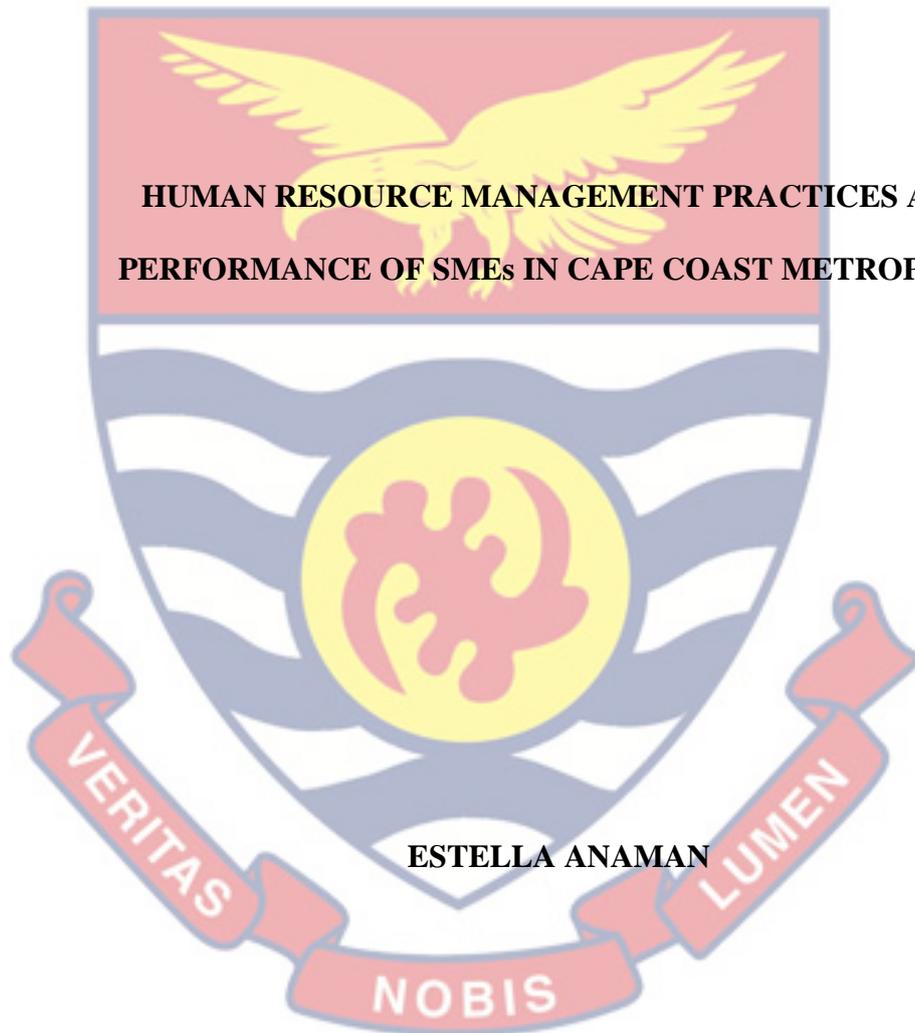


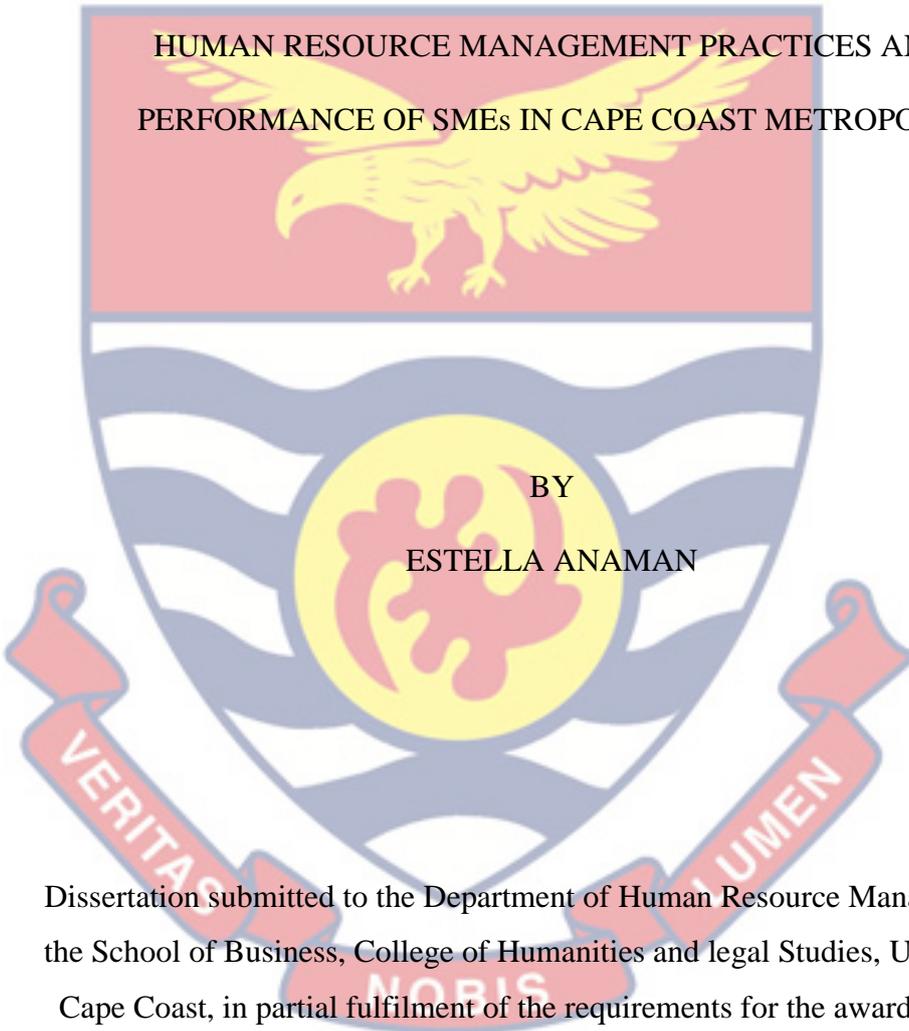


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HUMAN RESOURCE MANAGEMENT PRACTICES AND
PERFORMANCE OF SMEs IN CAPE COAST METROPOLIS

BY
ESTELLA ANAMAN

Dissertation submitted to the Department of Human Resource Management, of the School of Business, College of Humanities and legal Studies, University of Cape Coast, in partial fulfilment of the requirements for the award of Master of Business Administration in Human Resource Management

NOVEMBER 2022

DECLARATION

Candidate's Declaration

I hereby declare that this thesis is the result of my original work and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature:..... Date:.....

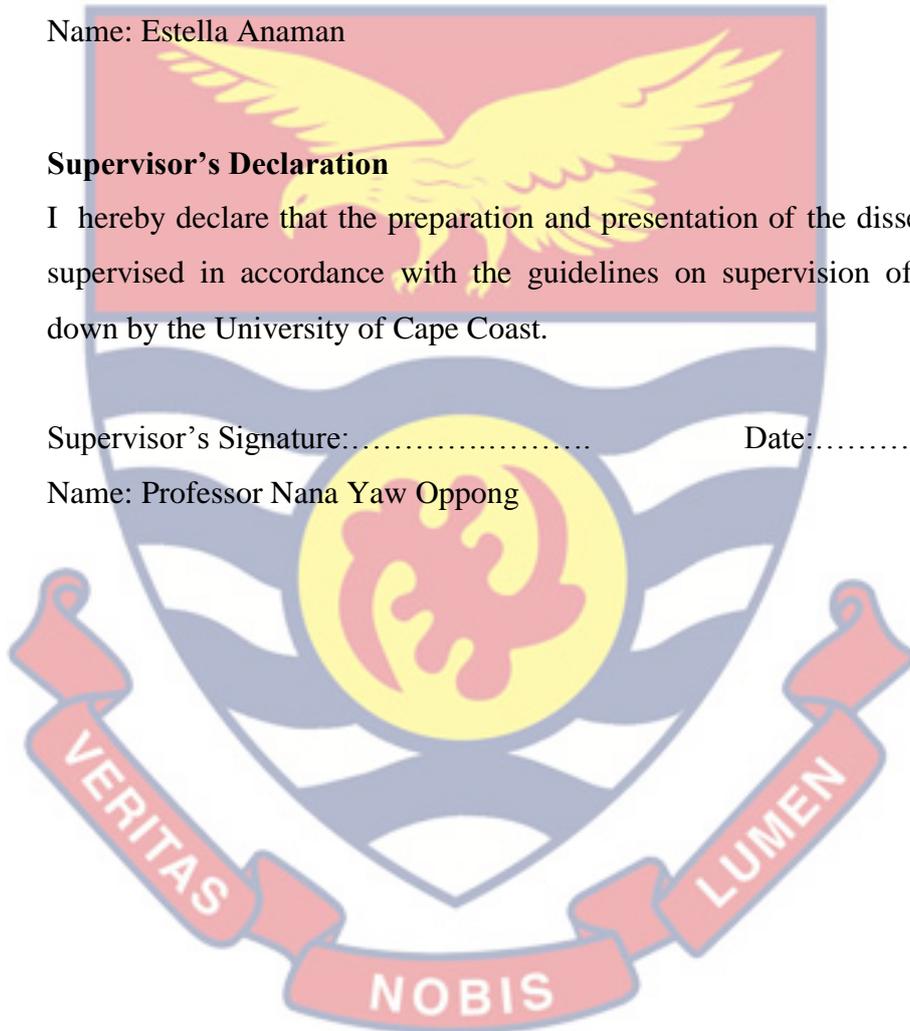
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Supervisor's Declaration

I hereby declare that the preparation and presentation of the dissertation was supervised in accordance with the guidelines on supervision of thesis laid down by the University of Cape Coast.

Supervisor's Signature:..... Date:.....

Name: Professor Nana Yaw Oppong



ABSTRACT

The link between firms' performance and HRM practices has received significant attention in studies that examine the link between large organizations from developed countries and their human capital management, leaving out studies on small and medium businesses (SMEs) and those in developing countries. The study fills a gap in the literature by looking at the relationship between human resource management practices and the performance of small and medium businesses in the Cape Coast Metropolis, Ghana, by assessing the level of HRM practices of SMEs in Cape Coast Metropolis, as well as assess the level of performance of SMEs in Cape Coast Metropolis and examine the relationship between HRM practices and performance of SMEs in the Cape Coast Metropolis. A survey design with 101 respondents of owners of SMEs was used. SPSS V2.10 was used to perform statistical tests including correlation. HRM practices (employee resourcing, employee training, reward management, and performance management) are significantly linked with SMEs' performance, according to the findings. This study supports the idea that there are significant correlations between certain HRM practices and enterprise performance. The findings of the study indicate that focusing on the improvement of certain HR practices can improve the performance of small and medium-sized enterprises. The study recommended that the Ministry of Trade and Industry and the local government agencies should work together to promote the HRM practices of small and medium-sized enterprises (SMEs) as well as the renewal and request for new licenses of businesses be based on the evidence of effective HRM practices.

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My appreciation and gratitude goes out to Professor Nana Yaw Oppong for the time and energy that he put into this dissertation. Sir, I am immensely grateful for the opportunity given to receive valuable advice and guidance.

I would also like to sincerely thank Mr. Francis Anaman for his encouragement and support, which have helped me to finish this study. You are not only a father but a mentor as well. I appreciate you, Sir.

I further wish to thank my entire family for their unwavering love and support, which allowed me to complete this work with ease. A special thanks to my lovely mother, Mrs. Augustina Agyeman, whose unwavering support and encouragement enabled me to persevere in the face of adversity.

Finally, my gratitude would be insufficient if I did not acknowledge the generous support of all lecturers in the School of Business's Human Resource Department, who helped me in myriad ways. I hereby express my gratitude to each one of you.

However, any errors in this work are solely my responsibility.

DEDICATION

To my beloved father, Mr. Francis Anaman

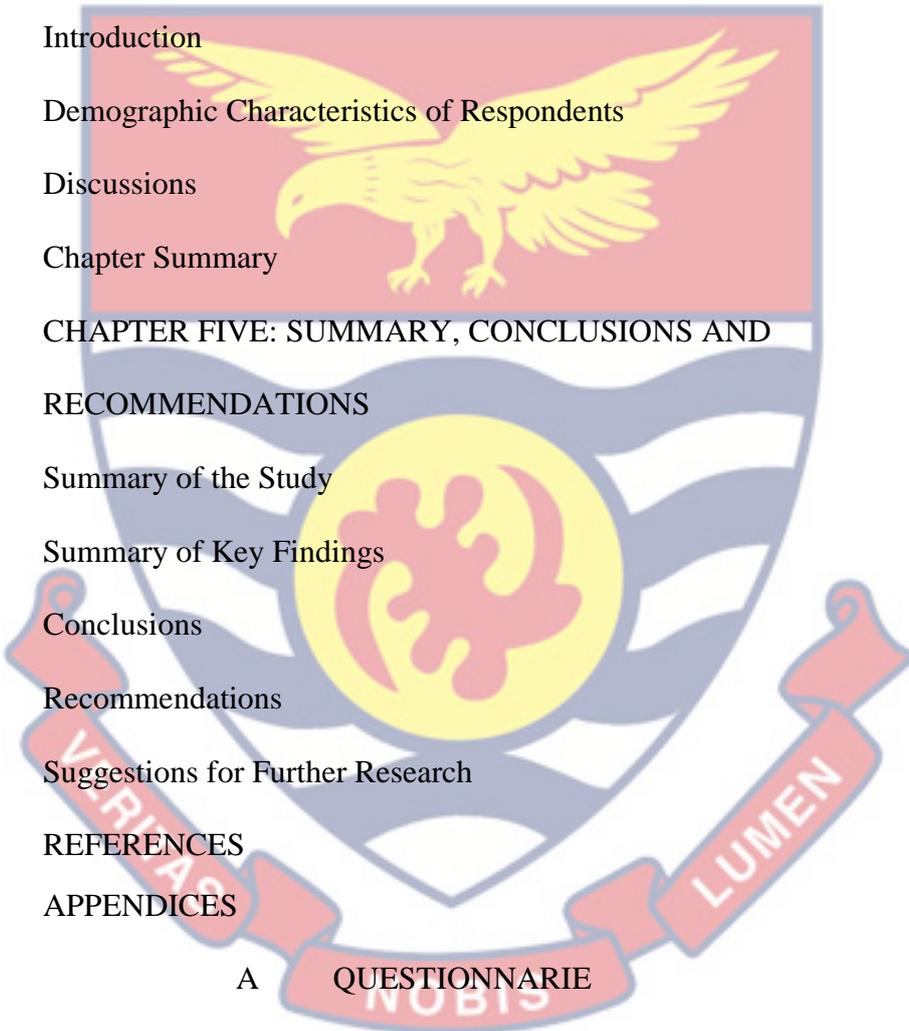


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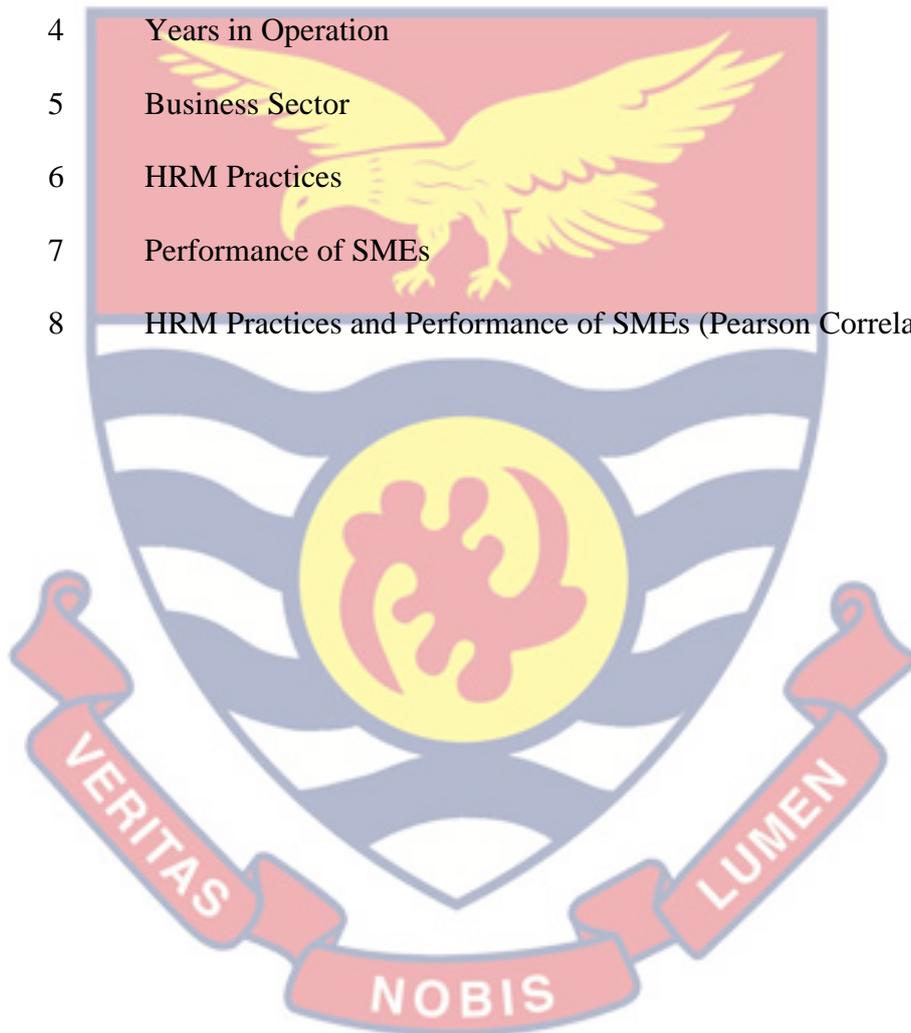
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LIST OF ACRONYMS

HRM Practices -Human Resource Management Practices

SMEs - Small and Medium-sized Enterprises

SPSS - Statistical Package for Social Science

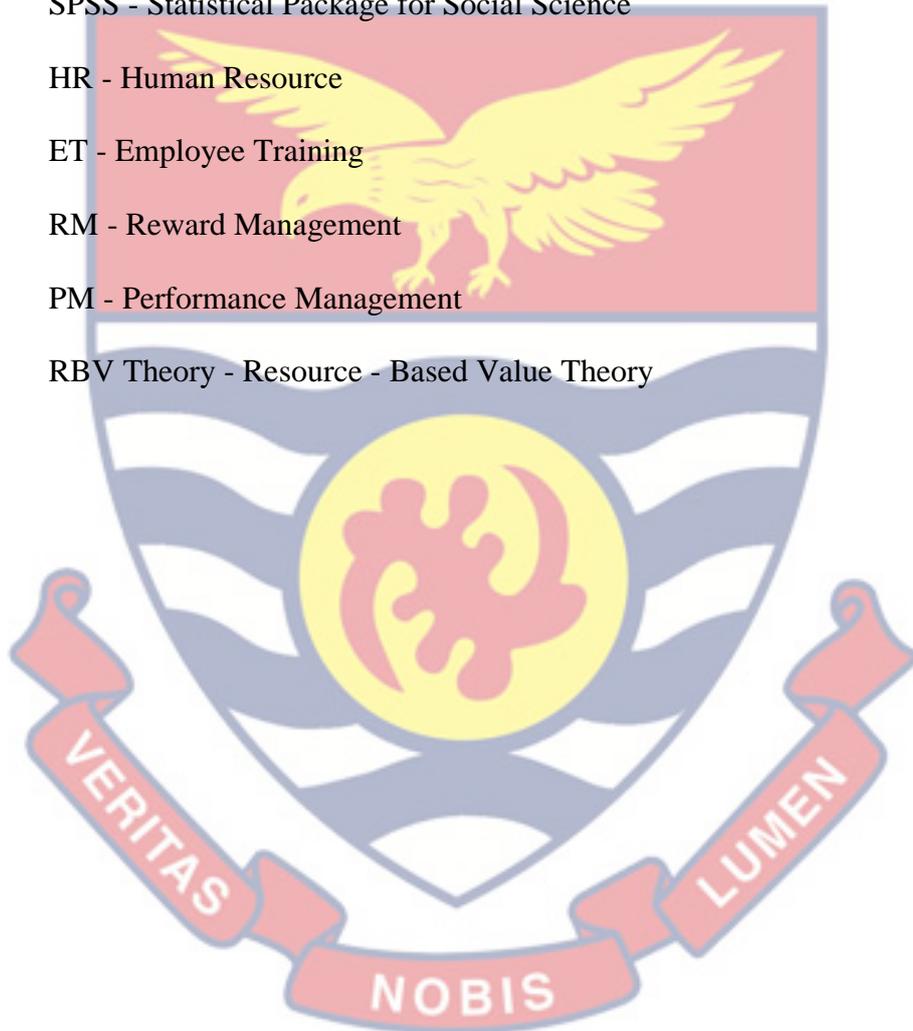
HR - Human Resource

ET - Employee Training

RM - Reward Management

PM - Performance Management

RBV Theory - Resource - Based Value Theory



CHAPTER ONE

INTRODUCTION

This chapter introduces the study by elucidating the research background, statement of the problem, purpose of the study, research objectives, research questions, the significance of the study, delimitations of the study, limitations of the study, as well as the organisation of the study and the chapter summary.

Background to the Study

Human Resource Management (HRM) is a term that dates back to the 1920s. Around Europe and America, the first official HRM role is thought to have been established in 1920 (Ferris, Hochwarter, Buckley, Harrell-Cook & Frink, 2009). During the 1600s to 1700s, people worked in small groups to produce goods and services. Following the Industrial Revolution, many changes occurred in the way people worked. Due to the increasing number of workers, the complexity of the machines and the regulations concerning them compelled managers to devise rules and procedures to check them. This resulted in monotonous and job-oriented tasks (Anthony, Perrewe & Kacmar, 2006).

Before the development of human resources, workers were viewed as mere cogs in a machine. Their social status was not taken into account when they were hired. Behavioral science became more focused on the organisation

and the individual worker. It used various scientific theories and methodologies to study how the workplace affected individuals. Human resource management has been around since the time of behavioral science. It is mainly focused on the management of employees (Anthony et al., 2006).

Human resource management refers to the process of managing a skilled and committed workforce. This approach aims to attain a competitive advantage by establishing and deploying a highly skilled and capable workforce (Storey, Quintas, Taylor & Fowle, 2002). Armstrong, Flood, Guthrie, Liu, MacCurtain and Mkamwa (2010) established that the selection and recruitment of the right people for the right job is a significant facet of a firm's HR strategy. It should also form a core activity that is geared towards developing and motivating employees. Reward management is a strategy that seeks to recognize and reward individuals for their contributions to the organization. It is a set of procedures and practices that aids in aligning the objectives and values of the organisation with those of its stakeholders (Armstrong & Murlis, 2007).

Performance refers to the measures used to measure the organisation's overall performance, these include productivity, quality, and financial performance (Wright, Gardner, Moynihan & Allen, 2005). This study aims to analyze the performance of small enterprises through financial indicators. It has been shown that these measures are commonly chosen by SMEs (Simpson, Padmore & Newman, 2012). The objective of this study is to analyze the HRM practices of SMEs and the performance of their businesses. The factors that will influence this are business life span, profits, sales volumes, and employee growth.

HRM practices have been the subject of one strand of research in this vein. HRM practices, according to studies, will help firms perform better by: (a) assisting them in acquiring and developing human capital; (b) arranging roles in a way that encourages employees to participate in process improvement, and (c) enabling employees to focus their efforts on the organization's objectives. Most of these businesses struggle to retain their market share, generate steady and growing revenues, and maintain a competitive advantage.

SMEs are said to be a key component of the production landscape in Ghana. According to Aryeetey (2001), they provide about 85% of the country's manufacturing. Aside from being responsible for 70% of the country's GDP, SMEs also account for about 92% of the country's businesses. Their development can also help boost the country's efforts at decentralisation and poverty alleviation (Cook & Nixon, 2000). Over the years, various governments and workshops have been held in numerous countries to discuss the diverse facets of SMEs. SMEs are defined by the National Board of SmallScale Industries (NBSSI) as businesses with fewer than 29 employees and annual revenue of less than \$100,000 (Abor & Quartey, 2010).

In terms of their contribution to a country's GDP, SMEs are responsible for a huge chunk of it (Robu, 2013). SMEs are increasingly prone to thrive in minor metropolitan and rural areas, which can provide a more stable environment and reduce the inflow of unskilled labor to big cities (Lux, 2017). Because SMEs have a better chance of thriving in rural areas and smaller cities, they are also more likely to contribute to the local economy (Agupusi, 2007). SMEs make use of scarce resources and improve the

efficiency of domestic markets. Throughout many emerging economies, such as Ghana and others in Sub-Sahara Africa, the sector can help reduce poverty in both rural and urban areas (Ntiamoah & Kwamega, 2016).

Many countries have formulated policies aimed at uplifting the performance of SMEs. These policies include the establishment of various programs and initiatives designed to assist SMEs in their growth (Saleh & Ndubisi, 2006). It has been daunting that amidst the various incentives and support packages designed to revamp the SMEs in Ghana, they have performed below expectation.

Others have argued that the main reason why SMEs are not able to grow in the country is the lack of long-term loans (Riding & Haines, 2001). The key factors encompass inadequate infrastructure, inconsistent monetary policies, and multiple taxation and levies. The operating environment can be a vital factor that affects the operations of SMEs. Other challenges arise as a result of the characteristics of the SMEs themselves.

According to Hornsby and Kuratko (2003), smaller and medium firms often struggle with HRM because they lack the expertise to manage such a large number of employees, this is why many firms hire people with limited expertise. Human Resource Management in Africa has traditionally been focused on administrative tasks related to salaries and benefits, this approach tends to neglect the expertise and know-how that HRM can bring to the table (Kamoche, 2002). Many people start small businesses, but many of them fail within a year of operation.

This is because many of them lack the necessary skills needed to operate successfully. Aside from having a good business vision, many of them

also lack the confidence and skills needed to succeed in their chosen field. In Ghana's instance, the process of founding a business can be very time-consuming. In most cases, it takes over a year for a business to get started and registered (World Bank, 2006).

The lack of skills and resources for SMEs is one of the factors that contribute to the failure of these businesses, other factors that contribute to this include the availability of credit and technology (Jusoh, Ziyae, Asimiran & Kadir, 2011; Avotri, Bunyaminu & Wereko, 2013; Kiveu & Ofafa, 2013). The urge that propels an individual to operate a business has a significant impact on the decisions that route to progress or loss (Gabrielsson & Politis, 2011).

The various programs and policies aimed at enhancing the performance of SMEs have been launched in an effort to help them meet the goals of the Vision 2015 (Babafemi, 2015). The underperformance of SMEs in Ghana has made the vision of becoming an economic success look like a mirage. It is time to put some effort into addressing the issues that are affecting SMEs as well as the necessity to achieve the Vision 2015 objectives. This study is thus underpinned by the Resource Based Value (RBV) theory.

According to the assumptions of RBV, the only way for resources and skills to be a source of economic value for SMEs is if they can be properly exploited (Barney, 1991). Performance measurement systems are commonly considered to be the single most essential factor contributing to the success of SMEs (Pnevmatikouidi & Stavrinoudis, 2016). A company's profitability, the level of contentment felt by its workforce, and the level of gratification experienced by its clientele are all important contributors to an organisation's

overall level of success. RBV is a useful tool for investigating the connections between underlying resources, competitive advantage, and performance (Ray, Barney & Muhanna, 2004; Chathoth & Olsen, 2003). The small and medium-sized enterprises (SMEs) are the focus of this study, which attempts to familiarize them with the RBV and help them establish plans for improving their performance indicators.

Statement of the Problem

HRM practices are key factors that can help SMEs succeed. According to MacDuffie (1995); Bloom, Lemos, Sadun, Scur and Ree (2016); Forth and Brynjolfsson (2019), literature has focused on the link between firms' use of human resources and organisational practices and their firms' efficiency. These studies show that the variations in firms' use of these practices can explain the persistent variations in firms' efficiency.

According to Obasan (2012), there has been a lack of attention paid to the HRM practices of SMEs. SMEs require proof that HR policies positively enhance company performance (Patel & Cardon, 2010). In the Ayawaso Central Sub-metro of Ghana's Greater Accra region, Oduro-Nyarko (2013) discovered that managers in small and medium-sized hotels followed traditional top-down HRM practices. This is likely to affect performance.

To achieve high levels of performance in SMEs, it is vital to measure business performance. According to Ogiogio (2005), performance measurement is a vital part of any organisation's strategy to improve its performance. It can help them monitor and measure their progress, as well as set goals and benchmarks. Research shows several benefits of measuring performance in enterprises. A company's performance can be evaluated in

myriad forms, such as profitability, market share, new product success, and returns on assets and investment.

Although financial metrics are generally easy to understand and compute, they can also be very historical and not easily accessible in the public domain (Chong, 2008). Non-financial metrics can be used to supplement financial metrics that can be manipulated, such as earnings, revenues, and return on investment (ROI). Non-financial metrics can also be employed to evaluate the success of small businesses, but they have not received more attention in the literature (Sandada & Mangwandi, 2015).

Because a company's financial statements may be erroneous, important objective data may be missing, and acquiring objective data might be difficult, it may be inevitable to depend on subjective data derived from SMEs' financial reports (Zehir & Acar, 2005). Hence, this study employed both financial and non-financial indicators to measure the performance of SMEs. SMEs in the Cape Coast metropolis are mainly into trading, services, and manufacturing and hence they are expected to rely on financial investments and technology to improve performance.

HRM practices and their relationship to company performance are two areas of HRM study that are yet to be explored (Heinicke, 2018). In a study conducted by Forth and Bryson (2019), it was found that while developing nations have lower levels of formal management practices, these practices have a substantial influence on the efficiency and growth of their businesses. Neneh and Van Zyl (2012) research work in Germany discovered that HRM practices had a large and beneficial effect on the performance of SMEs. In their studies, Fabling and Grimes (2010); Jiménez-Jiménez and Martínez .

Costa (2009) found that the link between employee performance and effective human resources management is positive.

Despite the significance of HRM practices and SMEs performance in the world, there has been a paucity of research on the subject of in general. The few studies that have sought to examine SMEs performance (Fabi, Raymond & Lacoursière, 2007; Kitchot, Siengthai, & Sukhotu, 2020; Long, Ajagbe, & Kowang, 2014; Zakaria, Zainal, & Nasuridin, 2011; Zheng, Morrison, & O'Neill, 2006) have focused more on the influence of HRM practices on employee performance.

There is also limited geographical representation of the study, thus, there is little or no research conducted in developing countries. Given this, this study aims to find out the influence of HRM practices on performance of SMEs in Cape Coast Metropolis. Furthermore, the current study will examine if HRM practices have a relationship with the performance of SMEs in the Cape Coast metropolis, based on the aforementioned evidence.

Purpose of the Study

This study aims to examine the relationship between HRM practices and performance of SMEs in the Cape Coast Metropolis.

Research Objectives

The following specific aims are sought to be met by this research:

1. Assess the level of HRM practices of SMEs in Cape Coast Metropolis.
2. Assess the level of performance of SMEs in Cape Coast Metropolis.
3. Examine the relationships between HRM practices and performance of SMEs in Cape Coast Metropolis.

Research Questions

The following research questions will serve as a guide for the research:

1. What is the level of HRM practices among SMEs in the Cape Coast Metropolis?
2. What is the level of performance of SMEs in Cape Coast Metropolis?
3. What is the relationship between HRM practices and the performance of SMEs in the Cape Coast Metropolis?

Significance of the Study

A large number of SMEs in East Africa and Ghana have led to the adoption of better business practices. HRM practices can help improve the economic status of people. Rising costs and pressure on margins will compel many firms to share risk and cost-sharing programs among themselves as a result, business networks and R&D collaborations emerge. These alliances and networks can help institutions and enterprises identify and solve their problems.

Highly specialized service strategies and human resources can be utilized in SMEs to boost the productivity and profitability of their operations. Understanding the HRM practices of SMEs can help improve the management of risk and enable them to sustain themselves this can also help improve the partnership between the government and academia.

This study's findings will facilitate the development of effective HRM practices in SMEs. They will also inform the policies and procedures related to HRM practices in SMEs. Further, the study will contribute to the existing plethora of knowledge in HRM practices and SMEs' growth and survival. The

study also serves as a reference to the National Board for Small Scale Industries (NBSSI) in assessing the success of its activities, particularly in terms of appropriate HRM practices. It can also help the Board formulate its long-term strategies.

Delimitations of the Study

The study only focused on the main commercial activities of SMEs in the manufacturing, trading, and service providers. This limits the scope of the study to only those sectors that are directly related to the study. It did not include the construction, mining, and agriculture industries.

Limitations of the Study

Since the study focused on the main commercial activities thus trading, manufacturing, and service providers the population size was small. Additionally, respondents are typically misrepresented because they think they are bound to tell the researcher what he or she wants to hear. Respondents also refused to respond to questions they consider to be too personal. Given the kinds of variables that was to be investigated in descriptive studies, it was challenging to describe the event's causes and effects. It was challenging to gather reliable data that accurately represents the entire population for descriptive research since data was randomly obtained.

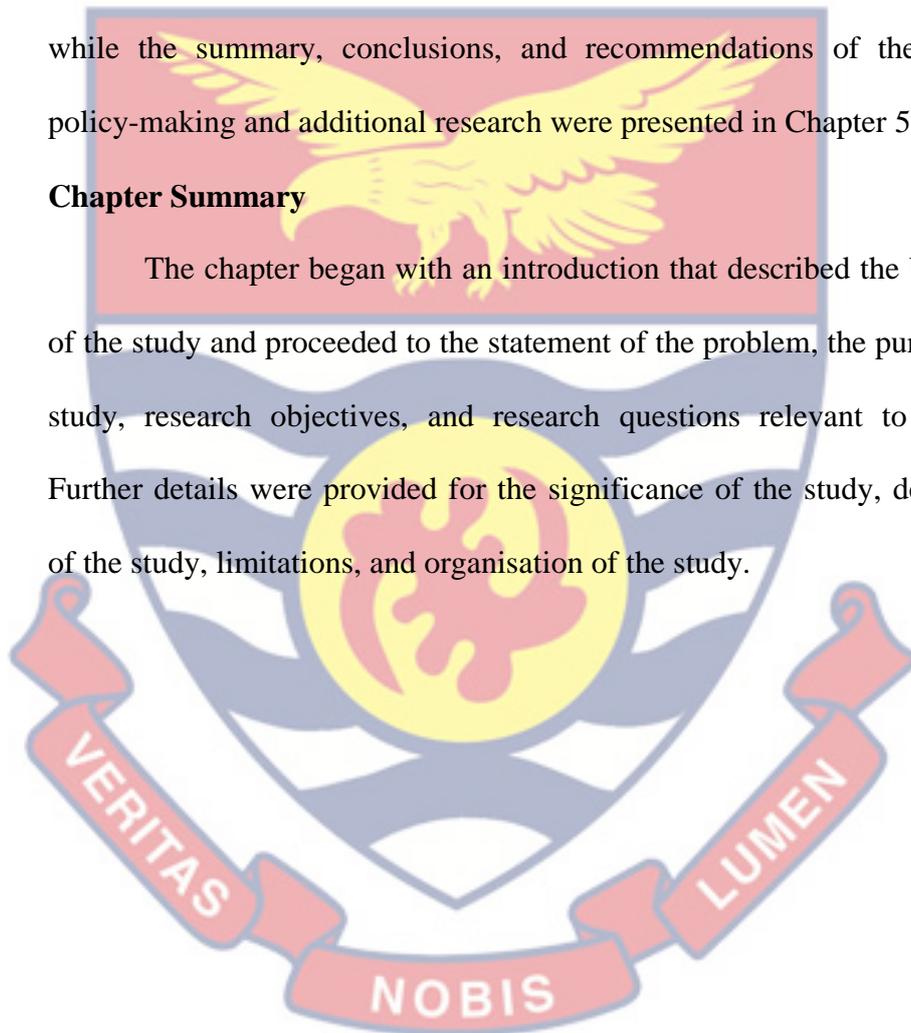
Organisation of the Study

The study was organised into five chapters. Chapter one - introduction covers the background of the study, statement of the problem, study objectives, research questions, the significance of the study, delimitations, and limitations of the study. Chapter two of this study reviewed previous literature on which this current study is grounded by looking at the theoretical review,

the conceptual framework, and the empirical review of the research objectives. The procedures used in performing the study were captured in Chapter three which is entitled Research Methods. It went over the research methodology, study design, study area, sampling procedures, research instruments, data collection methods, and data processing and analysis in detail. The results and discussions of the findings were presented in Chapter 4 while the summary, conclusions, and recommendations of the study for policy-making and additional research were presented in Chapter 5.

Chapter Summary

The chapter began with an introduction that described the background of the study and proceeded to the statement of the problem, the purpose of the study, research objectives, and research questions relevant to the study. Further details were provided for the significance of the study, delimitations of the study, limitations, and organisation of the study.



CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter's purpose is to give a literature review on various aspects of SME HRM practices and performance. The study emphasizes on the various factors that affect the performance of such businesses, it also looks at how these factors can be influenced by HRM practices including employee training, employee resourcing, reward management, and performance management. The researcher reviewed various theoretical and empirical works on SMEs. As a result the development of this sector is very important for the economy, it is the engine of growth and employment.

Theoretical Review

This study relied on the Resource-Based Value (RBV) of Firms theory as well as the Guest model. The RBV was used because it presents a conceptual framework for studying the link between firms' resources and their performance (Penrose, 1959; Wernerfelt, 1984). According to Barney (1991), the only way to create value is to develop strategies that will allow the firm to achieve a sustainable competitive advantage thus, performance is influenced by the resources the firm controls.

Resources are divided into various categories such as financial, intangible, and tangible. These resources must be combined and managed to maximize value and competitive advantage. The capabilities to combine, organise, and apply various kinds of resources are the essential factors that

will make a firm more profitable and productive (Amit & Schoemaker, 1993). That is to say that organisations must develop and use their employees' unique capabilities over time. This includes developing and using strategies and processes that are rooted in routines and culture. This means that organisations must develop and use their employees' unique capabilities over time, this includes developing and using strategies and processes that are rooted in the routines and culture.

This resource is capable of making other assets more efficient, it shows the potential to provide reliable and accurate results when used for specific tasks and activities (Smith, 2008). Capabilities allow firms to regulate and continuously or integrate various resources, which can increase their return on investment over a long period. The aim of the framework is to enable SMEs to plan and put into action competitive strategies that will allow them to gain an advantage in the marketplace.

Under the RBV assumptions, resources and expertise are only a source of economic value if SMEs can effectively exploit them (Barney, 1991). Performance measurement systems are often regarded as the most important component of SMEs' success (Pnevmatikoudi & Stavrinoudis, 2016). The success of a business is often influenced by many factors, such as financial performance, employee satisfaction, and the satisfaction of its customers. RBV can be used to explore the link underlying resources, competitive advantage, and performance (Ray, Barney & Muhanna, 2004; Chathoth & Olsen, 2003).

This study aims to introduce the RBV to SMEs to enable them to identify their performance indicators and develop strategies to improve them.

The adoption of an RBV helps to understand the various capabilities and resources that an organisation has to achieve its goals and objectives, this is especially true for SMEs whose internal stakeholders are responsible for driving the organisation's performance (Israeli, 2002).

Additionally, this study will be guided by the goal theory of Mullins (2010), which states that setting and maintaining goals can improve a person's direct behavior and motivate them to reach their performance goals. HR practice goals should be realistic and achievable. They should also be checked and revised as needed. The participation of others in setting goals is very important, it allows people to achieve such goals. This concept can be employed by SMEs to create a performance management system that is tailored to their organisation. This theory will help the study by guiding the various variable of the study.

The study will analyze the Guest (1997) model, which affirms that the management practices should be integrated in a way that achieves the goals of high commitment, quality, and flexibility. The model assumes that HRM practices can lead to superior performance, it also states that these practices can help employees develop and maintain high levels of commitment and quality. The Guest model is a set of components that consists of an HRM strategy, an HRM policy, a set of HRM goals, several behavioral outcomes, and financial outcomes.

The concept of financial performance is considered an indicator of human resource effectiveness. However, in most cases, human resource management is not an ideal method for achieving financial performance. The

goal of a high-quality employee is to have a skilled and capable workforce that can provide superior services and products to the organization.

Conceptual Review

Human resource management (HRM) practices refer to the systems, and policies that influence the behavior, performance, and attitudes of employees (De Waal & Frijns, 2008). Human resource practices include selecting human resource needs, screening, recruiting, training, rewarding, appraising as well as attending to labor relations, safety and health, and fairness concerns (Dessler, 2007). Despite the fact that there are numerous HRM practices, not all of them are linked to business performance. The theoretical and empirical work reviewed indicates that there are certain HRM practices, which have a bearing on organisational performance. However, for SMEs, the following HRM practices, which had greater support across diverse literature, were used. Thus, employee resourcing, employee reward management, employee training and performance management.

Further, when it comes to the performance indicators of SMEs, the various performance indicators of SMEs including, profit, sales volume, and expansion or growth rate were reviewed as well this is because other performance indicators such as productivity are merely intermediate measures that are influenced by one or both of their principal factors. Finally, the relationship between the above-listed HRM practices and the performance of SMEs was reviewed.

Employee Resourcing

Getting the right people in the right place at the right time is at the heart of employee resourcing. There are various ways to define this, but the focus is on finding the right people with the right skills and experience. According to Armstrong (2012), the term employee resourcing refers to an organisation's ability to hire and retain the people it needs. It can also be used to address issues related to employee turnover and absenteeism. The HR function of an employee resourcing system involves planning and implementing various processes related to the recruitment, selection, and performance management of employees. These activities can be performed by various organisations, such as small and medium-sized businesses, public agencies, and multinational companies. It is essential to make certain that personnels are aligned with the organisation's strategic and operational demands, as well as that resources are well utilized.

Employee resourcing, according to Armstrong (2001), also entails selecting and elevating employees who 'fit' the organisation's culture and strategic needs, as well as obtaining and sustaining the necessary number and quality of personnel. Employee resourcing, according to Armstrong, can address two key questions:

- i. What kind of employee do we need now and in the future to position our company strategically?
- ii. What can we do to bring them in, develop them, encourage them, and keep them when we need them the most?

Most small business owners see employee recruiting, training, and selection as a series of discrete processes (Williamson, 2000; Williamson,

Cable & Aldrich, 2002). Either in small, large, or medium organisations, the recruitment and selection of personnel are some of the most critical functions that an organisation can perform to maintain its success. The ability to attract and retain capable individuals is one of the most important aspect that determine the success or failure of small businesses, this is why the owners must pay attention to the recruitment, selection, and retention of employees (Hornsby & Kuratko, 2003).

The combination of human resource planning and recruitment & selection influences the performance of SMEs both financially and non-financially. If SMEs are to have a balanced scorecard, they must consider both financial and non-financial indicators. Although financial performance is a vital part of an organisation's operations, it does not give a complete picture of its overall performance. Instead, it should be accompanied by a non-financial criterion. However, the contact could have a beneficial or negative impact on small and medium-sized Businesses' Performance (SMEs)

Employee Reward Management

The concept of reward is related to the various compensations that an employee receives for providing services to the company, whereas "reward management" refers to the process of putting in place a pay structure that allows a company to attract and retain capable and motivated workers (Fajana, 2002). The purpose of compensation management pertains to all businesses, both small and large, and is believed to be linked to employee motivation, according to Ability Motivation Opportunity (AMO), projections of HRM practices. Reward systems should be designed to provide an environment that

is conducive to employee motivation and relate to the organisation's strategic goals (Fisher, Schoenfeldt & Shaw, 2007).

To motivate workers, reward management should focus on the various aspects of a job, such as evaluation, analysis, and specification (Hornsby & Kuratko, 2003). In their study on HRM in SMEs in Vietnam, King-Kauanui, Ngoc, and Ashley-Cotleaur (2006) established justification for the significance of the reward system, amid several HRM practices, on the overall performance of SMEs. In a study of UK SMEs, Georgiadis and Pitelis (2012) discovered that a substantial compensation policy, when accompanied by a product differentiation strategy, is positively associated with earnings.

According to Ibrar and Khan (2015), there are two types of rewards. The first is the intrinsic reward (Non-Financial), while the other is the extrinsic reward (Financial). Non-financial rewards are not cash prizes, they are recognitions that are meant to acknowledge the employee's hard work and commitment to the company. This type of recognition is also beneficial for the employee as it shows that the company values the employee's behavior (Ibrar and Khan). Extrinsic rewards are the types of rewards that are external to the employee's job or task. They can be in the form of bonuses, salary increases, or job security (Manap & Mohd, 2016).

A compensation package is typically given to an employee for performing a particular service or job; it can be based on a salary, bonus, or other incentives (Arthur, 2007). These benefits are designed to attract and retain employees. Employees might be compensated based on their abilities, knowledge, experience, or education. Developing a compensation plan is very important for both small and large firms (Dessler, 2003). Human resources

compensation is an important part of a firm's operations. It is often used to enhance the effectiveness of the firm's workforce (Collins & Smith, 2006).

SMEs can use informal remuneration and non-coordinated reward to encourage and retain their personnel, according to Barret and Mayson (2006). Compensation for SMEs is typically focused on non-financial rewards such as education profits and creative assets, according to Cardon and Stevens (2004). Since most small businesses do not have the funds to hire the best employees, it can be challenging for them to motivate and reward their existing employees (Dupray, 2001; Brown, Hamilton & Medoff, 2000). It's difficult to compete with large companies who are willing to pay higher rates. This is because, in large firms, employees usually have more education and experience than those in small firms, this makes them harder to hire and retain.

Large organisations, in contrast to small enterprises, are ready to pay employees more because of organisational working circumstances such as the work schedule and atmosphere, which may impact the performance of such firms in some sort (Brown & Medoff, 2003). On the other hand, small businesses may offer lower wages, but they also have a more informal environment and a personal atmosphere that can influence their performance (Dundon & Wilkinson, 2018).

Employee Training

Training is the process used to improve the skills of new or existing employees (Denisi & Griffin, 2001). Thus, training aims to improve the skills or attitudes of individuals (Herold & Fedor, 2003). Training helps individuals and teams develop positive dispositions toward growth (Lyons, 2009).

Hill and Stewart (1999) argued that many SMEs do not have the disposition for training. Instead, they tend to have a short-term solution that is related to the place of work and not the human development. Kotey and Folker (2007) also noted that training employees in SMEs is not planned and is usually carried out in a short-term manner. In addition, many SMEs find it difficult to provide formal training to their employees, this is because it costs them a huge amount of money (Barrett & Mayson, 2006). The potential of SMEs is only achieved if the employees are appropriately trained and developed (Johnston & Loader, 2003).

Small businesses usually have limited budgets for training as compared to large firms, but they can still get the most out of their training. A small company's training needs are usually assessed to see what is most important to the organisation and its employees. Most small businesses have a hard time training and developing employees due to various constraints, these include time constraints, space, and funds (Cohen, Smith & Mitchell, 2008).

In small firms, training is often done by other employees voluntarily. Entrepreneurship education and support programs aim to help small business owners or managers develop their skills and expertise (Romero & Gray, 2002). Small businesses can benefit from the volunteer efforts of their employees by providing training opportunities. Other resources include free training and advice from various local business groups and national business groups. Small businesses can also benefit from lectures, training videos, and on-the-job training. Employers of larger organisations tend to have more time and space to train their employees. These firms may have individuals who are responsible for developing and delivering training materials, they also follow

up with the trainees to ensure that the objectives are met (Brown, Hamilton, Hamilton & Medoff, 2010).

Employee training should never end. It should be a continuous process that should be carried out in all businesses, both small & large. Aside from training, employers can also encourage their employees to improve their skills through various workshops and seminars (De Kok, 2002). Many businesses provide their employees with tuition reimbursement for training programs. This benefit can help them improve their skills and knowledge in the job. These programs are designed to help employees develop their skills and improve their performance, they can also help them advance in their careers (Golhar & Deshpande, 2007).

In small businesses, there are no external training opportunities, this is a major issue faced by many SMEs in Cape Coast Metropolis. The owners or masters of a particular institution or group may occasionally attend training organized by the organisation or group they belong to.

Performance Management

Armstrong (2009) stated that performance is defined by two things: the one that has to be achieved and the one that has to be measured. According to him, the evaluation of a firm's performance can be done in different manners. It can be done in various ways such as financial indicators, employee evaluation, and organisational evaluation.

Performance management according to Aguinis (2009), is an integral part of any organisation's strategy. It involves identifying and developing the capabilities of various groups and individuals that align with the company's strategic goals. In addition, according to Cappelli (2008), when employees fail

in their role, a part of the company that is not able to function properly can also collapse. Performance management aims to help prevent this scenario.

According to Pulakos (2009), performance management is a process that involves identifying and managing the work that gets done. Expectations and drive behavior are key elements of effective management, they help organisations identify and motivate their performers.

Performance management is a process that helps individuals reach their goals and expectations, this procedure provides the means for them to perform well within a defined framework. The goal is to develop individuals' capacity to achieve and surpass expectations. Performance management is about helping people develop their skills and personal development as well as ensuring that their support and guidance are available to them (Armstrong, 2009).

Performance management is a process that helps employees develop and retain positive feedback, it can also recognize and reward their achievements. Performance management is often conceptualized as a process that aims to develop individuals, it is often referred to as development management or performance and evaluation. This tool can also be used to establish performance ratings that inform pay decisions. Performance management systems have fourfold purpose, thus, feedback mechanism, development concern, diagnoses of organizational problems, and employment decisions (Shields & Kaine, 2015).

Creating stronger work relationships by regularly reviewing performance achievements can help build stronger work relationships. Performance feedback is an integral part of employee development. It helps

identify areas for improvement and helps formulate a development plan. They are also used to make decisions about job reassignment, promotion, and performance-related rewards (Aguinis, 2005).

Performance management is a process that helps managers develop and implement strategies and procedures that are designed to improve their efficiency and effectiveness. This system avoids the traditional review process, which usually revolves around an annual event. Instead, it highlights the key performance indicators and measures.

It is assumed that continuous improvement is guaranteed through the use of performance management processes. Performance management helps people improve their performance by providing them with the necessary information to do so. Performance management processes help people reach their goals and expectations. They are focused on ensuring that everyone is engaged in attaining agreed goals and expectations (Cascio, 2012).

Measurement of Performance of SMEs

Performance is a concept that describes how well an organisation or enterprise achieves its goal. Businesses must measure their performance; this process can help them improve their overall performance. Enterprise management refers to the process of managing an organisation's performance; the key metric that organisations should measure is how well they deliver value to their customers and other stakeholders (Moullin, 2007).

A comprehensive review conducted on the literature on small enterprises revealed that the three most critical factors that determine a company's growth are its management characteristics, business strategy, and profitability (Storey, 2012). The focus is on two issues in particular: the

impact of the business environment on small business performance in terms of regulation, particularly taxes, subsidy availability, and competition (Blackburn, Hart & Wainwright, 2013).

SMEs' performance can be measured in myriad ways, including profitability, sales volume, and growth rate (Andersson & Tell, 2009). Other performance indicators such as productivity are merely intermediate measures that are influenced by one or both of their principal factors.

Profitability

According to Stefea (2002), profitability is a vital aspect of any business activity that allows it to generate higher revenues. It can be measured through the accumulation margin or the profitability ratio. The profitability of an enterprise is often expressed by the ratio between its sales and its production. This is a measure of the company's ability to get a result from its business. (Colasse, 2009). Al (2004) posited that a profitability rate is a ratio that measures the profitability of an entity by taking into account its revenues and expenses.

The profitability of an operation must be measured against the size of the organisation and its resources. The ratio of profit to turnover is a commonly used metric to measure a company's profitability (Heilbrunn, Rozenes & Vitner, 2011). Performance can also be measured with small enterprises' growth. The subjective growth measure that is typically used to evaluate performance is because many small businesses are not willing to release their data in the public domain. Management beliefs will likely be biased towards optimism, for instance (De Meza, 2002). A general optimism

bias can influence the growth measure's scaling; it can also predict low growth performance (Casson & Wadeson, 2007).

Being profitable requires a company to work in conditions of profit. This means that the revenue must exceed the expenses involved in running the business. In a small business, profitability can be traded against that of the future. For instance, an owner may trade today's profitability for tomorrow's. The time preference of a small business's manager is also a key factor that can influence the profitability trade-off.

Sales Volume

According to Otley (2007), sales volume is a measure of a company's sales activity that is closely watched by investors to see if its business is growing or contracting. Eckerson (2010) asserts that the number of units sold by a company or its various divisions or customers who have requested services or products during a given period is known as its sales volume.

Sales volumes can be improved by increasing the efficiency of service or product delivery (Neely, Adams & Kennerley, 2002). Both effectiveness and efficiency are measures that evaluate how well a firm is performing. To achieve superior performance, an organisation must improve its efficiency and effectiveness (Taticchi, Tonelli & Cagnazzo, 2010).

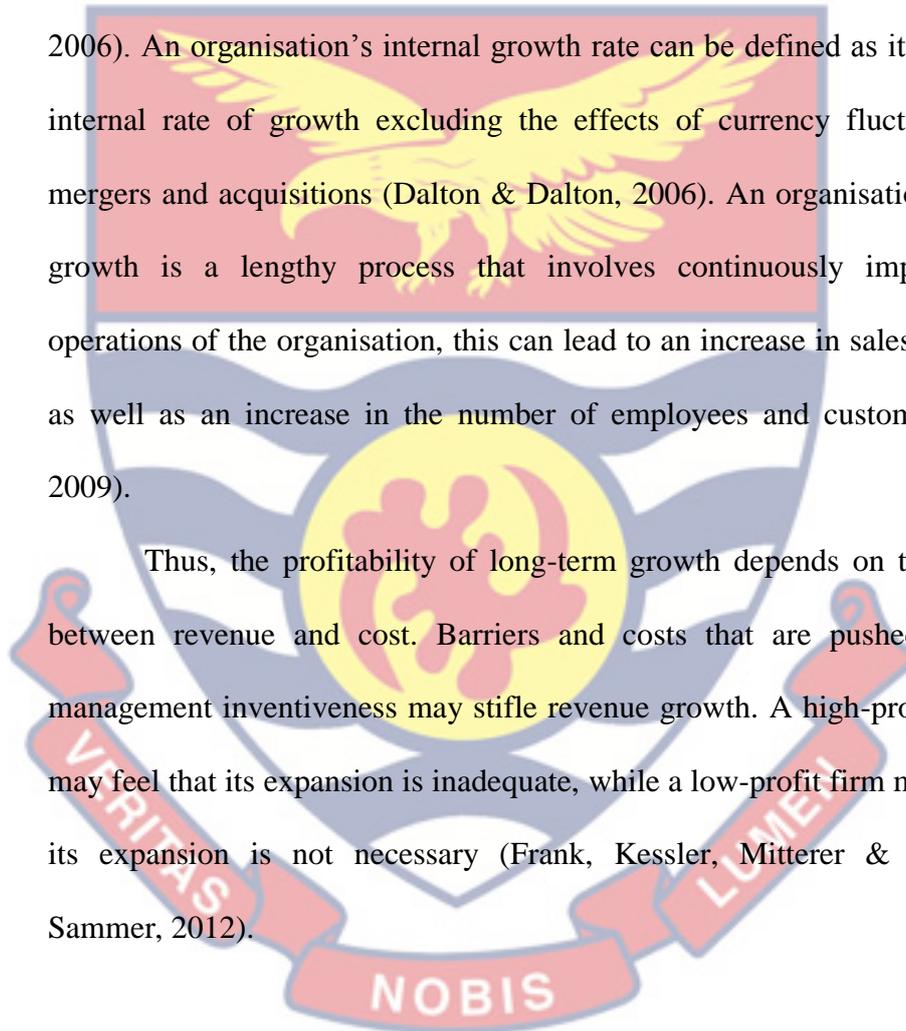
Expansion/Growth Rate

According to Colasse (2009), the term company growth refers to the ability of a company to increase its size, it can be measured by various factors such as its turnover, production, value-added, and total assets. Most academic literature suggests that companies can grow internally or through the use of external strategies (Lockett, Wiklund, Davidsson & Girma, 2011). Internal

growth studies mainly focus on small businesses and new ventures. On the other hand, external strategies studies are conducted on large companies (Achtenhagen, Brunninge & Melin, 2017).

Another reason why studies on large companies do not focus on the internal growth of these firms is that academics tend to find that these companies exhibit little or none of it (McKelvie, Wiklund & Davidsson, 2006). An organisation's internal growth rate can be defined as its organic or internal rate of growth excluding the effects of currency fluctuations and mergers and acquisitions (Dalton & Dalton, 2006). An organisation's internal growth is a lengthy process that involves continuously improving the operations of the organisation, this can lead to an increase in sales and assets, as well as an increase in the number of employees and customers (Kling, 2009).

Thus, the profitability of long-term growth depends on the relations between revenue and cost. Barriers and costs that are pushed down by management inventiveness may stifle revenue growth. A high-profit business may feel that its expansion is inadequate, while a low-profit firm may feel that its expansion is not necessary (Frank, Kessler, Mitterer & Weismeier-Sammer, 2012).



HRM Practices and Performance of SMEs

The relationship between the outlined HRM practices and performance will be reviewed subsequently below;

Employee Resourcing Practices and Performance of SMEs

Human resources are integral components of any organisation. Whether it is a small or large organisation, the recruitment and retention of employees are critical functions that play a leading role in the organisation's success. One of the most critical factors that small businesses consider when it comes to hiring and retaining employees is the ability to effectively recruit and retain qualified individuals (Hornsby & Kuratko, 2003; Williamson, Cable & Aldrich, 2002; Williamson, 2000).

Mathis and Jackson (2010) argued that humans are the key to an organisation's success. Thus, without the right people in place, SMEs will be unable to execute to their full potential. Effective recruitment and selection processes can help an organisation avoid experiencing negative effects, such as high turnover and decreased productivity (Spencer, 2004).

Employee Reward Management and Performance of SMEs

Small businesses often use reward management to improve the performance of their employees. This process helps them develop and implement a culture that encourages employee performance. According to Islami (2015), employees should be rewarded for their performance. This concept commonly relates to the evaluation of employees. This technique encourages the employees to continuously improve their performance and personal achievements by carrying out the duties that are assigned to them.

Due to the complexity of the compensation of SMEs, they rarely apply such techniques (Wright et al., 2005).

Although a formal evaluation of performance can increase a firm's profitability, it has been argued that such a process would have little effect on a person's performance (Sun, Aryee & Law, 2007).

Employee Training Practices and Performance of SMEs

Due to the increasing complexity of tasks in today's society, training strategies that are designed to improve the efficiency of both untrained and trained individuals are of tremendous importance (Barzegar & Farjad, 2011; Lee, Boot, Basak, Voss, Prakash, Neider & Kramer, 2012; Huang, 2001). This process helps employees develop their skills and capabilities to improve their overall performance (Mackelprang, Jayaram & Xu, 2012; Millar & Stevens, 2012).

Several studies have shown that training and organisational performance are linked (Khan, 2010; Abdullah, Ahsan & Alam, 2009; Katou, & Budhwar, 2006; Pao-Long & Wei-Ling, 2002; Singh, 2004). Khan (2010) and Katou (2008), for example, found that HRM practices had a significant impact on organisational performance. According to Chandler and Memory (2000), regular training can help employees improve their productivity. Other studies have also shown that regular training can also improve employee morale (Fakhar & Anwar, 2008). Improvement of individual productivity will improve performance and organisation growth (Wright, Gardner, Moynihan & Allen 2005).

Aside from being able to compete in the global market, training and development are also important for small businesses to stay ahead of the

competition. According to a study conducted by Gundry and Welsch (2001), investing in training employees can improve a firm's technical expertise and innovative capabilities. HRM practices intensity can affect the performance and productivity of employees in SMEs; it can also modify the levels of motivation and competencies.

Performance Management and Organisational Performance

Performance management at the individual level and organisational level is defined by how managers and teams should perform. The psychological contract defines high performance by defining the implicit expectations, these expectations can be achieved by developing strategies that help people reach their potential and enhance their skills and competencies (Wortzel-Hoffman & Boltizarn, 2007).

Organisations must identify the factors that lead to the low performance of their employees and develop a strategy to prevent this issue from happening again. This can be done by analysing the individuals' motivations and skills. These include conditions of employment, job rotation, and fair compensation. To retain high-caliber individuals, organizations must invest in various retention factors, these factors include talent acquisition, retention, and growth. These are typically the crown jewels of any organisation, and they typically represent less than 30% of the overall headcount. It is a requirement for organisations to hire internally to enable them to effectively manage and develop their talent pool, this is done through various processes such as succession planning, employee engagement, and performance evaluation (Robbins, DeCenzo, Coulter & Langton, 2008).

Performance management is a process that aims to enhance an organisation's performance by fostering a culture of high performance. Effective performance management ensures that goals are per the organisation's overall performance, it also helps define the contribution that employees can make to the organisation's success (Owen, Cook & Jones, 2005). Performance management is a process that is geared towards the performance of an organisation by identifying and preventing poor performers (Cappelli, 2008).

Empirical Review

Panno (2019) explores how modern SMEs operate in the tourism industry as well as how they assess and track their success. The results indicate that small-medium hotels tend to have a balanced system of measuring their performance. This system helps them keep track of the nonfinancial aspects of their businesses.

Fabling and Grimes (2010); Jiménez Jiméneez and Martínez Costa (2009) in their studies found that the link between effective HRM practices and organisational performance is positive. Lee, Lee and Wu (2010) identified four key HRM practices that are related to the performance of SMEs including employee resourcing, reward management, employee training, and performance management in Taiwan. Wang (2016) discovered favorable correlations between human capital, HR procedures (such as recruitment, training and development, performance evaluation, pay, and employee relationships), and department performance using a case study of AT&T in Taiwan.

According to Ferguson and Reio (2010), training and development are vital components of any organisation's HRM practices. It can help enhance the skills and capabilities of its current employees. Further, it allows employees to develop and improve their skills so they can meet the expectations of the firm's strategic implementation (Barzegar & Farjad, 2011). Rewards are a subcomponent of the HRM system of practices that can encourage and retain employees (Abdullah, Ahsan & Alam, 2009). Once an organisation has implemented supply chain management, employee rewards may need to be linked to the firm's goals and objectives.

Ferguson and Reio (2010) found that employees are motivated by rewards. This suggests that HR departments should start implementing a reward system that encourages employees to meet their firm's goals. Shub and Stonebraker (2019) in their study found that performance evaluation is not only about the evaluation of employees. It also helps firms develop effective training programs that can enhance the capabilities of their employees. Thus, performance evaluation can support the implementation of supply chain management and enhance firm performance, it should be conducted in a way that is objective and not subjective.

HRM practices have been established to affect employee performance (Wang, Hwang & Lin, 2011). They can help firms achieve their strategic goals. Previous studies have shown that HRM practices can affect employee performance and the competitive advantage of organisations. (Guest, 2002; Wright, Gardner & Moynihan, 2003; Balochi, Ali, Kiani, Ahsan & Mufty, 2010; Qureshi, Ayisha, Mohammad, Rauf & Syed, 2010; Khan, 2010). Pfeffer (1994) identified strategies to strengthen a firm's competitive edge, including

job stability, selective hiring, participation and empowerment, training and skill development, incentives, high remuneration, and promotion.

Meanwhile, Guest (2002) argued that the impact on organisational performance of HRM practices depends on the workers' response. If an employee has a negative perception of their peers and the organisation, their performance will be below. Ekaterini (2010) also reiterated Wright, McMahan and McWilliams's (1994) conclusions that the type of an organisation's human capital and how it is handled may influence workforce and organisation performance. Conversely, Huselid (1995) stated that the effectiveness of an employee depends on the HRM practices that are designed to improve their behavior.

However, HR practices outlined by Delaney and Huselid (1996) include recruiting and selection, training and development, involvement, and reward. Lee and Lee (2007) identified five key factors that help improve performance, these include developing and implementing effective teamwork strategies, establishing a culture of performance appraisal, and planning for employee engagement.

Alternatively, Qureshi, Ayisha, Mohammad, Rauf and Syed (2010) analyzed various HRM practices such as recruitment, training, job description, performance management, compensation, planning system, employee participation, and selection system. As a result, the following HRM practices are addressed for this study; employee resourcing, reward management, employee training, and performance management.

Conceptual Framework

The conceptual framework illustrates the link between HRM practices and the performance of SMEs.

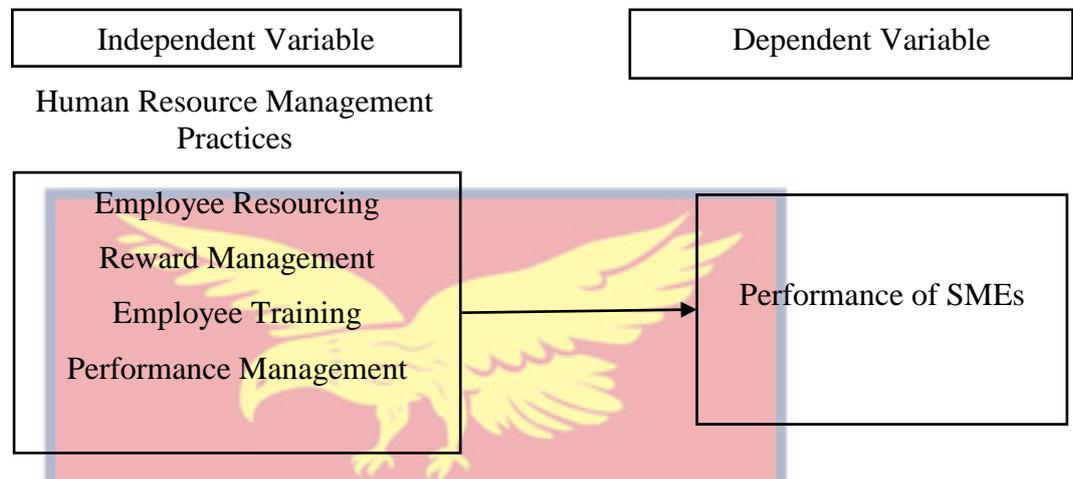


Figure 1: Self-conceptualised as Guided by Armstrong (2010)

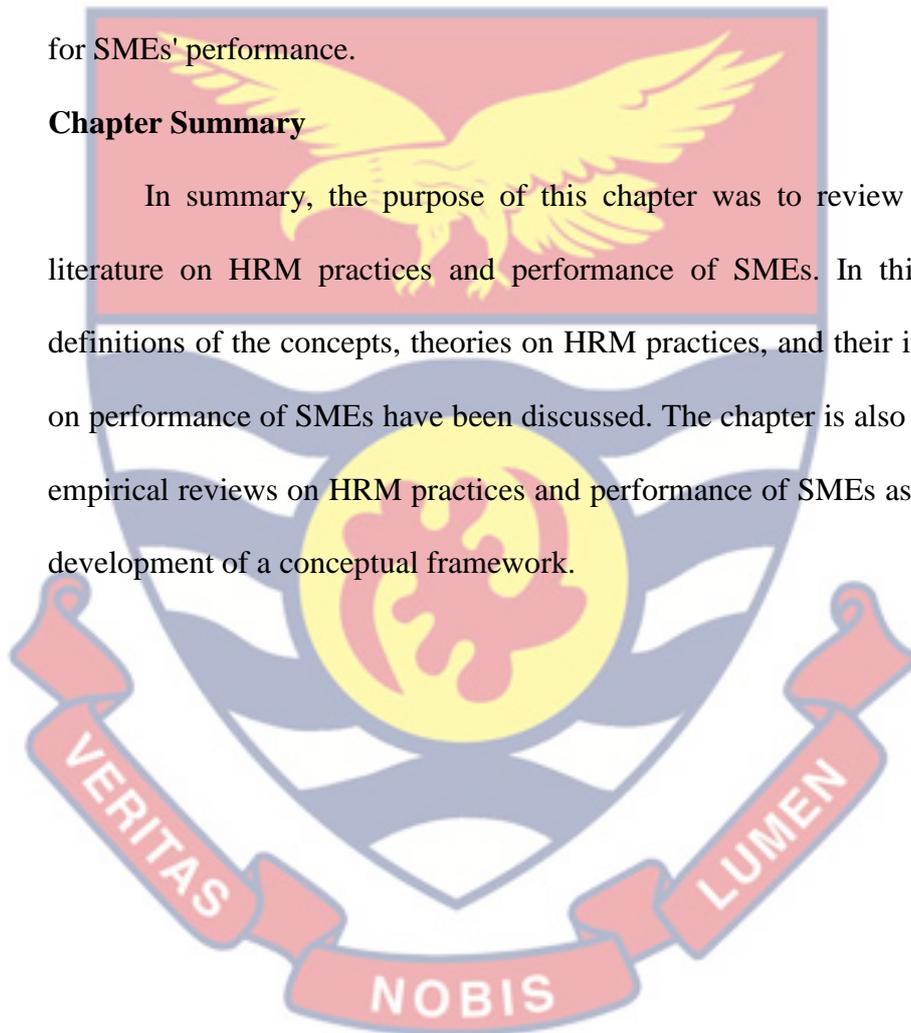
The selection and recruitment of suitable employees is a vital component of any organization's strategy. It influences various aspects of a business' performance such as growth, profitability, and sales. A well-designed reward system can help employees align their expectations with those of the business, and it can also help them achieve higher performance levels. The nature of training that employees in SMEs receive also has a significant impact on their performance as well as performance management practices.

Furthermore, the variables or human resource management practices was the independent variable in the study, and the dependent variable was SME performance. Employee resourcing was examined in terms of recruitment and selection, which took into account relevant knowledge, needed abilities, innovative talents, and experience. Financial and nonfinancial components of reward management was examined, including

compensation, benefits, working conditions, incentives, recognition, value for money awards, and a performance management platform. Employee training was evaluated in terms of people development, including adequate knowledge, skills, and targeted training. Performance Management was evaluated in terms of the agreement, feedback and dialogue. Profitability, sales volumes, expansion, or growth rate were considered dependent variables for SMEs' performance.

Chapter Summary

In summary, the purpose of this chapter was to review the related literature on HRM practices and performance of SMEs. In this case, the definitions of the concepts, theories on HRM practices, and their implications on performance of SMEs have been discussed. The chapter is also made up of empirical reviews on HRM practices and performance of SMEs as well as the development of a conceptual framework.



CHAPTER THREE

RESEARCH METHODS

Introduction

This section provides an overview of the various methods used for the study as well as provides an in-depth analysis of the various steps involved in conducting the study. It also covers the various instruments and techniques used in the study.

Research Paradigm

A research paradigm is a method or model for conducting research that has been proven in practice over several years. The positivist paradigm is the basis of this research, which holds that true knowledge can only be gained by observation and experimentation. This is due to its ability to create accurate and definite knowledge about a phenomenon. The purpose of a positivist research approach is to give the researcher a comprehensive perspective of a broad spectrum of situations in which they can perform in a short amount of time. The goal of a positivist is to observe phenomena and predict their outcomes (Hair, Page & Brunsveld, 2019). The scientific method is commonly used by positivists to develop and test theories, with highly structured and measurable data, with the researcher's values not influencing the investigation (Davies & Fisher, 2018).

Positivism is a philosophy that accentuates the value of structured methodologies and their aptness to be replicated (Opoku, Ahmed & Akotia,

2016). The concept of positivism is related to the idea that scientific research should focus on producing data and facts that are not influenced by human biases (Bryman, 2016). According to positivists, the research process should involve the researcher being detached from the objects of the investigations (Atiku, 2014). As a result, many researchers following the positivist philosophy also adopt a purely quantitative approach (Hair et al., 2016).

Research Approach

The many procedures used by research scientists in gathering and analyzing data are referred to as the research approach (Saunders & Tosey, 2013). According to Saunders et al. (2016), when undertaking research, all researchers must make this basic but crucial decision, which can be "a mono method research approach" (quantitative or qualitative), or "a mixed methods research approach" (a combination of qualitative and quantitative methods). When a researcher uses only one data collection method and one data analysis approach, he or she is said to be doing a single research method. A mixed method is a type of study that combines quantitative and qualitative elements. (Saunders et al., 2016).

The quantitative method of research entails evaluating current knowledge, theory, and principles in hypothesis generation, data gathering, analysis, and interpretation. It is a method of conducting research based on a positivist philosophy, common in the social sciences (Bryman & Bell, 2015). Quantitative research is stated to be used when all hypotheses or queries are accurate (Saunders et al., 2016). The quantitative approach to research advances in six steps (Bryman, 2016). Create a testable premise or hypothesis or query. Then infer a few propositions from the literature. After making the

propositions, the rationale behind them is evaluated by comparing them to current theories. This is to see if it improves knowledge, and if it does, then data analysis is used to test these premises. If the analysis' conclusions contradict the presuppositions, the theory is invalid and should be abandoned or altered, and vice versa (Saunders et al., 2016).

A qualitative approach differs from a quantitative one in that the results are backed by the observations made (Sekaran & Bougie, 2016). Thus, qualitative research begins with data collecting to uncover a phenomenon, then theory construction, usually in the form of a conceptual framework (Bryman, 2016). This research method was based on an interpretive philosophy instead of positivism (Saunders et al., 2016). Again, Saunders et al. (2016) contend that rather than describing a phenomenon, researchers should describe it qualitatively rather than quantitatively.

Qualitative research is often regarded as a method that emphasizes rigor and comprehensiveness in data gathering techniques, allowing new primary data to be collected straight from the source (Sekaran & Bougie, 2016). Unlike quantitative research, qualitative research relies on small samples for extensive data gathering and analysis (Atiku, 2014). The mixed-method technique is the third research methodology (Saunders et al., 2016).

This approach infuses the abling potencies of both quantitative and qualitative approaches in a single search (Sekaran & Bougie, 2016). In other words, a mixed-method research approach is a research approach in which researchers combine quantitative and qualitative data gathering and analysis methodologies in the same or a single study (Saunders et al., 2016). According to Saunders et al., (2016), there are two types of mixed-method

research approaches namely; Mixed method simple design, Mixed-methods complex design.

The goal of this study is to formulate a quantitative research approach that will enable the researcher to interpret the data objectively. Thus, the findings from the study were quantified based on statistical analyses. The general rule regarding positivist studies is that they usually adopt a deductive approach (Lancaster & Crowther, 2012). The adoption of this paradigm also shows how the researcher is independent of the research, allowing for totally objective research. The researcher will also maintain a minimal level of interaction with the study participants to ensure that the objectivity of the research is maintained, and also data gathered will be quantified.

Research Design

According to Sekaran and Bougie (2016), a research design is a strategy or guide that explains how data collected should be analyzed and used in a study. The decision-making process involved in a study design is usually related to the various steps involved in the collection of data, the sorts of techniques and tools used for sampling, and how time and cost constraints might be addressed (Kothari, 2004).

The three key types of research designs are exploratory, descriptive, and explanatory (Sekaran & Bougie, 2016; Saunders et al., 2016). Usually, researchers use exploratory designs when there is little or no information on how prior academics dealt with study variables, according to the authors (Sekaran & Bougie, 2016; Saunders et al., 2016). When researchers need to characterize and comprehend the features of study variables, they utilize a

descriptive design. Lastly, when trying to figure out how one variable influences another, explanatory design is employed.

It was acknowledged that several options were available in social research but the choice of approach depends largely on the objectives of the study was a descriptive survey. The goal of using a survey design is to correctly characterise a behavior, occurrence, or condition in its current state. Leedy and Ormrod (2010) emphasised that a survey records a transient point in time, similar to how a camera captures a single frame of an ongoing action, makes inferences from a temporary collection of data, and generalises the condition of events over a prolonged period.

A descriptive study aims to document a phenomenon of interest through meticulous observations and extensive documentation (Bhattacharjee, 2012). Per the literature, this approach allows researchers to describe difficulties in their natural condition without having to alter anything in the study. Furthermore, a survey is a cost-effective way to collect data from a wide range of people.

Study Area

The research will be conducted in Ghana's Central Region, in Cape Coast using the region's Metropolitan Assembly as its unit of analysis. The Cape Coast Metropolitan Assembly consists of several municipalities and districts. The Metropolis is the smallest in Ghana, it has a total area of 122 square kilometers. Cape Coast Metropolis was selected as the study area for this study because SMEs in this area can capitalize on the various trade opportunities that are available to them in the region. Aside from the educational institutions, they can also benefit from the numerous natural

resources that are available to them. Services and other trading activities in the area are highly sought after by businesses. This provides opportunities for expansion and profitability. The study focused on the area's businesses, as most of them struggle to survive in this area.

Population

The research target population is composed of SMEs in the Cape Coast Metropolis, with SMEs active in trade, services, and manufacturing making up the sample or accessible population. Such choice is influenced in response to the premise that these are the kind of businesses that are relatively common in the Metropolis, as well as the ease with which information can be collected is an aspect that influences the sample population selection. This reasoning is also per the arguments of Sekaran (2000) and Esaete (2005) that certain strata can be concentrated on when this makes data collecting easier and findings more relevant. According to data accessible at the Cape Coast Regional Chamber of Commerce and Industry (2015), there are 135 registered SMEs, thus 135 owners of registered SMEs for this study as the study's population.

Sample and Sampling Procedure

The sampling system is the framework within which a sample of the population was obtained (Mugenda, 2003). The sample size refers to the portion of the population that is representative of the whole population (Garson, 2012). As a basis for estimating a group's characteristics, sampling allows researchers to select a few individuals from a large group (Malhotra, Birks & Wills, 2013).

The sample size for this study was determined using Yamane sample size determination formulae (1967) as shown below. From the formulae, out of the 135 registered SMEs, 101 will be selected for this study.

$$n = \frac{N}{1 + N(e)^2}$$

Where n= sample size N=population size e= level of precision (0.05).

$$n = 135 / (1 + 135(0.05)^2) = 100.9 \text{ approximately } 101$$

Additionally, a simple random sampling technique was used to select the SMEs for this study. This was done by randomly selecting a subset of the participant from the population of registered SMEs on the list collected from the Cape Coast Chamber of Commerce until the required number (101) of owners of registered SMEs are attained. This is because, in a simple random sample, every individual has the same chance of being selected (Taherdoost, 2016).

Probability sampling is a method of selecting responders that avoids bias and allows for a valid inference from the sample to the entire population (Mugenda & Mugenda, 2003). Sharma (2017) argues that for deriving conclusions, an unbiased random sample is necessary. As a result, this investigation necessitates the use of a random sample technique.

Data Collection Instrument

Structured questionnaires were utilised to collect data as a research instrument. This was deemed appropriate, taking into account the study design and the research approach adopted for the study. A questionnaire is a set of questions designed to elicit information from respondents (Malhotra & Birks, 2007). Questionnaire surveys, according to Young and Javalgi (2007), are

arguably the most commonly used data collection method in research. The questionnaire will be used in this study to make the collection of data very standardized and systematic. In essence, the questionnaires will be more objective in collecting the data.

In addition, they are relatively cost-effective and save time as compared to other instruments such as observation guides and interview guides (Kirakowski, 1997). Close-ended questionnaires prevent the respondents from adding information that might be significant to your survey (Carter & Williamson, 1996). Despite all these flaws, the researcher chose this instrument as ideal for data collection.

The questionnaire employed the closed-ended questioning styles to approach the measurement of the main items that made up the scale. Closed ended questions require respondents to select from a predetermined set of options and to consider each response separately from the others. Closed ended items included a checklist, which is a set of behaviors, characteristics, or other aspects that the researcher is looking at, and a Likert scale, which is progressively useful when behavior, attitude, or any important phenomenon should be examined in a continuum (Leedy & Ormrod, 2010). For the most part, McColl (2005) suggests that there are particular points of interest in using questionnaires rather than interview methodology. As a result, for this study, a structured questionnaire was used. The questionnaire will be closed-ended with six (6) sections measured on a five-point Likert scale (1= strongly disagree (SD), 2 = disagree (D), 3= neutral (N), 4 = agree (A) and 5 = strongly agree (SA)). The first section will collect data on the demographic characteristics of the respondents. The next four sections elicit responses on

items to measure the HRM practices of the SMEs and the last section sought to collect data on the performance of the SMEs. Furthermore, the items in the questionnaire were designed in such a way that respondents may check alternate choices against their preferred responses. In all, there are 46 items on the questionnaire.

The Likert scale used for this study is a scale for estimating people's attitudes by joining their scores on an assortment of items into a single index. Scaling is accomplished by guaranteeing that, high-scoring and low-scoring people vary in their responses to every one of the items carefully chosen for consideration in the index and the distance is thought to be the equivalent between categories (Likert, 1932).

Shaw and Wright (1967) theorize that the Likert scale is the most broadly used method of scaling today in the social sciences. Maybe, this is because they are a lot simpler to construct and because they will in general be more dependable than other scales with a similar number of items. The respondents' opinions on the items that measured the constructs studied in this study were measured using a 5-point Likert scale. The Appendix to the study included a full explanation of the instrument.

Data Collection Procedures

Primary data of this study were gathered through the administration of structured questionnaires to the respondents that were randomly chosen to take part in the study. Data for the study was collected from 4th April 2022 to 22nd April 2022. An introductory letter indicating the purpose of the study as well as assuring them of confidentiality and anonymity was obtained from the Department of Human Resource Management, the University of Cape Coast

to the Cape Coast Chamber of Commerce to collect the list of all registered SMEs in the metropolis. Similarly, the introductory letter was sent to all randomly selected SMEs in the Cape Coast metropolis for approval to collect the data. Consent of the respondents was sought after and secrecy and anonymity of the respondents were guaranteed before the instrument was administered to them.

Respondents were then assured that their responses were purely for academic purposes. Every selected study respondent was given a questionnaire and a brief background of the study. In terms of the actual data collection strategy, the Drop and Pick data collection strategy was employed. With this type of data collection strategy, the principal researcher administers the questionnaire instrument to the study's respondent on an initial date and returns to retrieve the earlier administered questionnaire on a later date other than the day the instrument was administered.

Reliability and Validity

The reliability of a test is the degree to which its scores are consistent or steady throughout a period (Lankshear & Knobel, 2004). This means that an instrument is considered dependable if it consistently delivers similar results when administered to the same respondents on multiple occasions. The Cronbach alpha (α) will be used to test for the reliability of the instrument as advanced by Nunnally and Bernstein (1994) for the study. As prescribed by the general convention is to strive for reliability values of 0.7 or Higher. Expert opinions from the supervisor, lecturers, and peers were also solicited to ensure content validity of the instruments. These liaisons were intended to

help identify potential errors and provide the opportunity to improve the instruments.

For ensuring the reliability of the study's variables, empirically validated and reliable measurement scales were adopted from previous studies. The measurement scale for employee resourcing was adopted from Ogunyomi, and Ojikutu (2014) and Chipunza and Mupani (2019). Furthermore, the constructs for employee training were similarly adopted from Sitzmann and Weinhardt (2019) and Elnaga and Imran (2013).

To establish that the study's constructs are reliable and valid, measurement scales for reward management were adopted from Prouska, Psychogios and Rexhepi (2016) and Singh, Mondal and Das (2020). Tennant and Tanoren, (2005) and Wiesner, McDonald, and Banham's (2007) measurement scale on performance management of SMEs was employed for the undertaken of this study. Finally, to measure the study's dependent variable, the measurement scale developed by Zheng, O'Neill, and Morrison (2009) Simpson, Padmore, and Newman (2012) was used to measure the performance of SMEs.

Data Processing and Analysis

To ensure that there are no errors in the responses and information, the data gathered from the field was cross-checked and revised. To simplify data entry, processing, and interpretation, the edited questionnaires were then coded. The data entry and analysis were processed with Statistical Package for Social Science (SPSS Version 21.0). This data processing tool was used to assess both the demographic characteristics as well as analyze the study's specific objectives. Specifically, before the analysis of the study's data is

used, data for the study will be statistically cleaned using SPSS. By cleaning the data, the data was thoroughly inspected to ensure there is a total absence of missing or incomplete data that will hinder the study's analysis. Once all missing data or incomplete data in the study's responses are statistically managed, the study proceeded to assess the descriptive statistics of the survey's demographic characteristics for the study's respondents.

In terms of the study's specific research objectives, the Statistical Package for Social Science Version 21.0 was used to undertake key statistical procedures such as descriptive statistics, correlation, and frequencies. The results were presented in Tables. The Tables and other Figures were designed with Microsoft Word.

Ethical Consideration

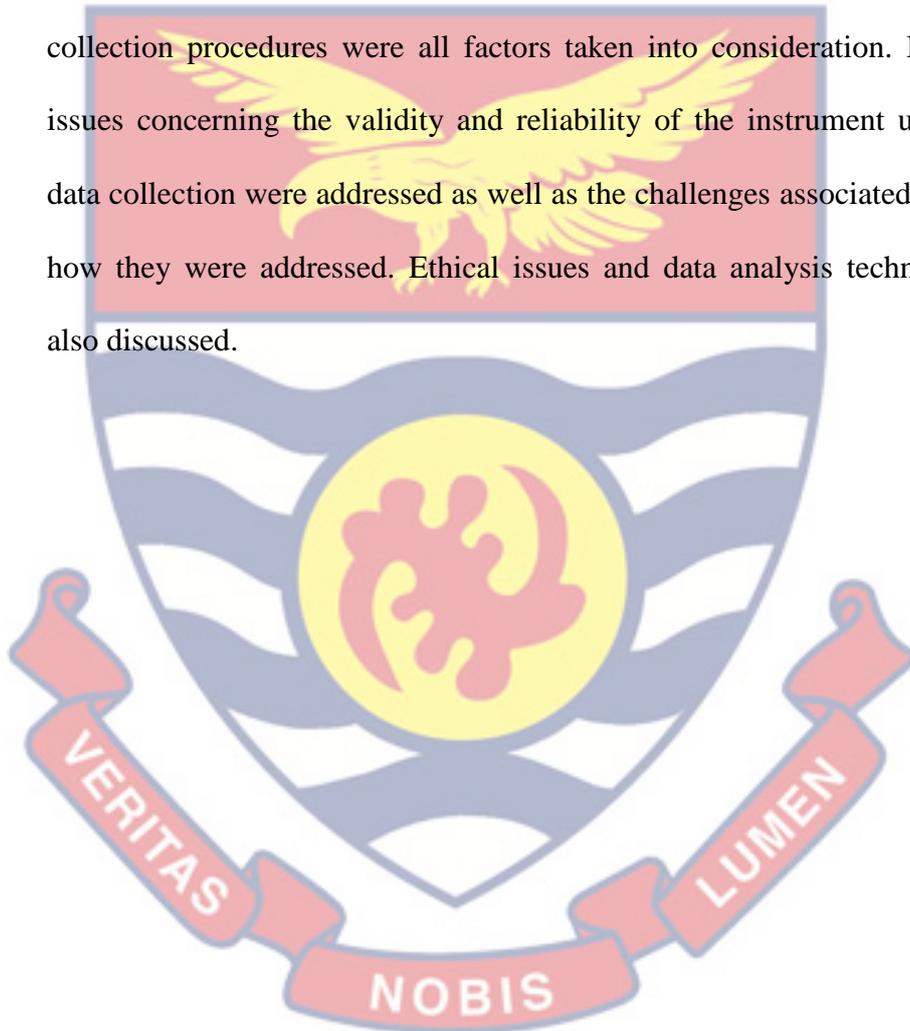
Ethical consideration is a set of principles that guide the design and procedures of a study. When conducting research, scientists and researchers must follow these guidelines to protect the rights of the individuals involved. Understanding the various aspects of people's lives, and investigating behaviors and real-life occurrences are common goals of human research. These characteristics help to protect the rights of study participants, promote the validity of research, and maintain scientific integrity.

First, to observe the ethical requirements of research, the researcher acquired the consent of the entire research sample. Also, the consent of participants was sought and voluntary participation was encouraged. Confidentiality and anonymity were assured as well as properly citing and referencing all sources to acknowledge authors in the field of study. Participants had the ability to rescind their consent at any time if they are

unhappy. The names of the study's participants were not revealed during the research. The findings were discussed in a way that is not based on preconceived ideas but on trends that emerged from the data collected.

Chapter Summary

This chapter focused on addressing the methodological issues used in this research. The study area, research design, target population, and data collection procedures were all factors taken into consideration. In addition, issues concerning the validity and reliability of the instrument used for the data collection were addressed as well as the challenges associated with it and how they were addressed. Ethical issues and data analysis techniques were also discussed.



CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This chapter summarizes and discusses the study's findings. The study's purpose was to examine the HRM practices of SMEs in the Cape Coast Metropolis, as well as their performance and the relationship between HRM practices and SMEs' performance. The study employed a survey design and a quantitative research method. The data were analyzed using descriptive statistics. On chosen demographic data of enterprise owners and their respective enterprises, the Pearson Correlation coefficient (r) was used to evaluate the correlation among HRM practices and the performance of SMEs. The findings were provided in accordance with the study's objectives.

Demographic Characteristics of Respondents

The study gathered information on the demographic characteristics of the participants. This included their sex, level of education, number of employees, years in operation, and the business sector. Table 1 presents the demographic information of the respondents based on gender. According to Table 1, 64 (63.4%) of the respondents were males, while 37 (36.6%) were females.

Table1

Sex			
Variable	Options	Frequency (N)	Percentage (%)
Gender	Male	64	63.4
	Female	<u>37</u>	<u>36.6</u>
Total		101	100.0

Source: Field survey, 2022

Table 2

Educational Level		
Educational level	Frequency	Percentage (%)
SHS	18	17.8
HND	55	54.5
First Degree	18	17.8
Postgraduate	4	4.0
No Education	<u>6</u>	<u>5.9</u>
Total		101
		100.0

Source: Field survey, 2022

Table 2 presents the academic qualification of the respondents. Per the findings, 94 percent of those surveyed had at least a high school diploma. The majority of the 55(54.5%) had Higher National Diploma (HND) education followed by Senior High School (SHS) education and First Degree 18(17.8%) and Postgraduate being 4 percent. This indicates that the vast majority of the respondents had received formal education and were able to read and write.

Table 3

Number of Employees		
Number of Employees	Frequency	Percentage (%)
5 – 10	21	20.8
10 – 20	29	28.7
21 – 30	20	19.8
31 – 40	15	14.9
41 – 50	<u>16</u>	<u>15.8</u>
Total	101	100.0

Source: Field survey, 2022

Table 3 shows the results of the number of employees in the various enterprises visited. Concerning the number of employees in the various SMEs visited 20.8% had employees between the ranges of 5-10, 28.7% between 10-20 employees, 19.8% within the ambit of 21-30, 14.9% had employees between 31-40, and 15.8% had employees between 41-50.

Table 4

Years in Operation		
Years in Operation	Frequency (N)	Percentage (%)
1 – 5 years	16	15.8
6 – 10 years	14	13.9
11 – 15 years	28	27.7
Above 15 years	<u>43</u>	<u>42.6</u>
Total	101	100.0

Source: Field survey, 2022

Responses obtained on the years in operation of respondents showed that 15.8% of the respondents' have been in operation from 1-5years,13.9% have been in operation within 6-10 years, and 27.7% have operated for between 11-15years, while 42.6% have been in operation from above 15years.

Table 5

Business Sector	Frequency (N)	Percentage (%)
Trade	42	41.6
Service	30	29.7
Manufacturing	<u>29</u>	<u>28.7</u>
Total	101	100.0

Source: Field survey, 2022

Trade, services, and manufacturing were among the three (3) business sectors studied. According to the above-mentioned sectors, 41.6 percent of respondents were active in trade. Rendering services accounted for 29.7% of the total, while manufacturing accounted for 28.7%. This suggests that trading is the primary activity of the majority of SMEs in the Cape Coast Metropolitan Metropolis. This is likely due to the fact that most SMEs cannot afford the large start-up capital required by manufacturing firms, and as a result, most financial institutions avoid lending to SMEs because they are considered highrisk ventures with insufficient financial securities or guarantees, and there are no stringent entry requirements or regulations as there are for manufacturing firms.

Research Question 1: What is the level of Human Resource Management practices of SMEs in Cape Coast Metropolis?

The study assessed the level of HRM practices among SMEs in the Cape Coast metropolis, taking due cognizance of HRM practices and duly implementing them tends to harness and improve SMEs' performance. The study looked at some HRM practices such as Employee Resourcing, Employee Training, Reward Management and Performance Management.

Table 6

HRM Practices	Mean	Std Deviation
Employee Resourcing	4.0737	.73153
Employee Training	3.9450	.79716
Reward Management	4.0517	.71519
Performance Management	4.0941	.76282

Source: Field survey, 2022

The descriptive results relating to human resource management practices show that employee resourcing as an HRM practice is practiced in the various SMEs visited ($M=4.0737$; $SD=.73153$) and that their firm ensures employee training ($M=3.0900$; $SD=1.07128$). Indicating that the level of employee resourcing and training in the various SMEs visited is high. Furthermore, it was discovered that the respondents agreed that their firm practices reward management ($M=4.0517$; $SD=.71519$). From Table 4, it was deduced that SMEs visited indicated that most of the enterprises practice performance management ($M=4.0941$; $SD=.76282$). Thus, the level of reward and performance management in the various SMEs visited was high.

Research Question 2: What is the level of performance of SMEs in Cape Coast Metropolis?

The study assessed the level of performance among the sampled SMEs in the Cape Coast metropolis, taking into consideration the performance indicators of SMEs including sales volume, profit, and growth. The constructs representing the performance of SMEs were obtained after the various indicators measuring SMEs' performance were transformed into a composite variable known as performance of SMEs.

Table 7

Performance of SMEs	Mean	Std Deviation
Performance of SMEs	3.9666	.67590

Source: Field survey, 2022

The descriptive results with regards to the performance of SMEs in the metropolis portray that the level of performance of the various SMEs visited within the metropolis have a moderate level of performance with a mean of 3.9666 and a standard deviation of 0.67590.

Research Question 3: What is the relationship between HRM practices and the performance of SMEs in the Cape Coast Metropolis?

The study assessed the relationship between HRM practices and the performance of SMEs in the Cape Coast metropolis. The study looked at some HRM practices such as Employee Resourcing, Employee Training, Reward Management, and, Performance Management against the performance of SMEs in the metropolis.

Table 8

HRM Practices and Performance of SMEs (Pearson Correlation)

		ER	ET	RM	PM	FP
ER	Pearson Correlation	1	.855**	.793**	.752**	.553**
	Sig. (2-tailed)		.000	.000	.000	.000
	N		101	101	101	101
ET	Pearson Correlation		1	.848**	.850**	.660**
	Sig. (2-tailed)			.000	.000	.000
	N			101	101	101
RM	Pearson Correlation			1	.824**	.584**
	Sig. (2-tailed)				.000	.000
	N				101	101
PM	Pearson Correlation				1	.714**
	Sig. (2-tailed)					.000
	N					101
FP	Pearson Correlation					1
	Sig. (2-tailed)					
	N					

Source: Field survey (2022)

** . Correlation is significant at the 0.05 level (2-tailed).

The result from Table 8 depicts the correlation matrix as presented using Pearson Correlation. Per Table 8, the relationship between Employee Resourcing (ER) and Employee Training (ET) evident a strong positive relationship and significant association [$r = 0.855$, $n = 101$, $p < 0.05$]. Thus, a unit increase in ER will result in a 0.855 increase in ET. On the other hand, a unit decrease in ER will also lead to a 0.855 decrease in ET.

Similarly, according to the results from Table 8, there is a strong positive relationship and a significant association between Reward Management (RM) and Employee Resourcing (ER) [$r = 0.793$, $n = 101$, $p < 0.05$], thus, a unit increase in RM will result in a 0.793 increase in ER as well as a decrease in RM will lead to a 0.793 decrease in ER.

Nonetheless, the relationship between Performance Management (PM) and ER depicts a positive strong relationship and significant association [$r = 0.752$, $n = 101$, $p < 0.05$], therefore, a unit increase in PM will lead to a 0.752 increase in ER and a decrease in PM will lead to a 0.752 decrease in ER. In reference to Table 8 above the relationship between RM and ET indicates a strong positive relationship and a significant association [$r = 0.848$, $n = 101$, $p < 0.05$], thus, a unit increase in RM will lead to a 0.848 increase in ET and a unit decrease in RM will lead to a 0.848 decrease in ET.

Consequently, there is a strong positive relationship and a significant association between RM and ET [$r = 0.850$, $n = 101$, $p < 0.05$], indicating that a unit increase in RM will lead to a 0.850 increase in ET and a unit decrease in RM will lead to a 0.850 decrease in ET. There is a strong positive relationship between PM and RM from the analysis in the Table above [$r = 0.824$, $n = 101$, $p < 0.05$], depicting that a unit increase in PM will result in a

0.824 increase in RM as well as a decrease in PM will lead to a 0.824 decrease in RM. However, per the analysis from table 8, SMEs performance as a distinct construct had a moderate positive relationship with ER [r = 0.553, n = 101, p < 0.05], this implies that, as ER is increasing by a unit, SMEs performance will also increase by 0.553, and a decrease in ER will result in a 0.553 decrease in SMEs performance.

Additionally, SMEs performance as a construct had a strong relationship with ET[r = 0.660, n = 101, p < 0.05], this implies that a unit increase in ET will lead to a 0.660 increase in SMEs performance and a unit decrease in ET will lead to a 0.660 decrease in SMEs performance.

Further, SMEs performance as a construct had a moderate relationship with RM [r = 0.584, n =101, p<0.05], this indicates that a unit increase in RM will lead to a 0.584 increase in SMEs performance, and a unit decrease in RM will lead to a 0.584 decrease in SMEs performance.

Also, SMEs performance as a distinct construct had a strong relationship with PM [r =0.714, n =101, p<0.05], this shows that as PM is increasing by a unit, SMEs performance will also increase by 0.714, as well as a decrease in PM will lead to a 0.714 decrease in SMEs performance. Finally, it's worth mentioning that when all variables were compared to themselves, they all exhibited a strong correlation of 1. Furthermore, correlations between constructs marked with a double asterisk showed a substantial correlation coefficient among constructs.

Discussions

Research Question 1: What is the level of Human Resource Management practices of SMEs in Cape Coast Metropolis?

The observation from the Table depicts that most of the SMEs visited inculcate the various HRM practices listed above; this could be a result of the educational level of most of these owners of the SMEs. Thus, most of them are educated enough to know the essence of HRM practices for their firms, hence the need to make use of them. Employees' knowledge, abilities, skills, and experience are notable aspects of employee resourcing that most SMEs visited looked out for. The ability to attract and retain capable individuals is one of the most important aspect that determine the success or failure of small businesses, this is why the owners must pay attention to the recruitment, selection, and retention of employees (Hornsby & Kuratko, 2003).

Additionally, financial and non-financial incentives such as salary, benefit, and recognition are key reward management practices that these SMEs integrate into their operations. According to Islami (2015), employees should be rewarded for their performance. Furthermore, personnel development in terms of knowledge and skill acquisition are also key factors the various SMEs take into consideration in respect of employee training. Several studies have shown that training and organizational performance are linked (Khan, 2010; Abdullah, Ahsan & Alam, 2009; Katou, & Budhwar, 2006; Pao-Long & Wei-Ling, 2002; Singh, 2004). Khan (2010) and Katou (2008), for example, found that HRM practices had a significant impact on organizational performance. On the other hand, performance management

with regards to feedback, positive re-enforcement, and dialogue was also identified by the various SMEs.

Research Question 2: What is the level of performance of SMEs in Cape Coast Metropolis?

From the results in Table 7, it can be deduced that most of the SMEs in the metropolis have a moderate level of performance. Thus, most of them have a reasonable level of profit as well as a moderate level in terms of sales volume and a satisfactory expansion rate. A comprehensive review conducted on the literature on small enterprises revealed that the three most critical factors that determine a company's growth are its management characteristics, business strategy, and profitability (Storey, 2012).

Research Question 3: What is the relationship between HRM practices and the performance of SMEs in the Cape Coast Metropolis?

With respect to the findings, the study revealed that implementing effective HR management practices can improve the efficiency of small and medium scale enterprises' operations; it can also lead to the recruitment and retention of highly skilled and experienced workers. Likewise, training programs for the employees of small and medium enterprises are also beneficial as they help them perform their duties more efficiently and effectively. The study also states that the HRM practice including reward management can make the employees emotionally attached to the company. Mathis and Jackson (2010) argued that humans are the key to an organization's success. Thus, without the right people in place, SMEs will be unable to execute to their full potential. Similarly, the study discovered that

SMEs can increase their efficiency and effectiveness by implementing performance management practices.

Thus, for SMEs, employee training is an important aspect of their scheme to boost productivity and gain a competitive advantage. It can help them develop and maintain their employees' knowledge and skills. Having good training is also beneficial for the organisation as it helps them identify and develop their employees' competencies (Elwood & James, 2003). Having a well-designed and comprehensive training program can also help an organisation achieve its goals and improve its performance. The reverse is also true for SMEs that do not have the proper training and development programs in place. This can prevent their employees from developing and maintaining their current positions. The findings of this study confirm the importance of training and development in improving the performance of individuals. It shows that this can lead to a higher level of work and increase the individual's chances of achieving success (Nadler, 2010). This is also true of Pfeiffer (1994), who stated that the success of an organization depends on its people.

Further, the study revealed that Employee Resourcing has a significant impact on the performance of SMEs in Cape Coast Metropolis. Thus, proper employee resourcing can have a significant impact on the performance of an SME. Recruitment and retention of skilled employees, as well as the overall human resource planning and selection process, is evident from the findings as an indicator of performance of SMEs in Cape Coast Metropolis.

In addition, the study indicated that the link between reward management and SME performance is positively correlated. This means that

the incentive system meets the varying needs of employees of the sampled SMEs, through which the skills and performance of the employees can be improved and straightened. According to Islami (2015), employees should be rewarded for their performance thus, this technique encourages the employees to continuously improve their performance and personal achievements by carrying out the duties that are assigned to them. In such a way, employees' interests are linked to the company's interests. The increase in employee loyalty and sense of belonging to a company is associated with a more unified enterprise culture. However, the lack of diversity in the rewards offered by small and medium-sized enterprises can affect their innovation success.

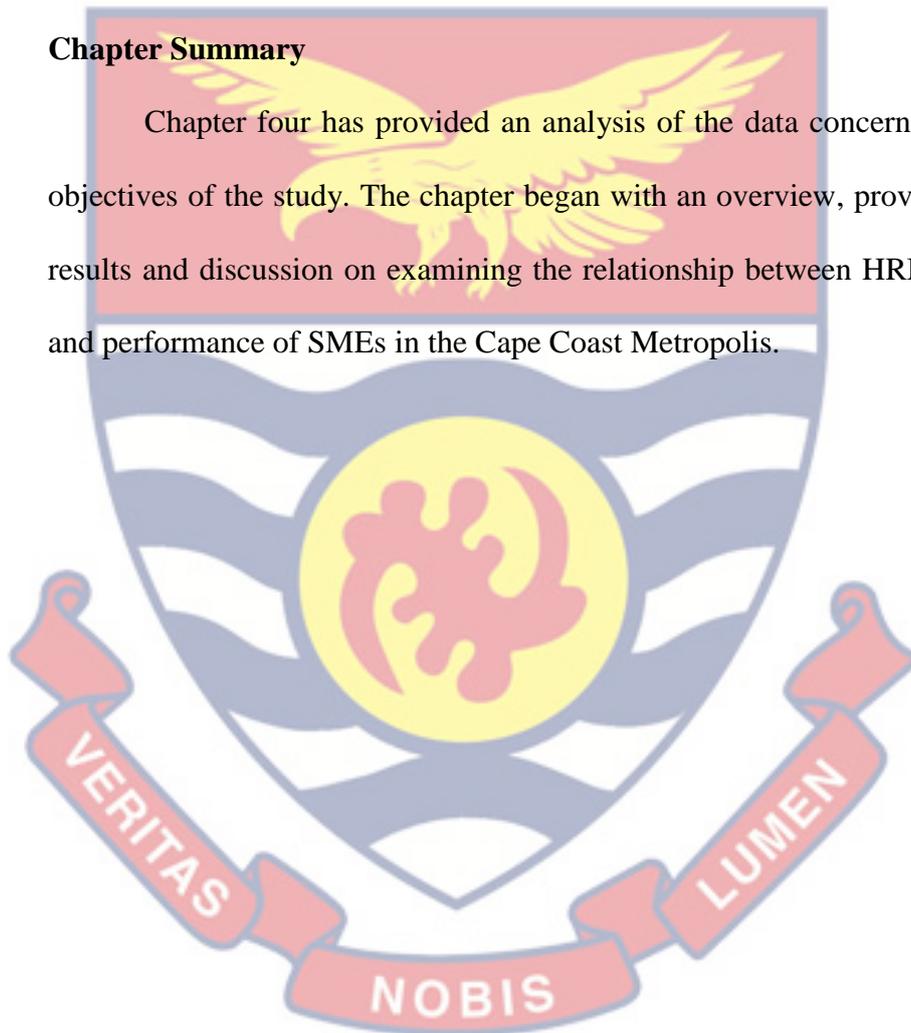
The findings of this study also reveal that the performance of SMEs in the Cape Coast Metropolis is favorably associated to performance management. Despite the existence of empirical evidence supporting the link between performance management and companies' performance, the focus of studies has been on SMEs in developed countries. A comprehensive review conducted on the literature on small enterprises revealed that the three most critical factors that determine a company's growth are its management characteristics, business strategy, and profitability (Storey, 2012). The focus is on two issues in particular: the impact of the business environment on small business performance in terms of regulation, particularly taxes, subsidy availability, and competition (Blackburn, Hart & Wainwright, 2013).

The findings of this study contribute to the literature by providing empirical evidence supporting the link between performance management and the performance of SMEs in Cape Coast Metropolis. Although various factors can affect the effectiveness of a performance management system, three

factors are most important. The first step in establishing a successful performance management system is to align it with the organisation's goals and critical success factors. Second, it needs to be well designed and used to make the system easy to use and effective for both the managers and employees. Finally, the system must be used in a manner that brings visible and value-added benefits.

Chapter Summary

Chapter four has provided an analysis of the data concerning the key objectives of the study. The chapter began with an overview, provision of the results and discussion on examining the relationship between HRM practices and performance of SMEs in the Cape Coast Metropolis.



CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter comprises a comprehensive description of the study's results, implications drawn from those results, and suggestions for further research. The chapter concludes with a recommendation for additional research to improve knowledge in this field.

Summary of the Study

The objective of this study was to analyze the HRM practices and performance of small and medium-sized enterprises in the Cape Coast Metropolis. For attaining the main objective, the following research questions were designed to guide the study;

1. What is the level of HRM practices among SMEs in the Cape Coast Metropolis?
2. What is the level of performance of SMEs in Cape Coast Metropolis?
3. What is the relationship between HRM practices and the performance of SMEs in the Cape Coast Metropolis?

A quantitative research method and a survey design were used in the study. A structured survey questionnaire was the only research instrument employed in the study. It collected data on 101 individuals. The survey data was examined using descriptive statistics such as frequency, mean, and standard deviation. The data were primarily presented using tables with various figures in percentages, mean, and standard deviation. The study's

results were outlined in Chapter 4, and the key findings are summarized below;

Summary of Key Findings

From the analysis of the data collected for the study, the following findings were made:

1. With regard to research objective one the level of HRM practices is high in the various SMEs visited indicating that HRM practices are an important tool for business growth, hence, the need to practice them.
2. Key findings from research objective two revealed that the level of performance of SMEs visited betoken that the performance of these SMEs is high. Thus, most of them have a reasonable level of profit as well as a moderate level in terms of sales volume and a satisfactory expansion rate.
3. Further research objective three depicted that there was a statistical relationship found between the importance that SME owners place on HRM practices and the extent to which their implementation will positively impact their profitability, sales volume, and expansion rate.

Conclusions

The primary objective of this research was to determine the relationship between HRM practices and the productivity of small and medium-sized businesses (SMEs) in the Cape Coast Metropolis. As its independent variable, the study focused on the many components of HRM practices such as staff resourcing, employee training, and reward management, while the performance of SMEs was regarded to be the study's dependent variable. The outcomes of the study showed that each of the four

independent variables has a substantial impact on the performance of SMEs; hence, the goals of the study were successfully accomplished.

The findings of this research will aid management of SMEs in putting into practice the most effective HRM practices, which will ultimately lead to an improvement in the performance of their enterprises. When it comes to enhancing the efficiency of their companies, HR professionals take into account the level of contentment that their workforce currently possesses as one of the most significant variables to focus on. This is due to the fact that when workers are content in their jobs, they are more willing to contribute their full potential to the success of the organisation. In addition, to fulfill the requirements of the existing market, as well as the wishes of the customers.

Recommendations

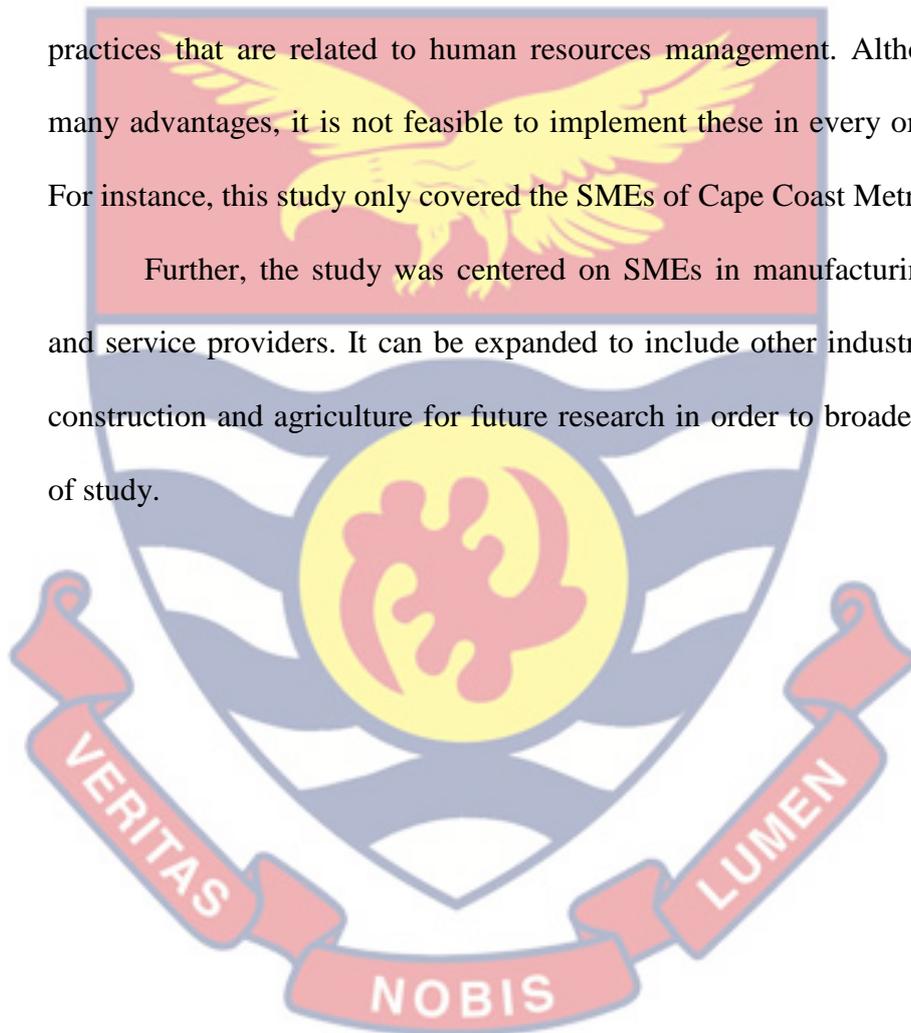
Based on the findings and conclusions of the research, the following policy recommendations are given for consideration.

1. Since there was a positive correlation between HRM practices and the performance of SMEs, it is recommended that SMEs adopt a more comprehensive method of HRM practices in the form of employee reward management, performance management, employee training, and employee resourcing. It is possible to put this into action by providing management with education on the significance of the suggested HRM practices and demonstrating to them how these practices would enhance the SMEs and the employees as a whole.
2. The renewal and request for new licenses of businesses should be based on the evidence of effective HRM practices in order to help mandate and instil HRM practices to boost the performance of SMEs.

Suggestions for Further Research

Further studies can be undertaken on the role that the government and other support institutions play in other sectors of the economy in addition to the creation and implementation of effective policies by the government regarding the expansion of the SME sector. The findings of this study will be beneficial to improving the performance of SMEs by outlining the various practices that are related to human resources management. Although it has many advantages, it is not feasible to implement these in every organization. For instance, this study only covered the SMEs of Cape Coast Metropolis.

Further, the study was centered on SMEs in manufacturing, trading, and service providers. It can be expanded to include other industries such as construction and agriculture for future research in order to broaden the scope of study.



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APPENDICES

UNIVERSITY OF CAPE COAST

COLLEGE OF HUMANITIES AND LEGAL STUDIES

SCHOOL OF BUSINESS

DEPARTMENT OF HUMAN RESOURCE MANAGEMENT

QUESTIONNAIRE ON HRM PRACTICES AND PERFORMANCE OF

SMEs IN THE CAPE COAST METROPOLIS

APPENDIX A

QUESTIONNAIRE

Dear Sir/Madam,

The objective of this survey is to gather information on the various HRM practices and the performance of SMEs operating in the Cape Coast Metropolis. Your responses will help the researcher gather important information about the study. The information collected will only be used for academic purposes. Your responses will take about 5 minutes to complete. Your opinions are very important to the study, and they will remain confidential.

Thank you for participating in this study.

SECTION A: RESPONDENTS DEMOGRAPHICS

Please Tick (✓) or respond to the questions below.

1. Sex

a. Male

b. Female

2. What is your highest educational level?

a. Senior High School certificates

- b. HND
- c. First Degree
- d. Postgraduate
- e. Others

3. Estimated number of employees in the company

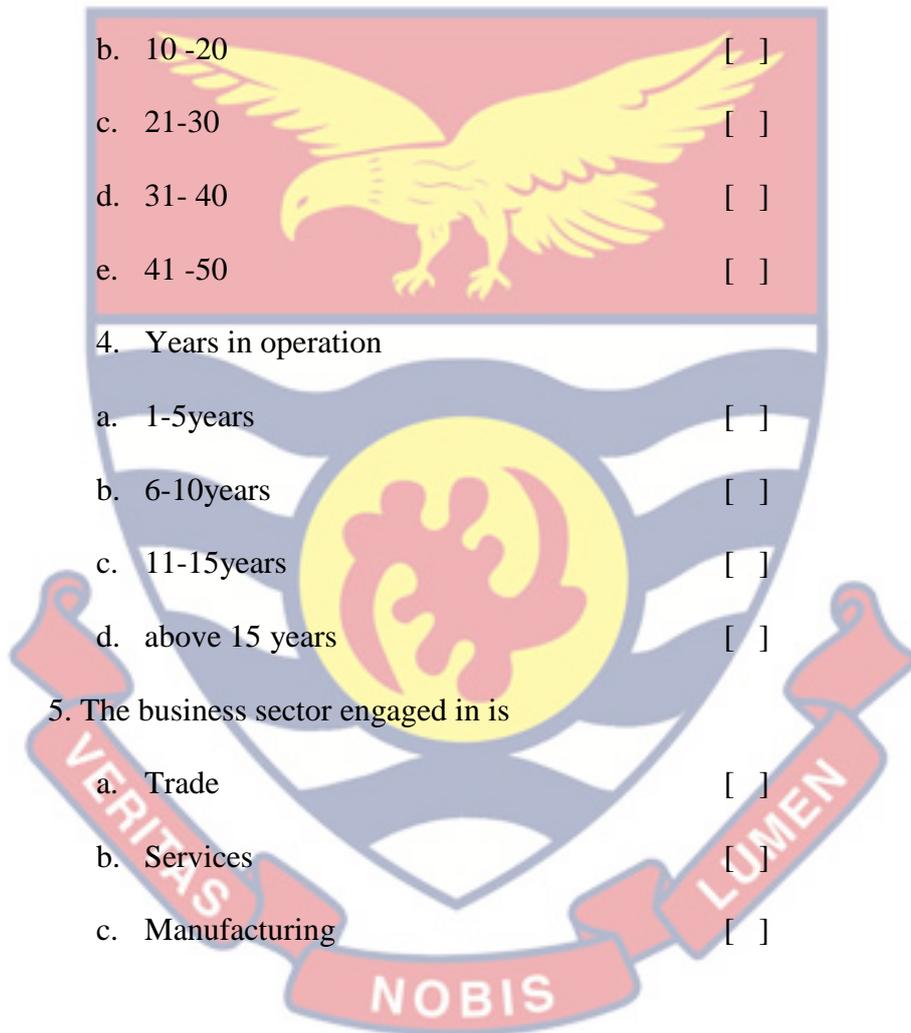
- a. 5 -10
- b. 10 -20
- c. 21-30
- d. 31- 40
- e. 41 -50

4. Years in operation

- a. 1-5years
- b. 6-10years
- c. 11-15years
- d. above 15 years

5. The business sector engaged in is

- a. Trade
- b. Services
- c. Manufacturing



SECTION B: EMPLOYEE RESOURCING

Please indicate by Ticking your level of agreement to the following indicators measuring employee resourcing; 1= Strongly Disagree (SD), 2= Disagree (D), 3=Neutral (N), 4= Agree (A), and 5=Strongly Agree

SN	Statement	1	2	3	4	5
6.	The company hires the best knowledgeable people in each sector of expertise.					
7	When it comes to recruiting people, my company looks at employees’ knowledge and the experience applied with that knowledge.					
8	In the recruitment process, professional knowledge is highly valued.					
9	The qualifications of applicants are given top consideration in my company.					
10	The ability of employees to think creatively is valued highly.					
11	In the hiring process, my company places great value on employee specialization.					
12	My company places great value on each employees’ unique skills.					
13	My company places a high value on hiring experienced staff.					
14	For a new employee, my organization puts emphasis on the amount of years spent working in a specific industry.					

SECTION C: EMPLOYEE TRAINING

Please indicate by ticking your level of agreement to the following indicators measuring employee training.

1= Strongly Disagree (SD), 2= Disagree (D), 3=Neutral (N), 4= (A), and 5=Strongly Agree (SA)

SN	Statement	1	2	3	4	5
15	My company provides its employees with training opportunities.					
16	Every new employee at my company receives onthe-job training to ensure that they have the necessary expertise.					
17	Experienced trainers provide various training courses for workers of my organization.					
18	All staff at my company receive continuous on-thejob training.					
19	My company conducts off-the-job training courses for its staff on a regular basis.					
20	Line managers are frequently involved in the process to guarantee targeted training.					
21	Generally, training goals are set and followed.					
22	Management always discusses the training subject prior to the training.					
23	The training programs are designed to close gaps in performance.					

SECTION D: REWARD MANAGEMENT

Please indicate by Ticking your level of agreement to the following indicators measuring reward management.

1= Strongly Disagree (SD), 2= Disagree (D), 3=Neutral (N), 4= (A), and 5=Strongly Agree (SA)

SN	Statement	1	2	3	4	5
24	Employees' salaries are paid in a timely manner as scheduled.					
25	I award an annual monetary incentive based on individual achievement throughout the year.					
26	My company grants salary raises depending on competency or skill based increment.					
26	My company pays a cash incentive based on the amount of profit earned each quarter.					
28	The company awards an annual group incentive to employees based on their success as a team or for any other reason.					
29	Occasionally, my company holds a high-achieving employee appreciation ceremony.					
30	Non-cash prizes (e.g., dinners, vacations overseas) are often given to employees by the company.					
31	My organization allows its employees to participate in the reward decision-making process.					

32	Promotions are granted to employees based on merit.					
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SECTION E: PERFORMANCE MANAGEMENT

Please indicate by ticking your level of agreement to the following indicators measuring performance management.

1= Strongly Disagree (SD), 2= Disagree (D), 3=Neutral (N), 4= (A), and 5=Strongly Agree (SA)

SN	Statement	1	2	3	4	5
33	Each individual employee in the organization is evaluated on a regular basis by the company.					
34	Performance in teams on various tasks is encouraged in my company.					
35	Each performance goal is linked to the company's strategic goals.					
35	Managers in this company guarantee that all workers receive timely feedback on their performance.					
37	Managers encourage positive performance dialogue among employees in the company.					
38	The accomplishment of high performance is a way of life in this company's performance culture.					

SECTION F: PERFORMANCE OF SMES

Please indicate by ticking your level of agreement to which HRM practices including; employee resourcing, employee training, reward management, and performance management influence these indicators (profit, growth and/or expansion, sales volume) measuring performance of SMEs.

1= Strongly Disagree (SD), 2= Disagree (D), 3=Neutral (N), 4= (A), and

5=Strongly Agree (SA)

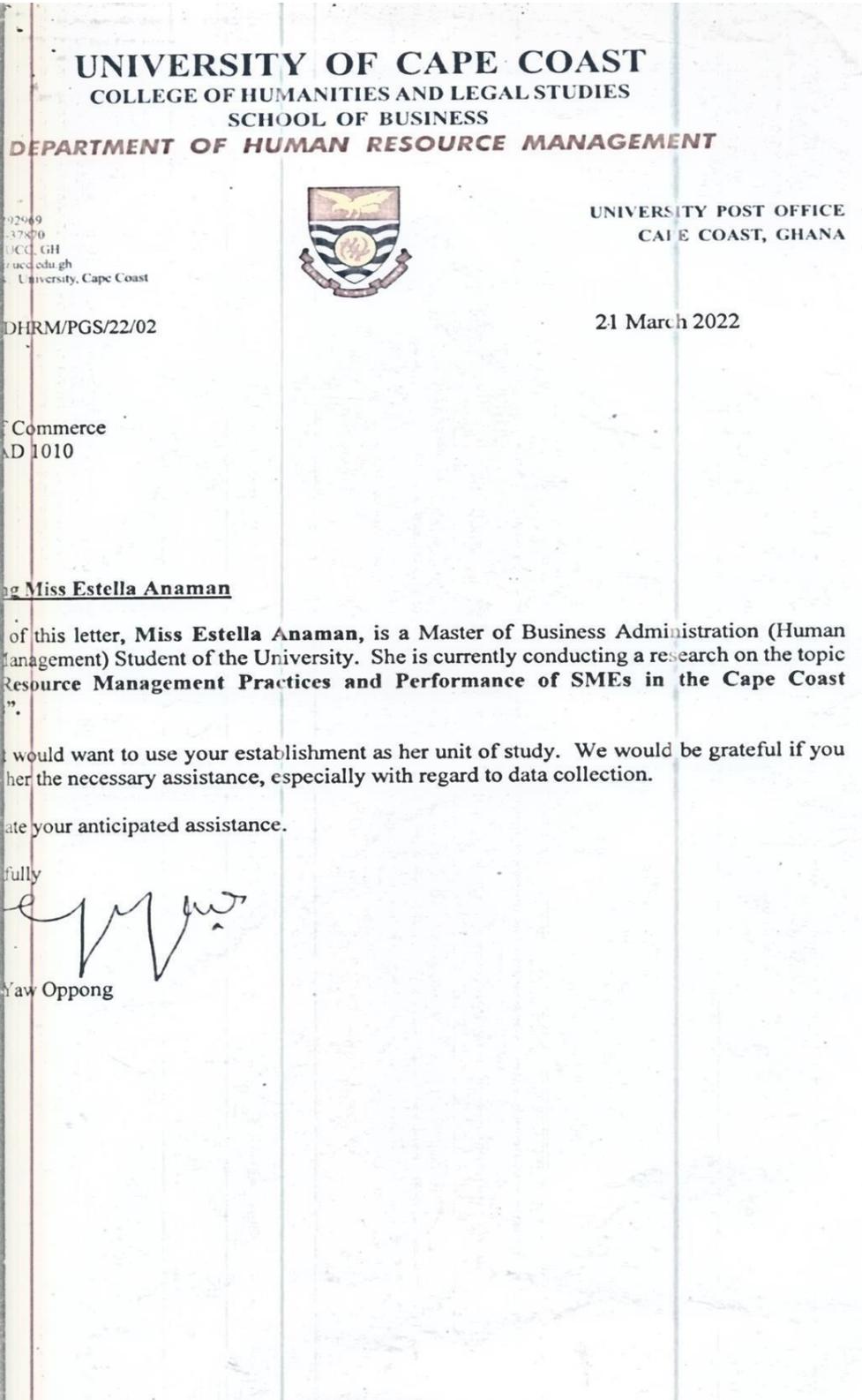
SN	Statement	1	2	3	4	5
39	Has the company's profit increased over time, due to the implementation of HRM practices?					
40	Has the company's market share increased significantly due to the implementation of HRM practices?					
41	Has your company's sales volumes largely improved due to the implementation of HRM practices?					
42	Has the average monthly sales significantly increased due to the implementation of HRM practices?					
43	Has the company had more loyal customers due to the implementation of HRM practices?					
44	Has the company experienced steady growth rates due to the implementation of HRM practices?					

45	Has the company expanded physically to different areas due to the implementation of HRM practices?					
46	Has the overall capital volume of the firm increased due to the implementation of HRM practices?					



APPENDIX B

INTRODUCTORY LETTER



APPENDIX C

MEMO

Ghana National Chamber
of Commerce & Industry



Your Business Links, Our Business

Cape Coast Branch

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Off Main Takoradi Highway,
Near UCC East Gate
+233 (0) 204355240 / 0501260120
capecoast@ghanachamber.org
www.ccrcci.org

CCRCCI/LC/090/2022

MEMO

FROM: THE MANAGER, CAPE COAST REGIONAL CHAMBER OF
COMMERCE AND INDUSTRY

TO: CAPTAINS OF BUSINESSES IN CAPE COAST

DATE: 25TH MARCH, 2022

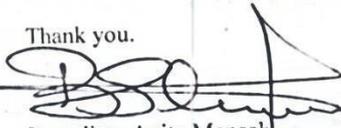
SUBJECT: REQUEST FOR BASIC BUSINESS INFORMATION FOR RESEARCH WORK

The Cape Coast Regional Chamber of Commerce and Industry sends its compliments and kindly request that you assist the student (Ms. Estella Anaman) with basic information about Human Resource Practices and Performance of Small and Medium Enterprises (SMEs) in Cape Coast for her research work. This is in fulfilment of requirements for the pursuance of Masters degree course in Human Resource Management at University of Cape Coast.

Please note that information from the questionnaires given will be confidential and for research purposes only.

Counting on your cooperation.

Thank you.


Benedicta Anita Mensah
Regional Manager

