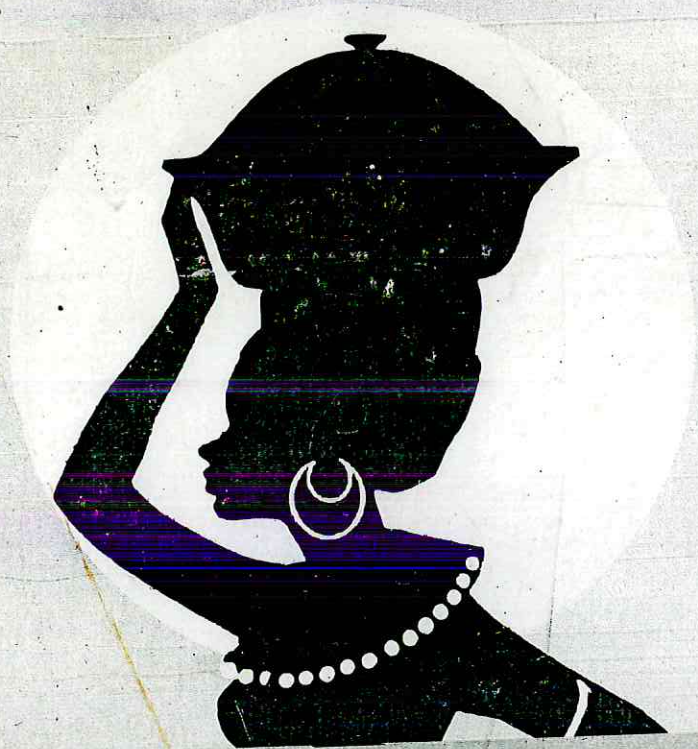


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**The Practice of Human Capital Management among Small Scale
Entrepreneurs: An Empirical Overview**

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Abstract

Small scale entrepreneurs occupy a central place in the socio-economic development of most modern societies. This is so because of its role in the provision of employment opportunities for the people in the society. In spite of this important role of the small scale entrepreneurs, it has been observed that in Nigeria, these entrepreneurs have received very little academic and governmental attention and the resultant effects of such neglect is reflected in the low level of economic activities and higher level of youth un-employment in the society. In an attempt to draw attention to this important sector of the country's economy, this paper seeks to look into the knowledge and practice of human capital management among small scale entrepreneurs using entrepreneurs in the Central Business District of Ilorin as its case study. Self-administered questionnaires and interviews were used as instruments of data collection and frequency distribution presented in percentage was used for data analysis. The results indicate that entrepreneurs in the study area have no knowledge of the importance of human capital management and most of them do not see any necessity for practicing it. Upon this discovery, the paper recommends that there is the need to educate small scale entrepreneurs on the importance of applying human capital management principles in running their business so that their employees work behaviour would be improved upon to effect the development of their business and the society at large.

Keywords: Employee Productivity; Human Capital; Management; Small Scale Entrepreneur; Social Capital

Introduction

According to Francois (2013), business capital has two meanings, the first is an accounting term used to denote the raw cash invested in a business enterprise. The second is a marketing term used to describe the real value of the company. In a generic sense, capital is the stock of money or goods (physical and intellectual; fixed and circulating) used in the everyday running

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of a business enterprise. It is a wealth used in the production of other wealth. According to Bakare (2000) and Wilkinson (2007), business capital is defined as "the net worth of a business" i.e. the amount by which its assets exceed its liabilities. Capital is an important pillar for any business and the backbone for success in any business endeavour. In economics, capital is traditionally one of the major factors of production; it is regarded as a commodity itself, used in the production of other goods and services. Virtually no entrepreneurial activity or production could take place without capital.

In a more general sense, the meaning of the term "capital" has been extended to involve human capital and social capital. Human capital has to do with the management of personnel that are important to the successful running of the business. Social capital on the other hand, is social networks of the entrepreneur, which usually put the entrepreneur at the vantage point of entrepreneurial relationship (Gabbay & Leenders 1999; Hansen, 2001; Abimbola, 2007). These forms of capital are regarded as capital because like the real capital, they also contribute to the successful running of everyday business. In the International Encyclopaedia of Economics (1997), human capital is defined as any activity that induces the intellectual quality of workers in a business. The background idea behind the concept of human capital management is that as it is important to take care of the fixed and circulating capital, it is even more important to manage the human resources which are very relevant in managing and maintaining the real capital, all of which are seen as important components of the 'entrepreneurial capital'.

Entrepreneurial capital is considered to be the combination of financial and non-financial resources also known respectively as financial and non-financial capital possessed by the entrepreneurs (Firkin, 2003, Lam et al., 2007). Non-financial capital can be identified as including physical, organisational, technological, human, social, cultural, and symbolic capital of business owners. The implication of the discussion thus far is that what is usually referred to as capital has multiple meanings and that the meaning each individual will adduce to it will depend on the angle from which one is looking at the subject; and that each of these definitions has its relevance in bringing out the importance of different components of capital in a business endeavour. From experience, this researcher has observed that the financial components of business capital have been given lots of attention among scholars and such attention is often given to large scale entrepreneurship. More so, it has been observed that small scale entrepreneurs often pay more attention to the financial capital and there have been a gross neglect of the non-financial capital (human capital and social capital). It is in the context of

these observations that this paper focuses on human capital management and business success among some selected small scale entrepreneurs in Ilorin metropolis.

Conceptual Issues

According to Wikkinson (2007), capital could mean one or more of the following: 1), cash or goods used to generate income especially through investment; 2), the net-worth of a business; and 3), the money property and other valuables which collectively represent the wealth of a business. With wider observation, Rutherford (1992) sees business capital to mean any of the following: 1), durable goods (such as plants and equipment) capable of producing stream of goods and services over a period of time; 2), a factor of production distinct from land, the entrepreneur and labour currently being used; 3), a sum of money which is invested in a business enterprise; 4), an accumulated expenditure giving rise to higher subsequent incomes such as human capital; 5), wealth; and 6), stored up labour exchange value which is becoming wealth.

What could be inferred from the above definitions of capital is that capital could be cash, goods or any item (animate or in-animate; physical or intellectual) that are relevant in the production of goods and services. Although, capital is so important in the production process that most often it determines the size and extent of other factors of production such as labour and land, it is important to note also that capital management is more important as it determines the success and continuity of a business endeavour. Capital needs to be optimally managed, no matter how small or big the capital base. In other words, no matter the capital base of a business venture, the management of such is as important as the capital itself. It is based on this fact that companies usually employ accountants and auditors to manage the fixed and the circulating capital of a business. More recently, managers have come to the understanding that human capital management is also important for the success of any business.

Types of Capital Required for Business Success

According to Hartzell (2006), every business outfit basically needs two types of capital which are fixed capital and working capital. Fixed capital is part of real capital which usually involves fixed, un-movable items such as factories, warehouses, offices, shops and other buildings used in industry and trade, plants and machineries and equipment. In a broader sense, fixed capital includes infrastructural facilities such as transportation facilities and

equipment including highways, railways and airports whether owned by private organisations or government. Still more broadly, it includes all physical or tangible producible facilities (Vijveberg, 1997).

Circulating capital is required to meet basic day to day needs of the business and to finance floating assets (Bakare, 2000). This type of capital is also referred to as floating capital. This will involve raw materials, goods on manufacturing process and stocks. Real capital can further be categorised as specific and non-specific capital. Specific capital is used to describe those types of equipment that cannot be used for any other purpose than that for which it was originally designed. Non-specific capital on the other hand is equipment which can be used in a variety of processes. Capital could also be classified as primary and secondary capital. Primary capital involves both the fixed and circulating capital while secondary capital is a type of capital that is not traditionally seen as direct capital. This type of capital involves human capital and social capital.

Gabbay and Leenders (1999) define social capital as the set of tangible or virtual resources that accrue to actors through the social structure, facilitating the attainment of the actors' goals. According to Hansen (1995) cited in Abimbola (2007), entrepreneurs need information, capital, skills, and labour to start business activities. While they may hold some of these resources themselves, they often complement these resources by some relevant social contacts. In other words, contacts that lead to successful outcomes are their social capital and they are a key component of entrepreneurial networks (Burt, 1992). By this they include contacts that help them getting things done. These are people the entrepreneur knows, or who are known by others that the entrepreneur knows. Such contacts are often informal work and non-work connections. These relations may extend across professional networks, reaching friends, and colleagues from earlier jobs. For example, someone that wants to start a business and has someone who knows about such business before, is more likely to perform better in the business than someone that does not have such contact. This is because those contacts become useful for the attainment of business goals, they become an important part of the business capital though a secondary capital.

Like social capital, human capital is a secondary form of capital. Though, not a tangible item like the real capital, human capital is another important form of capital because it is about the management of human resources which is very crucial to the working and maintenance of the fixed and circulating capital. According to Ogunbameru, (2008), 'human resources are the employees, personnel or the workforce of an organisation'. The basic

assumption of scholars regarding this form of capital is that like the fixed and working capital, human beings that manage the resources that are crucial to the survival of the business, are also resources that need to be taken care of just like it is important to take care of the primary capital. In other words, employees are resource that must be harnessed and managed effectively alongside other resources used by business organisations. In a nutshell, what brings about scholarly discussions on human capital is that human resources of the organisation need to be effectively managed in order that the productive level of employees in an organisation is optimally achieved.

What is Human Capital Management?

Human capital management (HCM) is an approach to employee management that perceives people as assets (human capital) whose current value can be measured and whose future value can be enhanced through investment. According to Ogunbameru (2008), managing human resources effectively has become a vital practice for business organisations of the 21st century. This is necessary, according to Delany (2005), because only organisations that get the people-things right are the organisations likely to be around in the future; more so because the alarming level of global competitiveness has alerted most business organisations to the fact that all their resources must be utilised better than ever (Ogunbameru, 2008). In this regard, successful organisations keep the people issues at the forefront of their thinking and at the core of their decision making and planning.

According to Mullins (2005), human capital is clearly the most important asset of any organisation and a resource which needs to be effectively managed. The background understanding of this approach is that people are individuals who bring their own perceptions, feelings and attitudes towards the organisation. The objective of human capital management is to develop and maintain a good level of morale and human relationships which evoke the willingness and full co-operation of all persons in the organisation in order to attain optimum operational performance. According to Lord-Marcus (1991:89):

The key fact about a policy of good human relations at work is that it is not primarily concerned with the nature of the work which the employee does but with the state of mind, the spirit in which he or she does it. A policy of good human relations at work is not about jobs, it is about people management

This fact notwithstanding, most small business owners erroneously assume that effective management of human capital is exclusive to large scale business setups alone. However, if well observed, one would realise that all business organisations, no matter the size, must engage in the practice. Mullins (2005:127) observes that:

Smaller organisations may not justify a specialist human resource (or personnel) manager or a separate department. But it is still necessary to have an effective HRM function, whether it is the responsibility of the owner or of a manager, or an administrative assistant. Even in the smallest organisations or in organisations where a specialist department has not been established, there will be a need to recruit staff, to train them, to motivate and reward them, and to comply with the law relating to employment. Personnel work must still be carried out even if an organisation is too small to justify a separate department or chooses not to establish one.

Consequent upon the above, effective management of human resources or capital is a necessary condition for the development of any organisation, irrespective of the size of the organisation. In this regard, the main objective of this research is to conduct an empirical research on the knowledge and practice of HCM among small scale entrepreneurs in the study area.

Methodology

This study is purely a survey research. Adewunmi (1998) and Bichi (2004) believe that survey research is a means of collecting information from a representative sample, to describe the situation as they exist. This study used both quantitative and qualitative means to elicit information from the respondents. In other words, questionnaire survey and interview schedule were used to elicit relevant information from sample respondents. The study was carried out in the most central business district in Ilorin city, the capital of Kwara state. The specific area used for the study is Taiwo-Oke. All business shop owners in the area constitute the population of the study. The sampling technique used for collecting data in this research was systematic sampling technique. Numerical count of the shops in the area was carried out and a total of five hundred and twelve shops (512) were counted in all and one of every three shops was served the research questionnaire. In all, one hundred and seventy questionnaires were distributed and one hundred and forty eight questionnaires were returned and analysis of data was based on this. Also, six in-depth interviews were conducted. The questionnaires and in-depth

interviews sought information from the respondents on their knowledge of human capital management practices and the extent to which they practice it in their businesses.

Data Presentation and Interpretation

Presentation, analysis and interpretation of data collected from the field will be the major focus of this section. This is necessary because such effort is useful for a better comprehension of the data collected on the field and also because useful inferences and reliable conclusion cannot be derived in any research work except with such effort. In this regard, the respondents' responses to the items on the questionnaire are presented in Table 1 below:

Table 1: Presentation of Data

No.	Variable	Frequency	Percentage (%)
1	Gender		
	Male	103	69.59
	Female	45	30.41
	Total	148	100.0
2	Your highest educational qualification	Frequency	Percentage
	Non formal	18	12.13
	First School Leaving Certificate	32	21.63
	Secondary School	57	38.52
	N.C.E / O.N.D	27	18.25
	B.Sc., B.A., B.Ed., LLB, HND.	11	7.43
	M.Sc., M.A., M.Ed.	3	2.04
	PhD.	-	0
	Total	148	100.0
3	Entrepreneurial Sector	Frequency	Percentage (%)
	Retail business	104	70.27
	Wholesales business	31	20.95
	Production of Goods	5	3.38

	Agriculture	3	2.03
	Others, please specify	5	3.38
	Total	148	100.0
4	How long have you be in business?	Frequency	Percentage (%)
	Less than 1 year	9	6.08
	Between 1 – 5 years	14	9.46
	Between 5 – 10 years	65	43.92
	Between 11 – 15 years	31	20.95
	Between 16 – 20 years	20	13.51
	20 years and above	9	6.08
	Total	148	100.0
5	How many staff do you employ in your business?	Frequency	Percentage (%)
	None	9	6.08
	1-5 persons	118	79.73
	6-10 persons	12	8.12
	11-20 persons	7	4.73
	21 persons and above	2	1.35
	Total	148	100.0
6	How would you describe your relationship with your staff?	Frequency	Percentage (%)
	Strictly formal	73	49.32
	We are free with each other	38	25.68
	It depends	34	22.97
	Total	148	100.0

7	How often do you delegate duties to your staff?	Frequency	Percentage (%)
	Not at all	57	38.51
	Not often	49	33.11
	Often	33	22.29
	Very often	9	6.08
	Total	148	100.0
8	Will you be willing to allow your staff to participate in major decision making concerning your business?	Frequency	Percentage (%)
	Yes	27	18.24
	No	121	81.76
	Total	148	100.0
9	Do your employees receive any training before starting to work with you?	Frequency	Percentage (%)
	Yes	11	7.4
	No	137	92.6
	Total	148	100.0
10	How do you usually recruit your workers?	Frequency	Percentage (%)
	Through advertisement	29	19.6
	Through reference	58	39.1
	I usually recruit my family members	60	40.3
	Total	148	100.0

11	How do you feel when a worker leaves your establishment?	Frequency	Percentage (%)
	Good	33	22.29
	Bad	31	20.95
	Indifferent	84	56.76
	Total	148	100.0
12	How do you pay your workers?	Frequency	Percentage (%)
	On daily basis	6	4.05
	Monthly basis	93	62.84
	Yearly basis	0	0
	After years of service	49	33.11
	Total	148	100.0
13	Do you regard your workers to be as important as your business capital?	Frequency	Percentage (%)
	Yes	23	15.54
	No	104	70.27
	No idea	21	41.19
	Total	148	100.0
14	Do you see it as necessary to maintain your employees for a long period of time?	Frequency	Percentage (%)
	Yes	25	16.89
	No	101	68.24
	No idea	22	14.86
	Total	148	100.0

15	Do you give any special reward to your workers when they do something good for you?	Frequency	Percentage (%)
	Yes	31	20
	No	117	80
	Total	148	100.0
16	Do you give sanction to your workers when they do something you don't like?	Frequency	Percentage (%)
	Yes	124	83.7
	No	17	11.4
	No idea	7	4.73
	Total	148	100.0

Source: Researcher's Fieldwork, 2013

In item 1 of table 1, the distribution of respondents by gender reveals that the majority of the respondents were male. This is because the male respondents are 103, making 69.59% of the total respondents while the female respondents were 45, constituting just 30.41% of the total respondents. Such a glaring difference in the gender distribution of the respondents could be as result of the fact that the type of items sold in the study area is male-dominated and this include electronic items, building materials and clothing items. With regard to the educational qualification of the respondents, (12.13%) of the respondents have no formal education while 21.63% of the respondents have primary school certificate. 38.52% of the respondents have secondary school certificate while 18.25% of the respondents have either N.C.E or O.N.D. 7.43% of the total respondents have an HND or a university degree. 2.04% of the respondents have Masters Degree while none of the respondents has a PhD. What could be inferred from this distribution is that majority of business persons in Nigeria do not always pursue a university degree and that the majority of them always stop at the secondary school level.

Another important variable of the questionnaire is the question on the number of years that the respondents have been in business. Only 6.08% of

the respondents have stayed less than a year in business while 9.46% have been in business from between 1 to 5 years. 43.92% of the respondents have been in business from between 5 to 10 years; this group however constitutes the majority. 20.95% of the respondents have been in business from between 11 to fifteen years. 13.51% of the respondents have been in business for 16 years and above. Furthermore, 6.08% of the respondents have been in business for 20 years and above.

On the number of personnel that the respondents used in their business, a minute 6.08% respondents claimed that they do not have any employee. However, when such respondents were checked by their years in business, it was discovered that 8 of the 9 respondents are entrepreneurs who are new in business; they are respondents who fall in the category of 1-5 years of starting business. In other words, it is difficult to manage a business outfit without recruiting personnel(s). This could be why majority of the respondents, 79.73% have between 1 and 5 people employed in the business while 8.12% of the respondents have between 6-10 employees.

4.73% of the respondents have between 11 and 20 persons under their payroll and just 2 respondents (1.35%) of the respondents have over 20 persons as their employees. The implication of this table to this research work is important as it points to the fact that virtually all the respondents (94%) except 9 (6%) of them have an employee under them, some even have as much as over twenty persons under their payroll.

There are important inferences that could be made from this response. The first is that the numbers of people being employed by the small scale entrepreneurs is sizable. More so, it could be inferred from the table that it is almost not possible to run an enterprise without employing other hands to assist in the everyday running of the business. This is why human beings are seen as important parts of the business capital and managing this effectively is as important as managing the real capital of the business. Additionally, it could be inferred that human capital is an important aspect of the overall capital of a business, hence carrying out a research work on the subject is a significant step towards improving the effectiveness and productivity of business enterprises in the small-scale category. In other words, human capital management is essentially needed by all business endeavours in order to enhance the productive level of the employees. In this regard, question number 6 to 16 of the table will be used to assess the nature and extent of the practice of human capital management among business people which make up the respondents of this study.

The number 6 variable of the table measures the relationship nature of the respondents with their employees: It was revealed through the table that 75 respondents constituting (50.6%) describe their relationship with their employees as strictly formal; 37 respondents (25.5%) of the respondents described the nature of their relationship with their employees as being free while 33 respondents (22.29%) of business people in the study area describe their relationship with their staff as dependent on different situations. The result of this variable reveals that most small scale business people, especially this study population, do not realise the importance of humanistic model of management which assumes that productivity will be enhanced with good human relations with employees and do not encourage strict mode of management principle on the personnel of the organisation (Gratton, 2000). 25% of the respondents used this method and the respondents that use the last method could be described as those that use the 'carrot and stick' method of organisation. A statement from one of the interviewee revealed this further.

On the question on delegation of duties, 38.51% of the respondents do not delegate duties at all; 33.11% of them do delegate but not often; 22.29% of the respondents often delegate; while only 6.08% delegate duties to their employees very often. The result obtained from this question reveals that majority of the respondents, almost 39% of the respondents, do not delegate duties at all and only 22.3% of the respondents often delegate duties. This variable could be interpreted to mean that most business people in the study area do not really delegate duties to their employees, a fact which could make the employees not to develop a sense of belonging to the organisation and which, on the long-run would make them develop negative work behaviour which will be detrimental to the development of the business. A response from one entrepreneur about this buttresses this:

You see, I don't have time sitting with my sales boy or sales girl, what will I be talking with them about my business? I can't do that.

Another respondent have this to say:

Me o, I can't delegate any important task to my boys because these boys are not trustworthy when it comes to money.

In question 8, respondents were asked whether they will be willing to allow their employees to participate in major decisions that affect their business, 18.24% of the respondents said they will be willing to do this and an over-whelming 81.76% said they cannot allow their employees to participate in decision-making. An interview respondent reacted thus:

Chei! What do they know? Let me tell you, as you are seeing most of them, they don't know anything and their main aim is to short-change you, so when you delegate important duties to them, they might end up duping you.

This response implies that many business owners see their workers as inferior persons that cannot contribute meaningfully to the development of their organisation. In other words, they do not see them as an important part of the business and as such would not give them the privilege to partake in the decision making process of the business. This result calls attention to the need for human resource management campaigns among small scale entrepreneurs in the study area in order for them to realise the value of their employees to the development of their enterprises.

Question 9 asks respondents an important variable in the human capital management studies which has to do with training of employees. Only 7.43% of the respondents give their employee a formal training about the job they were employed for and 92.57% of the respondents do not give their employees any training before they start working for them. An interview respondent said that:

Training? Where is the time for that? I can only employ someone I know can do my work and if he can't, I sack him. I don't have time for ngbatingbati.

This is another problem area which might be one of the causes of the problems of small-scale entrepreneurs. This is because no matter how unskilled a job might seem, there is always the need for training of employees in order to make them productive for the job they were employed to do. According to Wofson (1998:39), "Skills shortages are often the result of short-termism and little or no analysis of present or future training needs ... Keeping skilled workers is one of the first business goals" In other words, employees who are not trained in a particular business or marketing line are not likely to perform well in such duties or assignments.

On the issue of staff recruitment method, question number 10 of the questionnaire asks about the method of recruitment which is an important aspect of human resource management of an organisation. Only 19.59% of the respondents recruit through proper advertisement of vacancy. Other respondents either seek staff through reference or by bringing a member, or a relative, of the family to work with them. Question 11 sought respondents' opinion on how important they perceive their employees in regard to their importance in the workings of the organisation. Only 28.5% see their

employees as an important part of their business; 52.3% see them as not important and 14.2% of the respondents picked the 'no idea' option. The response inferred that respondents have little knowledge of the practice and importance of human capital management in their organisation.

Question 12 sought respondents' opinion on how they feel when an employee leaves their organisation. 56.76% of the respondents say they do not feel anything (good or bad) when a worker leaves their organisation; 21% of the respondents say they do not feel good when a worker leaves their organisation and 22.29% feel good when an employer leaves their organisation. This is another variable that exposes the respondents as not being conscious of human capital management practices. One of the consequences of this is high labour turnover which on the long-run is not good for business growth. Question 13 asks the respondents on the mode of payment of their employees. Only 4.05 of the respondents pay their workers on a daily basis while 62.84% of the respondents pay their workers on a monthly basis. None of the respondents pay their employees on a yearly basis and 33.11% of the respondents settle their employees after long years of service.

Question 14 asks the respondents on whether they see their employees as important as the money they use for business. Only 15.54% of the respondents see the management of employees as important as the management of their business capital while 70.27% of them do not see their employees as important as their business capital; 41.19% of the respondents had no idea of the question. An interviewed respondent said thus:

No, you cannot compare a sales boy or a sales girl to the business capital. Although as human beings, they are valuable but for this business, my business capital is my soul, I don't toy with it and I don't see a worker as equal to it in this business.

What could be inferred from these responses is that there is little or no practice of effective management of human capital among entrepreneur in the study area. Furthermore, the responses also reveal that most of the respondents do not see the practice of human capital management as very important in their business and the resultant effects of this could manifest in various negative work behaviour such as absenteeism, lateness and high labour turn-over which, on the long-run, will have negative effects on the overall development of the business. Question 15 sought respondents' view on the necessity of keeping employees for a long period of time. 16.89% respondents see it as necessary keeping employees for a long period of time; 68.24% of the respondents do not see keeping their employees for a long

period of time as necessary; and 14.86% of the respondents are indifferent to the question.

Question 16 asks respondents on the practice of performance appraisal which is an essential practice of HCM. With this question, 20% of the respondents say they usually give formal appraisal to their employees when they (the employees) do anything good for them. However, 80% of the respondents do not give any special reward to their employees when they do anything good. What could be inferred from the above is that entrepreneurs in the study area do not give positive appraisals to their employees when they do anything good for the business. However, when respondents were asked how they react to their employees when they do something bad for them, 83.7% of the respondents responded that they always give negative reactions to their employees; 11.4% respondents say they have learned to accept the good and bad sides of their employees while 4.73% respondents did not answer this question. An interview respondent has this to say:

I don't have time for nonsense, anybody that go against my order or wishes or proving too stubborn to me, I pursue such worker because I cannot allow anybody to kill me.

Summary, Conclusion and Recommendations

Basically, the focus of this study is to access the knowledge and practice of human capital management among small scale entrepreneurs in the Central Business District of Ilorin metropolis. In the study, it was revealed that most of the respondents are not aware of the concept of HCM, the need to practise it in their business. In this regard, this study recommends the following:

1 Spreading the Gospel: As this study has revealed, there is little or no knowledge of the relevance of good human capital management among most small-scale entrepreneurs. This shows the need to educate small-scale entrepreneurs on HCM and its importance in any business enterprise. This is necessary because the efficiency and performance of staff and their commitment to the objectives of the organisation are fostered by good human relationships at work (Mullins, 2005). In other words, it is imperative to make small-scale entrepreneurs know that the promotion of good human relations is an integral part of the process of business management and improved organisational performance and that proper attention be given to human resource management and harmonious relations between employer and employee. They must be made to understand the importance of good managerial practices and how to make the best use of people.

2 Encouraging Higher Education Among Entrepreneurs: This research has revealed that most of the respondents do not have a higher degree. This is one of the problems militating against entrepreneurial development in Nigeria as majority of experienced entrepreneurs in Nigeria do not have the requisite intellectual background that will make them capable of competing favourably with their counterparts anywhere in the world. This fact may account for why most of the entrepreneurs do not see the advantages of human capital management to their organisations. In other words, there is the need to educate and sensitize most small-scale entrepreneurs of the importance of effective management of their workforce. In order to achieve this, formal business associations such as Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA), Small and Medium-Scale Development Association of Nigeria (SMEDAN) and market associations should be contacted on how to effectively pass the message across.

3 Eradication of Corruption: The reason corruption comes into our discussion is because in the course of the research, it was observed that there is a lack of trust between most of the employers and the employees. A majority of the employers see their employees as individuals who cannot be trusted with the business. For example a respondent said:

Personally, I can't delegate these boys to do any important task for me because most of them as you are seeing them are corrupt and they are only looking for what to steal, so one has to be careful with them.

Another responded wondered: "Delegation of duties? It's something that I have done before and it almost ruined my business. Come let me tell you, only trust yourself and don't trust anybody". Yet another said: "Me o, I can't delegate any important task to my boys because these boys are not trustworthy when it comes to money".

The above statements reveal that corruption has transcended public offices and now features in private businesses. It is thus one of the reasons why many small-scale entrepreneurs cannot implement many HCM principles in their organisations.

4 Establishing and Implementing Legislations on Employment Relationship for Small Scale Entrepreneurs. The Nigerian government has neglected the small-scale sub-sector of the private sector of the economy; yet, this set of people occupy a large proportion of the nation's economy. According to Afolabi (2009), approximately 97% of all enterprises in Nigeria are small-scale oriented and they contribute 50% of employment and also 50% of the industrial output in Nigeria (Federal Office of Statistics, 2003).

Because government has done virtually nothing regarding the rights of employees in this sector, most employees are not well treated and are thus at the mercy of their employers. Government needs to enact legislations that will make work environment conducive for employees in the small-scale sectors thereby enhancing job satisfaction and promoting efficiency and productivity. Such legislations should cover areas such as terms of contract, welfare, health safety and so on.

5 Developing HCM Section in the Organisations: This is another way by which human capital management could be promoted in small-scale organisations. Although because of size, it might not be easy to operate a separate department or have a specialist human resource (or personnel) manager, it is still necessary to have an effective HCM operation in place, whether it is the responsibility of the owner or of a manager, or an administrative assistant. Even in the really small organisations or in organisations where a specialist department has not been established, there will be a need to recruit staff, train them, motivate and reward them in compliance with the law relating to employment. Personnel work must be carried out even if an organisation is too small to justify a separate department or chooses not to establish one (Mullins, 2005).

6 Having Adequate Human resource planning: Because most entrepreneurs in the small scale sector do not see the need for the practice of effective HCM, they often fail to make adequate plans for the training, management, empowerment and timely payment of salaries of their employees. Small scale entrepreneurs need to be educated on the importance of adequate planning for the management of their employees.

7 Training the Employees: This is necessary because training is a key element of improved organisational performance. Training increases the level of individual and organisational competence. It helps to reconcile the gap between what should happen and what is happening – between desired targets or standards and actual levels of work performance. Although many employers continue to have reservations about the cost and the extent of tangible business returns from training, the development of vocational skills have been identified as a key factor in sharpening competitiveness and delivering hard, bottom-line improvement in profits (Management Today, 1997).

8 Frequent Performance Appraisal: There is need for employers to always show appreciation to their employees when they do something positive to the growth of the business and if possible, such appraisal should be done openly in order to serve as encouragement for other workers. One way of

reviewing the performance and potential of staff is through a system of performance appraisal. It is important that members of the organisation know exactly what is expected of them, and the yardsticks by which their performance and results will be measured. A formalised and systematic appraisal scheme will enable a regular assessment of the individual's performance, highlight potential, and identify training and development needs. Most importantly, an effective appraisal scheme can improve the future performance of staff (Mullins, 1991 and 2005).

In conclusion, HCM is an important fact of management in which all business owners must take cognisance of its advantages as it promotes harmonious employer/employee relationship, enhances performance and brings about higher productivity in the organisation. Although, some of the recommendations made in this study might seem difficult to implement for small-scale entrepreneurs due to the traditional ways of managing employees if adopted, these recommendations would go a long way in enhancing productivity of employees in the sector and this could invariably lead to general economic development in the country.

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