

**CHALLENGES OF STRATEGIC HUMAN RESOURCE MANAGEMENT (SHRM)  
AND THE PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN THE  
NORTH-CENTRAL NIGERIA**

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**Abstract**

*The Nigerian government places emphasis on Small and Medium Enterprises (SMEs) for socio- economic development and employment generation. Consequently, owners/managers of SMEs in private sector adopt various strategies in order to achieve these set objectives. One of the strategies that can be of immense benefit is the adoption of Strategic Human Resource Management (SHRM) practices. However, existing studies on SHRM are mostly concerned with financial institutions and big companies. This study, therefore, examined the challenges confronted by private investors in the implementation of SHRM on SMEs performance in the North Central zone of Nigeria. The study employed simple random sampling technique in selecting 220 out of 489 registered SMEs in sub-sector of private sector economy of the North Central region using a well-structured questionnaire. Mean ranking test was used to examine the challenges of SHRM by SMEs. The findings revealed that the challenges confronting the private ownership investor in adopting SHRM practices in the North Central zone of Nigeria were most resided in leadership development problem ( $\mu=0.316$   $p<0.05$ ) and adapting to innovation ( $\mu=0.239$   $p<0.05$ ). The study concluded that if these challenges are removed it would be of immense advantage to the private investors to imbibe the norms of Strategic Human Resource Management (SHRM) practices in sustaining Small and Medium Enterprises despite other challenges affecting the implementation in Nigeria. It is hereby recommended that approach and procedure for solving challenges confronting the adoption of SHRM should be consistent with the organisational behaviour to increase operational efficiency and SMEs' performance in the private sector.*

**Keywords:** *SHRM, SMEs, Challenges, owners/managers, Private Sector, North-Central economy*

**Introduction**

The increase in the significance of people to organisational success has been observed to correspond with the rise of Strategic Human Resource Management (SHRM) as a field of study on a global scale (Adegoroye&Oladejo, 2012). Strategic Human Resource Management (SHRM) is considered a key success factor in organisations (Dressler, 2010; Barney *et al* 2001). Lado and Wilson (1994) described SHRM practices as a set of distinct but interrelated activities, functions, and processes that are directed at attracting, developing, and maintaining (or disposing of) a firm's human resources. The SHRM practice contributes significantly to the accomplishment of a firm's objectives and also adding value to both its customers and physical resources. The sophistication of SHRM practices can lead to operational efficiency that can affect SMEs potential to meet their obligations to corporate buyers. Factors that enhance operating excellence as suggested by Heggias(2005) include, having a strong

management team, recruiting and retaining talented employees, viewing raining as a strategic activity, structuring the effort in ways that promote successful strategy execution, deploying an organizational structure that facilitates the proficient performance of strategic critical activities, instituting policies and procedures that facilitate good strategy execution, strategy supportive culture and incentives to individual and team performance outcomes that are strategically relevant.

As such, the purpose of this research work is to explore the challenges of strategic human resource management (SHRMs) practice and the performance of SMEs, which is justify for some reasons. First, the significant roles of SHRM in a nation's economic and industrial development have been fully recognised by every government and the world at large. Also, evidence around the world indicates that SMEs are engines of social and economic development in Africa (Charles, 2013). The fundamental contribution of the Small and Medium enterprises (SMEs) sector to the overall performance of the economy is indeed a crucial motive for researchers to investigate and examine the key success factors behind this sector.

Small and medium businesses face many challenges that hinder their performance growth or even further cause a permanent shutdown. However, few small businesses are able to overcome those challenges and achieve some rate of growth. The rate of such growth is considerably varies and the key factors behind it require a great deal of investigation. Therefore, it is critical and extremely important to identify and examine some of the challenges of SHRM factors that affect the success and survival of small and medium businesses in Nigeria. In other words, these challenges are significantly vary from nation to nation and from one business organization to the other due to economical, geographical, and cultural disparities and variations in size of business. As such, the empirical investigation of SHRM-factors is a priority to reduce the chanceor risks of the small andmedium business economy in North-Central Nigeria as a mandatory requisite for a betterhealthier economic development.

### **Statement for the Problem**

Despite the significance attributed to SMEs as well as their contributions to economic growth, Folabi (2015) opined that despite all measures adopted, 80% of SMEs in Nigeria are greatly affected by the challenges and difficult situations of hiring experts, innovative managers, and technological improvement among other SHRM variables. Onugu (2005) posited that the performance of SMEs in Nigeria is still below expectations. SMEs in Nigeria have not performed creditably well and hence they have not played the expected vital and vibrant role in the economic growth and development of Nigeria. This is attributed to the inadequate practices of SHRM and poor implementation of the policy (Folabi, 2015). Unlike SMEs in other countries, the contribution of Nigerian SMEs to economic growth has not been very impressive (Onugu, 2005). From the inception of civilian government in 1999, the Federal Government of Nigeria has invested significantly to promote entrepreneurial and small business development projects such as, Poverty Alleviation Programmes by the Olusegun Obasanjo administration in 2000, Youth Empowerment by the Goodluck Jonathan administration in 2011, and N-POWER Federal Government Agenda by Muhammadu Buhari's administration in 2015 (Folabi, 2015).

However, results from these projects have not been very encouraging because the policies were not well implemented which makes it necessary to look further into the situation. The poor performance of SMEs have been attributed to diversity of economic policies of different administrations which Folabi (2015) attributed to weak sectorial policies, poor monitoring, implementation and evaluation of performance. Furthermore, Strategic Human Resource Management (SHRM) practices by Small and Medium Enterprises (SMEs) have received little attention from researchers because of the negligence and poor implementation of the policies involving SHRM. As in many other areas of scholarly inquiry into SMEs activities, empirical research in SHRM tends to focus on the larger sector of the economy (Gup and Whitehead 2000). For instance, research from Nigeria such as Adegoroye and Oladejo (2012) study was on deposit money banks and Oladipo and Abdulkadir (2011) study was not also on SMEs but on the manufacturing sector. In spite of the fact that in recent years, much attention has been given to small and medium scale businesses by Nigeria policy makers, politicians, practitioners and academics, little research has been done on SHRM Practices within the SMEs sector of the Nigerian economy. It has therefore become imperative to explore the key challenges inhibiting the role of SMEs in the Nigerian economy; this study strongly suggests the importance of increasing our understanding of problems of sustaining SHRM Practices in the upliftment of SMEs performance in the North central Zone of Nigeria.

### **Research Objectives**

In line with the main objective, the specific objectives is to:

- Examine the significance of challenges that hindered the adoption of SHRM practices in achieving SME's performance in Nigeria.

### **Research Questions**

The study is poised towards providing answers to the following research question:

- What are the challenges that hindered the adoption of SHRM practices in achieving SME's performance in Nigeria?

### **Research Hypothesis**

The following Null Hypothesis was tested in the course of this study

**Ho:** There is no significant challenges hindered the effective implementation of SHRM in achieving SMEs performance in Nigeria.

### **Conceptual Clarification**

#### **Strategic Human Resource Management SHRM Effects on Organisational Performance**

Many organisations face a volatile market situation. In order to create and sustain competitive advantage in business environment, organisations must continually improve their business performance. Increasingly, organisations are recognising the potential of their human resources as a source of sustaining competitive advantage. Linked to this, more and more organisations are relying on measurement approaches, such as workforce scorecards in order to gain insight into how the human resources in their organisations add value. The increasing interest in measurement is further stimulated by a growing number of studies that show a positive relationship between human resource management and organisational performance. The relationship between human resource management and Small and Medium Enterprises SMEs performance has been an issue of debate over the last two decades with the great bulk of the primary scientific research coming from USA and to a lesser extent, the UK. Both

organisations and academics are striving to prove that human resource management has a positive impact on bottom line productivity. Most research give positive report on the relationship between the adoption of human resource practices and business performance.

In a world in which financial results are measured, failure to measure human resource policy and practice implementation reduces this to second class status. It is a oversight capable of leading to potential failure. The feedback from the measurements is essential to refine and further develop implementation ideas as well as to learn how well the practices are actually achieving their intended results.

### **Qualities and Characteristics of Successful SHR Managers**

The success of any Human Resource HR manager in an organisation lies in the qualities put up by the manager. Almost all SMEs have some form of a human resource department and as the business world becomes more and more focused on developing human capital, human resource progressions are in demand. Adegoroye and Oladejo (2012) identified the following characteristics as the qualities that must be possessed by SHR managers:

**Organisational Ability:** One of the most important attributes of HR professionals is the ability to be organised. This includes strong time management skills and the ability to complete tasks efficiently. On a typical day, a manager will be handling a variety of different tasks, ranging from hiring and firing, dealing with employees' personal issues, and creating recruitment strategies for open positions. Multitasking is key, as well as self-discipline. HR managers need to set ethical and behavioural standards for others to follow. HR professionals also manage deadlines and accomplish tasks quickly so that both employee and employer needs are met.

**Ethical Behaviours:** In a lot of ways, the HR department of a firm serves as its conscience. This means that managers will need to have a keen sense of ethic when it comes to confidential information and following firm policies. SHRM professionals have to earn the trust of company employees and executives so that they can effectively do their job. Honesty and discretion are key components of any successful HR department.

**Communication Skill:** A primary function of all HR professionals is facilitating communication between employers and employees. This means that both oral and written communication skills need to be sharp so that information can be transmitted clearly and efficiently to employees at all levels. Part of the communication requirements also involves negotiating during the hiring process or when conflicts arise between employees. The successful HR manager is able to help opposing groups' compromise and find a middle ground.

**Problem Solving:** In order for businesses to function at their best, the HR department must ensure that individuals with different personalities can work together civilly and accomplish firms' goals. Also, in order to accomplish the other tasks required of HR professionals, they have to be skilled at conflict management and diffuse tense or combative situations.

**Expertise:** Successful HR professionals are experts on their company's industry. This will enable them to make informed recruitment and hiring decisions, as well as have a context for

company guidelines and policies. Sometimes it is easy to overlook the fact that HR professionals are business professionals as well. Just because they do not work in the accounting department does not mean they do not need a clear view of how the firm works and the business processes that structure it.

**Leadership Ability:** In many situations, employees look to HR managers for answers and leadership role. The nature of many HR positions is that they will be seen as experts on a wide variety of company related issues. This implies that HR personnel need to have the confidence to lead. This can mean anything from finding the answers to employee concerns to putting together a team to run a real race for charity. The best HR managers can balance being a friendly presence in the office with taking control and helping things run smoothly. SHRM can be a challenge for small and medium businesses which typically do not have HR departments to rely on. They may be limited to one HR person, or this responsibility may still belong to the CEO. Regardless, small business owners need to understand the challenges facing them so they can prepare to tackle HR issues as their company as their workforce grows. Here are the most common challenges:

#### **Challenges of SHRM Practices**

- 1 **Compliance with laws and regulation:** Keeping up with changing employment laws is a struggle for business owners. Many choose to ignore employment laws. But doing so could mean audits, lawsuits, and possibly even the demise of such companies.
- 2 **Management changes:** as a business grows, its strategies, structure, and internal processes grow with it. Some employees have a hard time coping with these changes. A lot of companies experience decreased productivity and morale during periods of management change.
- 3 **Leadership development:** a recent study showed more than a third of companies in Nigeria are doing an average job, at best, at implementing leadership development programmes. Thirty-six per cent of companies surveyed in Nigeria admitted that their leadership development practices are below average.
- 4 **Workforce Training and Development:** Investing in the training and development of lower-level employees is another common SHRM problem. Some businesses have trouble finding the resources to do so. Employees on the front lines are some of the hardest workers, and may not have the time take a training course.
- 5 **Adapting to innovation:** Technology is constantly changing. Businesses must be quick to adapt or risk being left behind by their competitors. The challenge for small business owners is getting employees to embrace innovation and learn new technology.
- 6 **Compensation:** many companies are struggling with how best to structure employee compensation. Small businesses have to compete not only with businesses of a similar size but also with corporations with big payroll budgets. Plus they have to factor in the cost of benefits, training, taxes, and other expenses, which can range from 1.5 to 3 times the employee's salary.
- 7 **Understanding Benefits Packages:** The affordable care act has been a point for many small businesses in the past few years. Good benefits packages can be a deciding factor for potential hires.
- 8 **Recruiting Talented Employees:** Attracting talent is a huge investment of time and money. It is difficult for entrepreneurs to balance keeping a business running and

hiring the right people at the right time. In addition, it is impossible to know whether a candidate will actually be a good fit until they have worked for the business for a period of time.

- 9     **Retaining talented employees:** Competition for talented employees is fierce. Start-ups and small companies do not have a big budget for retirement plans, expensive insurance plans, and other costly items that their larger competitors do. Employee turnover is expensive and negatively impact business growth.
- 10    **Workplace diversity:** Multiple generations, ethnics and cultural differences are just a few of the many factors that make workplace diversity continually challenging for small businesses. The risk of lawsuits for failing to protect employees from harassment is real in many organisations in Nigeria.

### **Theoretical Review**

Strategic human resources management (SHRM) theory has often been used as the basic framework for the investigation of human resource strategy and firms performance. This study adopted Universalistic theory:

#### **Universalistic Theory**

Universalistic perspective calls for best practices which imply that some human resource practices are always better than others. Accordingly, firms that adopt these practices will experience better performance. Within this school of thought, seven practices have been consistently identified as strategic human resource practices (Osterman 1987; Sonnenfeld and Reiperi, 1988). They are internal career opportunities; training systems appraisals; profit sharing plans; employment security; voice mechanisms including formal grievances systems plus participation in decision making; and, the degree to which jobs are rightly or narrowly defined. Despite its criticisms, many researchers have supported the universalistic theory (Aboned, 1990; Gerhart and Milkovich, 1990; Leonard 1990). The universalistic approach examines the direct relationship between strategic practices of human resource management and the performance of the organisation (Wright et al. 1999). Proponent of this approach state that there are certain SHRM practices that are better suited than others to improve organisational performance. These approaches are based on the works that recognise and identify the best practices of SHRM (Pfeffer, 1984) which resolve around three principles (Allani, Arcand & Bayad, 2003):

- i.     Principles of universality and superiority according to which there are some strategic human resource management practices which are better than the others and can be used by any firm (Delery & Doty, 1996).
- ii.    Principles of selectivity and superior performance which are called best practices of HRM that generate the highest financial performance. They are considered as strategic.
- iii.   Principles of independence and additives. The idea is that the effect of SHRM on performance is the result of the individual effects of each practice even with simultaneous use of several SHRM practices.

### **Empirical Review**

Tessember and Soeters (2006) looked at how, when, and to what degree HR practices influence performance in Eritrea. They revealed that fruitful execution of HR practices could

improve individual and common administration organisation of Eritrea, however the financial and political condition in which HR practices work are not favourable. Their examination attempted to reveal some insight into the SHRM performance banter within the setting of a developing nation.

Som (2008) inspected 69 Indian organisations with the end goal of analysing the effect of SHRM practices on firm performance. Utilising spellbinding insights and relapse investigation, results demonstrated that imaginative enrolment and remuneration practices have a positive association with firm performance. Their outcome additionally demonstrated that enlistment, job of the HR division, and pay practices appear to be fundamentally changing the Indian firms with regards to Indian monetary advancement. The cooperative energy between imaginative HRM practices was not observed to be noteworthy in improving performance amid the advancement procedure.

Oladipo and Abdulkadir (2011) researched the degree to which SHRM impacted on organisational performance in the Nigerian assembling plant. Connection and relapse investigation were performed and the outcomes demonstrated that SHRM was decently practiced by the organisations working in the Nigerian assembling segment. Results additionally showed that SHRM practices had positive and critical impact on organisational performance in the Nigerian assembling area. Akindele *et al.* (2011) further supported the discoveries of Oladipo and Abdulkadir (2011) in the Nigerian Food, Beverage and Tobacco Industry.

Abdulkadir, (2012) on his part examined whether the adequacy of SHRM practices on organisational performance is dependent upon organisations' work place atmosphere in the Nigerian Insurance Industry. Utilising engaging measurements and connection investigation, the outcomes proposed that the connection between SHRM practices and organisational performance in the Nigerian protection industry is decently affected by organisational atmosphere. Additionally, the outcomes demonstrated that strategic HRM arrangement, line management preparing in HR, choice framework, profession arranging, and job definition were huge to organisation's performance.

Muogbo, (2013) examined the effect of SHRM on assembling SMEs in Anambra State in Nigeria using 17 paint assembling firms. Utilising connection examination, the outcomes showed that there was a solid positive relationship among SHRM and performance dimension of rivalry in SMEs. In any case, the examinations demonstrated that a larger part of the SMEs in Anambra state of Nigeria do not embrace SHRM. From the prior investigation, clearly organisations in created economies are known to utilise SHRM with much more time and energy than those in developing nations (Huang, 1995). A little assemblage of information exist insinuating SHRM practices in African nations. However its persistence and performance-arranged outcomes are yet to be legitimately archived (Oladipo & Abdulkadir, 2011). Also, in SMEs which is the key driver of financial development and advancement, there is deficiency in writing in evaluating how SHRM practices impact SMEs performance in the assembling segments in the North Central Zone in Nigeria. This investigation is in this way, an endeavour to fill this hole using SMEs in the Nigerian Manufacturing industry, which is today one of Nigeria's alluring and quickest developing ventures.

### Methodology

The main purpose of this study is to use interpretivist philosophy to explore the challenges of SHRM variables in SMES survival through survey research design in a model-ready format in North Central region, in particular, the Nigerian economy. The study focused on the SMEs in private Service sector located in the Nigerian capital cities of Ilorin, Lokoja and Minna. The argument behind choosing the private sector, in particular, stems from the fact that the Nigerian government is expanding on private sector investment and majority of the SMEs in the private service sector requires modest initial capital requirements and the main resource is the human element. Also, 220 participants in the study area were the owners/managers who are basically found in the manufacturing sub-sector of the real sector, and service related sub-sector of the private ownership investment. They represent the right source to provide objective responses in a study that required empirical investigation between SHRM and SMEs. These sectors thus form the major occupation of the people of the North Central zone. To evaluate the challenges of SHRM practices by SMEs in Nigeria, Independent variables were used to identify challenges hinder effectiveness of SHRM and the dependent variables were SMEs measure through increase in employees' size/numbers. Descriptive statistics and mean value test were used to test for the null hypothesis under a five-point Likert scale responses.

Hence, or otherwise if the mean values were close to '5' for SMEs' respondents towards business growth which implies that their business growth has improved over the years in spite of many challenges hinders effectiveness of SHRM and that the standard deviations corresponding to respondents were close to '1', suggesting that dispersion in the response pattern was low. In other words, the responses given by SMEs owners/ top employees as individuals did not deviate much from their respective average responses ("Agreed"=4). If peradventure the mean value is below 3 for responding that the business growth is not improved in the last five years, and the standard deviation is approaching unity (1) suggesting that dispersion was low and that the individual's average response were deviated from "strongly disagree (2)" or "disagree" (1).

### Results

Prior to running the mean ranking analysis to model the intrinsic challenges of SHRM over each of the performance indices of SMEs, descriptive statistics were carried out on socio-economic characteristics of the respondents. Table 1 shows the demographic data in count and percentage of small and medium enterprises in the area.

#### Socio- Economic Characteristics of Respondents

**Table 1: Summary Statistics of Demographic Characteristics of Respondents**

	N	Min.	Max.	Mean	Std. Dev	Skewness	Std. Error	Kurtosis	Std. Error
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic
Gender	220	1.00	2.00	1.3545	.49907	.184	.164	-1.984	.327
Age	220	24.50	54.50	34.3500	1.0204	.139	.164	-1.106	.327
Marital Status	220	1.00	2.00	1.6636	.47354	-.697	.164	-1.528	.327
Experience	220	5.50	34.50	15.3318	1.1078	.208	.164	-1.299	.327



Educational Qualif.	220	1.00	4.00	3.0955	.91411	-.915	.164	.137	.327
Current Job Position	220	1.00	3.00	1.7273	.76342	.506	.164	-1.119	.327
Valid N (listwise)	220								

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**Source: Field Survey, 2021**

This section presents a brief description of the demographic characteristics of the sampled respondents involved in this study. Such a description is considered to be very important in providing a better understanding of the respondents included in the study and therefore provides a good foundation for a detailed discussion of the results based on the stipulated objectives of the study. The demographic characteristics included gender, age, and marital status, length of service, educational qualification, and designation. The demographic characteristics of the respondents indicate gender average mean of 1.3545 and a standard deviation of 0.9907 which implies that male and female respondents are evenly distributed in the population with just a slight increase in number of male participants in the selected area. The minimum entry age as an entrepreneur in the selected area is 24.5 years and about 34 years was the average mean ages while 54.5 years is the maximum. Married respondents are the majorities and work experience above the minimum of 5.5 years but below maximum of 34.5 years.

Hence, the respondents were predominantly dominated by average mean of 15.3 years of working experience. Also, upper level management were the majorities, with average mean population of middle level management (Mean=1.727, S.D=0.76342). This summary demonstrate that the calibre of managers participated in the study is a critical success to the implementation of SHRM irrespective of size and domain of the business organisation in the areas.

**H<sub>01</sub>: There is no significance difference in the effect of changes of SHHRM faced by SMEs in the North Central Zone in Nigeria**

**Table 2: Descriptive Statistics**

	N	Mean	Std. Deviation	Minimum	Maximum
VHE	53	4.15	0.75	3.00	5.00
HE	56	3.96	0.85	2.00	5.00
AV	17	4.05	0.96	2.00	5.00
D	39	4.07	1.01	2.00	5.00
SD	55	3.98	0.91	2.00	5.00

**Source: Field Survey, 2021**

In testing the hypothesis, the response to the questionnaire is found in table 2 above in code and re-coded format. Descriptive Statistics showed mean ranking rate of respondents' opinion on the Challenges of SHRM was as high as 4.05835 (pooled) coding under strongly agreed (5) and agreed (4) respectively. This was above mean average of 3.000, indicating that there is a very large extent of respondents in affirmation to Challenges of SHRM at SMEs in the North Central Zone. Therefore, the goal now is to determine how best the challenges affect the operations of SMEs in the North Central region using One-Sample Kolmogorov-Smirnov Test as evidently shown in table 3 below. The Test Statistics, ( $Z < 1.645$  ;  $\alpha = 0.05$ ) at the lower tailed were observed and it was found that challenges confronting the adoption of SHRM at SMEs in North Central region is high and highly significance difference in Small and medium enterprises. Hence, it was posited that the extent to which SHRM challenges affect owners/managers of Small and Medium Enterprises is high and different from one business from another at 5% level of significant. Therefore null hypothesis is rejected and the alternative hypothesis is accepted. This implies that the level of degree the managers of SMEs responding to the challenges of SHRM affecting the business operation and organisation in the selected areas revealed about 45.2% reduction in SMEs performance as sampled in the opinion of 220 respondents altogether.

**Table 3: One-Sample Kolmogorov-Smirnov Test**

				VHE	HE	AV	LE	VLE
N				53	56	17	39	55
Normal Parameters <sup>a,b</sup> Most Extreme Differences	Mean			4.15	3.96	4.06	4.07	3.98
	Std. Deviation			.75	.85	.97	1.01	.91
	Absolute			.24	.21	.25	.32	.21
	Positive			.21	.18	.17	.18	.17
	Negative			-.24	-.21	-.25	-.32	-.21
Test Statistic				.24	.21	.25	.32	.21
Asymp. Sig. (2-tailed)				.000 <sup>c</sup>	.000 <sup>c</sup>	.007 <sup>c</sup>	.000 <sup>c</sup>	.000 <sup>c</sup>
Monte Carlo Sig. (2-tailed)	Sig.			.000 <sup>d</sup>	.014 <sup>d</sup>	.205 <sup>d</sup>	.000 <sup>d</sup>	.009 <sup>d</sup>
	95% Confidence Interval	Lower Bound		.000	.000	.151	.000	.000
		Upper Bound		.014	.029	.258	.014	.022

**Source: Field Survey, 2021**

Hence, the result is significant for the reasons that the SMEs owners response to constant change in new technology is different from innovative managers to managers in the organisation that attractive packages and fringe benefits are different from small to medium businesses, that recruited and talented employees is different from one form of business to another, that leadership development practices vary from one organisation to another, and that level of investing on training of low level employees equally varies from small to medium form of businesses as indicated in table 4 below:

**Table 4: Significance level of Challenges of SHRM response rate**

Reasons	$\mu$	$\mu_a$	$P < 0.05$ (i.e. $H_0: \mu > \mu_a$ )
Adapting to Innovation	0.239	0.210	Significance
Compensation issues	0.213	0.180	Significance

Recruiting and re-training talented & skilful employees	0.247	0.165	Significance
Adopting leadership development practices	0.316	0.180	Significance
Low productivity resulting from change in strategic managers	0.213	0.168	Significance

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**Source: Field Survey, 2021**

The reasons for these challenges have estimated mean ( $\mu$ ) greater than the critical values ( $\mu_a$ ) at 5% with the explanation that adopted leadership development practices is more expensive and was ranking higher than all other challenges in the selected region. The challenges to recruit and re-training talented skilful employees was followed by adapting to constant change and innovative ideas, low reproductive resulting from change in strategic managers and compensation issues. All these challenges are higher than the expected mean average and therefore posed a serious threat in the slow adoption of SHRM by SMEs in the selected North Central States at 5% level of significant.

**Discussion**

The Test Statistics, ( $Z_c < Z_t$ ;  $\alpha = 0.05$ ) were observed in hypothesis 1 and it was found that challenges confronting the adoption of SHRM at SMEs in North Central Region is high and highly significant difference from small to medium enterprises as shown in the K-S test in the mean ranking result in hypothesis 1. Hence, it was posited that the extent to which SHRM' Challenges affects owners/managers of Small and medium enterprise is high and differs from one business form to another at 5% level of significance. This give credence to Folabi (2015) and Onugu (2005) that poor performance of SMEs was an attribute of many factors among which SHRM is a principal source of the major business failure that affect the economic growth in Nigeria. The reason was because of constant change in adapting to new technology is different from one innovative managers to managers from one organisation to another, that attractive packages and fringe benefits is different from small to medium businesses, that recruited and talented employees is different from one form of business to another, that leadership development practices varied from one organisation to another, and that level of investing on training of low level employees is equally varied from small to medium form of businesses in the selected areas.

**Conclusion**

Based on the findings of the study, it is concluded that business innovation and leadership problems are the great challenges confronted the success of SMEs in the North Central Nigeria. Conversely, if these challenges are removed it would be of immense advantage to the private investors to imbibe the norms of Strategic Human Resource Management (SHRM) practices in sustaining Small and Medium Enterprises despite other challenges affecting the implementation in the North Central zone of Nigeria. Therefore, there is significant difference in the challenges hindered the implementation of SHRM and SMEs performance in the selected states of the North Central region in Nigeria.

**Recommendations**

Based on the findings and conclusion of the study, the following recommendations were made:

1. Innovation should be seen as part of the business strategy of owners/managers of private sub-sector of SMEs to improve the quality of management and overall performance of SMEs in Nigeria.

2. Leadership development strategy should be improved to pave way for sustainable development of SMEs in the selected part of North Central Nigeria.
3. The approach and procedure for solving challenges confronting the adoption of SHRM should be consistent with the organisational behaviour to increase operational efficiency and SMEs' performance in the private sector.

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