


# Strategic human resources management practices are key to small, medium and micro enterprises effectiveness in South Africa

**Author:**Jealous Sungwa<sup>1</sup> **Affiliation:**

<sup>1</sup>Department of Business Management, Faculty of Commerce, Independent Institute of Education (IIE) Varsity College, Pretoria, South Africa

**Corresponding author:**

Jealous Sungwa,  
jsungwa@iie.ac.za

**Dates:**

Received: 24 July 2024

Accepted: 29 Oct. 2024

Published: 16 Jan. 2025

**How to cite this article:**

Sungwa, J. (2025). Strategic human resources management practices are key to small, medium and micro enterprises effectiveness in South Africa. *SA Journal of Human Resource Management/SA Tydskrif vir Menslikehulpbronbestuur*, 23(0), a2763. <https://doi.org/10.4102/sajhrm.v23i0.2763>

**Copyright:**

© 2025. The Author. Licensee: AOSIS. This work is licensed under the Creative Commons Attribution License.

**Orientation:** Small, medium and micro enterprises (SMMEs) are prone to failure primarily because of inadequate human resource (HR) procedures despite their reputation for flexibility, closeness to dependable clients, adaptability and adoption of new technologies.

**Research purpose:** This study aims to explore strategic human resources management (SHRM) strategies for small businesses in South Africa to enhance survival rates. It investigates the pivotal role of HR in SMMEs, emphasising effective selection, recruitment, retention, and performance management for productivity and competitive advantage. Additionally, it elucidates the impact of SHRM practices on organisational efficacy and assesses the correlation between performance and training.

**Motivation for the study:** The goals of SMMEs are to manage relationships, perform better and boost employee satisfaction through the effective use of HRs. This study's interpretation of human resources management (HRM) is that it should be used to improve resource efficiency by applying HRM techniques. Further, performance management is another method that HRM shows up.

**Research approach/design and method:** A desktop research on a PhD thesis published in 2014 used a positivist paradigm, descriptive research design, quantitative research approach and a survey research strategy, which included 50 respondents and was conducted in Polokwane in South Africa. The simple random probability sampling method employed a saturated sample technique as well as descriptive and path analytic tools.

**Main findings:** The findings revealed that: (1) the results portray strong evidence between organisational capabilities (skills, knowledge) and organisational effectiveness and (2) business skills affect SMMEs' profitability in South Africa.

**Practical/managerial implications:** Through the advancement of a Resource-Based Entrepreneurship Theory (RBET), the study added to the body of knowledge.

**Contribution/value-add:** This study makes a compelling case for the necessity of HRM procedures for the organisational efficacy of SMMEs.

**Keywords:** opportunity cost theory; strategic reference point theory; entrepreneurship theory; RBET; contingency theory; configurationally theory.

## Introduction

### Orientation

Approaches to commitment and control can both be seen in human resources management (HRM). By rewarding employees, the control approach to HRM aims to increase organisational efficiency. Conversely, the commitment approach to HRM seeks to shape employee attitudes by establishing psychological connections between the objectives of the organisation and those of the person. According to empirical research, commitment-based HRM practices and organisational success are positively correlated (Collins & Clark, 2003; Collins & Smith, 2006).

The distinction between collaborative and calculative HRM techniques is highlighted by Gooderham et al. (1999). While calculative HRM strategies concentrate on the effective use of personnel, collaborative practices strive to improve employer and employee goals.

Pfeffer (1994) listed 16 'HRM techniques that boost an 'organisation's output. These include sharing of information, involvement, empowerment, education and skill development, job

**Read online:**

Scan this QR code with your smart phone or mobile device to read online.

stability, hiring and selection processes, competitive pay, benefits and employee ownership. Furthermore, according to Delaney and Huselid (1996), seven progressive HRM approaches use incentives and training to raise employee performance. Additionally, Huselid (1995) identified two categories of HRM practice factors: organisational structures and employee skills and motivation. He discovered 13 HRM practices that have a direct bearing on turnover, company productivity and organisational effectiveness.

The goals of small, medium and micro businesses are to manage relationships, perform better and boost employee satisfaction through the effective use of human resources (HRs). Human resources management strategies include career planning, compensation, performance management, training and development, recruiting and selection, reward systems and HRs planning in an effort to increase worker productivity (Zhang & Morris, 2014).

Firstly, this study's interpretation of HRM is that it should be used to improve resource efficiency by applying HRM techniques (Snell et al. 2007; 1996).

Secondly, performance management is another method that HRM shows up. Enhancing individual employee performance is the goal of HRM. An improvement in the performance of each worker benefits the organisation as a whole. Human resources management procedures give businesses the ability to raise worker performance on an individual basis. The goal of HRM should be to encourage employees to behave and think positively about the company. Positive attitudes and behaviours are precursors for individual performance and employees' productivity (Wright & McMahan, 1992).

Thirdly, managing the relationship between employees and employers is the goal of HRM. Training and career planning are two tactics used by organisations to build partnerships. Individual employee performance has been found to rise when employers invest in their workforce (Noe et al., 2012).

Fourthly, the goal of HRM is to make employees happy. One of the secondary beneficial organisational behaviours and attitudes that improve organisational performance is job satisfaction (Foss, 2003).

Work practices are the protocols, guidelines, standards and techniques employed in a particular field that involve human labour. There is no clear definition for this idea of work practices because there are numerous viewpoints. Brown et al. (2005) clarifies, however, that organisational actions intended to manage HRs capital constitute HRM practices. In this study, work practices are defined as HRM procedures, interpersonal interactions, human behaviours and other elements that affect employees in a workplace. The study investigates how these practices are used in small- and medium-sized enterprises (SMMEs) in conjunction with strategic business strategies. Research indicates that the practices of HRs in SMMEs are not well documented

(Cardon & Steven, 2004; Dun Bradstreet, 2001; Gilman & Edwards, 2008; Mazzarol, 2003).

## Research purpose and objectives

### Purpose of the study

Many research outputs indicate that HRM is associated with improved work practices (Whyman & Petrescu, 2011). There are differing perspectives on the relationship between superior organisational performance and effective HRM practices. This study is supported by proponents of the universalistic approach, who maintain that best HRM practices lead to superior organisational outcomes (Delery & Doty, 1996). On the other hand, the contingency approach says that there are best practices that fit every circumstance. These theories explain how HRM practices are essential to the efficient operation of SMME businesses. This research was conducted to verify the HRM practices used by South African SMMEs and micro-businesses. The research advances by offering insights into how HRM practices affect the efficacy of SMMEs in South Africa.

### Research question

*What is the connection between HRM practices and SMMEs' effectiveness on growth and survival in South Africa?*

**H1:** Strategic HRM has a significant effect on South African SMME performance.

## Literature review

### Theoretical framework

According to Tan (2011), the theoretical framework facilitates the application of diverse HRM systems and HRM practices to accomplish goals. Wright and Snell (2009) elaborate that managers have a selection of strategic human resources management (SHRM) practices from which to choose when designing HRM practices. Managers choose HRM procedures that select, hire, train, inspire and keep organisational personnel. These actions demonstrate actions that yield results, allowing the company to use tactics to meet targets.

Proponents of HRM provide a wide range of theoretical perspectives that guide HRM practices such as systems theory, opportunity-based theory (OBT), the resources-based view theory (RBV), multiple stakeholder theory, strategic reference point theory, systematic agreement theory, firm theory, resource-based entrepreneurship theory (RBET), contingency theory and configurationally theory (Delery & Shaw, 2001; Armstrong, 2012; Barney, 2001a, 2001b).

The goal of the RBET is to match opportunities and resources strategically. Schmidt and Cohen (2013) shows how SHRM increases firm effectiveness and maintains a competitive advantage. Resources-based view is a theoretical perspective that advises businesses to rely on assets and resources as the main foundation for sustainable competitive advantage, according to SHRM proponents such as Srivastava (2013).

The RBET purports that businesses are profit-maximising establishments under the direction of competent managers operating in clearly defined markets (Kraaijenbrink et al., 2010, p. 4). Resource-based entrepreneurship theory experts also assert that firms are profit-maximising entities that follow firm performance. This is in addition to RBV. This results from a successful fusion of firm performance and management techniques. This creates a gap in the body of knowledge (Barney, 2007).

The RBET theory maintains that an organisation needs to acquire, retain and manage unique resources more effectively than its rivals to be granted a sustainable competitive advantage. Eccles et al. (2013) reveal that firms that are sustainable and competitive, possess and maintain a variety of resources that bear similarities to characteristics that impact organisational performance. These competencies enable organisations to maintain their competitiveness over time. Numerous factors preceded RBET (Foss & Klein, 2011). The contributions of Barney (1991), Barney, (1995) and Wernerfelt (1994) gave rise to RBET. Three categories – Liquidity Theory of Entrepreneurship (LTE), Human Capital Theory (HCT) and Social Network Theory – are used by academics to divide the RBET theory (Muogbo, 2013).

The human capital in this study describes knowledge, skills, experience and capabilities that guide organisational performance (Muogbo, 2013).

Human resources are viewed as more important than other resources, much as in RBV theory. It is flexible because it uses mental abilities; therefore, businesses with strong HRs can be sure to produce results. Advocates of SHRM assert that an organisation can achieve sustainable competitive advantage through strategic management of its HRs. This creates a gap in the body of knowledge (Whyman & Petrescu, 2014; Wright & McMahan, 1992; Pfeffer, 2007).

## Review of previous empirical studies

Many studies have unearthed varied HR practices in SMMEs. According to research by Fabling and Grimes (2010), SHRM practices improve organisational results. A more relevant research by Karami et al. (2008) reveals that SHRM specialists foster organisational competitive advantage. In addition, Wang et al. (2010) explored the influence of planning strategic practices and concluded that SHRM practices were prevalent in well-established successful SMMEs.

Syed et al. (2012) pointed out that SHRM improves organisational performance. This study, conducted in South Africa, confirmed findings from a survey conducted in 2012 by Bhatti et al., who make the same claim as this study – namely, the majority of SMMEs experience severe HRs issues. According to Vanhala and Hilson (2013) and Vanhala and Ritala (2013), HRM studies predominated for 20 years, primarily demonstrating the link between profitable and creative HR practices.

A company's capacity for survival and growth in a dynamic, cutthroat market is known as its sustainability (Kehoe et al., 2006, p. 12). A business needs to be innovative, obtain a competitive edge and implement sound management techniques to be sustainable. Employee learning, engagement, performance management, leadership development and organisational change are the main components of HRM practices. Chan (2012) affirms that the strategic role of HRM will ensure organisational success because of the changing environment. Furthermore, globalisation, quick technological advancements and shifting supplier and customer demands have elevated HRM's strategic importance. This creates a gap in the body of knowledge.

## Review of related literature

This study reviews several HRM practices as follows:

### Organisational effectiveness

Despite the strong theoretical support that HR outcomes help mediate this relationship, not much research has been done to clarify the relationship between SHRM and organisational effectiveness (McMahan et al., 1999). Several studies show that organisational effectiveness and SHRM are positively correlated (Becker & Gerhart, 1996; Becker & Huselid, 2006). Nonetheless, real HR outcomes (behaviours) and other organisational inputs and resources interact to produce organisational outcomes (Lawler, 2012).

### Human resources management practices

Policies and procedures used in HR aspects such as recruiting, training, screening, evaluating and compensating are considered to be part of HRM (Dessler, 2011, p. 2). Furthermore, Bratton (2007, p. 446) describes HRM as an organisational relations approach that elaborates on the idea that building employee capability is a prerequisite for gaining a competitive edge. Additionally, Zheng et al. (2009, p. 18) investigate the relationship between HRM procedures and the effectiveness of organisations. They show employee involvement, training and development contribute to HRs outcomes such as competency, commitment, low staff turnover and cost-effectiveness. Growth potential and larger sales market shares are the results of HR.

Managers of HRs believe that the primary driver of organisational effectiveness and performance is human capital (Armstrong, 2008). According to a 2007 analysis by Kotey and Fleker, HRM procedures in SMMEs include hiring, training and employee selection and compensation. Optimising HRM practices has been linked to better organisational performance in SMME (Osman et al., 2011). Human resources management proponents concluded that HRM procedures such as compensation and training development directly affect organisational outcomes. The primary responsibilities of HRM, according to Bratton et al. (2007, p. 450), are as follows: planning, staffing, training and development, maintenance, relationships management, change management and evaluation and control.

## Human resources planning

All companies were viewed by Strornmer (1999) as practising some levels of HRs planning. Managers view HR planning to be based on organisational strategies. In large organisations, specialised personnel is hired to do labour forecast, recruitment, training and development to suit both micro and macro environments. Unfortunately, this is not the case in SMMEs. Human resource planning in SMMEs is less formal or might fail to exist. The biggest error is that HR planning helps organisations utilise HRs more effectively and efficiently (Ivancevich, 1995). Human resource planning also guides employees to enjoy the positive effects on skills level and job satisfaction. Therefore, failure to have HR planning in SMME triggers poor HRM. Small, medium and micro enterprises should follow Strornmer's (1999, p. 233) key to HRs' planning objectives: caring for enough quality employees, sustaining competent levels to achieve intended goals, forecasting training and development needs and budgeting for HRs costs (Devanna et al. 1982).

Smit and Watkins (2012), in contrast, note that inadequate HR planning and high employee attrition rates are significant variables influencing SMME survival and growth. This creates a gap in the body of knowledge.

## Recruitment and selection

Recruitment and selection have been earmarked as the most important HRM practices SMME managers use to help them succeed, survive and remain sustainable (Ongori, 2010). For SMMEs to be competitive, they rely on the main objective of selection that predicts that new applicants will perform effectively if employed and this leads to good organisational outcomes (Agarwala, 2007). Small, medium and micro enterprises adopt the findings by Desseler (2011), which brought the notion that appropriate recruitment planning and execution is linked to improved worker performance.

The effect of staffing on performance is measured by matching employees to SMME's strategic and operational demands. Small, medium and micro enterprises should acquire, train and retain talented workers who can guide the organisation to be productive, flexible and innovative and render a culture fit to implement organisational strategy (Agarwal & Audretsch, 2001; Agarwala, 2003).

Apart from recruitment and selection, an SMME should develop a modern working environment by managing diverse employee needs and circumstances, focussing on core values, leading employees rather than managing them and allowing strong work-life balance mechanisms (Fombrun et al., 1985). A void in the corpus of knowledge is thus created.

Planning, recruiting, selection, pay and training all have a close connection to HRs. In SMMEs, HRs planning should focus on personnel needs and supply of new workers. Recruitment covers all efforts by a firm to acquire needed workers. Effective SMME recruiting is crucial for organisational goals and outcomes. Finding suitably qualified employees is a strong challenge in SMMEs.

Scholars claim that SMMEs use the traditional way of recruitment. The method involves the description of the organisation and listing of employee duties and tasks. Modern recruitment covers selection, training and performance evaluation (Tocher & Rutherford, 2009). Small, medium and micro enterprise owners and/or managers are limited in external recruitment, making recruitment and selection a big challenge (Long et al., 2014). Van Sheers (2016) echoed the same sentiments that a lack of well-designed selection and recruitment strategies negatively impacts the development of skills, knowledge and competencies. Small, medium and micro enterprises should have clear procedures and policies that guide recruitment and selection. This creates a gap in the body of knowledge.

## Training

According to Armstrong (2008), training is the deliberate modification of behaviour through educational activities, occasions, directives and programmes that help staff members acquire the abilities, know-how and skills necessary to function well at work. Furthermore, according to Blanchard and Thacker (2007), efficient training helps workers acquire relevant and helpful knowledge as well as skills and appropriate behaviours that they can use in the workplace.

Small, medium and micro enterprise training ought to concentrate on improving employees' knowledge and abilities. The transmission of competencies and attitudes promotes the effectiveness of SMMEs. Small, medium and micro enterprise training is essential as it is conducted with the understanding that employees are organisational assets (Long et al., 2013). Furthermore, Klapper et al. (2009) assert that training imparts pertinent skills, knowledge and abilities that guarantee SMME growth and long-term competitive advantage. This research looked at three theoretical frameworks. Firstly, a company's resources can give it a competitive edge when it obtains resources that enhance the organisation, according to the resource-based view of the organisation (Wright et al., 2001).

Secondly, the behavioural perspective maintains that employee role behaviour acts as a motivator between strategy and firm performance (Van De Voorde et al., 2009). As a result, HRM procedures clarify and support the desired behaviours that the organisation's mission calls for. Training employees from a behavioural perspective suggests that training employees will improve organisational performance in small businesses.

Thirdly, the input-throughput-out model and the cybernetic systems model claim that the cybernetic training model and SMME training offer critical competencies that impact SMME outcomes. This creates a gap in the body of knowledge.

The performance of an organisation is positively impacted by training and development because it broadens the skill bases and raises employee competency levels. Workers are encouraged to engage in discretionary leadership to gain the

abilities, know-how and competencies required to complete these tasks. Small, medium and micro enterprises can create a learning environment through self-managed learning activities, coaching, training and mentoring – all are recognised as SMME growth factors. In addition, a positive work environment that promotes flexibility, job satisfaction and ultimately high output and performance should be fostered by offering employees engaging and interesting tasks, which adds to permitting training and learning opportunities (Bratton & Gold, 2007).

Following training, SMMEs in HRs planning need to manage their newly acquired knowledge, skills and intellectual capital. Human resources management practices used by SMMEs affect organisational performance by helping employees retain critical skills and knowledge that will help them manage a changing market environment. This creates a gap in the body of knowledge.

### **Performance management practices**

According to Heinrich (2002), performance management is the process of establishing objectives, devising plans to reach those objectives, allocating wise choices and evaluating and rewarding individual performance. In addition, Garengo and Bernardi (2007) reiterate that performance management encompasses attaining set goals, allocating relevant resources, creating and developing organisational strategies that help SMME managers in examining and operating businesses daily.

Human resources management scholars claim that performance management has been thoroughly studied, but many studies have concentrated on large organisations (Cruz et al., 2011). This creates a gap in the body of knowledge. According to Schuler et al. (2011), performance management is viewed as a management goal to boost business efficacy. Because their absence has an effective and lasting impact on the organisation, managers should identify critical competencies during performance management (Becker & Gerhart, 1996).

Human resources management proponents assert that performance management, which measures the difference between expected and actual outcomes, directs organisational efficacy and efficiency (Bernardi, 2007). Small, medium and micro enterprise performance management practices help them stay alive by supporting the creation of a plan for continuous improvement and by ensuring that they have the right kind of resources and human capital (Vichitdhanabadee et al., 2009). This creates a gap in the body of knowledge (Zhang & Morris, 2014).

Performance management, an HRM practice, influences organisational performance and increases shareholder value by fostering a culture of performance that promotes excellence, growth, customer satisfaction, profitability and overall organisational performance. High-performance management eventually creates a work environment where employees are inherently creative, reliable, risk-takers and knowledge-sharing citizens (Reid & Hubbell, 2005).

### **Reward management**

A motivational tactic that promotes engagement and commitment at work is reward. Employees will be more inclined to identify with the core organisational values and willingly contribute to attaining company objectives and goals when SMME managers aim to increase employee motivation. According to research, these initiatives would lead to high degrees of cooperation, trust and the formation of a psychological contract (Smith, 2019).

### **Work knowledge**

It is believed that human creativity and the capacity to discover implicit knowledge in the mind produce work knowledge (Roger, 2003). Work knowledge is the fuel that drives workplace performance and long-term competitive advantage. It is said that organisations survive because of their ability to produce competent managers. Moreover, Franssila et al. (2012) state that organisations must find capable ways to implement their work practices to realise the potential of new technologies. This creates a gap in the body of knowledge.

Work knowledge is a necessary condition for employees to understand what is expected of them in an organisation before they can perform any task. Disregarding information leads to worker incapacitation, which is bad for small businesses in a highly competitive business environment. Employees who lack the knowledge to advance professionally use cutting-edge methods and techniques (Snell et al., 2007; 1996).

## **Research design**

### **Research approach**

Exploratory research design is primarily focussed on the exploration of novel insights regarding a specific phenomenon. Saunders et al. (2019, p. 458) elucidated that exploratory research designs allow researchers to engage in a comprehensive review of existing literature to enhance their comprehension of a phenomenon. According to Strauss and Corbin (2016), a quantitative research approach emphasises data quantification, analysis and collection. This particular research approach is grounded in a deductive method that highlights the testing of theories derived from a positivist paradigm, as indicated by Saunders et al. (2019). Bryant and Charmaz (2018) noted that surveys employ questionnaires and interviews to evaluate the attitudes, opinions, perceptions and preferences of the subjects relevant to the researcher. Consequently, surveys can be conducted via telephone calls, online platforms or in-person interactions to gather data. The present study adopted an exploratory research design, a positivist paradigm, a quantitative research approach and a survey research strategy.

### **Research method**

This section explains the study population, sampling techniques, research instruments and methodology. Methods for gathering and analysing data are known as research methods. Data from SMME managers in Limpopo

province, South Africa, were gathered for this desk research. A quantitative, correlational research design was employed to collect data. Based on hypotheses, the quantitative research is particularistic and deductive. The quantitative paradigm was chosen for this study because it enables the formulation of the research question and testing hypotheses. Quantitative approaches lessen judgement's subjectivity.

## Research respondents

The study sample of 100 SMMEs was chosen using a random probability sampling procedure. According to Welman et al. (2009), this sample makes the proper population sampling fraction of 10%. Of the 1000 SMMEs in Limpopo, 100 were chosen as a representative sample.

## Measuring instruments

Self-administered questionnaires were chosen for this study because they are easy to attend to and allow SMME managers to respond positively.

## Research procedure

According to Saunders et al. (2018), research involves a lot of ethical considerations that revolve around plagiarism, being honest when reporting and treating participants' dignity. The researcher also sought permission from the management, which was approved before the commencement of the study, and this was achieved through writing to the management informing them about the desire to undertake research and obtaining a consent letter.

## Statistical analysis

Descriptive and inferential statistics were compiled using Statistical Package for Social Science (SPSS) (Library Contact Accessibility Privacy Copyright and disclaimer Aboriginal acknowledgment © Copyright 2024 La Trobe University. All rights reserved. La Trobe University CRICOS Provider Code Number 00115M China).

## Results and discussion

### Outline of the results

Table 1 indicates that many SMMEs train once a year and get little income of ±R300 000.00. The SMME that received training four times a year realised R1 million and R3 million as income and the SMME that received training every week enjoyed above R6 million as income. The results reveal that prosperous small businesses train more frequently and keep abreast of the changing market environment (Table 1).

Table 2 shows that 76% of managers, realising low income of between R50 000.00 and R3 million had grade 8, 12 or a diploma certificate while 24% of managers who received above R6 million were university graduates (Table 2).

Results indicate that majority (47%) of the SMME managers responded that they were very poor in strategy and business planning HRs practices (Table 3). Furthermore, 32% of the SMME managers revealed that they were poor and 46% revealed that they were very poor in SHRM (Table 4). Results also indicate that 62% managers fail to do research and development in HRs practices (Table 5).

## Chi-Square test

Less than 5 is the expected count for A15 cells (75.0%) and 1.12 is the bare minimum anticipated count and sustainability to ensure that jobs are always created. Family businesses are run by SMME owners and managers, and it is assumed that these managers require additional training to increase their knowledge, abilities and competencies. Additionally, it has been noted that training inspires, motivates and gives workers skills. Because the 95% confidence level was used in the test, the *p*-value had to be less than 0.05. Results reveal that training frequency affected the rate of SMME turnover. This shows that training has an impact on SMME performance and profitability (Table 6).

**TABLE 1:** Training effects on business turnover.

Frequency of training	Annual income of small enterprises in ZAR 000					Total
	±50	±300	±1 000	±3 000	±6 000	
Weekly	0	0	0	0	20	20
Monthly	0	0	0	23	1	24
Quarterly	1	3	9	3	0	16
Yearly	18	20	2	0	0	40
<b>Total</b>	<b>19</b>	<b>23</b>	<b>11</b>	<b>26</b>	<b>21</b>	<b>100</b>

ZAR, South African Rand.

**TABLE 2:** Selection and recruitment impact on business performance.

Owner qualification	Annual income of small enterprises in ZAR 000					Total
	±50	±300	±1 000	±3 000	±6 000	
Grade 8 certificate	5	4	0	0	0	9
Grade 12 certificate	14	10	4	3	6	37
Diploma certificate	0	9	10	17	14	50
Degree graduate	0	0	0	0	4	4
<b>Total</b>	<b>19</b>	<b>23</b>	<b>14</b>	<b>20</b>	<b>24</b>	<b>100</b>

ZAR, South African Rand.

**TABLE 3:** Strategy and business planning.

Response	Frequency	%	Valid %	Cumulative %
<b>Valid</b>				
Very poor	47	47.0	47.0	47.0
Poor	27	27.0	27.0	74.0
Satisfactory	26	26.0	26.0	100.0
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100.0</b>	-

**TABLE 4:** Strategic human resources management.

Response	Frequency	%	Valid %	Cumulative %
<b>Valid</b>				
Very poor	32	32.0	32.0	32.0
Poor	46	46.0	46.0	78.0
Satisfactory	22	22.0	22.0	100.0
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100.0</b>	-

**TABLE 5:** Research and development.

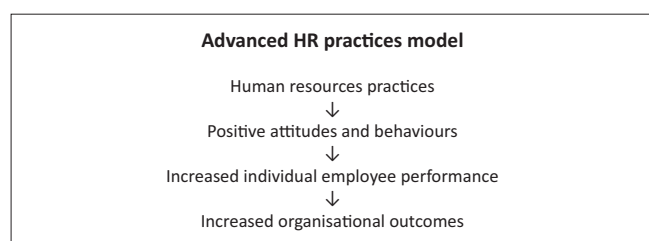
Response	Frequency	%	Valid %	Cumulative %
<b>Valid</b>				
Very poor	28	28.0	28.0	28.0
Poor	34	34.0	34.0	62.0
Satisfactory	20	20.0	20.0	82.0
Good	18	18.0	18.0	100.0
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100.0</b>	<b>-</b>

**TABLE 6:** Training effects on business turnover.

Coefficient	Value	df	Sump. Sig. (2 sided)
Pearson Chi-square	97.36	12	0.000
Likelihood ratio	97.36	12	0.000
Linear-by-linear association	50.08	1	0.000
No valid cases	-	21	-

Note:  $p < 0.05$ .

df, degrees of freedom; Sig., significance; Sump., sum  $p$ -values.



HR, human resource.

**FIGURE 1:** Advanced human resources practices model.

## Practical implications

This study contributed that: Firstly, employees are considered human capital in SHRM.

Secondly, positive organisational attitudes and behaviours increase employee commitment. Thus, positive organisational attitudes and behaviours are critical to SHRM.

Thirdly, strategic HR practice comprise HRM practices, human capital, HR systems and HR governance and performance management.

Human resources practices lead to positive employee attitudes, and behaviours increase individual employee commitment and performance will increase organisational performance.

This study demonstrates the continued success of employment models that incorporate organisational strategies and human practices. Additionally, this study links management practices and HRs to training, hiring, motivation and performance management (Figure 1).

## Limitations and recommendations

This research, like all studies, had limitations. The study's limitations impacted the results significantly. One limitation was that some participants may have missed important information by not completing questionnaires. Another limitation was the inability to make causal inferences because of cross-sectional data. Additionally, the study focussed on HR issues in South African SMMEs.

The study's population was limited to SMMEs in Limpopo province, preventing generalisation. The study also highlighted the lack of data from the Limpopo province. Lastly, the study recognised the limitations of applying American and/or British viewpoints to the South African context.

It is recommended that HRM techniques that support successful SMME outcomes be used by SMMEs. Fedderke and Luiz (2008) recommend that SMMEs in South Africa implement a well-established institutional framework that includes efficient policies, procedures and practices. For SMMEs to maintain their competitiveness, they must invest significantly in HRM initiatives and follow best management practices.

## Conclusion

Human resources management practices bring many benefits to SMMEs. They help accomplish organisational goals for SMMEs to survive; they help implement set organisational strategies, create and maintain a sustainable competitive advantage and improve employee responsiveness and innovation.

There is a co-relationship between the way a company manages its employees and the organisational outcomes and effectiveness. The causal link between HRs and organisational results helps in designing HR practices, policies, programmes and procedures that would guide the organisation to reach its goals through people.

## Acknowledgements

This article is partially based on the author J.S.'s thesis entitled 'The impact of strategic Human resources management on the profitability and suitability of small medium and micro enterprises in the Limpopo province' toward the degree of Doctor of Philosophy in the Department of Business Management, Zimbabwe Open University, South Africa, with supervisor Professor Nyaruwata T. Loveness, received 30 November 2014.

## Competing interests

The author declares that they have no financial or personal relationship(s) that may have inappropriately influenced them in writing this article.

## Author's contributions

J.S. declares that they are the sole author of this research article.

## Ethical considerations

Ethical approval to conduct this study was obtained from the Independent Institute of Education (IIE) Ethics Committee with reference number R.0002037 (REC).

## Funding information

The author reported that they received funding from the Independent Institute of Education (IIE) Varsity College Pretoria Campus, which may be affected by the research reported in the enclosed publication. The author has disclosed those interests fully and has implemented an approved plan for managing any potential conflicts arising from their involvement. The terms of these funding arrangements have been reviewed and approved by the affiliated University in accordance with its policy on objectivity in research.

## Data availability

The data that support the findings of this study are available upon reasonable request from the author, J.S. The data are not publicly available because of restrictions inclusive of information that could compromise the privacy of research participants.

## Disclaimer

The views and opinions expressed in this article are those of the author and are the product of professional research. The article does not necessarily reflect the official policy or position of any affiliated institution, funder, agency or that of the publisher. The author is responsible for this article's results, findings and content.

## References

- Agarwal, R., & Audretsch, D.B. (2001). Does entry size matter? The impact of the life cycle and technology on firm survival. *The Journal of Industrial Economics*, 49(1), 21–43. <https://doi.org/10.1111/1467-6451.00136>
- Agarwala, T. (2003). Innovative human resource practices and organizational commitment: An empirical investigation. *The International Journal of Human Resource Management*, 14(2), 175–197. <https://doi.org/10.1080/0958519021000029072>
- Agarwala, T. (2007). *Personnel management, strategic planning, personnel – Direction, planification stratégique, personnel management*. Oxford University Press.
- Armstrong, M. (2008). Human resource practices for mature workers. In addition, why aren't employers using them? *Asia Pacific Journal of Human Resources*, 46(3), 334–352. <https://doi.org/10.1177/1038411108091755>
- Armstrong, M. (2012). *Armstrong's handbook of human resource management practice*. Ashford Colour Press.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99–120. <https://doi.org/10.1177/014920639101700108>
- Barney, J.B. (1995). Looking inside for competitive advantage. *Academy of Management Executive*, 9(4), 49–61. <https://doi.org/10.5465/ame.1995.9512032192>
- Barney, J.B. (2001a). Is the resource-based 'view' a useful perspective for strategic management research? Yes. *Academy of Management Review*, 26(1), 41–56. <https://doi.org/10.5465/amr.2001.4011938>
- Barney, J.B. (2001b). Resource-based theories of competitive advantage: A ten-year retrospective on the resource-based view. *Journal of Management*, 27(6), 643–650. [https://doi.org/10.1016/S0149-2063\(01\)00115-5](https://doi.org/10.1016/S0149-2063(01)00115-5)
- Barney, J.B. (2007). *Gaining and sustaining competitive advantage*. Pearson Education.
- Becker, B., & Gerhart, B. (1996). The impact of human resource management on organizational performance: Progress and prospects. *Academy of Management Journal*, 39(4), 779–801. <https://doi.org/10.2307/256712>
- Becker, B.E., & Huselid, M.A. (2006). High-performance work systems and firm performance: A synthesis of research and managerial implications. In *Research in personnel and human resources management* (vol. 16, pp. 53–101).
- Bernardi, G. (2007). Organisational capability in SMEs: Performance measurement as a key system supporting company development. *International Journal of Productivity and Performance Management*, 56(5/6), 518–532. <https://doi.org/10.1108/17410400710757178>
- Bhatti, N., Syed, A.A.S.G., Shah, S.M., & Shaikh, F.M. (2012). Human resource management and SMEs business growth in Pakistan. *Asian Social Science*, 8(6), 136–139. <https://doi.org/10.5539/ass.v8n6p136>
- Bratton, J., Callinan, M., Forshaw, C., & Sawchuk, P. (2007). *Work and Organisational Behaviour*. Palgrave Macmillan.
- Bratton, J., & Gold, J. (2007). *Human resource management: Theory and practice*. Palgrave Macmillan.
- Brown, M.E., Trevino, L.K., & Harrison, D.A. (2005). Ethical leadership: A social learning perspective for construct development and testing. *Organizational Human Behavior and Human Decision Processes*, 97, 117–134. <https://doi.org/10.1016/j.obhdp.2005.03.0021992>
- Bryant, A., & Charmaz, K. (2018). *The SAGE handbook of current developments in grounded theory*. SAGE Publications Ltd.
- 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. <https://doi.org/10.1016/j.hrmr.2004.06.001>
- Chan, C.K. (2012). Community-based organizations for migrant workers' rights: The emergence of labour NGOs in China. *Community Development Journal*, 48(1), 6–22. <https://doi.org/10.1093/cdj/bss001>
- Collins, C.J., & Clark, K.D. (2003). Strategic human resource practices, top management team social networks, and firm performance: The role of human resource practices in creating organizational competitive advantage. *Academy of Management Journal*, 46(6), 740–751. <https://doi.org/10.2307/30040665>
- Collins, C.J., & Smith, K.G. (2006). Knowledge exchange and combination: The role of human resource practices in the performance of high-technology firms. *Academy of Management Journal*, 49(3), 544–560. <https://doi.org/10.5465/amj.2006.21794671>
- Cruz, I., Scapens, R.W., & Major, M. (2011). The localization of a global management control system. *Accounting, Organizations and Society*, 36(7), 412–442. <https://doi.org/10.1016/j.aos.2011.08.001>
- Delaney, J.T., & Huselid, M.A. (1996). The impact of human resource management practices on perceptions of organizational performance. *Academy of Management Journal*, 39(4), 949–969. <https://doi.org/10.2307/256718>
- Delery, J.E., & Doty, D.H. (1996). Modes of theorizing in strategic human resource management: Tests of universalistic, contingency, and configurational performance predictions. *Academy of Management Journal*, 39(4), 802–835. <https://doi.org/10.2307/256713>
- Delery, J.E., & Shaw, J.D. (2001). The strategic management of people in work organizations: Review, synthesis, and extension. In *Research in personnel and human resources management* (Vol. 20, pp. 165–197).
- Dessler, G. (2011). *A framework for human resource management*. Pearson Education India.
- Devanna, M.A., Fombrun, C., Tichy, N., & Warren, L. (1982). Strategic planning and human resource management. *Human Resource Management*, 21(1), 11–17. <https://doi.org/10.1002/hrm.3930210103>
- Dun Bradstreet. (2001). *D&B reference book of corporate managements*. Incorporated Pennsylvania State University.
- Eccles, R.G., Ioannou, I., & Serafeim, G. (2014). The impact of corporate sustainability on organizational processes and performance. *Management Science*, 60(11), 2835–2857. <https://doi.org/10.1287/mnsc.2014.1984>
- Fabling, R., & Grimes, A. (2010). HR practices and New Zealand firm performance: What matters and who does it? *The International Journal of Human Resource Management*, 21(4), 488–508. <https://doi.org/10.1080/09585191003611994>
- Fedderke, J.W., & Luiz, J.M., (2008). Does human generate social and institutional capital? Exploring evidence from South African time series data. *Oxford Economic Papers*, 60(4), 649–682. <https://doi.org/10.1093/oepp/gpn007>
- Fombrun, C.J., Tichy, N.M., & Devanna, M.A. (1985). *Strategic human resource management*. John Wiley & Sons.
- Foss, N.J. (2003). The resource-based tangle: Towards a sustainable explanation of competitive advantage. *Managerial and Decision Economics*, 24(4), 291–307. <https://doi.org/10.1002/mde.1122>
- Foss, N.J., & Klein, P.G. (2011). *Organizing entrepreneurial judgment: A new theory of the firm*. Cambridge University Press.
- Fransilla, H., Okkonen, J., Savolainen, R., & Talja, S. (2012). The formation of coordinative knowledge practices in distributed work: Towards an explanatory model. *Journal of Knowledge Management*, 16(4), 650–665. <https://doi.org/10.1108/13673271211246202>
- Garengo, P., & Bernardi, G. (2007). Organizational capability in SMEs. *International Journal of Productivity and Performance Management*, 56(5/6), 518–532. <https://doi.org/10.1108/17410400710757178>
- Gilman, M., & Edwards, P. (2008). Testing a framework of the organisation of small firms. *International Small Business Journal: Researching Entrepreneurship*, 26(5), 531–558. <https://doi.org/10.1177/0266242608094028>
- Gooderham, P.N., Nordhaug, O., & Ringdal, K. (1999). Institutional and rational determinants of organizational practices: Human resource management in European firms. *Administrative Science Quarterly*, 44(3), 507–531. <https://doi.org/10.2307/2666960>
- Heinrich, C.J. (2002). Outcomes-based performance management in the public sector: Implications for government accountability and effectiveness. *Public Administration Review*, 62(6), 712–725. <https://doi.org/10.1111/1540-6210.00253>
- Huselid, M.A. (1995). The impact of human resource management practices on turnover, productivity, and corporate financial performance. *Academy of Management Journal*, 38(3), 635–672. <https://doi.org/10.5465/256741>
- Ivanecvich, J.M. (1995). *Human resource management* (6th ed.). Pennsylvania State University.
- Karami, A., Jones, B.M., & Kakabadse, N. (2008). Does strategic human resource management matter in the high-tech sector? Some learning points for SME managers. *Corporate Governance*, 8(1), 7–17. <https://doi.org/10.1108/14720700810853365>

- Kehoe, R.R., & Collins, C.J. (2017). Human resource management and unit performance in knowledge-intensive work. *Journal of Applied Psychology, 102*(8), 1222–1236. <https://doi.org/10.1037/apl0000216>
- Klapper, L., Lewin, A., & Delgado, J.M.Q. (2009). The impact of the business environment on the business creation process. In *Policy research working papers*. The World Bank.
- Kraaijenbrink, J., Spender, J.-C., & Groen, A.J. (2010). The resource-based view: A review and assessment of its critiques. *Journal of Management, 36*(1), 349–372. <https://doi.org/10.1177/0149206309350775>
- Lawler, E.E. (2012). *Effective human resource management: A global analysis*. Stanford Business Books.
- Long, C.S., Khalafinezhad, R., Ismail, W.K.W., & Rasid, S.Z.A. (2013). Impact of CRM factors on customer satisfaction and loyalty. *Asian Social Science, 9*(10). <https://doi.org/10.5539/ass.v9n10p247>
- Long, C.S., Yusof, W.M.M., Kowang, T.O., & Heng, L.H. (2014). The impact of transformational leadership style on job satisfaction. *World Applied Sciences Journal, 29*(1), 117–124. <https://doi.org/10.5829/idosi.wasj.2014.29.01.1521>
- Mazzarol, T. (2003). A model of small business HR growth management. *International Journal of Entrepreneurial Behaviour & Research, 9*(1), 27–49. <https://doi.org/10.1108/13552550310461036>
- McMahan, G.C., Virick, M., & Wright, P.M. (1999). Alternative theoretical perspectives for strategic human resource management revisited: Progress, problems and prospects. *Research in Personnel and Human Resources Management, Supplement, 4*, 99–122.
- Muogbo, U.S. (2013). The impact of strategic human resources management on small and medium-sized enterprises. (A study of some selected paint manufacturing firms in Anambra State Nigeria). *Global Journal of Management and Business Studies, 3*(3), 323–340.
- Noe, R.A., Hollenbeck, J.R., Gerhart, B.A., & Wright, P.M. (2012). *Human resource management: Gaining a competitive advantage* (8th ed.). McGraw Hill Higher Education.
- Ongori, H. (2010). Recruitment and selection practices in SMEs: Empirical evidence from a developing country perspective. *Advances in Management, 3*(2), 52–58.
- Osman, I.H., Anouze, A., Irani, Z., Lee, H., Balci, A., Medeni, T., & Weerakkody, V. (2011). A new cobra framework to evaluate e-government services: A citizen centric perspective. In *Proceedings of tGov Workshop'11 (IGOV11)*, West London, 17–18 March 2011, Brunel University.
- Pfeffer, J. (1994). *Competitive advantages through people*. Harvard Business School Press.
- Pfeffer, J. (2007). Human resources from an organizational behaviour perspective: Some paradoxes explained. *Journal of Economic Perspectives, 21*(4), 115–134. <https://doi.org/10.2307/41165742>
- Reid, J., & Hubbell, V. (2005). *Creating a performance culture*. Ivey Management Service.
- Roger, E.M. (2003). *Diffusion of innovations* (5th edn.). Free Press.
- Saunders, M., Lewis, P., & Thornhill, A. (2019). *Research methods for business students* (9th edn.). Pearson.
- Saunders, M., Thornhill, A., & Lewis, P. (2018). *Research methods for business students* (8th edn.). Pearson Education.
- Schmidt, E., & Cohen, J. (2013). *The new digital age: Reshaping the future of people, nations and business*. John Murray.
- Schuler, R.S., Jackson, S.E., & Tarique, I. (2011). Global talent management and global talent challenges: Strategic opportunities for IHRM. *Journal of World Business, 46*(4), 506–516. <https://doi.org/10.1016/j.jwb.2010.10.011>
- Smit, Y., & Watkins, J.A. (2012). A literature review of small and medium enterprises (SME) risk management practices in South Africa. *African Journal of Business Management, 6*(21), 6324–6330. <https://doi.org/10.5897/AJBM11.2709>
- Smith, S. (2019). *Recruitment, retention, and engagement of a millennial workforce*. Lexington Books
- Snell, S.A., Shadur, M.A., & Wright, P.M. (2007). *Human resources strategy: The era of our ways*. In *Blackwell handbook of strategic management* (pp. 627–649).
- Snell, S.A., Youndt, M.A., & Wright, P.M. (1996). Establishing a framework for research in strategic human resource management: Merging resource theory and organizational learning. In *Research in personnel and human resources management* (Vol. 14, pp. 61–90).
- Srivastava, S. (2013). Job satisfaction and organizational commitment relationship: Effect of personality variables. *Vision The Journal of Business Perspective, 17*(2), 159–167. <https://doi.org/10.1177/0972262912483529>
- Strauss, A., & Corbin, J. (2016). Basics of qualitative research. *Journal of Marketing Research, 29*(3), 382. <https://doi.org/10.2307/3172751>
- Syed, S.B., Dadwal, V., Rutter, P., Storr, J., Hightower, J.D., Gooden, R., Carlet, J., Bagheri Nejad, S., Kelley, E.T., Donaldson, L., & Pittet, D. (2012). Developed-developing country partnerships: Benefits to developed countries? *Globalization and Health, 8*(1), 17. <https://doi.org/10.1186/1744-8603-8-17>
- Tan, B.C. (2011). The roles of knowledge, threat, and PCE on green purchase behaviour. *International Journal of Business and Management, 6*(12), 14–27. <https://doi.org/10.5539/ijbm.v6n12p14>
- Tichy, N., Fombrun, C., & Devanna, M. (1982). Strategic human resource management: The evolution of the field. *Sloan Management Review, 23*(2), 47–61.
- Tocher, N., & Rutherford, M.W. (2009). Perceived acute human resource management problems in small and medium firms: An empirical examination. *Entrepreneurship Theory & Practice, 33*(2), 455–479. <https://doi.org/10.1111/j.1540-6520.2009.00299.x>
- Van De Voorde, K., Paauwe, J., & Van Veldhoven, M. (2009). Employee well-being and the HRM-organizational performance relationship: A review of quantitative studies. *International Journal of Management Reviews, 14*(4), 391–407. <https://doi.org/10.1111/j.1468-2370.2011.00322.x>
- Van De, K., Van, M., & Paauwe, J. (2009). Strategic climate and organizational productivity: The role of work satisfaction. *Academy of Management Proceedings, 2009*(1), 1–6. <https://doi.org/10.5465/ambpp.2009.44257923>
- Van Scheers, L. (2016). Is there a link between economic growth and SMEs success in South Africa? *Investment Management and Financial Innovations, 13*(2), 349–353. [https://doi.org/10.21511/imfi.13\(2-2\).2016.09](https://doi.org/10.21511/imfi.13(2-2).2016.09)
- Vanhala, L., & Hilson, C. (2013). Climate change litigation: Symposium introduction. *Law & Policy, 35*(3), 141–149. <https://doi.org/10.1111/lapo.12007>
- Vanhala, M., & Ritala, P. (2013). HRM practices, impersonal trust, and organizational innovativeness. *Journal of Managerial Psychology, 31*(1), 95–109. <https://doi.org/10.1108/JMP-03-2013-0084>
- Vichitdhanabadee, J., Wilmshurst, T.D., & Clift, R.C. (2009). Performance management practice in the Thai SMEs. In *Performance Measurement Association Conference* (p. ej).
- Wang, C., Walker, E., & Redmond, J. (2010). Explaining the lack of strategic planning in SMEs: The importance of owner motivation. *International Journal of Organizational Behaviour, 12*(121), 1–16.
- Welman, C., Kruger, F., & Mitchell, B. (2009) *Research methodology*. Oxford University Press.
- Wernerfelt, B. (1984). A resource-based view of the firm. *Strategic Management Journal, 5*(2), 171–180. <https://doi.org/10.1002/smj.4250050207>
- Whyman, P.B., & Petrescu, A.I. (2011). Partnership, flexible working practices and the realisation of mutual gains: Evidence from the British WERS 2004 dataset. *International Journal of Human Resource Management, Special Issue: Partnership, Collaboration and Mutual Gains: An International Perspective, 25*(6), 829–851. <https://doi.org/10.1080/09585192.2012.751439>
- Whyman, P.B., & Petrescu, A.I. (2014). Partnership, flexible workplace practices and realization of mutual gains: Evidence from the British WERS 2004 dataset. *International Journal of Human Resource Management, 25*(6), 829–851. <https://doi.org/10.1080/09585192.2012.751439>
- Wright, P.M., & McMahan, G.C. (1992). Theoretical perspectives for strategic human resource management. *Journal of Management, 18*(2), 295–320. <https://doi.org/10.1177/014920639201800205>
- Wright, P.M., & Snell, S.A. (2009). Human resource and capabilities. In J. Storey, P. Wright, & D. Ulrich (Eds.), *The Routledge companion to strategic human resource management* (pp. 756–772). Oxford University Press.
- Wright, P.M., Dunford, B.B., & Snell, S.A. (2001). Human resources and the resource-based view of the firm. *Journal of Management, 27*(6), 701–721. <https://doi.org/10.1177/014920630102700607>
- Zhang, B., & Morris, J.L. (2014). High-performance work systems and organisational performance: Testing the mediation role of employee outcomes using evidence from PR China. *The International Journal of Human Resource Management, 25*(1), 68–69. <https://doi.org/10.1080/09585192.2013.781524>
- Zheng, S., Zhang, W., & Du, J. (2009). Knowledge-based dynamic capabilities and innovation in networked environments. *Journal of Knowledge Management, 15*(6), 1035–1051. <https://doi.org/10.1108/13673271111179352>