HUMAN RESOURCES MANAGEMENT CAPABILITIES AND SUSTAINABLE OPERATIONAL EXCELLENCE OF MSMES

[1] Joseph A. Dada, Ph.D [2]Kayode Y. Adeigbe, Ph.D [3]Grace O. Dada
[4]Daniel E. Ufua, Ph.D [5]Oluwatoyin D. Adesanya, Ph.D
[1,2,3] College of Management Sciences, Joseph Ayo Babalola University, Ikeji Arakeji, Osun State, Nigeria.
[4,5]Department of Business Management, Covenant University, Ota, Ogun State, Nigeria

Abstract
This study empirically measured the impact of human resources management capabilities on the sustainable operational excellence of some selected micro, small and medium enterprises (MSMEs) in Nigeria. The specific objectives of the study were to examine the impact of demographic characteristics on human resources management capabilities and sustainable operational excellence of MSMEs in Nigeria, and to investigate the impact of human resources management capabilities on sustainable operational excellence of MSMEs in Nigeria. The study used descriptive survey research design. The sample size of the study was 324 which was determined using Taro Yamane formula (1967). 324 copies of questionnaire were administered to departmental heads and middle level officers of MSMEs out of which 288 copies were validly retrieved and used for data analysis. Both descriptive and inferential (simple regression) statistics are employed for the test of the hypotheses. Data were analysed using Statistical Packages for Social Sciences Version 22. The findings of the study revealed that most of the MSMEs lacked useful capabilities (people management, and finance) because of their business size and nature. The study concluded that human resources management capability has significant impact on sustainable operational excellence of MSMEs in Nigeria. The study recommends that there is need for MSMEs in food, agro-allied and services to establish strong human resources management capabilities in order to enhance their relevance, survival, and growth of the MSMEs in Nigeria.

Keywords: Human Resources Management Capabilities, Sustainable Operational Excellence, Resource Based View, and Nigerian MSMEs.

Introduction

In previous and recent empirical studies, it has been well established that human resources management (HRM) capabilities play an important role in improving organisational performance. Effective HRM capabilities impact employee motivation, well-being, and behaviour, improving company excellence and ultimately improving organizational performance, according to the literature on this relationship (Omar, Aris, Alias, Mu'min, & Arokiasamy, 2023, Sutton & Atkinson, 2023). The resource-based view of management establishes that personnel are a strategically significant and indispensable resource for accomplishing an organization's goal, regardless of the size of the company (Barney, 1992).

HRM capabilities have become potentials being used in handling the processes of planning, organizing, directing, and controlling the activities related to the acquisition, development, and retention of human capital in an organization (Deb, 2006, Sharma, 2023). HRM capabilities play a vital role in the success of any business, especially MSMEs, which are often characterized by low capital, high risk, and limited access to finance. MSMEs in Nigeria face various challenges in managing their human resources effectively, such as lack of skilled and qualified workers, high turnover rate, low motivation and productivity, poor training and development opportunities, inadequate remuneration and benefits, and weak labour relations (Ali, Hanafiah, & Mogindol, 2023). These challenges affect the performance and competitiveness of MSMEs in the domestic and global markets.

Meanwhile, sustainable operational excellence is a business mindset and culture focused on reducing risk, complexity and cost while improving process safety, sustainability and productivity. Sustainable operational excellence is the modern buzz-word in the business community. Many organizations including MSMEs are expected to implement sustainable operational excellence initiatives within the organizations. The erstwhile Lean teams are being replaced with operational excellence teams in the modern organizations (Found, Lahy, Williams, Hu, & Mason, 2018). Sustainable operational excellence is a term which was popularized by the Shingo Institute at Utah State University. The difference between Lean teams and operational excellence teams are that it is envisaged to cover all the improvement methodologies (Found et al., 2018; Suri, 1998). Sustainable operational excellence in simple words is organizations making improvements to attain a competitive advantage. Modern day organizations do not only maximize the benefits for the organizations, but also the customer and other stakeholder's needs are taken care of.

Micro, Small, and Medium-Sized Enterprises (MSMEs) are widely seen as being essential to economic development and growth in developing nations (Okojie & Effiong, 2024). It has been claimed that MSMEs in Nigeria confront a number of issues, including difficulty in obtaining funding, restricted access to markets and contemporary technology, poor infrastructure, shortage of skilled labour, complex legal requirements, and difficulties with compliance (Etim, James, Ekong, & Jemil,2023, Gumel & Badai, 2023). Due to a lack of resources, HR procedures are not well-established or even present in small and medium-sized businesses. However, in today's extremely uncertain environment, these firms also cannot afford to ignore their HR responsibilities. Instead, they must use effective HRM capability strategies to grow and preserve their human resources. Examining HRM capability procedures and their connection to sustainable operational excellence is essential and can help understand the importance of MSMEs to national economies as sources of money, jobs, and other benefits to the local communities and will enhance the understanding of managing these organizations effectively.

Therefore, many attempts have been made by the Nigerian government to sensitize owners and managers in the MSMEs sub-sector through series of programmes and policies initiated in the time past with view of improving the MSMEs. These programmes are established to responsible for the coordinating the development of the micro, small and medium scales enterprises and employment generation in Nigeria. In spite of this intervention by the government of the country, the majority of owners and managers of MSMEs in Nigeria still lacked useful human resources management capabilities to maintain sustainable operational excellence in Nigerian MSMEs sub-sector.

Statement of Research Problem

Micro, Small, and Medium-Sized Enterprises (MSMEs) have long been regarded as important actors in the sustainable development of both developed and developing nations (Ufua, Olujobi, Ogbari, Dada, & Edafe, 2020). The MSME sector is the main driver of employment in Africa and the foundation of nearly every African economy. But as time has gone on, the majority of developing countries' MSMEs have become much less productive and have a significantly smaller relative proportion of the sector in overall output and exports than do the more developed countries. In Nigeria, it has been determined that a few of the issues MSMEs have been facing, such as a lack of funding, inadequate infrastructure, uneven government regulations, a lack of entrepreneurial spirit, and bad management techniques, are to blame for their poor performance (Isaac, Moses, Borisade, Agarana, Edewor, Dele-Dada, &Obembe,2023).

Human resources management capabilities, often known as men resources, is a key component of internal resources management capabilities of an organisation. It encompasses the activities of hiring, managing, and giving ongoing guidance and support to an organization's workforce. Since workers are a company's greatest asset, they should get commensurate compensation (Armstrong & Taylor, 2020). Poor human resources management capabilities demonstrated by MSMEs' owners and managers is one of the reasons why they donot survive after five years of operation, which is why this study is important (Cardon & Steven, 2004). Marlapa, Srihadi, Yuliantini, and Soelton (2023) noted that one of the key elements in MSMEs' performance is human capacity building management. Banjoko (2011) and Hassan and Bibi (2023) opined that success or failure of MSMEs is largely determined by the human resources managerial skills possessed by their owner and managers. Enhancing MSMEs' capabilities can significantly impact a nation's economic expansion.

Sustainable operational excellence is closely linked to enhancing performance and efficiency in all aspects of sustainability (economic, environmental, and social). Sutton (2012) defined operational excellence as focusing strategically on

maximizing the value that operations deliver to customers, through strong leadership, the power of people, the use of industry best practice and the application of value-add technologies.Scholars have argued that operations excellence enables sustained delivery of high-quality, cost-effective services and capabilities that provide exceptional customer value. Organisations such as MSMEs that leverage operations excellence as a strategic competitive advantage recognize that the effectiveness of their operation plays a central role in creating and sustaining customer satisfaction and loyalty (Sutton, 2012).Businesses are taking this endeavour in order to stay competitive in their respective industries. Improving quality, cutting costs, or increasing productivity are all possible outcomes of operational optimization for businesses, which can also lead to improved environmental performance. Not only are efficient manufacturing and agro-allied processes and supply chains more economical to operate, but they also utilize less energy, resources, and waste are produced. Many of the biggest companies in the world today are learning how to best take advantage of the synergies that exist between environmental benefits and operational excellence. They are doing this by planning and implementing improvement projects that meet sustainability and cost objectives.

Furthermore, MSMEs might find it beneficial to research on HRM capabilities given their pace of expansion, diversity, and expanding quantity (Sethakaset & Santimataneedol, 2008). In order to ensure organization's seamless operation and improve on performance, a system of strong HRM capabilities processes must be addressed (Godbless & Obaro, 2023). Therefore, in contrast to previous studies that had regional and continental arrangements, this study is set to identify what human resources management capabilities owners and managers of MSMEs consider useful in providing capacity utilisation and managerial insights in their business organizations and how those capabilities can be encouraged in enhancing sustainable operational excellence of MSMEs firms.

Objectives of the Study

The specific objectives of this study is to:

(i) Examine the impact of demographic characteristics on human resources management capabilities and sustainable operational excellence of MSMEs in Nigeria

(ii) Investigate the impact of human resources management capabilities on sustainable operational excellence of MSMEs in Nigeria

Research Questions

i. What is the impact of demographic characteristics on human resources management capabilities and sustainable operational excellence of MSMEs in Nigeria?

ii. How do human resources management capabilities impact sustainable operational excellence of MSMEs in Nigeria?

Research Hypotheses

Ho_1: Human resources management capabilities have no significant impact on sustainable operational excellence of MSMEs in Nigeria.
Ho_2: Demographic variables have no significant impact on human resources management capabilities and sustainable operational excellence of MSMEs in Nigeria.

Therefore, the sections of this paper are divided into introduction, literature review, methodology, results and discussions and conclusion and recommendations.

Literature Review

Concept of Human Resources Management Capabilities

Human resources management capabilities describe a manager role in training, developing and motivating employees to perform their best. This is the one of the competencies that demonstrates management decisions and actions that directly affect people as members of the organisations rather than as job holders (Chartered Institute of Personnel Development, 2011 & Henderson, 2011). Armstrong and Taylor (2020) argued that human resource capabilities are tailored towards the achievement of both individual aspirations and organisational aspirations. It is about managing the relationship between the employees and employers at work. Scholars like Stone, Cox, Gavin, and Carpini (2023) emphasise that human resources management capability describes the attitudes to work, orientation at work, individuals' differences, influence on behaviours, roles, and intelligences in enhancing sustainable operational excellence. When these attributes or capabilities are directed towards achieving sustainable operational excellence, it becomes easier for MSMEs to compete favourably and achieve their set goals within the expected time frame.

Over the past century, HRM capabilities have undergone significant theoretical, scientific, and practice changes. Its shape and function have undergone significant transition, primarily in the previous two decades. HRM has been forced to shift from its primary role of administrative tasks to that of a source of sustained competitive advantages in support of organizations operating in a global economy due to mounting pressure from both internal and external environmental factors (Agustian,

Pohan, Zen, Wiwin, & Malik, 2023). Human resource management capabilities have become concept, policy, structure, and practices that can influence employees' behaviour, attitudes, and performance (Marrucci, Daddi, & Iraldo, 2023).

HR planning, hiring, training and development, performance management, pay management, employee relations, safety and health, and more are all included in HRM activities where owners and managers have to exercise their capabilities to sustain operational excellence. Early on, the organization's management disregarded HRM capabilities as the primary factors influencing organizational success. The potential of HRM capabilities to improve the performance of organizations has only recently come to light. By fostering creativity, productivity, employee and customer satisfaction, and the growth of a positive reputation within the company's community, HRM capabilities can enhance organizational performance through sustainable operational excellence (Augustia, *et al.*, 2023, Omar, *et al.*, 2023).

Concept of Sustainable Operational Excellence

Sustainable operational excellence is a framework for businesses to focus on growth and execute their strategy better than their competitors. It is based on the principles of continuous improvement, customer focus, and employee empowerment (Patmawati, Dewi, & Asbari, 2023). This aims to deliver value to customers by optimizing the processes that create and deliver the products or services they need. Sustainable operational excellence can have a positive impact on successful business operations by: (i) Increasing excellence: Sustainable operational excellence can help reduce costs by eliminating waste and optimizing resources. It can also help increase productivity by streamlining workflows and enhancing output quality, (ii) Improving quality: Sustainable operational excellence can help improve quality by reducing errors and defects in products or services. It can also help ensure consistency by following standardized procedures and best practices, (iii) Enhancing customer satisfaction: Sustainable operational excellence can help enhance customer satisfaction by delivering products or services that meet or exceed customer expectations. It can also help build customer loyalty by creating value propositions that differentiate from competitors, and (iv) Fostering innovation: Sustainable operational excellence can help foster innovation by encouraging employees to generate new ideas and solutions for improving processes or products. It can also help facilitate collaboration among teams by creating a culture of learning from failures*(Barnes,2008).*

Presented in the figure below.



Figure 2.1: Operational Excellence for Successful Business Operations
Source: Barnes, D. (2008). *Operations Management: An International Perspective*. London: Thomson Learning.

Once everyone can see normal and abnormal flow, the next step is to create what's known as standard work for abnormal flow. In this phase, we create standard work that corrects abnormal conditions when the flow begin to occur. This means that the people working in the flow (either on the manufacturing floor or in the office) have a standard methodology for correcting things when they go wrong. The end result is something called self-healing value streams, which means that when flow breaks down somewhere in the operation, the employees working in the flow are able to fix it *without the need for management intervention(Barnes,2008).*

Concept of Demographic Variables

The gathering and analysis of data about the general traits of certain groups is the idea behind this concept. It is widely used as a tool for corporate marketing to analyze consumer behavior and find the most effective ways to connect with them. Businesses can calculate the size of a potential market by segmenting the demographics of the population. Demographic factors are the study of human populations and the differences in size caused by migration, fertility, and death. The word "demography" comes from the Greek word "describing people". Consequently, this discipline investigates the features of populations, taking into consideration factors like the sex ratio, age distribution, composition, spatial distribution, and density of the population (Callaghan, 2021). Occasionally, a distinction is made between "formal demography," also known as "demographic analysis," which includes the statistical analysis of population parameters and their dynamics, and "population studies," which involve looking at the causes and effects of changes in population structure in a larger context and in relation to other phenomena and processes.

Demographic considerations are also crucial for marketing and for managing the production and distribution of new goods and services, from the perspectives of business and entrepreneurship. Thus, the term "demographic variables" is generally used to refer to statistical studies that are based mostly on mathematical and statistical techniques used to data from population censuses, population change surveys, and systems (Klimczuk, 2021). Demographic data are used to ascertain the connections between specific demographic events. This concept is the collection and study of data regarding the general characteristics of specific populations. It is frequently used as a business marketing tool to determine the best ways to reach out to customers and assess their behaviour (Aransi, 2020).

Resource Based Theory

This study between human resources management capabilities and sustainable operational excellence is premised on the resource based theory. This theory "emanates from the principle that the source of firms competitive advantage lies in their internal resources as opposed to their positioning in the external environment (Barney, 1995). Rather than firms simply "evaluating environmental opportunities and threats in conducting business, competitive advantage depends on the uniqueness of resources and capabilities possessed" (Barney, 1995). It was concluded that the resource based of the firm "predicts that certain types of resources owned and controlled by firms have the potential and promise to generate competitive advantage and eventually superior firm performance" (Ainuddin, et al., 2007). "Just of recent, much resource based research has focused on intangible assets of the organisation, which include information, knowledge and dynamic capabilities (Spender, 1996; Teece, Pisano & Shuen, 1997; &Sampler, 1998).

The employees of the organisation with the highest potentials and vibrancy are the best assets an organisation can have and use for competitive edge advantage. This is because of every resource an organisation can be proud of depend on the employees input, hence, organisation that have highly knowledgeable employees, with dynamic capabilities and first hand information about organisation should use them as a means of competitive advantage and business performance provides this platform. By implications, capable employees with necessary potentials can make profitable decision for the business firm that drives towards business performance through sustainable operational excellence thus resource based theory provides this strong justification for maximizing resources for organisation that want to have competitive advantage and superior performance for business performance through sustainable operational excellence in the sector its operating in (Barney, 1992) .

Empirical Studies

Nilawati, Sitio, and Prayoga (2021) investigated the relationship between best practices of human resource management and the operational effectiveness of MSMEs. The study used secondary materials collected from many international

publications that discuss MSMEs and HR best practice governance issues in many contexts. Data were sourced from an electronic search through the Google Scholar application. Next, we continue the analysis process by starting with a coding system, in-depth interpretation, critical evaluation, and final summary as the findings data on the analysis questions are valid and consistent. Based on existing data, we conclude a very close relationship between governance and HR best practices towards achieving the operational effectiveness of MSMEs to achieve profit and sustainability.

Egbuta, Omosigho, Akinlabi, and Ajike (2022) explored the impact of lean human resource initiatives and employee performance of selected Small and Medium Scale Enterprises in Nigeria. The survey research design was used in this study. In Lagos State, Nigeria, there were 8,396 small and medium-sized businesses. Sample size of 481 was ascertained using the Research Advisory Table. The participants were identified using a simple random sampling approach. According to the findings, lean human resource initiatives had a significant impact on employee performance in Lagos, Nigeria.. The study concluded that lean human resource initiatives had significant effect on employee performance of SMEs in Lagos Nigeria. The study recommended that small and medium scale enterprise owner/managers should embrace Lean Human Resource initiatives such as selective hiring, continuous improvement, mentoring, cross-functional team, and flexible information system which is geared towards human capital development to improve employee performance and boost their contribution to the organization.

Muhammad, Upadhyay, Kumar, and Gilani (2022) examined the achieving operational excellence through the lens of lean and Six Sigma during the COVID-19 pandemic. This article shows operational excellence achieved during the coronavirus disease 2019 (COVID-19) pandemic using the Lean, Six Sigma and sustainability practices in small medium enterprise (SME) manufacturing firms and its impact on the performance dimensions of efficiency, growth and profit for firms located in the industrial zones of Pakistan. A quantitative methodology was used and data were collected from a sample of top-level managers from 28 SME manufacturing firms located in the five industrial zones in Pakistan. A total of 62 questionnaires were included in the study. The findings showed that awareness levels of Lean, Six Sigma and sustainability are emerging, and firms are trying to implement these concepts. However, the results showed that while Lean and Six Sigma enhance firms' performance in terms of efficiency, profit and growth, sustainability has no impact on these three performance dimensions.

Njiru(2023) determined the effect of human resources management competence practices and on sustainability of SMEs in Kenya. The study employed descriptive survey design to realize the intended objectives. The study employed questionnaires and document analysis guides to collect required data from a sample of 102 SMEs.

The collected data was coded, quantified and analyzed qualitatively and quantitatively. Quantitative data was analyzed by the use of statistical package for social scientists (SPSS) whilst qualitative data was analyzed by content analysis. A substantial number of respondents had not applied entrepreneurial competence practices in their business operations. The study also established that majority of respondents measured business sustainability in terms by trends in profit, increase number of customers as well as age of business. The study concluded that the key entrepreneurial competence practices were found to have a substantial impact on sustainability of SMEs in Embu town and its environs.

Kusumastuti, Maruf, Fatmawati, Kartika, and Alam (2023) examined the increasing digital-based human resources competencies for profitable and sustainable MSME managers. This study discussed efforts to increase the competence of human resources for managing SMEs that are sustainable and profitable. The study collected several data and information from literature sources in the form of scientific publications, including academic books and websites that discuss issues of MSMEs and HR. Literature review carried out by coding and evaluating of data drew relevant conclusions to answer the problem with high point validity based on the study and reporting and discussion. The study concluded that efforts to increase human resources for digital-based HRM managers that are sustainable and profitable require strong will from managers. MSMEs to prepare programs that can increase MSME resources. Thus the language of hope for this finding is an essential input.

Methodology

Research Design and Population of the Study

The descriptive survey method was used in this study because it was successful in gathering data from a subset of the whole population. There were 24,65 registered MSMEs in Ogun State, Nigeria which made up the actual research population (SMEDAN, 2017).

Sample Size and Sampling Technique

Using a purposive sample technique, the study narrowed its emphasis to department heads and middle level officials from the population. Data on the factors under study were gathered from the respondents using a structured questionnaire. Sampling is the process of choosing a portion of a population to minimize error and gather data for generalizing about the larger group. Taro Yamane (1967) was utilized in the study to get the 344 sample size. Simple random and stratified sampling were applied as sampling technique. Four (4) significant cities (Abeokuta, Ifo, Ilaro and Ota) were selected in Ogun State, Nigeria because they have large concentration of MSMEs in the State. A total of 344 copies of the questionnaire were issued to the respondents; 288 of those copies were validly returned, given a response rate of 83.7%. Fifty-six (56) copies of questionnaire were rejected due to improper filling. To guarantee

representation among the heads of departments and middle-level officials of agro-allied and services MSMEs enterprises, stratified sampling was employed.

Method of Data Collection

Furthermore, data from primary and secondary sources were used. The primary source of data was the survey questionnaire; secondary sources were papers from online journals, textbooks, and publications. The survey questionnaire was the main tool utilized to collect data. There were two pieces to it. The respondents' demographic variables were recorded in Section A. The topic of human resources management capabilities and sustainable operational excellence of MSMEs in Nigeria were covered in Section B. A five-point Likert scale was used in the questionnaire's design.

Method of Data Analysis

Descriptive and inferential statistics were used in the data analysis process. In general, percentages and frequencies were utilized for data analysis, and the research hypotheses were tested using descriptive and inferential statistics (simple regression analysis) to investigate the impact of human resources management capabilities on sustainable operational excellence of MSMEs. Statistical Packages for Social Sciences (SPSS) version 22 made data analysis of this study easier.

Validity and Reliability of Research Instrument

In a same spirit, academic experts in the field examined the survey's face and content validity. The study instrument's reliability was assessed using the internal consistency approach. In order to accomplish this, the questionnaire was given to 20 respondents who were chosen at random from the study's population but were not involved in the primary investigation. Cronbach's Alpha was employed to assess the survey's reliability.

Results And Discussion Of Findings

Table 1: Impact of Demographic Characteristics on Management Capability and Sustainable Ooperational Excellence of MSMEs

Demographic Characteristics	Frequencies	Percentages
Gender		
Male	180	62.5
Female	108	37.5
Total	**288**	**100%**
Age		
24 years and below	96	33.3
25 – 40 years	159	55.2
41 years and above	33	11.5
Total	**288**	**100%**
Marital Status		
Single	60	20.8

Married	207	71.9
Others	21	7.3
Total	**288**	**100%**
Educational Qualification		
SSCE	33	11.5
OND/ NCE	123	42.7
B.SC/B.Ed./B.A	102	35.4
Others	30	10.4
Total	**288**	**100%**
	Work Experience	
Below 6 years	84	29.2
6-10 years	126	43.7
11 -15 years	48	16.7
16 years and above	30	10.4
Total	**288**	**100%**

The demographic variables in Table 1 showed that 62.5% of the respondents represented by male and 37.5% were represented by female indicating that demographic profile of male is more than female in agro-allied sector of the State. This table indicated that 33.3% of the respondents fall within the age bracket below 25 years, while 55.2% represented 25 to 40 years and respondents within the age of 41 years and above constituted 11.5%. This is an indication of young and dynamic men finding interest and ways in embracing agro-allied sector.

On the marital status of the respondents, it was exhibited that 20.8% were single and 71.9% were married and 7.3% only were others. For the educational qualification, the table above showed that 11.5% of the respondents has SSCE certificate. 42.7% of the respondents represented OND/ NCE holder; while 35.4% had B.Sc/B.Ed/B.A and only 10.4% represented others like M.Sc/M.Ed/M.A and other professional certifications. The figure in the table showed that higher proportion of the respondents were literate represented by 88.9% who knew and valued human resources management capabilities as great assets for MSME in Nigeria.

For the distribution by period in business (experience), the table indicated that 29.2% of the respondents had 1-5 years' of experience on MSMEs, 43.7% have 6-10 years, while 16.7% also had 11-15 years' experience in business and 10.4% had 16 years of MSMEs experience and above. This implies that MSME owners and managers indicated by 71.9% as the respondents are assumed to have enough years of experience in business and experienced in human resources management capabilities practices adequately and appropriately in enhancing sustainable operational excellence.

Ho_1: Demographic variables have no significant effect on human resources management capability and sustainable operational excellence of MSMEs in Nigeria

In order to test hypothesis which states that demographic variables do not have significant impact on human resources management capabilities and sustainable

operational excellence of MSMEs, the simple regression analysis was used to test hypothesis one. Having enough experience in handling of human resources management capabilities practices would enable owners and mangers to drive sustainable operational excellence that enhance relevance, growth and survivability of MSMEs in Nigeria. This study is in line with the submissions of Teece, Pisano, and Shuen (1997), Asenge, and Agwa (2018), Aransi (2020) and Saanu and Anjum (2023). Therefore, the hypothesis which says that demographic variables have no significant impact on human resources management capabilities and sustainable operational excellence of MSMEs is rejected and accept alternate hypothesis.

Table 2: Impact of Human Resources Management Capability on Sustainable Operational excellence of MSMEs

S/N	**STATEMENTS**	**SD 1**	**D 2**	**N 3**	**A 4**	**SA 5**	**Total**	**Mean**	**SD** ∂
1	Our organisation places the right person on the right job	66 22.9	36 12.5	15 5.2	108 37.5	63 21.9	288 100%	3.48	0.610
2	My organisation provides objective and fair evaluation of accomplishments	33 11.5	47 16.4	36 12.5	109 38.0	62 21.6	288 100%	3.35	0.480
3	My organisation promotes and facilitates professional development	30 10.4	30 10.4	51 17.7	72 25.0	105 36.5	288 100%	3.35	0.480
4	The training needs of the employees in our organisation are assessed on the basis of their appraisal.	60 20.8%	33 11.5%	15 5.2%	81 28.1	99 34.4	288 100%	3.54	0.538
5	We are assigned challenging jobs to charge our enthusiasm and develop our skills.	48 16.7	39 13.5	9 3.1	84 29.2	108 37.5	288 100%	3.39	0.601
6	We are being paid adequately for the work we do.	54 18.8	30 10.4	30 10.4	75 26.0	99 34.4	288 100%	3.36	0.691
7	Manages personnel promotions and recognitions effectively.	36 12.5	63 21.9	15 5.2	81 28.1	93 32.3	288 100%	3.32	0.618
8	My firm's facilitate continuous improvement of products to achieve competitive advantage	42 14.65	30 10.4	48 16.7	63 21.9	105 36.4	288 100%	4.28	0.727
9	My firm is satisfied with how various activities of the organisation are controlled to improve return on sales	52 14.6	48 16.7	27 9.4	63 21.9	108 37.5	288 100%	3.81	0.959
10	My firms product/service quality is relative to competition	48 16.7	39 13.5	36 12.5	63 21.9	102 35.4	288 100%	3.20	0.726
11	My firm is known for its continuous improvement	60 20.8	33 11.5	15 5.2	81 28.1	99 34.4	288 100%	4.17	0.756

Table 2 indicated that the sampled firms placed the right person in the right job and also provided objective and fair evaluation of performance and accomplishments. Moreover, the respondents agreed that the training needs of the employees in their firms were assessed on the basis of their performance appraisal, and were assigned challenging jobs to charge enthusiasm and develop their skills. Finally, it was shown that the firm managed personnel promotions and recognitions effectively. In the same vein, Table 2 indicated that the firm's facilitated continuous improvement of products to achieve competitive advantage. Surprisingly, the firms were satisfied with how various activities of the organisation were controlled to improve return on sales. The majority of the respondents with mean scores of 3.20, 3.32, 3.35, 3.36, 3.39, 3.36, 3.48, 4.17, and 4.28 strongly agreed that a good human resources management capability impact sustainable operational excellence of MSMEs in Nigeria.

Table 3: Coefficients Table of Human Resources Management Capabilities and Sustainable Operational Excellence

Coefficients						
Model		Unstandardised coefficients		Standardized coefficients	T	sig.
		B	std. error	beta		
1	(constant)	1.116	0.177		6.301	0.000
	human resources management capabilities	0.695	0.054	0.797	12.810	0.000
a. dependent variable: sustainable operational excellence						

The coefficient of human resources management capabilities(HRMC) makes statistical significance in predicting sustainable operational excellence (SOP), at a 5% level of significance (1.116**) with a beta value (beta = 0.797, p = 0.001, Sig 0.000). This implies that human resources management capabilities have made a significant contribution to the prediction of sustainable operational excellence of MSMEs. The implication here is that increase in human resources management capabilities eventually leads to increase in sustainable operational excellences of MSMEs. However, the sampled firms need to formulate and implement strategies that will help them effectively manage personnel promotions and recognitions.

Ho_2: Human resources management capabilities do not have significant impacton sustainable operational excellence of MSMEs in Nigeria.

In order to test hypothesis which states that human resources management capabilities do not impact sustainable operational excellence of MSMEs, the simple regression analysis was used to test hypothesis two. This statistical tool was used to determine the significant contribution and predictive capability of human resources management on sustainable operational excellence of MSMEs. The findings relating

to human resources management capability and sustainable operational excellence were consistent with most studies in the strategic management, psychology, HRM and marketing disciplines that had investigated competencies that could result in the business success or failure(Combs, Liu, Hall, & Ketchen, 2006, Dada, & Adeigbe, 2022,&Godbless & Obaro, 2023, Indradevi & Sathya, 2023, Marlapa, *et al*., 2023).

Conclusion and Recommendation

The findings of this study showed the importance of human resources management capabilities to sustainable operational excellence for business performance of micro, small and medium enterprises (MSMEs). Firms can improve their business processes and achieve better effectiveness and excellence through the engagement of human resources management entrepreneurial approaches. Human resources management capabilities proved to be a necessary aids to achieving results and securing a sustainable operational excellence for better performance.

The study recommends that MSME firms that desire better business performance should adopt sound human resources management capabilities and align it with basic aspects of their income generation and management activities such as investment decisions, employee productivity goals, and net income growth. Businesses can also improve their corporate image, be better positioned to attract professionals, and achieve better employee motivation by engaging and managing human resources capabilities.

References

Ainuddin, R. A., Beamish, P. W, Hulland, J. S. & Rouse, M. J. (2007). Resource attributes and firm performance in international joint ventures. *Journal of World Business,* 42(1), 47-60.

Ali, Q. S. A., Hanafiah, M. H., & Mogindol, S. H. (2023). Systematic literature review of Business Continuity Management (BCM) practices: Integrating organisational resilience and performance in Small and medium enterprises (SMEs) BCM framework. *International Journal of Disaster Risk Reduction*, 104135.

Aransi, W. O. (2020). Perceived challenges and strategies towards the attainments of Sustainable Development Goal Three (SDG 3): Evidence from Irewole and Isokan Local Government Areas of Osun State, Nigeria. *Economy*, 7(1), 42-51.

Armstrong, M. & Taylor, S. (2020). *Armstrong's handbook of human resource management practice*. US: Kogan Page Publishers.

Asenge, E. L. & Agwa, T. R. (2018). Entrepreneurial competencies and entrepreneurial mindset as determinants of small and medium scale enterprises performance in Nigeria. *Global Journal of Management and Business Research: Administration and Management*, 18(13), 1-11.

Agustian, K., Pohan, A., Zen, A., Wiwin, W., & Malik, A. J. (2023). Human resource management strategies in achieving competitive advantage in Business

Administration. *Journal of Contemporary Administration and Management (ADMAN), 1*(2), 108-117.

Banjoko, S. A. (2011). *Human Resource Management: An Expository Approach*. Lagos: Pumark Nigeria Limited.

Barnes, D. (2008). *Operations Management: An International Perspective*. London: Thomson Learning.

Barney, R. (1992). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99-120.

Barney, R. (1995). Firm resources and sustained competitive advantage. *Journal of Management,* 7(2), 99-120.

Cardon, M. S., & Stevens, C. E. (2004). Managing human resources in small organizations: What do we know?. *Human resource management review*, *14*(3), 295-323.

Chartered Institute of Personnel and Development (2011). Reward Management: 2011 Survey Report, London.

Combs, J.G., Liu, D., Hall, A., & Ketchen, D.J. (2006). How much to high performance work practices matter? A meta-analysis of their effect on organizational performance? *Personnel Psychology,* 59, 501-528.

Callaghan, W. (2021). Sex and gender: More than just demographic variables. *Journal of Military, Vetteran and Family Health*, 7(S1), 37-45.

Dada, J. A., & Adeigbe, Y. K. (2022). Empirical examination of internal resource management capabilities on sustainable operational excellence of micro, small and medium scales enterprises in Ogun State, Nigeria. *International Journal of Financial Research & Management Science,* 9(7), 397-416.

Deb, T. (2006). *Strategic approach to human resource management*. Lo Atlantic Publishers & Dist.

Egbuta, O. U., Omosigho, A. A., Akinlabi, H. B., & Ajike, E. O. (2022). Lean Human Resource Initiatives and Employee Performance of Selected Small and Medium Scale Enterprises in Nigeria. *Journal of Strategic Management*, *6*(3), 88-106.

Etim, G. S., James, E. E., Ekong, J. E., & Jemil, D. O. (2023). Information and communication technologies (ICT) and performance of micro, small and medium enterprises (MSMEs) in Nigeria. *African Journal of Economics and Sustainable Development*, *6*(3), 89-112.

Godbless, E. E., & Obaro, O. K. (2023). Evolving human resource management practices and employee performance of selected pharmaceutical companies in Nigeria. *International Journal of Business and Management, 18*(1), 1-60.

Gumel, B. I., & Bardai, B. B. (2023). Critical Success Factors (CSFs) of SMEs in Nigeria and the Mediating Impact of SMEDAN Initiative Between the CSFs and SMEs' Success. *International Journal of Business and Economics Research, 12*(3), 68-86.

Hassaan, M., & Bibi, S. (2023). Impact of sustainable human resource management practices on employees professional development. *Journal of Human Resource Management*, *11*(2), 57-65.

Henderson, L. (2011). *Human Resource Management for MBA Students (2nd Edition).*Chartered Institute of Personnel Development.

Indradevi, R., & Sathya, N. (2023). Strategic human resources management practices: Addressing contemporary challenges for enhanced organizational performance. *Journal of Research Administration*, *5*(2), 1622-1629.

Isaac, S. K., Moses, C., Taiye, B., Chikodi, M., Agarana, F. E., Moyosoluwa, D. D., & Nifemi, O. (2023). Minimizing SMEsproblems in Nigeria for economy sustainability using quantitative technique. *International Journal of Economic, Finance and Business Statistics (IJEFBS)*, 1(1), 69-80

Klimczuk, A. (2021). *Demographic Analysis: Selected concepts, tools, and applications*. IntechOpenDOI: 10.5772/intechopen.100503.

Kusumastuti, R., Maruf, I. R., Fatmawati, E., Kartika, L., & Alam, S. N. (2023). Increasing digital-based human resources competencies for profitable and sustainable MSME managers. *International Journal of Health Sciences*, 6(S4), 2892-2908.

Likert, R. (1969). *Supervision in the Research & Development Game. David Allison (ed.).* Cambridge, M.A: The MIT Press. 161 – 181.

Marlapa, E., Srihadi, T. F., Yuliantini, T., & Soelton, M. (2023, November). Socialization of HR management to encourage MSMEsto become Sustainable Enterprises in Marunda. In *ICCD*, 5(1),262-265).

Marrucci, L., Daddi, T., & Iraldo, F. (2023). Institutional and stakeholder pressures on organisational performance and green human resources management. *Corporate Social Responsibility and Environmental Management*, *30*(1), 324-341.

Muhammad, N., Upadhyay, A., Kumar, A., & Gilani, H. (2022). Achieving operational excellence through the lens of Lean and Six Sigma during the COVID-19 pandemic. *The International Journal of Logistics Management*, *33*(3), 818-835.

Nilawati, E., Sitio, V. S. S., & Prayoga, D. (2021). The relationship between best practices of human resource management and the operational effectiveness of MSMEs. *Webology*, *18*(2), 675-686.

Njiru, F. M. (2023). Effect of human resource management competence practices on sustainability of small and medium enterprises in Kenya. *The Strategic Journal of Business & Change Management*, 10(3), 367 – 385.

Okojie, S. R., & Effiong, U. E. (2024). Financing and successful micro, small and medium scale enterprise development in Nigeria. *East African Finance Journal*, *3*(1), 1-26.

Omar, S. S., Aris, N. F. M., Alias, S., Mu'min, R., & Arokiasamy, L. (2023). Assessing the disparities between strategic human resource management and conventional human resource management: A theory-based review. *KnE Social Sciences*, 588-613.

Patmawati, S., Dewi, V. M., & Asbari, M. (2023). Theeffect of short-term and long-term learning in quality management and innovation. *Journal of Information Systems and Management (JISMA)*, *2*(1), 21-26.

Sampler, J. L. (1998). Redefining industry structure for the information age. *Strategic Management Journal*, 2(2)**,** 343-355.

Sanu, M. S., & Anjum, S. (2023). Constraints to the development of MSMEs in Assam, India: Do owner-managers' background characteristics and firm-specific characteristics matter?. *Journal of Economic and Administrative Sciences*, *39*(4), 1277-1301.

Sethakaset, P., & Santimataneedol, T. (2008). "The application of human resource management inThai SMEs: A case study of Albatross Company Limited." *Malardalen University, Bangkok* (2008).

Sharma, F. C. (2023). *Human resource management*. SBPD Publications.

Spender, J.C. (1996). "Making knowledge the basis of a dynamic theory of the firm". *Strategic Management Journal*, 17(1), 12-35.

SMEDAN (2017). National Policy on Micro, Small and Medium Scale Enterprises. **www.smedan.gov.ng**.

Stone, R. J., Cox, A., Gavin, M., & Carpini, J. (2023). *Human resource management*. John Wiley & Sons.

Sutton, A., & Atkinson, C. (2023, February). Performance at the cost of well-being? Testing the multi-level effects of HR practices on organisational performance via employee experiences and well-being. In *Evidence- based HRM: a Global Forum for Empirical Scholarship*. Emerald Publishing Limited.

Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, 1(1), 509-533

Ufua, D. E., Olujobi, J. O., Ogbari, M. E., Dada, J. A., & Edafe, O. D. (2020). Operations of small and medium enterprises and the legal system in Nigeria. *Humanities and Social Sciences Communications*, 7(1), 1-7.

Yamane, T. (1967). Research methods: Determination of sample size.