and the entire organization to increase their productivity.

However, Organizational growth and development will be deeply improved when supervisors, managers and employees develop suitable HR practice base on the task and standard of business settings.

2.6. FIRM PERFORMANCE

2.6.1 DEFINITION OF FIRM PERFORMANCE

According to Khandekar and Sharma (2005), firm performance is the result that specifies or replicates the firm efficiencies or inefficiencies in terms of corporate image, skills and financial performance. In a study conducted in Kenya Corporation (Wright et al 1998), define firm performance as a planned human resource operation and activities to facilitate firm's achievement of goals and objective. In addition Swanson (2000), view firm performance as the value of productivity of an organization towards goods and services.

According to Laitinen (2002), firm performance is the ability of the firm to generate results in a dimension establishing justification relative to a goal. Therefore, the major aim of any business is the achievement of higher productivity or to make best use of assets for the investor.

2.6.2 DIMENSIONS OF FIRM PERFORMANCE

Perhaps, in most studies today, firm performance is extensively used as dependent variable in organizational research however, the concept remain indistinguishable and loosely define constructs (Rogers & Wright, 1998). Due to inadequacy in identifying single dimensions of firm performance has led to multi-dimensional system of performance measurement.

Even though many studies have endeavor to test how SHRM dimension contributes to firm performance Dyer and Reeves (1995), stated that there is no standardized dimension for examining firm performance in strategic human resource management practices. In an effort to develop a suitable dimension Dyer and Reeves (1995), put forward four possible dimensions such as: human resource outcome; organizational outcome; financial accounting outcomes; and capital market outcome. HR outcome is activity base, the dimension is targeted at the achievement of an activity such as employee turnover, absenteeism, job satisfaction relative to the attainment of a holistic outcome. They view Organizational outcome as centred on the organization and its leadership capacity to drive towards its mission and strategy which includes productivity,

quality, and services. Financial accounting according to Dyer and Reeves deals with firms return on asset (ROA) and profitability. Return on assets is an indicator of how profitable a firm is before the power of influence of other firm comparing its profit with firms in the same industry. While the capital market outcome deals with the stock price of the firm, growth and returns. According to Kaplan and Norton (1996), the practice of designing performance indicator base on an individual level is a means of supporting management incentive system by way of enlarging organizational objectives. They suggested "balanced scorecard" approach involving three to four items such as: shareholders, employees, and customers, and developing objective indicators of performance by considering every group e.g., ROE, turnover, and market share, respectively. This balanced scorecard approach has equally been supported by many researchers as a suitable technique for Human Resource to exhibit its impact on firm performance (Ulrich, 1997). Rogers and Wright (1998), broke down performance measures into four such as:- human resource; organizational; financial; and market measures. According to these authors human resource group was measured by turnover, while organizational group comprises of 5 items (productivity, quality, customer satisfaction, and manufacturing flexibility). Similarly, the Financial accounting group contains 5 items (return on assets (ROA), return on equity (ROE), profits, sales, and employee value). While the financial market group involves a single measure of stock price.

According to Waiganjo et al. (2012), the difficulty in determining suitable dimensions for firm performance is a major concern for every organization with multiple intentions of

efficiency, growth sales, capital, employee satisfaction, attractive social responsibility and the desire to become accustomed to the continually changing environment. They propose two dimensions such as sales growth and profitability. Also in a study by Green, et.al, (2006), in large US multinational company's seven items was used in measuring performance base on past three years. These include average return on investment; Average profit; profit growth; average return on sales; and average market share growth.

All firms are not the same, even if they are under one industry; one set of performance dimension cannot fit them all. Additionally HR practices are time consuming to become visible into firm performance. It could take years for HR practices such as training and development to hit the highest point of productivity. According to Snell and Youndt (1995), organizations need not be too rigid in defining what constitute an excellent or satisfactory performance, because output control could be successful in the short term strategy, although it could also have a negative long term consequence which will affect the ability of the firm to compete in the market. Some firm identifies performance to be in terms of financial measures, a wider performance measures that include non financial such as the quality of the product, the image of the company should also be integrated in measuring firm performance (Waiganjo et al. 2012). Studies have also revealed that the identified measures could as well serve as a positive replacement for financial measures; in addition have a significant relationship with objective measures of financial performance (Wan, Jing & Tung, 2005). From the perspective of Human Resource experts in a quest to substantiate their program beside those of accounting and finance, a focus on accounting and financial measures of

performance may be ineffective, because of it competing accounting rules, time frames and goal value assumptions (Pfeffer, 1997). Wan et.al (2005), also propose that cost reduction strategy will negatively influence firm performance, indicating that firm profit will reduce drastically when their price is far below the market rate and firm increases growth when a firm attention is on developing excellent service. Juxtaposing this statement, Nigam, Nongmaithem, Sharma, and Tripathi, (2011), suggested that, firm performance will be enhance when there is uniformity between strategy and HR practices, they explain further that the business strategy implemented by an organization control the measurements of HR on the performance of the firms. The strongest predictor determines the strategy that is followed by the firm. In his empirical study Tsai, (2006), concur with this view establishing that specific HRM practices improve firm performance. Clarifying this Collins and Clark, (2003), demonstrated that applying HRM practices whose attention is on creating a top management team network will strengthen and improve performance.

In a competitive market environment, higher knowledge of human resource functions will positively influence the sales growth of the firm. This juxtaposes the findings that, in a multifaceted environment, HR combination of bundles practices is positively related to the firm market performance, this combination, which focuses on information sharing, will positively linked to firm performance because it gives the employees feedback and understandable objective, but when the environment is not upright, the combination of HR control and internal focus will positively link to financial and negatively linked to organizational performance (Panayotopoulou, Bourantas, & Papalexandris, 2003).

During firm complexity in either facing attrition or market challenges, skilled employees of the firm who feel they are valuable resource of the firm, will raise their negotiation power, thus negatively affect firm performances (Panayotopoulou et.al 2003). In the same way, large size of a firm goes together with bureaucracy, if the HRM function of such a firm trail similar way it could damage the firms' market performance (Lawler, 1997). Contrarily, flexible HR practices will interrupt this situation and serve as an instrument in improving market situation. According to Fields, Chan and Syed (2000), there is a positive link between the size of an organization and HR practices highlighting management training and development. Firms can agree on different HR strategies to improve performance, the significant aim is the consistency of the HR function and the organization of work (Chenevert & Tremblay, 2009). Chiang (2004), opined that firm strategies have positive relationship on firm performance. In a study, Lee (2000), also asserts that business strategy will influence the internal structure of a business and firm performance.

Because of the complexity in obtaining objective measures of performance, Youndt, Snell and Lepak (1996), has suggested that firm should access their financial performance base on their competitors performance. They added that, to curtail the result of arbitrary errors studies should use various items to measure performance. Based on this situation this study decide to use subjective measures for firm performance because of the complexity involve for firms to disclose their financial performance. Regardless of

the fact that financial information for publicly quoted company can be obtained from secondary data base on information provided by multinational companies Quoted in the Nigeria stock exchange, which is not under the scope of this study, using their information will reduce the sample of SMEs that the researcher is intended to investigate in Nigeria.

2.7 THEORETICAL REVIEW

In an effort to clarify the linkage between SHRM and firm performance , (Waiganjo et al. 2012) suggested three theoretical standard, such as Univeralistic, conventionality, and configurational.

2.7.1 UNIVERSALISTIC THEORY

The universalistic theory recognize the practices that are unanimously suitable and yield positive outcome as well as improve firm performance (Huselid, 1993). This model according to (Waiganjo et al., 2012), is the most excellent model relying on the supposition that there must be one best HRM practices recognizing them will result to firm performance, evident in improving employees attitude and behavior, reducing absenteeism and turnover, add valued to quality and effectiveness and enhance productivity. A proponent of this theory establishes a believe that firm will experience performance on the condition that its make out and put into practice an excellent HRM practices regardless of the market circumstances and task, as well as

the location of the business (Pfeffer, 2001). In their study Delery and Doty (2000), testing the above mentioned model and strongly advocate universal though also give little consideration to contingency and configurational model.

2.7.2 CONTINGENCY THEORY

In the interim, the school of thought that believe there is one best HRM practices generated miss reaction by proponent of this theory. For instance organization may embrace some exceptional practices, distinctive HR practices centered on skillful workforce making them to have competitive advantage over others. A strategy that is thriving in one business or environment, may not thrive well in another business environment because of technology, culture of the people, work practices etc, (Waiganjo et al., 2012). This stream of investigator accepted Contingency theory which suggested that a lot of HR practices dependent upon various strategic situations which will lead to firm performance (Gomez, Mejia & Balkin, 1992). Some school of thought recognizes that contingency theory is the best fit, base on the fact that no collective recommendation of HR practice. Their stand is that HR strategies are conditional to the situation of the firm, not excluding the organizational culture, external settings of the firm, and business procedure.

Contingency theory investigated the connectivity accompanied strategic management and HRM by evaluating the degree of vertical integration between the organization's business strategy and its HRM practices (Dyer, 2005). Wright, Gardner and Allen

(2005), in line with Dyer (2005), belief that contingency theory guarantee an open linkage between internal strategy and the external market in organizational strategy, in so doing making sure skills are produced that will possibly lead the organization to higher performance. In line with contingency theory, SHRM is not the critical factor that enhance firm performance, SHRM must incorporate other aspect, in conjuncture with the contribution of HR practices in ensuring firm performance dependent on firm strategic position (Waiganjo et al., 2012).

2.7.3 CONFIGURATIONAL THEORY

The third school of thought is the configurationally theory, they fall out of the opinion of others, by believing that HR structure must both be horizontal and vertical fit, in order to be efficient, (Nigam et.al 2011). These theory is targeted at understanding the interrelationship between and within subsystems as well as between the organization and its environment, by combining variables or patterns of relationship between variable (Roca-Puig & Bou-Llusar, 2007). According to this theory, organizational performance is not contingent on a single characteristic, but to a certain extent on the fit among the elements of an organization. The researcher agree with this school of thought and follow the view of theorists (Ketchen et al., 1997; Roca-Puig & Bou-Llusar, 2007) , who propose that configurations should fit in multiple dimensions. They recognize the horizontal fit as the internal consistency of the firm HR practices while the vertical fit is the correspondence of the HR structure and strategy. An organization with numerous HR

practices ought to be bless with higher level of performance, so long such organization align itself with its competitive strategy (Waiganjo et al., 2012).

Regardless of their findings, it should be reminded once again that organizational environment is a key factor in HR policies and practices. The wide range of options on suitable theory, both enriches and complicates research. This theory serves as a mirror for this study to examining firm performance in food and beverage SMEs industry in Lagos. It provides a strong theoretical framework to identify linkages between their SHRM practices and firm performance as well as understanding the implications of their practices to firm performance. A proponent of this theory believes that as a substitute of universal relationships, organization trend can best be understood by identifying distinct, internal unswerving sets of firms and examining their relationships to their environment and performance outcomes over a period of time (Ketchen, Combs, Russell, Shook, Dean, Runge, Lohrke, Naumann, Haptonstahl, Baker, Beckstein Handler Honig and Lamoureux, 1997). Using configuration approach as a theoretical foundation for this study show the way to some interesting occasions for synthesizing prior research and making conclusion of a holistic research framework. In the same way, some researchers believe that the models which may explain the performance of medium and large firms may not be satisfactory to explain the same in new and small firms (Carter et al., 1994). For instance achieving cost leadership using economies of scale may be an unreasonable strategic option for small and new firms, thus focusing and differentiation strategies could be more suitable (Carter et al., 1994). Using this theory also base on the support it provided by giving a useful way for SMEs owners and top managers to

understand patterns of relationship among organizational variables and their influence on firm performance, thereby helping them to respond to the challenges facing them in their own organization (Ghoshal, 2003). This theory has also been tested empirically as predicting higher effectiveness for organizations that demonstrate internal consistency or fit among pertterns of relevant contextual structural and strategic factors (Doty et al., 1993).

2.8 RELATIONSHIP BETWEEN SHRM AND FIRM PERFORMANCE

According to Delery and Doty (1996), Strategic human resource management (SHRM) comes into view out of the curiosity in understanding the relationship between human resource management and firm performance. Though, there are numerous challenges diminishing the stream of researchers to come up with a theory on the linkage between SHRM and firm performance (Lee, Lee, & Wu, 2010). In the same vein, Huselid and Becker (996), found that in recent time many studies are faced with too much challenge in arriving at the accurate relationship between human resource management and firm performance. Nevertheless, upon these challenges some researchers have made effort investigating the link. Among these stream of researchers is the study conducted by Richard and Johnson (2001), using resource based view (RBV) of the firm. Resource Base View recognize that internal firm resources that are scarce, costly and cannot be change can supply the firm basic sustainable competitive advantages in examining the linkage by using resource-based (Barney, 1991). Achieving these human resource

practices will increase the performance of the firm (Wright & McMahan, 1992; Wright et al., 2001). In the same position Kumar (2006), suggest that, the presence of HRM value, differentiation, speed, and high involvement of human resource strategy mediating the relationships between key organizational variables and firm performance. This also support similar findings, that knowledge and skills possess by managers about the workplace have a singinificant relationship with firm competitive market place (Mcnamara, Luce, & Tompson, 2002).

On the other hand, Huselid et al. (1997), investigating the technical and strategic human resource management efficiency as a determinant of firm performance discovered that technical HRM enhanced firm performance, although there is great consequence that will limit the firm ability to achieve competitive advantage unless they embrace SHRM practices. Other studies conducted by Wan, Ph, and Kok, (2002), in Singapore established that SHRM bundles practices have positive relationship on organizational outcomes particularly firm HR performance. In an effort to take a broad view of the efficiency of bundles of HR practices, Ahmad and schroeder's (2003), observed that there is a strong relationship between HRM practices and organizational performance. Their result was consistent with the findings of Lee et.al (2010), whose study was conducted in steel company in Taiwan, their findings was that HRM practices incorporated in the company strategy has positive linkage with firm performance. Wright and Sherman (1999) also opined that, for firm to achieve competitive advantage, the role of SHRM is to ensure that HRM practices are incorporated into the strategic objective of the organization. This is also in line with Youndt et al. (1996) that organizational strategy

and HRM practices relationship is a significant factor in achieving firm performance. Underpinning this argument Kumar (2006), in his comparative study between Malaysian companies and Japanese firms base in Malaysia, discovered that majority of the Japanese companies in Malaysia experience high performance because of their strong link to HRM practices and their move toward supporting organizational and HRM strategies. This is a valuable insight for all firms in Nigeria by seeing employees as a source of competitive advantage and using the high performance advantage by Japanese companies as well-built proof that human resource practice and employees should never be neglected. According to May, Azlan and Mohamed (2009), base on a research conducted in manufacturing companies in Sarawak using two dimension of HRM practices confirm that human resources practices have significant relationship with firm performance. They stated that incentives have a statistical significant correlation with firm performance. Their finding is not unexpected examining the fact that providing incentive is a fundamental part of remuneration which essentially influenced a firm's performance. This is also consistent with the findings of Ian, Jim and Will (2004), that it is unavoidable that incentive rewards is a practice which must be applied in constructing organizational strategy if firm endeavour to accomplish better performances. Surprisingly, the findings of May et.al (2009), demonstrated that employee training do not have positive relationship with firm performance. Their findings disagree with the study conducted by Delery and Doty (1996); Xiao (1996); Dimba (2010); Oladipo & Dalami (2011); Waiganjo et al. (2012); Atteya (2012), that training and development is an important component in influencing firm performance. Perhaps owing to the fact that manufacturing firm does not pay much interest on worker training compare to high-

technology firms which require wider skills as well as understanding in technology improvement. Among other findings presented by Cooke (2000), practical flexibility, by way of investment in training, growing job satisfaction, employee participation and dedication, quality initiatives are observe as a significant tool in sustaining firm performance. A study by Racelis (2008), also establish that there is a significant relationship between firm performance and training and growth opportunities, recruitment, administering of employment tests, supporting in career planning. In a study conducted by Malcolm and Turban (2007), also found that individual fit has no relationship with performance.

However, the manners in which HRM practices enhance firm performance require continuous empirical studies. Neither the strategy nor the descriptive models of HRM gives a detailed understanding of the linkage between strategic human resource management and firm performance (Guest, 1997). These necessitate continuous empirical research in an effort to know more about the linkage.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 INTRODUCTION

The main objective of this study is to examine the influence of SHRM practices on firm performance in food and beverage SMEs in Lagos Nigeria. Therefore, to test these relationship, important element like research framework, research design, operational definition of variables, measurement of variable/ instrumentation, population and sample, sampling techniques, Layout of the questionnaire, pilot test, research hypothesis, research instrument, procedure for data collection, techniques for data analysis, data screening/cleaning, Data analysis, descriptive statistics, goodness of measure, unit of analysis, and summary of the study will be consider in this chapter.

3.1 RESEARCH FRAMEWORK

The research framework of this study is base on the propose model of a study conducted by (Waiganjo et al. 2012). Which examine the relationship between strategic human resource management and firm performance in Kenya's corporate organizations. This study replicates this framework in order to test the significance of these dimensions in the Nigeria context.

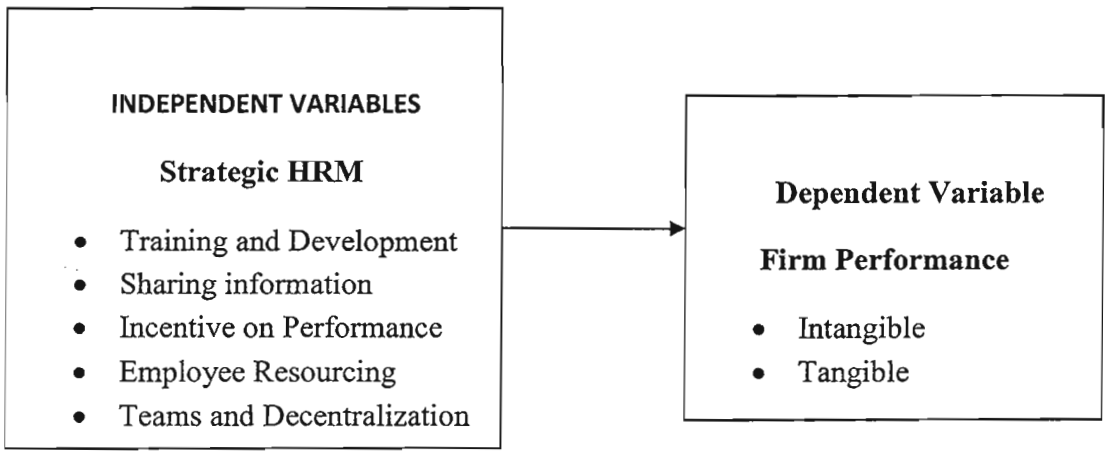


Table 3.1: Research framework Adopted from a Propose model by (Waiganjo, et.al, 2012).

3.2 RESEARCH HYPOTHESIS

This study is aimed at examining the relationship between strategic human resource management practices such as training and development; sharing information; incentive for performance; employee resourcing; and teams and decentralization, with firm performance in food and beverage SMEs in Lagos, Nigeria. In testing this relationship, this study uses statistical package for social science (SPSS) version 19, subject to this, the variety of statistical decision will be made subsequently. Therefore, the hypothesis suggested in this study is listed below.

Hypothesis1: Training and development has a significant relationship with firm performance.

Hypothesis2: Information sharing has a significant relationship with firm performance.

Hypothesis3: Incentive for performance has a significant relationship with firm performance.

Hypothesis 4: Employee resourcing has a significant relationship with firm performance.

Hypothesis5: Teams and decentralization has a significant relationship with firm performance.

3.3 RESEARCH DESIGN

The necessary foundation in understanding data collection for research purpose is that, there are generally two approaches to be adopted such as: quantitative and qualitative research (Neil, 2009).

According to Neil (2009), research design is the techniques and structures of an investigation decided by the researcher to meet the standard required in conducting data collection and analysis. Qualitative research is a research technique that provides the opportunity for the researcher to give a detailed understanding of phenomena without depending on numerical measurement (Zikmund, 2003). This approach is mostly used by the researcher in making an oral interview to determine the feelings of the respondents regarding the circumstances (Uma & Roger, 2009). Quantitative research is a research that involves the analysis of data that is descriptive in nature and usually not qualified (Uma & Roger, 2009). It is designed to establish the relationship between dependent variable and independent variable in a given population (Zikmund, 2003).

Though no one approach is superior to the other, depending on the scenario and the researcher's interest in the type of approach to be used (Zikmund, 2003). Therefore the present study makes use of quantitative approach, in order to test the hypothesis that a relationship exist between SHRM and firm performance in food and beverage SMEs industry in Lagos, Nigeria, and it is a cross sectional study because data were collected once. According to Uma & Roger (2009), a cross sectional research is a research in which data are gathered once.

A quantitative approach could be descriptive or experimental. In this study, the researcher uses a descriptive approach; as a result, the demographic characteristics of the respondents were measured in order to establish a relationship between independent and dependent variable. The Independent variables are those variables that influence the dependent variable (Uma & Roger, 2009). The variables within the ability of the researcher to manipulate. Normally what the researcher thinks will affect or influence the dependent variable. It could also assume to be the input that will be modified by the framework to change the output known as the dependent variable. The independent variable in this study is Strategic Human Resource Management (SHRM) with five dimensions such as training and development; sharing information; incentive for performance; employee resourcing; teams and decentralization. They will be tested and analyzed in order to examine their influence on firm performance. While dependent variable is a function of independent variable, i.e. the variable of primary interest of the researcher (Uma & Roger, 2009).

3.4 OPERATIONAL DEFINITION

3.4.1 Training and Development

Training and development is the quality of formal learning provided for employees. It gives employee the knowledge, skills required to perform the required task effectively that will facilitate the firm to update work activities.

3.4.2 Sharing information

Information sharing referred to one-to-one exchanges of ideas, about firm's goals and performance to the employees in addition to empowering the employees that they are trusted and promoting transparency between employees and management.

3.4.3 Incentive for performance

Incentives are reward giving to an employee base on past performance, in order for the firm to grow and survive in a competitive market. Incentive also means linking pay to firm performance allegedly increases stockholder returns. The Society also view incentive as a benefit for expression of equity or justice.

3.4.4 Employee Resourcing

Employee Resourcing is the collection of techniques as well as approach applied by owners /managers in resourcing their organizations in a manner that will allow them to attain firm's strategic goal. Employee resourcing entails staffing (recruitment, selection,

retention and dismissal), performance (appraisal and performance management), administration (policy development, procedural development, documentation) and change management.

3.4.5 Teams and Decentralization

Teams are group of two or more employees performing tasks together, interrelate with one another energetically, shared past idea as well as sharing a common outcome (Pfiffer, 1998). Decentralization is the practice whereby an organization separate employee task/function or power from a central influence to make them more productive.

3.4.6 Firm Performance

firm performance is the result that specifies or replicates the firm efficiencies or inefficiencies in terms of corporate image, skills and financial performance. In this study, firm performance was categorized into tangible and intangible firm performance.

3.4.6.1 Tangible performance

Tangible are performance that can be effectively measured such as the increase in firm productivity in terms of sales, profitability as a result of either decrease in costs or long term competitive advantage in the market environment. Every firm wants to achieve competitive advantage because of the increasing global marketplace competition in which the firms operate.

3.4.6.2 Intangible performance

Intangible are performance that cannot be adequately measured in order to have a full picture of the overall performance of the firm.

3.5 POPULATION AND SAMPLE

Population describes the total number of people, events or things of significance that the researcher desires to examine (Uma & Roger, 2009). Zikmund (2003), also defines population as any group of people that share some common characteristics. Therefore, the population of this study comprises of small and medium scale enterprise in Lagos, Nigeria. The overall population of this study is 1200 food and beverage SMEs in Lagos, Nigeria. The population was identified through Lagos, SMEs website (www.food and beverage sme.lagos.ng) as well as those familiar with the knowledge of the researcher.

The SMEs selected in this study, are those with total capital of over N1.5 million but not exceeding N200 million Naira, having operating capital and Labour capacity of 11-300, cost of land not included, as have been defined by the National council of industry (NCR13, 2001). The researcher's reason for using Lagos as the population of this study is based on the research conducted by Onuga (2005), that 80% of SMEs in Nigeria are located in Lagos, using Lagos SMEs will facilitate the researcher's chances of gathering data.

A Sample is the subset of a population (Zikmund, 2003; Uma & Roger, 2009). Because it is not absolutely realistic to gather all the data from this population, hence it is important to determine the size of the sample (Zikmund 2003). In order to decide the

actual sample size of this type of study, Roscoe (1975), suggested that a sample size that is above 30 and smaller than 500 are suitable for a good number of researches. Krejcie and Morgan (1970), also suggested a sample of 169 respondents. .

Based on the aforementioned statement, and in order to increase response rate, the researcher decides to use 250 as the sample size of this study. The researcher also avoids the mistake of including survey use during pretest in the final study.

3.6 SAMPLING TECHNIQUES

According to Zikmund (2003), sampling is an important characteristic of every research that entails in-depth examination. The function of sampling in business research is to estimate unidentified characteristics of a population (Zikmund, 2003).

There are numerous sampling techniques in the field of academic research. Basically, they can be categorize into two probability and non-probability sampling (Zikmund, 2003; Uma & Roger, 2009).

Prominent among these are; cluster sampling, systematic sampling, stratified sampling and simple random sampling. In a few words random sampling is subject to randomization, in so doing creating the opportunity for element of the population to have equal opportunity to be included in a study (Oladele, 2007). When the population of a study is large Systematic sampling is the suitable techniques to be employed. Stratified sampling entails the need to divide the entire population into subgroups otherwise

known as "strata" applicable to the researchers study (Oladele, 2007), whereas cluster sampling involves selecting the group instead of individual and generally use when the population is largely and widely spread.

In this study, a simple random sampling technique was employed to select the sample from the population. The researcher's interest in using simple random sampling is to provide opportunity for all elements in the population to be represented (Zikmund 2003; Oladele 2007; Uma & Roger, 2009). These firms were drawn by putting their names in a basket, and then stirring the raffle ticket and selecting the winning ticket out of the large number of raffle tickets in the basket until the researcher achieve the 250 samples that were involved in this study.

3.7 LAYOUT OF THE QUESTIONNAIRE

Questionnaires were administered to the SMEs directors, managers/ assistant managers and other high ranking employees of the firm whom the company has engaged their services for a period not less than one year, they involve in this study because, they will be able to furnish the researcher the actual position of the firm SHRM practices. These firms include both the firm listed and unlisted in the Nigerian capital market, because of the researcher's desire to obtain the required sample size. The unlisted firms chosen in this study must have been in business for over two years and whose capital is not lower than 1.5 million Naira specified by national council of industry as SME in Nigeria.

The questionnaire cover seven points Likert scale from 1 strongly disagree to 7 strongly agree with respondents signifying their level of responds. The researcher's choice of using this scale is subject to empirical findings by Zikmund (2003), that testing behavioural and attitude it is suitable using the scale as a result of the simple nature of the administration. In a study conducted by Garland (1991), affirm the use of scale where the researcher stated that, rating help in guiding respondents to express their opinion about the survey. In the interim, most researchers have proposed that suitable scale is content based, which is the objective of a study, in addition to the condition for which the measurement is being made (Komorita, 1963). For example other researchers like Siu et al. (2003), uses seven Likert scale in their various studies on performance outcome.

The choice of using four, five and seven points Likert scale in present researches is an unending contest because of the issue of removing the mid scale, for the reason that some researchers believe that neutrality responds is insignificant in a survey. Subject to this disagreement, Dawis (1987), assert that no singular best measures in designing survey scale, the researcher makes a note that one scale could be better in one problem but problematic in another. Therefore, the aforementioned examples justify the researcher's desire to utilize seven point Likert scale which will not only enhance the consistency level of the responds in this study but also increase the reliability of the scale. Perhaps, it could also trim down the error that may occur from rater's central tendency.

In totality, the researcher is expected to receive a minimum response of 70 questionnaires to validate the study (Sekaran, 2003).

3.8 PILOT TEST

According to Lucky (2011), It is important to test the instrument developed prior to collecting data. A pilot test involves administering research instrument to a small group of targeted audience and then evaluating the information collected from the audience (Sekaran, 2003). Carrying out pilot study will help the researcher to adjust the questionnaire after the pilot study (Mclntire & Miller, 2007; Lucky, 2011), and remove an unsatisfactory item from the instrument before collecting data (Sekaran, 2003).

A pilot test was carried out to check the reliability and validity of the instrument use and to confirm the understanding of the respondent about the instrument. Lucky (2011), also assert that, pilot study determines the reliability and validity of an instrument. For example a researcher will be able to detect those questions that may not fit for the study or those that is beyond the understanding of the respondents and when to make adjustments.

Within the environment of this study, the instrument was pre tested to recognize the weak point in the process of designing the questionnaire. Twenty (20) instruments were first set for pilot studies, taking a period of two weeks. The selection of the 20 respondents for the study was based on simple random sampling, which makes the respondents involve in the initial study to be equally represented. The distribution and collection of the questionnaire were done by a research assistant. The tangible dimension of firm performance items requesting firm average sales volume growth in unit,

average sale in Naira, and average sales growth in percentage for the past three years receive no response from the respondents perhaps, due to sensitivity of firms in disclosing their market information, possibly fear of using the information against them by competitors and tax officials etc. The researcher rebuilt the questionnaire by rewording and rephrasing some of the items believes to be unfit base on the result from the pilot study. The tangible dimension of firm performance was rearranged in a Likert scale form, that did not demand their sales figures and percentage, they responded promptly. However, the detail result of the pilot study is shown in the Appendixes.

According to Zikmund (2003), reliability is the consistency of the result of measuring instrument. High reliability results demonstrate that the instrument has a minimal error discrepancy. Measuring the reliability cronbach Alpha value was computed and the value less 0.6 are branded as poor, while 0.7 and above are acceptable (sekaran 2003; Salking 2009; Sekaran & Roger 2010). This study uses cronbach Alpha of 0.7 as the minimum limit for a pilot test of 20 respondents. The rationale for the pilot study as aforesaid is to find out the reliability of the instrument use. However, a cronbach alpha of 0.60 or above can be accepted as significant in an exploratory study (Hair et al. 1998). According to Tuckman (1999), in measuring attitudes a cronbach alpha of 0.50 is deemed to be significant. Base on the above evidences, an internal reliability that is from 0.50 and above is deemed satisfactory in this study.

Table 3.2

Variables	No of Items	Cronbach Alpha
Training and Development	10	0.841
Information Sharing	3	0.925
Incentive on performance	6	0.774
Employee resourcing	9	0.730
Teams and Decentralization	5	0.874
Firm performance	17	0.836

3. 9 MEASUREMENT OF VARIABLES / INSTRUMENTATION

3.9.1 VARIABLES AND MEASURES

The questionnaire contained in this study was examined in English being the generally accepted language in Nigeria. The survey contains 50 items separated into three parts (A, B, C). In each part, a guide on how to fill the survey is specified. Seven points Likert scale was adopted by the researcher in responding to the items on the survey because it lessens the chances of cognitive loading on the respondent (Preston & Colman, 2000). Part C comprises of demographic characteristics of the respondents believe to be nominal.

3.9.2 INTERPRETATION OF VARIABLES

Part A of the survey consists of SHRM dimension which comprises of training and development; sharing information; incentive for performance; employee resourcing; teams and decentralization, measuring firm performance in food and beverage SMEs in Lagos, Nigeria. The entire section contains 33 items. Items listed in part B involve firm performance, it is divided into two part, the first part measures intangible performance of the firm Ahmad and Schroeder (2003), the second section involve the tangible measures in terms of sales growth, market share, and profitability of the firm (Tung-Chun Huang, 1999; Ahmad & Schroeder 2003).

A total of seventeen items was drawn in this section. The final part (C) calls for the background information of the respondents, which include firms name, type of industry, How long the firm in the industry, Number of full time employees, Designation, Department, how long the respondents has been working in the firm, age and gender of the respondents. The firm operating period, the number of full time employee, and the period employee had been working with the firm was made open to the respondents.

3.9.3 RESEARCH INSTRUMENT

Anchored through a study conducted by (Tung-Chun Huang, 1999; Ahmad & Schroeder 2003). However, it is important to state that the aforesaid researchers also adapt the

instrument used in their study from the research conducted by (Schuster 1982; Devanna et al. 1982; Porter 1985; Schuler and Jackson 1987; Dowling and Schuler 1990; Huselid 1995; Zhao, 2001). These items have been tested both within the Asia and European context. In this study, the researchers adapted some item in their survey and reword/rephrase the items to suit the environment in which this study is intended to investigate. These items are presented in table 3.4 of this chapter.

Data were collected by research assistants. The Permission to involve him was communicated via telephone and email. After obtaining the permission the research assistant visited the firms to distribute the questionnaire some of the questionnaires were distributed to the directors and manages, SMEs owners and top executives who are qualified to partake in the survey. For a clearer understanding of the respondents an introduction letter accompanied the survey, the aim was to confide on the respondents the confidentiality of the respondent personal information.

Table 3.3 Instrument of the study

Variable	Number Items	Source of instrument
Training and development	10	Ahmad and Schroeder (2003).
Information Sharing	3	Ahmad and Schroeder (2003).
Incentive on Performance	6	Ahmad and Schroeder (2003).

Employee Resourcing	9	Ahmad and Schroeder (2003).
Teams and Decentralization	5	Ahmad and Schroeder (2003).
Firm performance	17	(Tung-Chun Huang, 1999;
	50	Ahmad & Schroeder 2003)

3.4 Operational definitions of variable

Table 3.4 Strategic Human Resource Management

Variable	Dimensions	Operational definition	Items	Authors
SHRM	**Training and Development**	Training and development Training and development is the quality of formal education provided for employees. It gives the employee the knowledge, skills required to perform the required task effectively that will facilitate the firm to update work activities.	1. important skill. Some workers in this industry lack 2. Production workers receive training and development in workplace skills on a regular basis. 3. Our management	Ahmad & Schroeder (2003)

			believes that constant training and upgrading of employees skills is important. 4. Workers in my organization have skills that are above average in this industry. 5. Workers in my organization are given training to perform multiple jobs. 6. In my organization workers are given the chance to learn how to perform multiple jobs. 7. The longer an employee stays with the organization the higher the task he/she learns to perform. 8. Workers in my organization are cross trained so that they can fill in for others. 9. Workers in my organization are only trained to do one job. 10. Workers in my organization are motivated by giving them in depth training rather than developing them on a wider skill base.	

Table 3.5

Information sharing

Variable	Dimensions	Operational definition	Items	Authors
SHRM	**Information**	Referred to one to	1. Managers in my	

	sharing	one exchanges of organizational goals and performance to the employees and empowering them, that they are trusted as well as promoting transparency between employee and management.	organization encourage workers under their unit to exchange idea. 2. Managers regularly hold group meetings with workers under their department and allow them to discuss things together. 3. Managers motivate workers who work under them to work as a team.	Ahmad & Schroeder (2003)

Table 3.6

Incentive on performance.

Variable	Dimensions	Operational definition	Items	Authors
SHRM	**Incentive on performance**	Incentives are reward giving to employee base on past performance, in order for the firm to grow and survive in a competitive market.	**1.** Incentive provided by my organization motivates the workers to strongly pursue the goals of the organization. **2.** My organization is fair in providing incentive to employees who achieve goals. **3.** The reward provided by my organization is given in reality to recognize	Ahmad & Schroeder (2003)

			those employees who make greater contribution to the organization. 4. Our incentive scheme motivates us to reach organizational goal. 5. The incentive provided by my organization is peculiar to the organizational goal. 6. Workers teams are rewarded the same as those who do not achieve organizational goal.	

Table 3.7

Employee resourcing

Variable	Dimensions	Operational definition	Items	Authors
SHRM	**Employee resourcing**	Is the collection of techniques and approach applied by owners and managers in resourcing their organizational strategic goal.	1. The human resource department in my organization communicates closely with production when designing job description 2. Job design in my organization is closely coordinated with production. 3. Human resource activities in my organization are closely coordinated with production goal. 4. Employee knows what production considers important in the training of employees for new	Ahmad & Schroeder (2003)

			skills. 5. My organization use work value attitudes as criteria in building up employees. 6. My organization use work behavioral attitudes as criteria in building up employees. 7. My organization gives priority to those that can provide idea that will improve production process. 8. There is a positive relationship between employees in the human resource department and production workers. 9. Training and development is properly coordinated with production workers.	

Table 3.8

Teams and decentralization.

Variable	Dimension	Operational definition	Items	Authors
SHRM	Teams and decentralization	Are group of two or more employees performing task together, interrelating with one another energetically, shared past idea as well as sharing outcome. Decentralization is an organizational way of separating employees' task/ function from a central influence to make them more productive.	1. In my organization employees are selected base on their ability to work in teams. 2. We use team members' pinion and idea during problem solving prior to making decision. 3. In my organization a lot of problem has been resolved by the use of teams in the past three years. 4. Problem solving teams have help improve production processing in this industry. 5. Teams in my organization	Ahmad & Schroeder (2003)

			are motivated to solve their problems as much as possible	

Table 3.9

Firm Performance.

Variable	Dimension	Operational Definition	Items	Authors
Firm Performance	**Intangible**	Intangible are performance that cannot be effectively measured in order to have a full picture of the overall performance of the firm.	1. I will put in my best more than what is expected from me in order to facilitate the success of this organization 2. I speak the positive part of my organization to my friends as a great organization to work. 3. I would accept any type of task assigned to me in this organization in order to keep my job in this organization. 4. I discover my values are related to my organizational values. 5. I am confident telling others that I am a member of this organization. 6. My organization truly motivates the best in me in the way of job performance.	(Ahmad & Schroeder 2003; Tung-Chun Huang1999)

		7. I am very happy that I choose this organization to work for over others I was considering at the time I joined.	
		8. I actually think about the fortune of this organization.	
		9. My organization is the best place to work.	
		10. My organizational business performance is higher than others in the same industry.	
Tangible	are performance that can be efficiently measured such as the increase in firm productivity in terms of sales, profititability as a result of either decrease in costs or long term competitive advantage in the market environment (Hensley, 2007)	1. My organization turnover rate is extremely satisfactory.	(Ahmad& Schroeder 2003; Tung-Chun Huang1999).
		2. My organization market share is higher than that of our competitors.	
		3. Profit growth in my organization can positively be matched up to our competitors.	
		4. Return on investment	

		in my organization can positively be matched up to our competitors. 5. My organization sales growth can positively be measured up to that of our competitors. 6. Return on sales in my organization is very much satisfactory. 7. In my organization, employee's morale can positively be measured up to that of our competitors.

3.10 PROCEEDURE FOR DATA COLLECTION

Collection of data is a central procedure in every research. The Procedures afford guiding principle for the collection, processing, analysis as well as reporting of SME information in Lagos Nigeria. There are basically two methods of collecting data such as primary and secondary data collection (Uma & Roger, 2009). Primary data are collected directly from the field which this study aims to achieve.

In order to get the SMEs participated in this study, the researcher collected a letter of approval from OYA. The letter was attached to the survey cover and were sent by email to my research assistant who also works in SME. The data collection was conducted in two segments. The first phase involves distributing questionnaire to 20 respondents for pilot study, while the second segment is the actual distribution of 250 to

the SMEs in Lagos, Nigeria. The 20 questionnaires that were pilot tested were received through email from my research assistant, the pilot test was performed immediately to test the reliability and validity. The researcher proceeded with the actual collection of data following satisfaction with the pilot test result.

Data was collected through research assistant from directors, managers/ assistant managers and other top employees of SMEs food and beverage industry in Lagos, Nigeria, the channel of delivery was by hand and they were giving two (2) weeks to respond and return the questionnaire. Daily follow-up calls were made to my research assistant that assisted in collecting the data and he also reach out to the respondent to keep them informed on the survey progression. The respondents were first briefed by my assistant about the purpose of the survey prior distributing the survey with the cover letters, and were requested to provide feedback within two weeks. They were giving the assurance that information provided remain secret and will only be used for this study. The questionnaire was designed in such a way that respondent names were not included in the survey. Some of the respondents directly email their questionnaire to the researcher.

3.11 TECHNIQUES FOR DATA ANALYSIS

The use of questionnaire is the leading instrument in data collection from the respondents. It facilitate gathering of quantitative data in a standardized approach in order for the data to be internally reliable and consistent for analysis. According to Uma

and Roger (2009), a questionnaire is a prearranged set of question to be answered by the respondents. The creativity, proficiency, as well as the understanding of the researcher has a significant role to play in designing questionnaires.

The item in this questionnaire was originally develop by Ahmad and Schroeder (2003); Tung-Chun Huang, (1999), in a study conducted in US and Taiwan respectively. Because environment play a great role in ensuring successful SHRM practices Pfiffer (1998), The present study modify the items adopted from their survey to examine the influence of this item in developing economy like Nigeria.

Thus, the respondents were to furnish their opinion about each item on a seven point likert scale.

3.12 DATA SCREENING/CLEANING

Data screening was executed prior statistical analyses. The normality, detection of missing data and outliers was also assessed. Data screening is carried out to examine the uniqueness of the respondents so as to respond to questions about correctness of data, missing data, the pattern of the missing data , excessive response as well as if the data qualify for statistical supposition, data transformation has to be carried out (Mayers et.al, 2006). According to Hair. Jr, et.al (1998), Prior to processing data, it is vital to assess the detection of outliers. Mayers, et.al (2006), further assert that severe cases or strange

values on a singular disparity or a mixture of discrepancy are considered to be outliers. Multivariate outliers will be carried out for the purpose of this research. In addition to recognizing possible outliers, it is imperative to test the possibility underlying large number of multivariate techniques.

3. 13 DATA ANALYSIS

Data analysis is the techniques that will help the researcher to explain information in a categorize patterns, develop explanations, and test hypothesis (Joel, 1996). It assists the researcher to clean, inspect, transform, and model the data collected from the respondents in order to draw attention to the valuable information connected to the problem under study, using the result generated from the data to make a conclusion and recommendation.

After collecting the data, the researcher carries out a preliminary exercise such as coding the data collected, data cleaning and screening, and data entering. Version 19.0 of SPSS was first used. The independent variable is SHRM with five dimensions (training and development, information sharing, incentive on performance, employee resourcing and teams and decentralization) while the dependent variable is firm performance with two dimensions (intangible and tangible).

The mean, standard deviation and other descriptive statistical tools were utilized to describe the main characteristics of the sample. The researcher uses statistical package

for social science (SPSS) version 19 to analyze demographic characteristics of the respondent and the analysis of the main study.

3.14.1 DESCRIPTIVE STATISTICS

Descriptive statistics help in summarizing the sample and the observations that the researcher has made, it could be in a simple graph or quantitative. According to Janes (1999), descriptive statistics are the fundamental descriptive measures that attempt to sum up data by giving a few numerical measures of where the centre of the data set is as well as how the rest of the values fall away from that centre.

Descriptive statistics do not build any conclusion that will widen the data being analysed, rather it gives short descriptive coefficients that sum up a given set of data that will represent the entire population or a sample. The measures that will describe the data are measures of central tendency and measures of variability or dispersion. Examples of Measures of central tendency are mean, median and mode, while measures of variability are the standard deviation or variance, minimum and maximum variables, normality test, missing value etc. Consequently the aforementioned descriptive statistics is incorporated in this study to describe the necessary features of the data in the study and to enable the researcher summarizes the measures and sample.

3.14.2 INFERENTIAL STATISTICS

Inferential statistics are the techniques that allow the researcher to arrive at conclusions that go further than the immediate data. For example when the researcher is trying to make conclusion of the probability that a survey difference between groups is reliable or the difference occur by chance in the study. Hence, inferential statistics make generalization about the population. Possibly one may compare the average performance between female and male student in a single measure to know if great difference exist using inferential test. An organization might want to know whether both male and female production workers sent on training differ in the training they undergo or whether there is a difference in a program team on the outcome measure from a control team.

Whenever a researcher desires to compare the average performance between two team inferential statistics is the suitable techniques to be used. Inferential statistics are mainly adopted when responding to answers relating to cause and effect, or when predicting existing data. Though it does not prove causality. Proving result is subject to a given theory, perhaps statistical data generated from previous research studies, it is imperative to state the theories before using inferential statistics. For instance, saying workers are given incentive base on their performance, there must be studies/ theory that support this argument.

Consequently, the present study will only discuss the method of the Pearson correlation coefficient and linear regression that are commonly used in inferential analysis in analyzing data.

3.14.2.1 PEARSON CORRELATION COEFFICIENT

Correlation measures the degree to which two quantitative variables, A and B, are in mutual agreement, that is the relationship between two or more classes of variables. When a higher value of A is associated with high value of B, a positive correlation exists. In a relationship where high value of A is linked with low value of B, a negative correlation occurs. Pearson correlation coefficient is the most currently use measures of dependence between two quantities. Correlation coefficient indicated by symbol r with array of - 1 to +1 signify positive and negative relationship respectively. When the entire distribution fall directly on a line with an upward incline r=+1; When the entire point fall directly on a downward incline r=-1. Strong correlations are connected with dotted clouds that stick closely to the imaginary line, while weak correlations are connected with dotted clouds that stick imaginary to the trend line. Therefore the closer r is to +1, the stronger the positive correlation and the closer r to -1 the stronger the negative correlation (Salking 2009). The table below represents an explanation of the strength of correlation base on (Salking, 2009).

Table 3.6: Interpretation of strength of correlation

Very Weak	Weak	Moderate	Strong	Very strong
0.0 and 0.20	0.30 and 0.40	0.40 and 0.60	0.60 and 0.80	0.80 and 1.0

3.14. 2. 2 LINEAR REGRESSION

Linear regression smoothing the progress of modeling the correlation between two variables by appropriating a linear equation to experimental data. One variable is measured as a descriptive variable, while the other is observed as the dependent variable. However the present study makes use of linear regression in analyzing the relationship between SHRM dimensions (Independent variable) and firm performance (dependent variable). In this situation, a scatterplot smoothing the progress in shaping the strength of the relationship. On the condition it becomes visible that no relationship between the propose explanation and dependent variables, or if the scatterplot does not signify if there is increasing or decreasing trends, then appropriating a linear regression model to the data will possibly give a functional model.

3.14. 3 GOODNESS OF MEASURE

Two principal criteria use in testing the goodness of measure is validity and reliability. By reliability we mean the consistency of a measuring instrument to the theory its

intended to measure. According to Schindler and Cooper (2003), reliability symbolizes the internal consistency demonstrating the homogeneity of an item in the measure, measuring the latent variable. In measuring the internal consistency of a set of items, Sekaran (2003), in addition suggested a Cronbach Alpha to be the most commonly used reliability coefficients. A reliability analysis was carried out on the scale used to measure training and development, information sharing, incentive for performance, employee resourcing, teams and decentralization. In addition the dependent variable (firm performance) was as well tested. In the interim, a Cronbach Alpha below 0.70 propose by previous researchers Nunally (1978), is generally acceptable in a study. According to Hair et.al (1998), an exploratory study of this nature a Cronbach Alpha of 0.60 or higher than is likewise significant. In this study items that were considered to be reliable were used for further analysis. The validity of an instrument test how well an instrument that is built up measures the exact concept the way it is planned to measure (Sekaran & Bougie, 2009).

3.15 UNIT OF ANALYSIS

The unit of analysis of this study is SMEs firm in Lagos Nigeria. Comprises of food and beverage industry. The researcher utilizes them because of their global impact on the economic development of every nation. Therefore making use of them will help the researcher in understanding their actual SHRM practices. Beside previous study have stated that most firm lack SHRM practicing.

3.16 SUMMARY

This chapter talk about the proposed research method for this study, by presenting the research framework, research approach/design, operational definition of variable, measurement of the variable /instrument, population and sample, sampling techniques, layout of the questionnaire, pilot test, research hypothesis, research instrument, procedure for data collection, techniques for data analysis, data screening, data analysis and unit of analysis. This is important in order to direct the reader about the progress of the study and why the researcher adopted each of the techniques listed above in analysing data. Subject to the data collected, the next chapter will show the outcome of the validity and reliability test carried out on the instrument use in this study. The result of the descriptive characteristic of respondents will also be discussed in the next chapter. The tests as well as the results of the hypothesis for this research will in addition present in the next chapter.

CHAPTER FOUR

FINDINGS

4.0 INTRODUCTION

This chapter will discuss the analysis of data gathered from 163 respondents of food and beverage SMEs in Lagos Nigeria. Included in this chapter is the complete result and the analysis of this study presented in the form of chat, table and figures. This chapter also describes the demographic characteristics of the respondents, response rate, data screening and cleaning, treatment of outliers, analysis of the research through factor analysis, Correlation and regression analysis results.

4.1 RESPONSE RATE

Out of the 250 questionnaires distributed only 163 were retrieved from the respondents, which is 65% response rate. Out of this 163 that were retrieved 11 (4.4%) were unusable because they were not properly filled as a result, they were discarded in line with Bell and Bryman (2007), that it is one way of avoiding the non response bias error, while 4 (1.6%) were deleted because of outliers only 148 (59.2%) were useable. However, this study recorded an overall response rate of 65%. Therefore the average response rate suggested by the American Association for Opinion Research (AAPOR) in social science studies cited in Johnson and Owens (2003), is 32.6%. In the same way Hair et.al (1985) also suggested that a response rate above 50% is generally acceptable.

As a result, the response rate of 65% accomplished in this study is believed to be satisfactory.

4.2 DATA SCREENING AND CLEANING

After keying in the data in the SPSS, the next step was data screening and cleaning. This entails checking for inaccuracy in the process of collecting data in this study (Pallant, 2007). The mistakes encounter under this study, take the form of missing data as well as out of range data (the values that fall outside the range). First and foremost, this study uses SPSS to check this error by plotting the minimum and maximum number of all the variables. Doing this the researcher was able to detect the missing and out of range data. Nevertheless, checking the result of the output of the preliminary analysis shows that a total of eleven (11) missing and four (4) out of range data were recorded. This consequently gives way for the next step.

4.3 TREATMENT OF OUTLIERS

Outliers were performed by using the histogram and boxplot as propose by (Pallant, 2007). The preliminary inspection of the data using these techniques shows that there were outliers. Consequently, the data with outliers were detected and immediately remove from the data set since deleting the data is one of the means of treating outliers suggested by (Pallant, 2007). A total of 4 cases were deleted from 163 cases. After

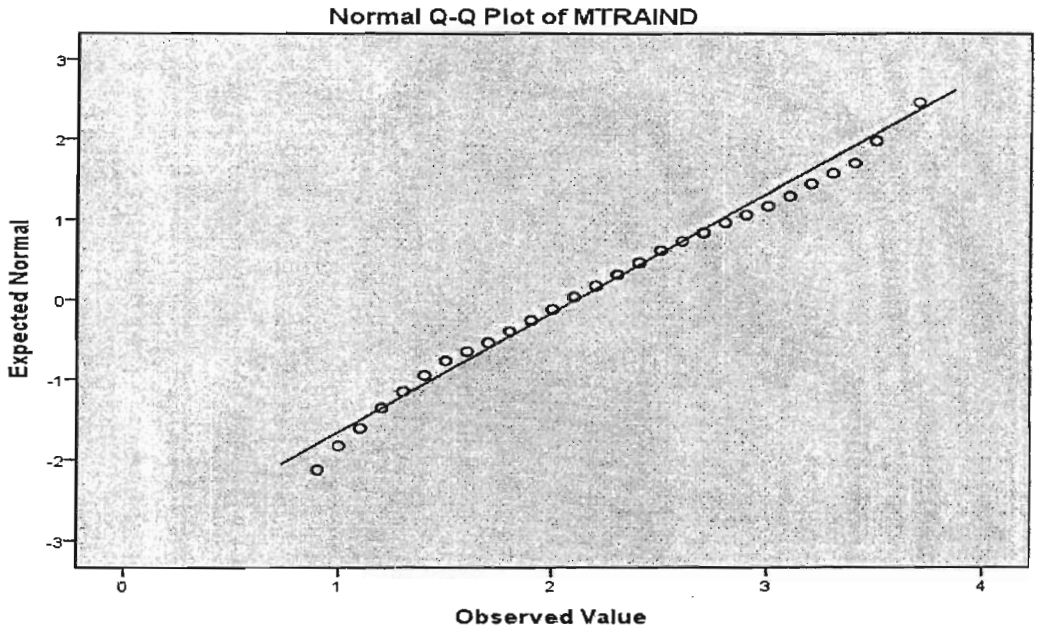
this, the histogram and boxplot were plotted again to check if there is still any case of outliers. Consequently, checking the histogram and boxplot shows that there were no outlaws. See Appendix.

4.4 NORMALITY TEST

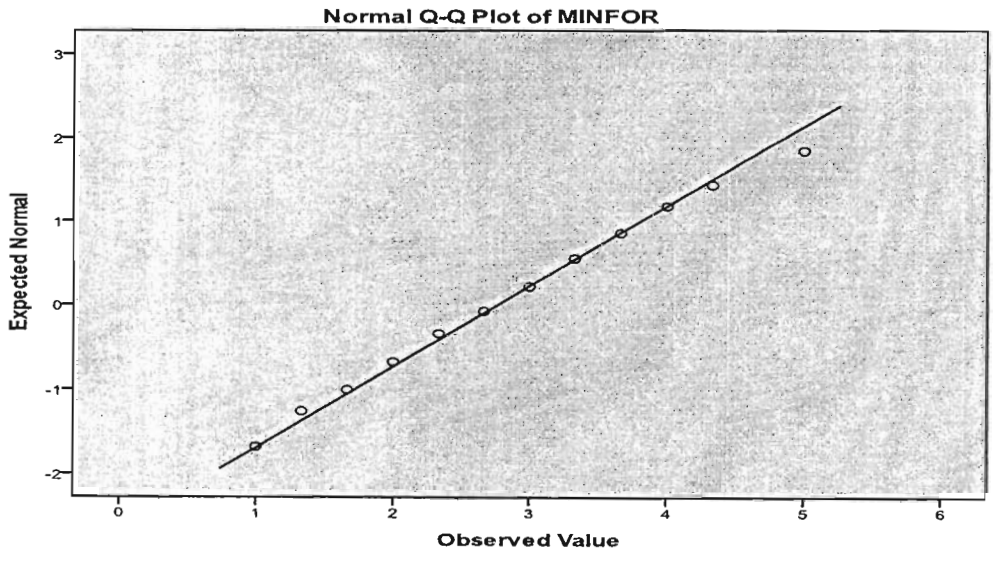
Normality help in determining if data set is well positioned in the normal distribution or not. Normality test is a precondition of retaining a normal distribution of data in the process of statistical analysis. It could be in graphical or numerical form.

The Normal Q-Q plot has been used by the researcher in determining whether there is any presence of Normality of data. According to Coakes and Steed (2003), that data that trail the normal distribution on a normal probability plot will appear in a straight line. In line with the above statement, the normality test for each of the dimension will be plotted and discuss in the following sub headings.

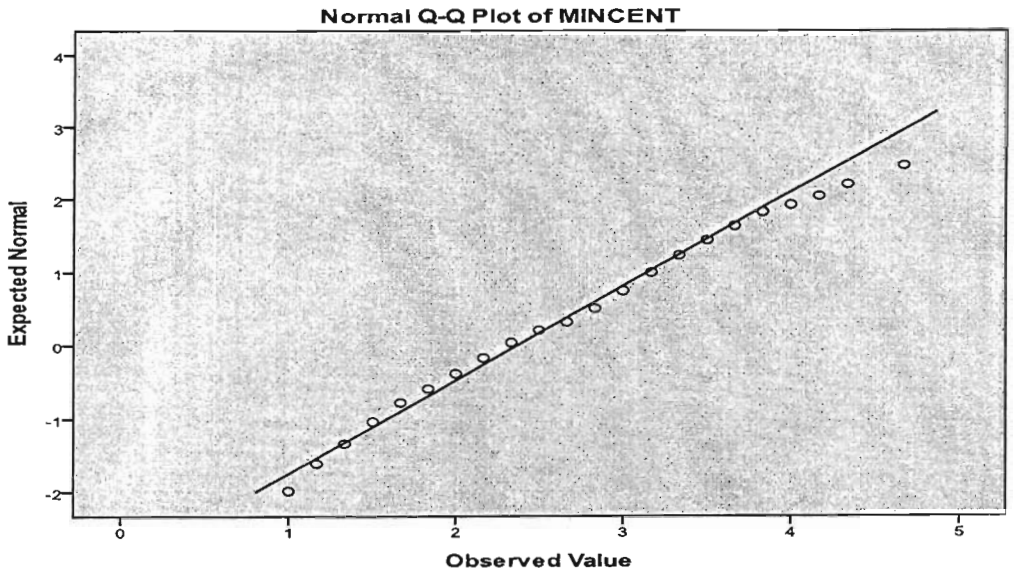
Chat 1: The Normality of items in Training and Development



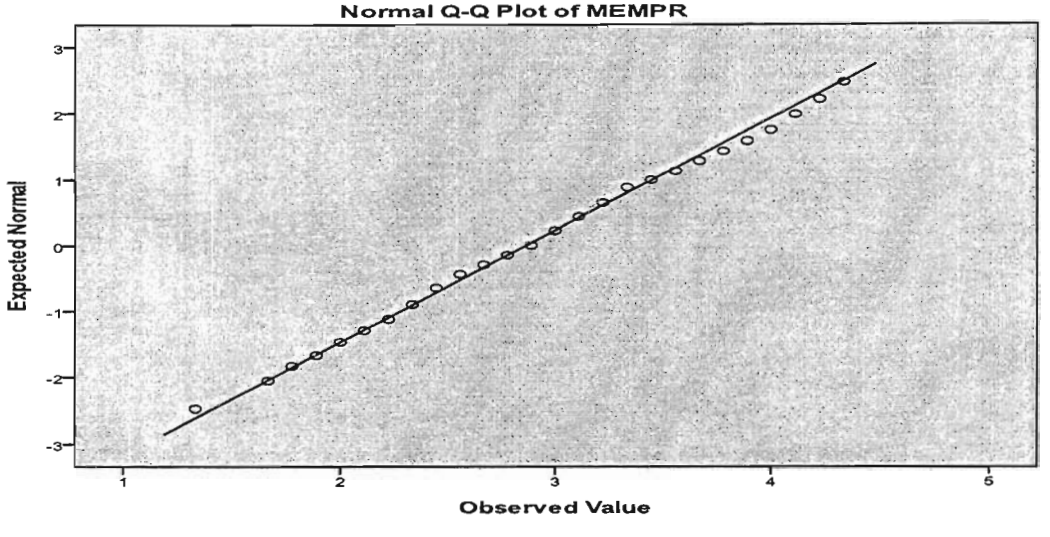
Chat2:The Normality of items in Information Sharing



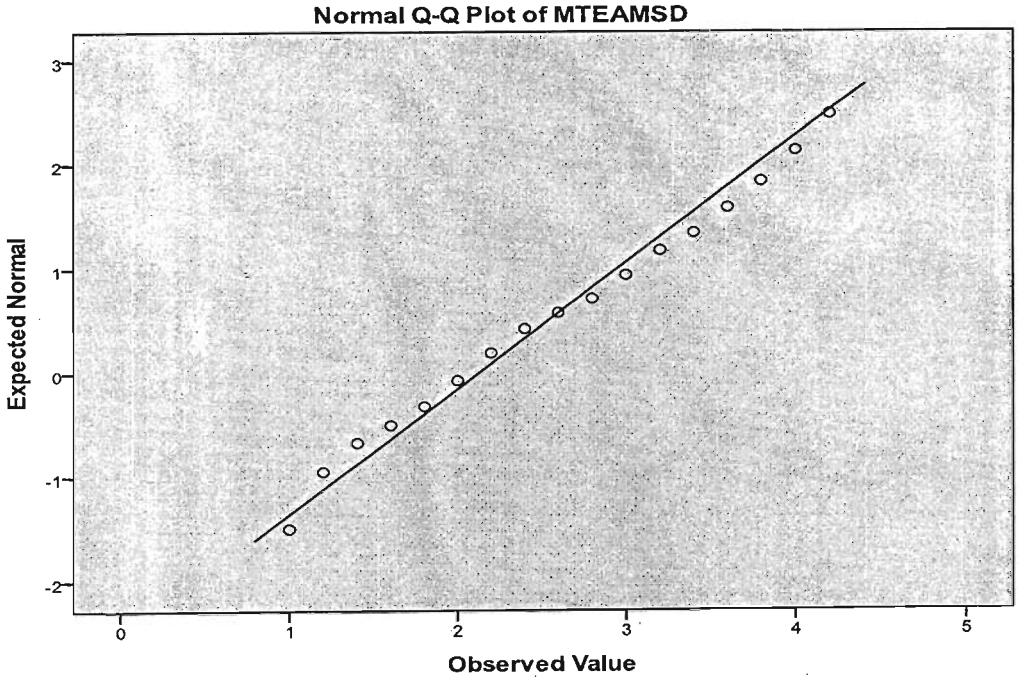
Chat 3: The Normality of items in Incentive for Performance



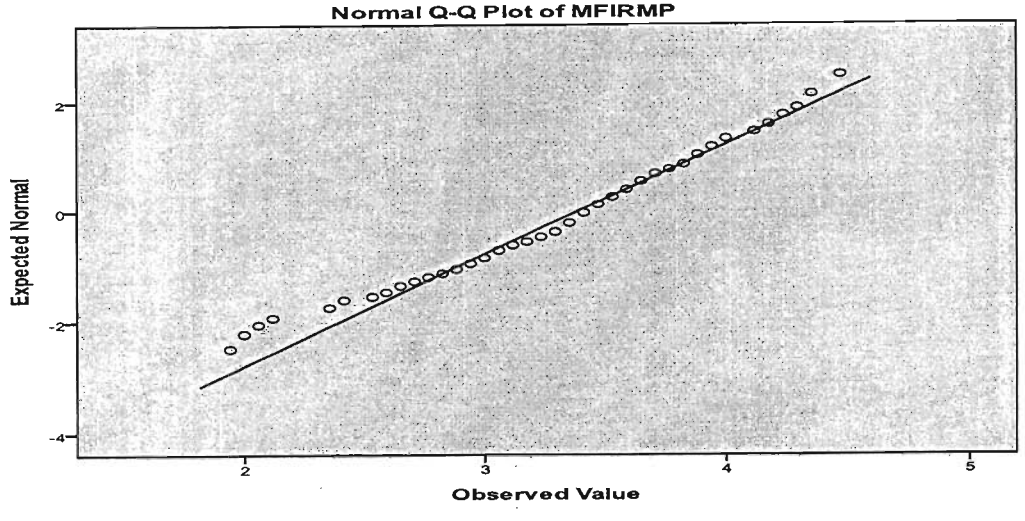
Chat 4:The Normality of items in Employee Resourcing



Chat 5:The Normality of items in Teams and Decentralization



Chat 6: The Normality of Items in Firm performance



The normality test of the data used for this study has been conducted. The output results indicate that the data scores, though few move away from the line, but are practically well distributed, with majority score appearing in the middle of the chat as can be viewed in the above charts (1 -5). The deviation from the cuts could perhaps cause by the respondent's response to the items in the questionnaire. Because of the differences in respondents' answers to the same question in the questionnaire may possibly affect the tabulation of data not to be in solid strata. Going from table 4.27 below, the researcher suggested that there is a strong relationship between the SHRM dimensions used in this study and therefore valid and satisfactorily to be used in winding up this study base on the issue under investigation.

For more understanding, the result of the Normality test is shown in the table below 4.27 below. The chat indicate the Normality test base on the factors while the result presented in the table was conducted to the total items in the SHRM dimension the reason of doing this was to make a comparison between the graphical and numerical.

Table 4.1: Normality Test for Training and Development, Information Sharing, Incentive for Performance, Employee Resourcing, and Teams and Decentralization.

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
MFIRMP	.104	148	.000	.977	148	.075
MTRAIND	.062	148	.200*	.978	148	.020
MINFOR	.093	148	.603	.965	148	.201
MINCENT	.088	148	.007	.978	148	.426
MTEAMSD	.100	148	.001	.948	148	.000
MEMPR	.063	148	.200*	.991	148	.511

a. Lilliefors Significance Correction

*. This is a lower bound of the true significance.

The result shown above is the Normality of Kolmogorov-Smirnov Test and Shapiro-Wilk Test. In the case of the Shapiro-Wilk Test it is suitable for a situation whereby the researcher is investigating a small sample size for example a sample that is lesser than 50. However it can also be applied to a research having sample of not more than 2000. This is the rationale why the researcher is using Shapiro-Wilk Test in this study as the numerical means of assessing Normality. On the condition that the Sig. The value is higher than 0.05 meaning the data are Normal. Contrarily, that is lower than 0.05 meaning the data digress from the normal distribution.

4.5 RELIABILITY ANALYSIS

4.5.1 THE RELIABILITY ANALYSIS FOR PILOT TEST

As discussed in the previous section, a pilot test is a techniques use to test the instrument use in a study. It usually involves administering research instrument to a small group of targeted audience and then evaluating the information collected from the audience to know if the instrument is good or not (Sekaran, 2003). Doing this, will facilitate the researcher to adjust the questionnaire after the pilot study (Mclntire & Miller, 2007; Lucky, 2011), and remove an unsatisfactory item from the instrument before collecting data (Sekaran, 2003).

A pilot test was carried out to check the reliability and validity of the instrument use and to confirm the understanding of the respondent about the instrument. In conducting the pilot test, the researcher's distributed 20 questionnaire to the SMEs employees and all were retrieved. Then the reliability analysis was performed using statistical package for social science (SPSS) software. According to Zikmund (2003), reliability is the consistency of the result of measuring instrument. High reliability results demonstrate that the instrument has a minimal error discrepancy. The result of the reliability analysis in the pilot test are shown below.

Table 4.2

Training and development, information sharing, incentive for performance, employee resourcing, Teams and decentralization and firm performance (Pilot Test).

Variables	No of Items	Cronbach Alpha
Training and Development	10	0.841
Information Sharing	3	0.925
Incentive on performance	6	0.774
Employee resourcing	9	0.730
Teams and Decentralization	5	0.874
Firm performance	17	0.836

Based on the analysis result above, the cronbach's Alpha for training and development, information sharing, incentive for performance, employee resourcing, teams and decentralization and firm performance in the pilot test are greater than 0.70. According to Sekaran (2003), Salking (2009), measuring the reliability a cronbach Alpha value less 0.6 are branded as poor, while 0.7 and above are acceptable. Those within the range of 0.8 and above are considered good and acceptable, this indicate that this study can proceed to test the actual sample. In the next section, the researcher explains several

analyses done, in order to make conclusions on the research questions and hypothesis in order to come up with a new framework. Among the procedures that will be carried out are reliability analysis, factor analysis, anti- image analysis, factor loading if needed, mean and standard deviation of the variables, correlation analysis and regression analysis.

4.6 THE RELIABILITY ANALYSIS FOR ACTUAL STUDY

Under this section the reliability analysis of 163 respondents was conducted by the researcher. In this study, emphasis will be put on the figure shown by the cronbach's alpha. The duty of Cronbach's alpha is to establish the internal consistency or the average correlation of the items in the survey instruments to measure its reliability (Cronbach, 1951). According to Sekaran and Bougie (2010), reliability is a measuring instrument that measures the consistency of an instrument. Fornell and Larcker (1981), also suggested a composite reliability (CR), of 0.70 and above is satisfactory. Hair et al. (2010), assert that a loading above .50 to be significant. What's more, Atyeo, Adamson and Cant (2007), recommended .40 to be a significant loading. Nevertheless, for the item to become useful in the major analysis, it is necessary for the loading of such item to have a bigger construct on what they intend to measure than other constructs. Nunnaly (1978), also suggested a reliability coefficient of .70 to be acceptable. The result of the reliability analysis for the actual study is shown below.

Table 4.3: The Reliability Analysis of Training and Development, Information Sharing, Incentive For Performance, Employee Resourcing, Teams and Decentralization (Before Factor Analysis).

Variables	Cronbach's Alpha (a)	Cronbach's Alpha Bases on Standardize Item	Number of Items
Training and Development	0.842	0.840	10
Information Sharing	0.807	0.811	3
Incentive for Performance	0.799	0.798	6
Employee Resourcing	0.680	0.680	9
Teams and Decentralization	0.778	0.778	5
Firm Performance	0.819	0. 819	17

Based on the analysis result in the above table (4.3), the researcher conducted the actual reliability analysis to determine the internal consistency of the items on Training and Development, Information Sharing, Incentive for performance, Employee Resourcing, Teams and Decentralization, and Firm Performance. Their Cronbach's Alpha was found to be 0.7 and above which is an acceptable value (Sekaran, 2003; Salking, 2009). According to Salking (2009), a reliability of 0.70 and above is considered strong and acceptable. Because the Cronbanch's Alpha of the dimensions in the above table (4.3) is 0.7 and above, hence they are considered strong, reliable and satisfactory to proceed with this study. Therefore it is unnecessary to delete any of the items.

Though the above stated reliability analysis alone is not a panacea to determine the absolute reliability and validity of the items in the dimensions. It is also significant to conduct another analysis otherwise known as factor analysis so as to determine the reliability and validity of the items being tested. The aim of doing this is to increase the internal consistency of the items by reducing the number of items or detecting structure in the relationship between items and classifying them. The procedure will be discussed under the following sections.

4.7 FACTOR ANALYSIS

Factor analysis help in checking if each item is able to measure what it intends to measure, as well as to verify the construct validity of the items. This study conducted a factor analysis, and the respondents were submitted to statistical package for social science (SPSS) for factor analysis with principal component analysis and a varimax rotation.

In conducting the factor analysis, the first priority of this research was to verify the KMO (Keiser- Meyers- Oklin) of the dimensions of SHRM used in this study. This preceded Anti Image Matrices, by analyzing the values of anti image correlation with an 'a-square. Any item having an 'a- square value that is below 0.5 will be deleted. After that the researcher will consider the cumulative variance in order to ascertain the level which the

items in each dimension spread out. Under normal circumstances, the higher the cumulative variance, the better the correlation between items in each variable.

4.7.1 FACTOR ANALYSIS FOR TRAINING AND DEVELOPMENT

In conducting the factor analysis, under the items on training and development, the first priority was to verify its KMO (Keiser- Meyers- Oklin) before the factor analysis. On the requirement for any dimension to be used in this study, a high value of KMO that is close to 1.0 is suitable for this study to run factor analysis. In this study also, a minimum loading factor of 0.50 for anti image is required for any item to be included in any factor (Atyeo, Adamson & Cant, 2001). Anything below this value, the item will be deleted.

Table4.4: Bartlett's Test for Training and Development

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.798
Bartlett's Test of Sphericity	Approx. Chi-Square	623.216
	Df	45
	Sig.	.000

The above result specifies the fitness of the data in this study. The KMO obtained from training and development is 0.798, with a sig. of 0.000. Because the value of KMO is high factor loading analysis is not needed.

The factor analysis data identified two components. Originally ten items were submitted to factor analysis, factor analysis categorizes this item into two factors, and however, only one item out of ten was not recognized. The 9 items recognize by factor analysis were selected for further analysis. Specifically, item TD1 which requested a respondent's opinion on "Some workers in this industry lack important skills" was not selected because it did not meet the loading requirement.

The above table shows that there is no Anti Image value below 0.50; this indicates that the distribution of the items is nearly standard. Consequently, the result of the factor analysis of the items under training and development will be grouped according to their common correlation. As can be seen in table 4.5 below whereby **factor 1** encompasses TD9, TD8, TD6, TD7, TD5, and TD10. In the same vein, **factor 2** comprises of TD3, TD4, and TD2. As earlier mentioned, item TD1 has been extracted from this study because it did not meet the loading requirement. The reliability was established when the item that did not meet the minimum loading factors was deleted.

Table 4.5 Rotated Component Matric for Training and Development

Rotated Component Matrix[a]

		Component	
		1	2
TD9	Workers in my organization are only trained to do one job	.796	
TD8	Workers in my organization are cross trained so that they can fill in for others.	.769	
TD6	In my organization workers are given the chance to learn how to perform multiple jobs.	.743	
TD7	The longer an employee stays with the organization the higher the task he/she learns to perform.	.721	
TD5	Workers in my organization are given training to perform multiple jobs.	.711	
TD10	Workers in my organization are motivated by giving them in depth training rather than developing them on a wider skill base	.630	
TD3	Our management believes that constant training and upgrading of employees' skills is important.		.833
TD4	Workers in my organization have the skills that are above average in this industry.		.804
TD2	Production workers receive training and development in workplace skills on a regular basis.		.733

From the questionnaire, the researcher was able to restructure the items that belong to each factor. **Factor 1**, TD9, TD8, TD6, TD7, TD5, and TD10 were renamed work skills. The renaming of the items as work skills was base on the fact that the items reflect on constant upgrading of employee skills in the job. The same apply to **factor 2,** which are TD3, TD4, and the TD2 measuring work Knowledge because items under this echo employee having knowledge of the job he/she is involve in.

Therefore another reliability test will be conducted based on the above factors in an attempt to know the reliability of a singular item in the particular factor.

Table 4.6: Reliability Analysis For Training and Development after Factor analysis

	Cronbach's Alpha (a)	Cronbach's Apha Based on Standardized Items	Number of items
Training and Development (Work Knowledge)	.860	.860	6
Training and Development (Work Skills)	.729	.740	3

In line with Fornell and Larcker (1981); Hair et al. (2010), the above construct is strongly reliable, having a Cronbach's Alpha for work knowledge of .860 and Work Skills .729. Indicating that item under these factors is jointly and highly correlated. In the next section the factor analysis of information sharing will be conducted.

4.7.2 FACTOR ANALYSIS FOR INFORMATION SHARING

The same process was applied in running the factor analysis, under the items on Information Sharing, the KMO (Keiser- Meyers- Oklin) was first and foremost verify before conducting the factor analysis. This is a prerequisite for the dimension to be used,

a high value of KMO that is close to 1.0 was chosen for the items on information sharing to qualify for conducting factor analysis. The same applies to Anti Image, the minimum loading factor was choosing to be above 0.50 in attempt to qualify for factor analysis (Atyeo, Adamson & Cant, 2001). Any item below this value will be discarded.

Table 4.7: KMO and Bartlett's Test for Information Sharing

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.634
Bartlett's Test of Sphericity	Approx. Chi-Square	193.114
	Df	3
	Sig.	.000

The above result specifies the fitness of data in this study. Information sharing having a KMO of 0.634 with a sig. Value of 0.000 is acceptable for this study base on the researcher earlier position that a KMO of approximately 1.0 is significance for the study. Having a KMO 0.634, with a sig. Value of 0.000 is a good justification for items under this to proceed to the next stage. Because the value of KMO is high factor loading analysis is not needed. Looking at the table of Anti Image Matrices, there was no a-square' value which is below 0.50 considered to be a satisfactory number as it shows that the distribution of the items is good.

The factor analysis data identified two components. Originally three items were presented to factor analysis; factor analysis then categorizes this 3 item into two factors. Factor one

comprises of INFOR1 and INFOR2 while factor 2 has only one item INFOR3. Only factor 1 will proceed to the next analysis, whereas factor two will be deleted even though the item did not have any record of anti image, this is because factor analysis cannot be run for only one item.

Table 4.8: Rotated Component Matrix[a] for Information Sharing

		Component	
		1	2
INFO1	Managers in my organization encourage workers under their unit to exchange idea.	.932	
INFO2	Managers regularly hold group meetings with workers under their department and allow them to discuss things together.	.896	
INFO3	Managers motivate workers who work under them to work as a team.		.936

From the questionnaire, the researcher was able to restructure the items that belong to factor 1. INFOR1, and INFOR2 were renamed as Knowledge sharing. The renaming is subject to the ability to relate to the everyday exchange of idea between the managers and the employees about workplace improvement. As a result a new reliability test will be performed according to factor 1 in effort to know the reliability of the item in the particular factor.

Table 4.9. Reliability Analysis for Information sharing after factor analysis

	Cronbach's Alpha (a)	Cronbach's Apha Based on Standardized Items	Number of items
Info Sharing (Knowledge Sharing)	.888	.888	2

From the above table (4.15), the Cronbach's Alpha after the factor analysis was .888 both items were considered to be jointly correlated. In agreement with Hair et al. (2010), they are strongly reliable, having a very strong Cronbach's Alpha of 0.888 indicated that items under this factor is jointed and highly correlated. In the next section the factor analysis of incentive for performance will be conducted.

4.7.3 FACTOR ANALYSIS FOR INCENTIVE FOR PERFORMANCE

The researcher follows the same process in conducting the factor analysis, under the items on incentive for performance, the researcher start with confirming the KMO (Keiser- Meyers- Oklin) before the factor analysis. In order for the items in this dimension to be used, the KMO must have a high value that is close to 1.0, anything lesser the item will be dropped. In this study also, a minimum loading factor of 0.50 for anti image is required for an item on incentive for performance to be included in any factor (Atyeo, Adamson & Cant, 2001). Anything below this value, the item will be deleted.

Table 4.10: KMO and Bartlett's Test for Incentive for Performance

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.757
Bartlett's Test of Sphericity	Approx. Chi-Square	281.207
	Df	15
	Sig.	.000

The result presented in table 4.10 indicates the fitness of the data in this study. The KMO achieves from the incentive for performance is 0.757, with a sigh. Value of 0.000. Since the KMO is high factor loading analysis is not needed.

The factor analysis data acknowledged two components. Originally 6 items were presented to factor analysis, factor analysis categorizes these items into two factors, whereby all the six items were recognizes for further analysis.

To confirm if there is any record of anti image in the above table (4.10), the items prove to be free from anti image, as no value was below 0.50, this point out that the distribution of the items is nearly normal. Consequently, the result of the factor analysis of the items under incentive for performance will be group according to their common correlation. As can be seen in table 4.11 below whereby **factor 1** cover INCENT4, INCENT5, and INCENT6. Just as, **factor 2** contains INCENT2, INCENT1, and INCENT3. No item was

deleted since there was no anti image, and the KMO was normal and the reliability is deemed satisfactory for the study.

Table 4.11: Rotated Component matrix for Incentive on Performance

Rotated Component Matrix[a]

		Component	
		1	2
INCENT4	Our incentive scheme motivates us to reach organizational goal.	.878	
INCENT5	The incentive provided by my organization is peculiar to the organizational goal.	.875	
INCENT6	Workers/ teams are rewarded the same as those who do not achieve organizational goals.	.636	
INCENT2	My organization is fair in providing incentives to employees who achieve goals.		.824
INCENT1	The incentive provided by my organization motivates the workers to strongly pursue the goals of the organization.		.813
INCENT3	The reward provided by my organization is given in reality to recognize those employees who make greater contribution to the organization.		.656

From the questionnaire, the researcher restructures the items that belong to each factor. **Factor1**, INCENT4, INCENT5, and INCENT6 by renaming them as incentive for achieving firm goal, because the items under this factor were directed towards firm's motivation to employees at the accomplishment of goals at the organizational level. The same affect **factor 2,** such as INCENT2, INCENT1, and INCENT3 measuring incentive on employee contribution, because of the willingness of the firm to reward employee in accordance to their individual input towards the attainment of the objective of the firm.

Consequently another reliability test will be conducted regarding the above factors in effort to know the reliability of a singular item in the particular factor.

Table 4.12: Reliability Analysis of Incentive for performance after Factor Analysis

	Cronbach's Alpha (a)	Cronbach's Apha Based on Standardized Items	Number of items
Incentive For Performance (Incentive for achieving firm goal)	.781	.783	3
Incentive For Performance (Incentive for employee contribution)	.716	.717	3

In line with Fornell and Larcker (1981); Hair et al. (2010), the above result indicates that the items in those factors are mutually highly correlated, and strongly reliable having a Cronbach's Alpha of 0.781 and 0.716 respectively, therefore they are strongly reliable. This gives way to analyze employee resourcing in the next section.

4.7.3 FACTOR ANALYSIS FOR EMPLOYEE RESOURCING

In conducting the factor analysis, under the items on employee resourcing, the first concern was to validate its KMO (Keiser- Meyers- Oklin) prior to the factor analysis. To see if the item meets the criteria of KMO that is close to 1.0 appropriate for the study to conduct factor analysis. The entire image was also checked to see if any item is having a

minimum loading factor that is lesser than 0.50, if any, the item will be deleted (Atyeo, Adamson & Cant, 2001).

Table 4.13: KMO and Bartlett's Test for Employee Resourcing.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.779
Bartlett's Test of Sphericity	Approx. Chi-Square	444.833
	Df	36
	Sig.	.000

The result specifies the fitness of the item in employee resourcing. The KMO obtained is 0.779, with a sig. Value of 0.000. Because the value of KMO is high factor loading analysis is not needed.

The factor analysis data identified two components. Originally nine items were tender to factor analysis, factor analysis then sorts out this item into two factors. The whole items were however, recognizes to proceed for further analysis. There was no Anti Image value below 0.50; this indicates that the distribution of the items is nearly standard. Thus, the result of the factor analysis of the items under this dimension will be grouped according to their common correlation. As can be seen in table 4.20 below whereby **factor 1** contain items EMPR7, EMPR5, EMPR2, EMPR8, EMPR1, and EMPR9. While **factor 2** consists of EMPR3, EMPR6, and EMPR4. No item has been extracted from this dimension as it did not have any record of anti image and low KMO. Therefore both the

KMO and the Anti image meet the satisfactory requirement for the reliability of this study.

Table4.14: Rotated Component Matric for Employee Resourcing

Rotated Component Matrix[a]

		Component	
		1	2
EMPR 7	My organization gives priority to those that can provide ideas that will improve the production process.	.646	
EMPR 5	My organization use work value attitudes as criteria in building up employees.	.829	
EMPR 2	Job design in my organization is closely coordinated with production.	.824	
EMPR 8	There is a positive relationship between employees in the human resource department and production workers.	.821	
EMPR 1	The human resource department in my organization communicates closely with production when designing job description.	.662	
EMPR 9	Training and development are properly coordinated with production workers.	.588	
EMPR 3	Human resource activities in my organization are closely coordinated with a production goal.		.861
EMPR 6	My organization uses work behavioural attitudes as criteria in building up employees.		.830
EMPR 4	The employee knows what production considers important in the training of employees for new skills.		.677

From the questionnaire, items under this dimension were restructured to suit the factor that each item belongs. **Factor 1**, EMPR7, EMPR5, EMPR2, EMPR8, EMPR1 and

EMPR9 were renamed Job Fit, because of the ability of the items to reflect on the need to match all the task perform by the firm together regardless of level and department of the employee. The same apply to **factor 2,** having EMPR3, EMPR6, and EMPR4 measuring individual fit. This is because item falling under this reaffirm the desire of the firm to engage employees who have a positive attitude towards performing firm's task.

Therefore another reliability test will be conducted based on the two factors in an attempt to know the reliability of each of the items in the particular factor.

Table 4.15: Reliability Analysis of Employee Resourcing after Factor Analysis

	Cronbach's Alpha (a)	Cronbach's alpha Based on Standardized Items	Number of items
Employee Resourcing (Job Fit)	.831	.831	6
Employee Resourcing (Individual Fit)	.720	.719	3

In line with Fornell and Larcker (1981); Hair et al. (2010), the above construct is strongly reliable, having a Cronbach's Alpha of 0.831 and .729 respectively, Indicating that the items are jointly and highly correlated. In the next section the factor analysis of Teams and Decentralization will be conducted.

4.7.5 FACTOR ANALYSIS FOR TEAMS AND DECENTRALIZATION

In conducting the factor analysis, on Teams and Decentralization, the first concern was to confirm the KMO (Keiser- Meyers- Oklin) to know if the item qualifies for this study, before conducting the factor analysis. The Anti image in the same process was check to see if any item is having a minimum loading factor that is smaller than 0.50, if any, then the item will be deleted (Atyeo, Adamson & Cant, 2001).

Table 4.16: KMO and Bartlett's Test for Teams and Decentralization

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.701
Bartlett's Test of Sphericity	Approx. Chi-Square	245.029
	Df	10
	Sig.	.000

The KMO result specifies the fitness of the item in teams and Decentralization, with KMO of 0.701, and a sig. Value of 0.000. Because the value of KMO is high factor loading analysis is not needed.

The factor analysis data identified two components. Originally five items were submitted to factor analysis, factor analysis then rearranges this item into two factors. The whole items were recognized by factor analysis to proceed for further analysis. There was no

Anti Image value that falls below 0.50; this indicates that the distribution of the items is normal. Hence, the outcome of the factor analysis of the items under this dimension will be regrouped according to their common correlation. As can be observed in table 4.20 below whereby **factor 1** having items of, TeamsD3, and TeamsD2. While **factor 2** contains TeamsD5, TeamsD4, and TeamsD1. No item has been extracted from this dimension as it did not have any record of anti image and low KMO. Therefore both the KMO and the Anti image meet the acceptable requirement for the reliability of this study.

Table4.17: Rotated Component Matric for Teams and Decentralization

Rotated Component Matrix[a]

		Component	
		1	2
TeamsD 3	In my organization a lot of problems have been resolved by the use of teams in the past three years.	.918	
TeamsD 2	We use team member's opinion and idea during problem solving prior to making a final decision.	.816	
TeamsD 5	Teams in my organization are motivated to solve their problems as much as possible.		.833
TeamsD 4	Problem solving teams have helped improve production processes in this industry.		.749
TeamsD 1	In my organization employees are selected based on their ability to work in teams.		.667

From the questionnaire, items under this dimension have been restructured to go by the factor that each item belongs. **Factor 1**, TeamsD3 and TeamsD2 was renamed Teams Cooperation. The items under this factor were mainly focused on the importance firms

place on teamwork, this motivated the researcher to rename items that fall under this as team's cooperation. The same is applicable to **factor 2,** having TeamsD5, TeamsD4, and TeamsD1 measuring individual contribution, because of these items explains the role individual employee play in solving team problems.

Therefore another reliability test will be conducted based on the above factors in an attempt to know the reliability of a singular item in the particular factor.

Table 4.18: Reliability Analysis of Teams and Decentralization after Factor Analysis

	Cronbach's Alpha (a)	Cronbach's alpha Based on Standardized Items	Number of items
Teams and D (Teams Cooperation)	.794	.794	2
Teams and D (Individual contribution)	.704	.723	3

In line with Fornell and Larcker (1981); Hair et al. (2010), the above construct is strongly reliable, having a Cronbach's Alpha of 0.794 and 0.704 respectively. Indicating that item under these factors is jointly and highly correlated. In the next section the factor analysis of both Intangible and Tangible firm performance will be conducted.

4.7.6 FACTOR ANALYSIS FOR FIRM PERFORMANCE

In conducting the factor analysis, under this items, the researcher will first verify the KMO (Keiser- Meyers- Oklin) to know if the item is qualify to run its factor analysis. This requirement includes a high value of KMO that is close to 1.0, is a suitable value to run its factor analysis. In this study also, a minimum loading factor of 0.50 for anti image is required for any item to be included in any factor (Atyeo, Adamson & Cant, 2001). Anything below this value, the item will be deleted.

First and foremost the researcher computes the KMO of the two dimensional jointly comprising 17 items. The result is shown below.

Table4.19: Bartlett's Test for Intangible and Tangible Firm Performance

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.785
Bartlett's Test of Sphericity	Approx. Chi-Square	1420.124
	Df	136
	Sig.	.000

This specifies the fitness of the data in this study. The KMO obtained from firm performance is 0.785, with a sig. of 0.000. Because the value of KMO is high factor loading analysis is not needed.

The factor analysis identified two components. Originally seventy items were submitted to factor analysis of the items involving intangible and tangible firm performance. Even though the researcher had earlier grouped the items on each dimension into two before conducting the factor analysis. The researcher allows factor analysis to decide the item that belongs to each of the dimensions. Factor analysis categorizes this item into two factors again.

However, looking at the table of Anti Image Matrices, the 'a'-square' value of FIRMP1 asking the respondents " I will put in my best more than what is expected from me in order to facilitate the success of this organization", was less than 0.50 as a result it was deleted, the factor analysis was run again, after deleting item 1, there was still one item having a record of Anti Image that is below 0.50, which require respondents view on " In my organization, employees morale can positively be measure up to that of our competitors". This was also deleted, and the factor analysis was run again after deleting item 1 and item 17 respectively, there was no Anti Image below 0.50 which is the satisfactory value for this study. This indicates that the distribution of the items is nearly standard.

Consequently, the result of the factor analysis of the items under Firm Performance was regrouped according to their common correlation in the factor analysis. As can be seen in table 4.26 below whereby **factor 1** is having FIRMP3, FIRMP7, FIRMP4,

FIRMP9,FIRMP8, FIRMP10, FIRMP15, FIRMP6, FIRMP11, FIRMP11, FIRMP2 FIRMP12, and FIRMP5. While **Factor 2** consists of FIRMP13, FIRMP14, FIRMP16. As earlier mentioned, item FIRMP1 and FIRMP17 belonging to Intangible and Tangible firm performance respectively has been extracted from this study because it did not meet the requirement. The reliability was established when the item that did not meet the minimum loading factors was delete.

Table 4.20: Rotated Component Matric for Intangible and Tangible firm Performance

Rotated Component Matrix[a]

		Component	
		1	2
FIRMP3	I would accept any type of task assigned to me in this organization in order to keep my job in this organization.	.818	
FIRMP7	I am very happy that I choose this organization to work for over others I was considering at the time I joined.	.804	
FIRMP4	I discover my values are related to my organizational values	.796	
FIRMP9	My organization is the best place to work.	.796	
FIRMP8	I actually think about the fortune of this organization.	.795	
FIRMP10	My organizational business performance is higher than others in the same industry.	.746	
FIRMP15	My organization sales growth can positively be measured up to that of our competitors.	.723	
FIRMP6	My organization truly motivates the best in me in the way of job performance.	.722	

FIRMP11	My organization turnover rate is extremely satisfactory.	.659	
FIRMP2	I speak the positive part of my organization to my friends as a great organization to work.	.628	
FIRMP12	My organization market share is higher than that of our competitors.	.537	
FIRMP5	I am confident telling others that I am a member of this organization	.521	
FIRMP13	Profit growth in my organization can positively be matched up to our competitors.		.739
FIRMP14	Return on investment in my organization can positively be matched up to our competitors.		.714
FIRMP16	Return on sales in my organization is very much satisfactory.		.663

From the questionnaire, the researcher was able to restructure the items that belong to each factor. **Factor 1**, having FIRMP3, FIRMP7, FIRMP4, FIRMP9, FIRMP8, FIRMP10, FIRMP15, FIRMP6, FIRMP11, FIRMP11, FIRMP2, FIRMP12, and FIRMP5 was confirmed as Intangible Firm performance this was because items under this mainly focus on the opinion of the employee about their workplace and cannot easily be measured, they are subjective in nature. The same is applicable to **factor 2,** having FIRMP13, FIRMP14, and FIRMP16 measuring Tangible firm performance because the items are objective in nature and they can easily be measured. Therefore another reliability test will be conducted based on the above factors in an attempt to know the reliability each of the dimensions.

Table 4.21: Reliability Analysis for Intangible and Tangible Firm performance after Factor analysis.

	Cronbach's Alpha (a)	Cronbach's alpha Based on Standardized Items	Number of items
Intangible performance	.911	.913	12
Tangible Performance	.703	.713	3

In line with Fornell and Larcker (1981); Hair et al. (2010), the above construct is strongly reliable, having a Cronbach's Alpha for Intangible performance of 0.911 and Tangible performance of 0.703, indicating that items under each factor are jointed and highly correlated. In the next section the result of the factor analysis of all the dimensions will be presented in tabular format.

Table 4.22: The Reliability Analysis for Training and Development, Information Sharing, Incentive for Performance, Employee Resourcing Teams and Decentralization and Firm Performance after Factor Analysis.

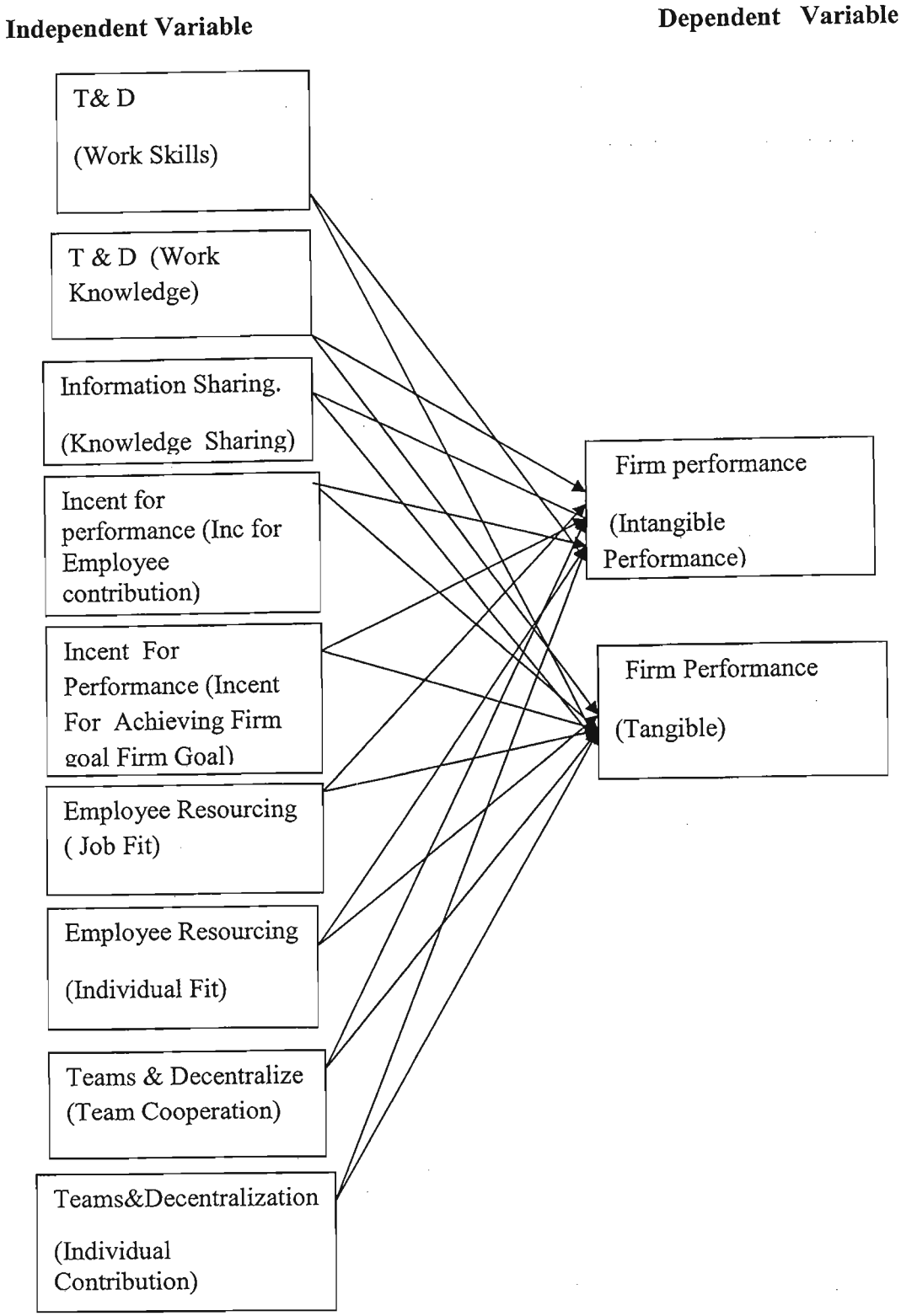
Before Factor Analysis			After Factor Analysis		
Variables of	Cronbach's Alpha (a)	No of Items	Variables		NO of Items
Training and Development	.842	10	T&D-Work Skills T&D- Work Knowledge	.740 .860	3 6
Information	.807	3	Info Sharing- Knowledge	.888	2

			Sharing		
Sharing Incentive for Performance	.799	6	INCT. P.- Incentive for Employee Contribution	.716	3
			INC.P.- Incentive For Achieving Firm goal	.781	3
Employee Resourcing	.680	9	ER- Job Fit	. 831	6
			ER- Individual Fit	.720	3
Teams and Decentralization	.778	5	Team&D-Team Cooperation	.794	2
			Team&D-Individual Contri Bution.	.704	3
Firm Performance		17	FP- Intangible	.911	12
			FP- Tangible	. 703	3

In the process of obtaining a suitable Cronbach's Alpha in the reliability, item one in training and development, one on Information Sharing and one item each on intangible and tangible Firm performance were deleted.

Table 4.29: NEW FRAMEWORK

The researcher conducted hypothesis testing after the factor analysis. The correlation as well as the regression analysis will be discussed in the next section base on the new research framework propose below. **Table: 4.23**


Independent Variable
Dependent Variable
T& D
(Work Skills)
T & D (Work Knowledge)
Information Sharing.
(Knowledge Sharing)
Incent for performance (Inc for Employee contribution)
Incent For Performance (Incent For Achieving Firm goal Firm Goal)
Employee Resourcing (Job Fit)
Employee Resourcing
(Individual Fit)
Teams & Decentralize (Team Cooperation)
Teams&Decentralization
(Individual Contribution)
Firm performance
(Intangible Performance)
Firm Performance
(Tangible)

4.8 Rewrite Hypotheses

H1: There is a relationship between Training and Development (work skills) and Firm performance (intangible).

H2: There is a relationship between Training and Development (work Skills) and firm performance (Tangible).

H3: There is a relationship between Training and Development (work Knowledge) and firm performance (Intangible).

H4: There is a relationship between Training and Development (work Knowledge) and firm performance (Tangible).

H5: There is a relationship between Information Sharing (Knowledge Sharing) and firm performance (Intangible).

H6: There is a relationship between Information Sharing (Knowledge Sharing) and firm performance (Tangible).

H7: There is a relationship between Incentive for performance (Incentive for employee contribution) and intangible performance.

H8: There is a relationship between Incentive for performance (Incentive for achieving firm goals) and firm performance (Intangible)

H9: There is a relationship between Incentive for performance (Incentive for employee contribution) and firm performance (Tangible).

H10: There is a relationship between Incentive for performance (Incentive for achieving firm goals) and firm performance (Tangible).

H11: There is a relationship between Team and Decentralization (Team Cooperation) and Firm performance (intangible).

H12: There is a relationship between Team and Decentralization (individual contribution) and firm performance (Intangible).

H13: There is a relationship between Teams and Decentralization (Team cooperation) and firm performance (Tangible).

H14: There is a relationship between Team and Decentralization (individual contribution) and firm performance (Tangible).

H15: There is a relationship between employee Resourcing (individual Fit) and firm performance (intangible).

H16: There is a relationship between Employee Resourcing (Job Fit) and Firm Performance (Intangible).

H17: There is a relationship between Employee Resourcing (Individual Fit) and firm performance (Tangible).

H18: There is a relationship between Employee Resourcing (Job Fit) and firm performance (Tangible).

4.9 THE DEMOGRAPHIC CHARACTERISTICS

In this part, the sample that covers this study will be discussed. To start with, the location of the sample for this study will be discussed. This will be succeeded by the individual characteristics of the sample. These comprise of gender, designation, employee age, type of industry, industry years in business, number of employees, department. The information is shown in table 4.24.

Table 4.24

Description of sample of study n=163

Description of sample	**Number**	**Percentage (%)**
Sex		
Male	74	45.4
Female	89	54.6
Total	163	100
Designation		
Directors	33	20.2
Managers	55	33.7
Others	75	46.0
Total	163	**100**
Type of Industry		
Food	116	71.2
Beverage	47	28.8
Total	163	100

Years industry in the Business		
2-5	94	57.7
6-10	36	22.1
11-15	32	19.6
16-20	1	0.6
21above	0	0
Total	163	100
Number of employee		
10-20	72	44.2
21-30	47	28.8
31-40	29	17.7
41-50	15	9.2
50 above	0	0
Total	163	100
Department		
Human resource	40	24.5
Finance	20	12.3
Others	103	63.2
	163	100
Employees Age		
20-30	38	23.3
31-40	81	49.7
41-Above	44	26.9
Total	163	100
Employees years in the industry		
2-5	96	58.9
6-10	44	26.9
11-15	20	12.3
16-20	3	1.8
20 above	0	0
Total	163	**100**

The above table is the demographic profile of respondents. From the table, female employees constituted the majority in this study (54.6%), this perhaps mean that the majority of employers in Lagos SMEs is Female. This is particularly for the majority of

private businesses in Nigeria as they are seen as good Managers of small businesses. Furthermore, 46% of the employees in this study are within the rank of other positions as at the period of collecting the data for this study, and 33.7%, for managerial positions, this inform the researcher that SMEs director were not fully available to participate in this survey. The table above also shows that majority of SMEs in Lagos, Nigeria are into the food business (71.2%), the reason could be that in general, food is the basic necessity of man no one can leave without consumption of food. In this study the SMEs that has spent 2-5 years in the food and beverage business has the majority (57.7%), this may be influenced by the assumption that the majority of SMEs rarely goes beyond their first five years in the business (Onuga, 2005). Behind is those who had spent 6-10 and 11-15 having 22.1% and 19.6% respectively. The firm with 10-20 employees and 21-30 represent majority sample in this study 44.2% and 28.8% correspondingly. Table 4.28 also shows that 63.2% in the industry are in another department especially sales and production department as at the period of collecting the data for this study. The above statistics justify that most SMEs does not involve the services of human resources professionals and large number of employees. This could possibly mean that the majority of them lack the capital to engage the services of HR Officers and a great number of employees in the daily operation of the business, this finding justifies the position of (Olokoyo 1999; Akabueze 2002), that lack of capital, insufficiency in firms to meet the expenses of competent line managers and skilled staff, difficulty in recruiting skilled employees is a major challenge for SMEs in Nigeria. With deep respect to the age of the employees, it is evident that the employees in food and beverage SMEs in Lagos, Nigeria comprises mainly of employees of age 31 – 40 (49.7%) and

41above (26.9%). This may be possible because average Nigerians start working between 29 years and above. The same can be said of employees years in the industry, more than half of the employees in the firm that participate in this study, have only spent 2-5 (58.9%) years in their various industries.

4.10 CORRELATION ANALYSIS

Before testing the hypothesis in this study, the researcher presented a table (4.26) to show the reliability of the item before and after factor analysis. This was done in order to compare and know how related these items are. As a rule of thumb, the usefulness of Correlation is to help in establishing issues of multicollinearity (Mayers, Gamst, & Guarino 2006). Cooper and Schindler (2003), assert that, there is no defined standard in establishing the degree of correlation among variables that have multicollinearity cases. They suggested that a correlation of 0.80 and above could perhaps cause a problem; nevertheless a lower correlation is satisfactory. Guilford, (1956), suggestion on a rule of thumb for understanding relationship in a correlation as when $r < .20$ = the correlation is very weak; $.20 < .40$ the correlation is weak; $.40 < .70$ meaning the correlation is moderate; $.70 < r .90$ strong correlation; while $r > .90$ shows that the correlation is very strong. In accordance with this statement, this study concluded that there is a correlation between the variable presented in this study. According to Zikmund (2003), correlation does not involve cause and effect despite how satisfactory significant it is.

4.10.1 Relationship between Training and Development, Information Sharing, Incentive for Performance, Employee Resourcing, Teams and Decentralization with Firm performance

In this study , the researcher use Pearson correlation in testing the stated objective. This is displayed in table 4.25 below. The table shows the correlation coefficient for training and development (work knowledge) with intangible Firm performance of 0.800,p< 0.168, while the tangible performance p 0.852**, p<0.000 Training and Development (Work skills) with Firm performance (intangible) is 0.306**, whereas the tangible performance is 0.560** p<0.000 respectively, Incentive for performance (Incentive for achieving firm goals) with firm performance (intangible) is 0.263**,p<0.001 just as the tangible performance is 0.588**, p< 0.000, in addition to (incentive for employee contribution) with intangible Firm Performance of 0.141* , p< 0.044, while the tangible performance of incentive for employee contribution is 0.584**, p< 0.000. Looking at Information Sharing (Knowledge Sharing) with intangible firm performance is 0.030 p<0.359 as information sharing (knowledge sharing) for tangible firm performance is 0.763**, p<0.000. Furthermore, Teams and Decentralization (team cooperation) to intangible firm performance is 0.156* p< 0.029, while the tangible performance for team cooperation is 0.773**, p< 0.000, the same goes to Teams and Decentralization (individual contribution) with intangible firm performance of 0.332**, p<0. 000 having a tangible performance value of 0.628**, p<0.000.

Finally, Employee Resourcing (Job fit) to intangible firm performance is 0.126, p< 0.064, just as the tangible performance is 0.867**, p< 0.000, on the other hand

Employee Resourcing (individual fit) with intangible firm performance is 0.825**, p<0.000, while employee resourcing (individual fit) with tangible firm performance is 0.213**, p< 0.005. In line with the rule of thumb of Guilford, (1956), the majority of the variables have moderate and weak relationship to intangible firm performance, while their relationship with tangible performance is very strong. This is presented in table 4.2 below.

Table 4.25: The results of Pearson Correlation Analysis of the relationship between Training and Development (Work knowledge, Work skills), Incentive for Performance (Incentive for Achieving Firm Goal, Incentive For Individual Contribution), Information Sharing (Knowledge Sharing), Teams and Decentralization (Teams Cooperation, Individual Contribution), Employee Resourcing(Job fit, Individual fit), and firm performance (Intangible and Tangible).

Table 4.25 Pearson Correlation – SHRM Dimension to Intangible Firm performance

SHRM	Intangible Firm performance	Significance level
Work Knowledge	0.080	0.160
Work Skills	0.831 (**)	0.000
Incentive for achieving firm goals	0.263 (**)	0.001
Incentive for employee contribution	0.141 (*)	0.044
Knowledge sharing	0.030	0.359
Team Cooperation	0.156 (*)	0.029
Individual Contribution	0.332 (**)	0.000
Job fit	0.126	0.064
Individual Fit	0.825 (**)	0000
****P<0.05**		

Table 4.26 Pearson Correlation-SHRM Dimension to Tangible Firm Performance

SHRM	Tangible Firm performance	Significance level
Work Knowledge	0.852 (**)	0.000
Work Skills	0.560 (**)	0.000
Incentive for achieving firm goals	0.588 (**)	0.000
Incentive for employee contribution	0.584 (**)	0.000
Knowledge sharing	0.763 (**)	0.000
Team Cooperation	0.773 (**)	0.000
Individual contribution	0.628 (**)	0.000
Job Fit	0.867 (**)	0.000
Individual Fit	0.213 (**)	0.005

**. Correlation is significant at the 0.01 level (1-tailed).
*. Correlation is significant at the 0.05 level (1-tailed).

4.11 REGRESSION ANALYSIS

In the previous section, the Correlation analysis was performed by the researcher as well as the level of relationship between the SHRM dimension used in this study (independent variable) and firm performance (Dependent variable). Although under Regression analysis, the relationship will still be analysed but will be analysed base on which of the SHRM dimension that have a stronger or weaker relationships to firm performance.

4.11.1: Regression Analysis of SHRM Dimension to Intangible Firm performance

The regression analysis in table 4.27 indicates the multiple regression analysis of SHRM dimension to the intangible firm performance. The outcome of the analysis show that

only 65.3% (R square =0.719) of the total variance in Intangible performance have been significantly explained by the nine dimensions of SHRM. This value was considered as having a significant factor in explaining Intangible firm performance for the reason that they have highest beta value of work skills, having a ß value of 0.831, seconded by individual fit, with ß value of 0.825, job fit, ß of 0.534, team cooperation, with a ß value of 0.332), incentive for achieving firm goal, having a ß value of 0.263, individual contribution with ß of 0.156, employee contribution with a beta value of 0.141, work knowledge having a beta value of 0.080 and knowledge sharing having a beta of 0.030.

Table 4.27: Regression Analysis of SHRM Dimension to Intangible Firm performance.

SHRM Dimensions	Beta (ß)	Sig
Work Knowledge	0.080	0.004
Work skills	0.831	0.000**
Information Sharing (Knowledge Sharing)	0.030	0.016
Incentive for performance (Achieving firm goal)	0.263	0.003**
Incentive for performance (Employee contributions)	0.141	0.069
Teams and Decentralization (individual contribution)	0.156	0.000
Teams and Decentralization(Team cooperation)	0.332	0.159**
Employee Resourcing (Job Fit)	0.534	0.127
Employee Resourcing (individual fit)	0.825	0.000**

**p<0.01 $R^2 = 0.719$, F= 39.283

The above table indicates the multiple analysis of SHRM dimensions to intangible firm performance which are work Knowledge, Work Skills, Knowledge Sharing, Incentive for Achieving firm goal, employee contribution, individual contribution, Team cooperation, Job Fit, individual fit which respectively explain the variance in intangible firm performance.

4.11.2 Regression Analysis of SHRM Dimension to Tangible performance.

The regression analysis in table 4.28 points out SHRM dimension to the tangible firm performance. The result of the analysis show that 85.4% (R square =0.854 of the variance tangible performance have been significantly explained by the nine dimensions of SHRM. Those values were seen as having a significant factor in explaining the tangible firm performance because they have highest beta value of Job fit of (ß=0.867), work knowledge (ß=0.852), individual contribution (ß=773), knowledge sharing(ß=0.763), team cooperation (ß =0.628), incentive for achieving firm goal (ß 0.588), incentive for employee contribution(ß=0.584), work skill (ß= 0.560) and individual fit (ß=0.213).

Table 4.28: Regression Analysis of SHRM dimensions to Tangible firm performance

Independent variable	Beta (ß)	Sig
Training and Development(Work Knowledge)	0.652	0.010
Training and Development (Work skills)	0.874	0.009
Information Sharing (Knowledge	0.763	0.000

Sharing)		
Incentive for performance (Achieving firm goal)	0.588	0.002
Incentive for performance (employee contributions)	0.584	0.000
Teams and Decentralization (individual contribution)	0.628	0.000
Teams and Decentralization (Team cooperation)	0.773	0.002
Employee Resourcing (Job Fit)	0.867	0.000
Employee Resourcing (individual fit)	0.213	0.009

****P<0.01, $R^2 = 0.854$, $F = 89.426$**

The Multiple regression analysis presented above indicates the analysis of SHRM dimensions to tangible firm performance which are work Knowledge, Work Skills, Knowledge Sharing, Incentive for Achieving firm goal,Incentive for employee contribution, individual contribution to team,Team cooperation, Job Fit, individual fit which respectively explain the variance in tangible firm performance.

TABLE 4.29: HYPOTHESIS TESTING RESULT

	Hypothesis	**RESULT**
H1:	There is a relationship between Training and Development (work skills) and Firm performance (Intangible)	**Accepted**
H2:	There is a relationship between training and Development (Work skills) and Firm performance (Tangible)	**Accepted**
H3:	There is a relationship between Training and Development (Work Knowledge) and Firm Performance (Intangible).	**Rejected**

H4:	There is a relationship between Training and Development (Work Knowledge) andFirm performance (Tangible).	**Accepted**
H5:	There is a relationship between Information Sharing (Knowledge Sharing) and firm Performance (Intangible).	**Rejected**
H6:	There is a relationship between Information Sharing (Knowledge Sharing) and Firm performance (Tangible)	**Accepted**
H7:	There is a relationship between Incentive for performance (Incentive for employees Contribution) and intangible performance	**Accepted**
H8:	There is a relationship between Incentive for performance (Incentive for Achieving firm goals) and firm performance (Intangible)	**Accepted**
H9	There is a relationship between Incentive for performance (Incentive for Employee contribution) and firm performance (Tangible).	**Accepted**
H10:	There is a relationship between Incentive for performance (Incentive for Achieving firm goals) and firm performance (Tangible)	**Accepted**
H11:	There is a relationship between Teams and Decentralization (Teams Cooperation) and Firm performance (intangible).	**Accepted**
H12	There is a relationship between Teams and Decentralization (individual Contribution) and firm performance (Intangible).	**Accepted**
H13:	There is a relationship between Teams and Decentralization (Teams Cooperation) and firm performance	**Accepted**
H14:	There is a relationship between Teams and Decentralization (individual Contribution) and firm performance (Tangible).	**Accepted**
H15:	There is a relationship between employee Resourcing (individual Fit) and firm Performance (intangible).	**Accepted**
H16:	There is a relationship between Employee Resourcing (Job Fit) and the Firm Performance (Intangible).	**Accepted**
H17:	There is a relationship between Employee Resourcing (Individual Fit) and firm Performance (Tangible).	**Accepted**
H18:	There is a relationship between Employee Resourcing (Job Fit) and firm Performance (Tangible).	**Accepted**

4.12 SUMMARY

In this chapter, response rate, treatment of outliers, Normality testing, and description of demographic characteristics, reliability of the study construct as well as testing the hypothesis of this study has been discussed. The findings from the analysis conducted to show some of the variables that have a positive relationship with firm performance. Finding on other dimensions that did not predict to influence firm performance has also been presented. This study will proceed to the next chapter by discussing the findings follow by practical and theoretical implications, suggestion for future study, limitation as well as conclusion of the present study.

CHAPTER FIVE

DISCUSSION AND CONCLUSION

5.0 INTRODUCTION

This study aimed at examining the relationship between strategic human resource management and firm performance in food and beverage SMEs in Lagos, Nigeria. Base on this, hypotheses were formulated from the research questions. Specifically, the research questions were formulated so as to be able to reveal the major determinants that contribute to firm performance in foods and beverage SMEs in Lagos, Nigeria. The outcome of the hypothesis testing, limitations and implications have been highlighted and discussed in this chapter.

5.1 SUMMARY OF THE FINDINGS

The objective of this study was to examine the relationship between strategic human resource management and firm performance in food and beverage SMEs in Lagos, Nigeria and the contribution of SHRM to firm performance in food and beverage SMEs in Lagos, Nigeria. To examine this, various analyses were conducted, utilizing the data collected from 163 SMEs in Lagos Nigeria. Originally, this study identified five dimensions of SHRM practices proposed by Waiganjo et.al (2012). After factor analysis, the original dimensions have changed from five to nine. The new dimensions are; work

knowledge, work skills, incentive for achieving firm's goal, incentive for employee contribution, knowledge sharing, team cooperation, individual contribution to teams, job fit, and individual fit.

The result from the analysis conducted shows that, there is a significant relationship between the nine dimensions and tangible firm performance. From the regression result, the contribution of SHRM dimension is much higher in tangible performance than intangible performance, possibly because it is easier for the firm to measure tangible than intangible performance.

5.2 THE RELATIONSHIP BETWEEN SHRM AND FIRM PERFORMANCE

Out of the nine dimensions of SHRM, six (work skills, incentive for achieving a firm goal, incentive for employee contribution, team cooperation, individual contribution to team, and individual fit) were found to have a significant relationship with intangible firm performance, while three were not significant. I also found that all the nine dimensions of SHRM positively influence tangible firm performance.

5.2.1 Work Skills

The result of this study shows that work skills have a significant relationship with intangible and tangible firm performance.

My finding is supported by previous studies which recognize the significant influence of work skills to firm performance Delery and Doty (1996); Mcnamara, Luce, and Tompson (2002); LIoyd (2003); Battacharya, Donald, Gibson and Doty (2005); Atteya (2012), They reiterated in their various studies that having work skills motivate firm and individual employee to perform task effectively.

The result may have be influence by increasing competition of Lagos market where 80% of SMEs in Nigeria are located (Onuga 2005). As a result firms want to have market advantage and this can be significantly motivated if they have employees with the needed skills to deal with the competitive challenge of the market. Therefore, Firm having employees with high level of work skills in this type of market environment may perhaps perform better than others having employees with moderate or limited skills. When firms engages in work skills, it will also give job satisfaction to the employees which will eventually transform into high performance.

5.2 2 Work Knowledge

The result also indicates that there is no relationship between work knowledge and intangible firm performance. Surprisingly found that, knowledge work has a significant relationship with tangible firm performance.

These findings of work knowledge and intangible firm performance is supported by Nguyen and Buyens (2010), that no evidence that training employee like on work knowledge have relationship with firm performance particularly at the organizational

level of analysis. They repeated that the relationship between training and firm performance is not satisfactorily addressed and studied in developing countries like in Nigeria, even if the accuracy of their information is not perfectly match with this context, they provide the basis for this study to accept that SMEs are not really concern about the knowledge of the employee that is not evident in their performance. Interestingly, the result of tangible firm performance is consistent with Zander (1991); Teece, Pisano and Shuen (1997); Bresman, Birkinshaw, and Nobel (1999); Mcnamara, Luce, and Tompson (2002); Battacharya, Donald, Gibson and Doty (2005); Li (2010); Atteya (2012) found that work knowledge significantly influence firm performance.

However, the intangible firm performance is not compatible with extant literature listed above. The incompatibility could be caused by the common misconception of most scholars failures to differentiate firms from the organization. While firms are small unit of an industry which may not have management structure, and in Nigeria very few firms are listed in capital market because of their limited financial strength and small size of the business, while all organizations have a management structure and they are open systems making them to be listed in the capital market. As a result organization will always source for employees with exceptional working knowledge and also provide on the job training for employees. Unlike organizations, Most firms like SMEs in Lagos lack the financial strength to engage the services of employees having prior knowledge of the job. Consequently, the majority of them go for cheap labour costs not minding whether the employee has knowledge of the work. The inconsistency of the result could also have been influenced by the environment and the corporate culture of

most firms in Nigeria, as majority of them believe giving training to employee on work knowledge is an invisible benefit for the employee only, and not for the firm in general.

The possible reason SMEs work knowledge significantly influences tangible firm performance could be because, firm's can easily measure the tangible performance at individual and firm level through a performance appraisal system. This may perhaps help them to understand who has the knowledge to effectively compete in the market and allocating such employee to project that meet the demand of customers. Besides, the result may also be powered by the increasing consumption of food and beverages in Lagos because of its position as the highest populated state in Nigeria. As a result, firm's must be careful to give quality service to customers in order to keep good corporate image. Global market changes, is another possible reason that may have influenced this result, as many of the SMEs in Lagos want their employee to have tangible knowledge about their work to be fashionable in the market, especially in this period of technological awareness, whereby any product invented in the market today, will be known globally within a day. Having employees with sufficient working knowledge will help them to update modern work activities.

5.2.3 Knowledge Sharing

The result also shows that there is no relationship between Knowledge sharing and intangible firm performance. Besides, this study found a significant relationship connecting knowledge sharing and tangible firm performance.

The result of knowledge sharing and intangible firm performance is consistent with Pfeffer (2001) that most firm disincline to share information with their employees because of the fear of taking advantage of the firm and losing control of them, Gurbuz and Mert (2011), found that many Turkish firms lack knowledge of sharing information. While the result of the tangible firm performance is consistent with Faraj and Sproull (2000); Srivastava, Bartol, and Locke (2006); Lee, Gillespie, Mann, and Wearing (2010); established that knowledge sharing has significant relationship with firm performance.

The inconsistency of the result of knowledge sharing to intangible firm performance is not surprising as may be cause of the common believe of most firms that sharing Knowledge may mean revealing their strength to their employee and their competitors which may eventually lead to their exit. Besides, SMEs is recognized globally as the engine of growth of every nation, among these recognitions is their contribution to the growth of the economy through tax payment. This recognition is complicated considering SMEs in Nigeria as majority of them are not tax compliance. This circumstance may probably encourage them to conceal sharing knowledge for the fear of disclosing their financial information to tax officials.

From the result, it indicates that knowledge sharing influence tangible firm performance. This may be possible because of the growing business innovation, which makes firms to

seek for information about market changes that will enable them to match the needs of their customers. When firm channel their resources to customers need, it enhances their chances of doing better than others in the market.

5.2.4 Incentive for Employee Contribution

From the result the researcher found a significant relationship between incentive for employee contribution to both intangible and tangible firm performances.

This finding is compatible with previous research that identifies the importance of providing an incentive base on the contribution of employee (Wright, 1992; Tomal & Tomal, 1994; Huselid 1995; Ahiabor 2013).

The reason why firms probably provide incentive subject to individual contribution could be based on the fact that individual contributions to firm goals are different. The Employee is motivated to perform better when they are rewarded for their effort, especially in a competitive market environment like Lagos, where the majority of the firms is striving to survive, therefore giving incentive on the contribution made by individuals will compare high performing employees to work harder believing that goal achieve is not only for the benefit of the firm but to the benefit of the individual as well. Besides, due to the high level of unemployment rate in Nigeria, most employees, engages by SMEs are only working subject to the commission they receive from their

performance. This could possibly influence them to improve their performance so as to earn better.

5.2.5 Incentive for Achieving Firm's Goal

Findings from this study also indicate that incentive for achieving firm goal is associated with intangible and tangible firm performance.

This result supports the findings by Milkovich and Newman, (1996); Moussa (2000); who variously showed that providing incentives for achieving firm goal influence goal attainment.

The result could have been influenced because of the discrepancies that may have arisen as a result of giving incentive for high performing individual. Giving incentive for achieving firm goal, regardless of individual performance will help firms to reduce the tension created in the process of giving an incentive base on individual attainment of goal. The result further indicates that giving incentive to all employees for achieving firm's goals, create a sign of employee involvement, this will motivate both poor and high performing employee to put in their best for the firm.

5.2.6 Job Fit

The result obtained from the data analysed indicate that there is no relationship between job fit and intangible performance, meanwhile a significant relationship exist between job fit and tangible firm performance.

The result of the tangible firm performance supports the findings of Anderson (1998), that Job fit and value is the foundation for performance improvement process. Armstrong and Baron (2002), that allocating employee to job demand that the requirement of the organization, the job and the employee and the resources that is available must be balanced. Schmitt and Chan (1998), that selection system should be designed to measure employee knowledge and skills as well as employee personality that have a relationship with the job.

However, the result of intangible firm performance does not support the above literatures that job fit significantly influence firm performance. Therefore, these may have been influenced due to failure to put the right employee in the right job. Therefore, to remain competitive, firm's needs to attract employees that are relevant to the job to perform at their best. Most SMEs in Lagos are unsuccessful to perform better because of failure to engage employees that match the job. This study suggests that, it is not experience that counts or qualification or other accepted factors, firm success hinges on a fit with the job. The nature of the job may also be another possible reason why firm's believes that job fit have no significant relationship with intangible firm performance as most of the firms

lacks the resources to involve quality employee to effectively discharge these tasks. This is supported by Akabueze (2002), that low capacity is a major problem of SMEs performance in Nigeria.

The reason SMEs consider Job fit to be a significant factor to tangible firm performance is possibly because of the competitive environment of Lagos market, firms may see the need to match the right employee with the job to gain good corporate image, making the firm attract new customers thereby improve their performance.

5.2.7 Individual Fit

The result obtained from the data analysed, it shows that individual fit has a significant relationship to both tangible and intangible firm performances.

The result is consistent with the findings by Ahmad and Schroeder (2003), that Human resource is the best assets that any organization should think of. Schmitt and Chan (1998), found that selection system should be designed to measure employee knowledge and skills as well as employee personality that have a relationship with the job. Brush and Greene (1996), that it is important for a firm to identify these resources to survive and remain competitive in the market. Therefore the result is inconsistent with Malcolm and Turban (2007), found that individual fit has no relationship with performance.

Therefore, this result suggests that firms are more likely to engage employees with good fit. If the individual indicates a high degree of fit that enable him/her to adjust to the firm competitive environment and work culture which will help them to perform at a most advantageous level.

5.2.8 Team Cooperation

The result indicates that there is a significant relationship between team cooperation and firm performance (Intangible and Tangible).

This result is consistent with the findings by Webber and Donahue (2001); Gupta, Huang, and Niranjan (2010), that found a positive relationship between team cooperation and performance. Pfiffer (1998), that teams allow employees to key in their idea together in an effort to get better resourceful solutions to market challenges and Pulling skills together enhance the possibility of addressing difficulties confronting the firm. Dyer and Reeves (1995), that teamwork will positively influence the satisfaction, motivation and the commitment that employee will develop on the job thereby resulting to firm performance. Surprisingly the result was not supported by Young, Fisher, and Lindquist (1993), that intragroup cooperation has no significant relationship with performance. Seong, Kristof-Brown, Park, Hong, and Shin (2012), found that the

relationship-oriented mechanism of social cooperation is not a strong predictor of group performance.

Therefore, this disagreement may occur as a result of cultural and work settings. Some task and culture do not permit team work, involving and encouraging team cooperation under this setting may result to group terror. But in Lagos, where firms highly compete against each other, the most alternative is for firm to encourage their employee to work in teams so as to achieve a better result, any firm that fails to encourage employees to work cooperatively may likely face out of the market. Thus, an individual may not perform better than when the employee works cooperatively. When team work cooperatively, it increases productivity and efficiency of the firm, yield competitive advantage, and gives job satisfaction among employees which will eventually transform into high performance.

5.2.9 Individual Contribution

From the result analysed individual contribution was found to have a significant influence on both intangible and tangible firm performances.

This is consistent with the findings by Reagans, Argote, and Brooks (2005), that as individual increases the contribution of their experience severity of the cases declines. Delarue et.al (2008), that the effort and motivation of individual worker

improve organizational performance. Pfeiffer (1998), that decentralization will be a best practice that will enhance firm performance in an environment where it is prohibited for employees to work in teams.

This result is perhaps influenced because firms can easily measure their performance both at the individual and firm level through a performance appraisal system to monitor the progress of the firm. Due to the competitive structure of the industry, firms may see the need to match the right employee with the job to achieve a better result, especially in a competitive market environment like Lagos where customers gauge firm competency base on the quality of their product.

5.3 THE MAJOR INFLUENCE OF SHRM PRACTICES TO FIRM PERFORMANCE.

The result obtained from the data analysed (multiple regression) in table 4.27 base on beta value, shows that work skills are the most significant dimension in predicting intangible firm performance. Therefore, this suggests that work skills should be given more attention in order for firm to achieve better performance.

The result also shows that individual fit is the second most significant factor that affects intangible firm performance. This indicates that individual fit also plays a significant role in predicting intangible firm performance. Although not as significant as work skills,

since the majority of the SMEs lacks sufficient resources to fully engage in all the SHRM practices, this study suggests two most important practice base on the result from the analysis conducted, that can help firms to effectively perform better. Emphasizing on work skills, gives firms the knowledge, skills they required to perform effectively and also facilitate the firms to update modern work practices (Atteya, 2012).

The result obtained from the data analysed (multiple regression) in table 4.28 in addition shows that all the dimensions of SHRM significantly contribute to tangible firm performance, but because SMEs may not have the resources to fully execute these practices, and because this study is also aimed at examining the most contributing dimension to firm performance, suggested that work skills is the most significant dimension base on their beta value, that influence the tangible firm performance. Consequently, work skills should be given more attention or consideration in an effort to achieve a better firm performance, because providing training on Work skills gives the employee the knowledge and skills to effectively perform better.

The result obtained from the analysis also indicates job fit to be the second most relevant factor that affect firm performance. It indicates that job fit also plays second most significant role in predicting tangible firm performance. The ability of the firm to match the right employee for the job will motivate the employee to be more committed to the firm. Since firm may not have the full resources to engage in all the practices, emphasizing on work skills and placing employee, according to Job fit will encourage

employees to be more dedicated to the firm, these reciprocate employees' positive performances.

5.4 LIMITATION OF THE STUDY AND FUTURE STUDY

This study has presented some understanding of the SHRM practices of selected SMEs in Lagos Nigeria. It is important to state that there are several methodological and conceptual limitations. Because of time limitations, the study has limited its scope to food and beverage SMEs in Lagos state neglecting other SMEs scattered across other sectors in Nigeria. In view of this, the findings of this study cannot be generalized to other SMEs in other sectors that are not involved in this study.

More so, Nigeria is made up of 36 states, Lagos is only a state that made up Nigeria. Selecting Lagos state was based on the fact that it has the highest number of SMEs in Nigeria (Onuga, 2005). For this reason, the findings of this study cannot be generalized to other SMEs in other states of the country, as there are other practices and factors that may influence the performance of those SMEs. To generalize the result, future empirical research should endeavour to strengthen the findings of this research by investigating a larger sample.

Furthermore, this study is quantitative in nature. It is pertinent to state that being quantitative; it has its limitations, particularly the possibility of translating people's

feelings into numbers (Abbas, 1999). This study thereby suggests that future research should integrate qualitative aspect. Making the study a mixed method will strengthen the weakness encountered using quantitative techniques.

Finally, this study also emphasizes on the internal fit of SHRM practices on firm performance. However the future study could enlarge on this by investigating the external fit of strategic function that would greatly influence the modern business environment. In addition, the research did not look at the possible role of the mediator being suggested in the adopted framework such as the firm competitive strategy that may play a decisive role in firm performance.

5.5 IMPLICATIONS OF THE STUDY

The findings of this study have both theoretical and managerial implication. This will be discussed under the following sections.

5.5.1 THEORETICAL IMPLICATION

Findings from the hypotheses tested in this study have gone beyond the conceptual study by previous researchers (Waiganjo et al. 2012). As noted earlier, past research has been conducted on the wider perspective without limited attention to food and beverage industry. Thus, limiting this study to food and beverage SMEs has contributed to the existing knowledge in this domain. In addition, while reviewing relevant literature on

SHRM and firm performance, it is pertinent to state that the majority of previous study was conducted within the manufacturing, and service sector, above all, their study was conducted in western and Asia settings (Milkovich and Newman 1996; Tung-Chun Huang, 1999; Ahmad & Schroeder, 2003; Bohlander & Snell 2004; Gurbuz & Mert, 2011).

Nevertheless, the present study was undertaken in a developing economy and was limited to food and beverage SMEs in Lagos Nigeria. This study has brought to light that not all SHRM practices obtainable in western and Asia settings are useful in predicting firm's performance within Nigeria context. This, it is hoped would guide future studies and motivate new investigations that would lead to further research in this field.

5.5.2 MANAGERIAL IMPLICATION

The managerial implication of this study can be directed to key actors charged with the responsibility of regulating the affairs of the organization. They comprise shareholders, managers, human resource practitioners, and supervisors. This study breaking new grounds within this environment and scope, it's special in the sense that, it found that not all the SHRM practices in Western and Asia settings have a relationship with firm performance in the African setting particularly in Lagos Nigeria. This can serve as a foundation/ guide for managers, supervisors, and HR practitioners to see to the implementation of SHRM practices that would bring out the best of the employees in

terms of performance. To management, the findings of this study would provide them with relevant information that would enable them to design appropriate policy that would enhance the performance of their firm by critically taking into consideration the three key SHRM dimension highlighted in this study. Owning to the significant role of the managers and supervisors, because of their direct influence on the employees, the findings from this study will offer them the information about the most important practices or variable that best contributes to their performance and by so doing they would try to capitalize on the variable.

5.6 CONCLUSION

From the result, it shows that SMEs are more concern about tangible performance than intangible. The discrepancy can be traced to the fact that firms are mainly focusing on measurable performance. This study suggests that firms should not consider intangible performance as a the benefit for the employee only, both performances (intangible and tangible) are important tools for firms to achieve their goal.

Working knowledge, Job fit and knowledge sharing are important practices that can also help firm to achieve high performance, but attracts no positive comment. This study suggests that it is not experience that counts or other accepted factors, firm success hinges on employees fit with the job. Ignoring these practices increases the likelihood of more dissatisfied employee with less productivity for the job. Therefore SMEs in Lagos

also needs to be committed to these factors, which managers and directors that participate in this study have shown not to be important because they are not quantifiable. There is not shortcut to performance than getting the management committed to its success. SMEs, owners and managers should examine themselves and be clear in their minds what they require from their employees, and what their own roles should be in the organizational setting. Besides, they should also be responsive to variation in employees abilities and traits.

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