

Effect of Human Resources on Internationalisation of SMEs in Lagos State, Nigeria

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Abstract

Internationalisation of Small and Medium Scale Enterprises (SMEs) offers opportunities for business development, improved profitability and growth. In Nigeria, many SMEs failed to expand their businesses internationally possibly due to resources constraints. Literature on internationalisation is heavily focused on multinational corporations with little emphasis on SMEs. This study examined the effects of human resources on internationalisation of SMEs in Lagos State, Nigeria. Survey research design was employed for the study. The population of the study consists of 354 SME exporters of in Lagos State, Nigeria. Total enumeration method was used. A validated questionnaire with Cronbach's alpha reliability coefficients ranging from 0.75 to 0.95 was used for data collection. The response rate was 86.2%. Data were analyzed using descriptive and inferential statistics. The result of the study revealed that human resources significantly affected internationalisation of SMEs in Lagos State, Nigeria (human resources ($\beta = 0.398$, $t(342) = 8.321$, $R^2 = 0.168$ $p < 0.05$). The study concluded that human resources affected Internationalisation of SMEs. The study recommended that the government should support the SME operators involved in international business in developing the requisite skilled manpower that can operate at world standard.

Keywords: *Human resources, International business, Internationalisation of SMEs, Multinational corporations*

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Background to the Study

SMEs play a key role in national economies around the world, generating employment and in global value chain (Tradeology, 2017). In the developed economies, SMEs are the predominant form of enterprise, accounting for approximately 99% of all firms. They provide the main source of employment, accounting for about 70% of jobs on average, and are major contributors to value creation, generating between 50% and 60% of value added on average. In most of the developed countries, SMEs have recorded major contribution to economic growth and development. In Denmark, small and medium sized enterprises (SMEs) are the most prominent type of company, constituting 99.3% of all companies and accounting for 54.01% of total revenue for Danish SMEs. Furthermore, Danish SMEs account for 32.79% of total exports for Danish companies (CESFO Annual Report, 2011). In Africa, SMEs create around 80% of the region's employment, establishing a new middle class and fuelling demand for new goods and services, World Economic Forum, (2015). In Africa, SMEs accounts for more than 90% of businesses and contribute about 50% and Gross National Product (GDP). In Kenya, SMEs contribute 40% of the GDP, over 50% of new jobs and account for 80% of the workforce (Muriithi, 2017). In Nigeria, the informal economy has grown to a stage where it contributes over 65% of Gross National Product, and accounts for more than 70% of all new jobs in the country (Osolor, 2010). Recent trends at different form in Nigeria have clearly revealed the amount of respect attached to SMEs by government, educational institutions, and corporate bodies; and the development of SMEs has been recognized as a veritable tool for promoting poverty eradication, job creation, rural development and sustainable livelihood for the populace (Iwere, 2013). However, while the contributions of small scale businesses to economic development are generally acknowledged, entrepreneurs in this sector face many challenges that limit their long term survival and development. In terms of global market participation, most Small and Medium Scale Enterprises (SMEs) from both developing and emerging markets find it difficult to participate in global market. Small and Medium Scale Enterprises (SMEs) are not making the expected progress in their venture into the international market and the dismal outing of the SMEs in their internationalisation bid is traceable to challenges of mustering the requisite resources including, human resources (Kamata, Sato & Tanaka, 2017). According to Yahya (2017), most of SMEs in Nigeria failed to expand their market to international market due to human resources constrained.

International market competitiveness and growth of SMEs are crucial for the economic development and the future well-being of nations. Galvagno and Garraffo (2016) affirm that reaching out to international markets is one of the very few strategic choices that allow SMEs to survive and prosper during the periods of economic crisis in home markets. The growing involvement of domestic SMEs in foreign markets is significant both for the development of single firms and contribution to the growth of national economies (Galvagno & Garraffo, 2016). The integration of national economy with global economies is made possible by the combined effects of globalization, economic integration and information and communication technologies. Globalization has melted national borders, free trade has enhanced economic integration and the information and communications revolution has made geography and time irrelevant (Cleveland, Laroche, Naghavi, & Shafia, 2017). Fast pace of globalization of economic activities in recent years has greatly expanded the opportunities and challenges for

SMEs marketing services abroad for both developing and developed economies (Chains, 2014). Small and Medium-sized Enterprises (SMEs) are increasingly active in international markets, due mostly to the recent but unstoppable effects of globalization (Rialp & Rialp, 2001). Laghzaoui (2011) noted the critical roles of SMEs in global economic development which affect all economic and social aspects, stating that they form an essential source of growth and dynamism both for advanced industrialized countries and for emergent economies.

In Nigeria the percentage of non-oil export to oil export is very low averaging 4.23% between 2005 and 2014 (Central Bank of Nigeria (CBN) Statistical Bulletin, 2015), this is lower than an average of 7.6% in developing countries (World Trade Organisation (WTO), 2016) making Nigerian economy fragile and over dependent on oil export. The volume of export trade in non-oil attributable to SME decreased from 10.59% in 2010 to 6.21% in 2013 (SMEDAN, 2013). SMEs engaging in entrepreneurial strategies tend to consume a significant number of resources in the pursuit of entrepreneurial opportunities, the surplus, or constraint of these strategically valuable resources influence the quantity of opportunities able to be pursued; the more the strategic resources, the more the exploitable opportunities, and therefore the more avenues for growth in conjunction with an entrepreneurial strategic posture (Anderson & Eshima, 2013). Yahya (2017) have recognized several intrinsic and extrinsic impediments relating to SMEs internationalisation. These obstacles are linked to the managerial, financial, human, and informational resource limitations that are faced by such enterprises. Gupta, Gregoriou and Healy (2015) pointed that in the initial stages of internationalisation, SMEs have been deficient in the necessary resources for information and knowledge relating to foreign markets, thereby creating an impediment to internationalisation (Chains, 2014). This limited resources increases market hesitation and risk perception, leading to higher perceived costs of internationalisation, reductions in international growth, and a negative effect on international market activities (Raynolds, 2017).

Human resource management practices of small and medium scale enterprises (SMEs) have received little specific attention from researchers. As in many other areas of scholarly inquiry into business activity, empirical research in strategic human resource management has tended to focus on larger concerns (Harris & Ogbonna, 2001). One of the challenges companies face when entering a new market is closely connected to personnel and Human Resource Management (HRM). Domestic Human Resource (HR) strategies are not as effective in the international market. Due to markets' differences in cultural and economic backgrounds, team work does not go smoothly. As a result, collective motivation decreases and a company's personnel does not provide any profit, but only loses (Rees & Smith, 2014). It goes without saying, that there are many more significant factors to considering order to overcome challenges in international HRM for successful business internationalization (Griffin & Pustay, 2010). Although SMEs are becoming important players in international business, they are also more vulnerable barriers of internationalization among SMEs due to lack of human resources practices, at least compared to multinationals, which can influence their internationalization decisions, process and development. Yahya (2017) emphasized that most SMEs do not acquire qualified human resources to manage foreign activities while

formulating their internationalization strategies. This has really hampered the SMEs internationalization, export involvement, competitiveness, performance level and corporate growth of the SMEs in Nigeria. Yahya (2017) revealed that inadequate supply of skilled workforce leads to sourcing of the skilled labour from outside the national economic space with attendant high cost of production. This outward labour seeking strategy negatively affects the ability of the SMEs to compete effectively. It affects production, profitability and market share of SMEs. Against the backdrop of the increasing realization of the vital contribution of HR practices to business success, this study examined the effect of human resources on internationalisation of SMEs in Lagos State, Nigeria.

Literature Review

Human Resources

Alika and Aibieyi (2014) defined Human (Capital) Resources as “the knowledge, skills, competencies and other attributes embodied in individuals or groups of individuals acquired during their life and used to produce goods, services or ideas in market circumstances”. The human aspect of SME internationalisation can be a strong influencing factor for such strategic venture. Human capital refers to the range of valuable skills and knowledge a person has accumulated over time (Ruzzier, Antonci, Hisrich, & Konecnik, 2007). According to Chang and Huang (2005) human resources are viewed as strategic assets that create value when embedded in the operational system in a manner that can enhance firm's abilities to deal with a turbulent environment. Armstrong (2012) defined human resource management (HRM) as the strategic and coherent approach to the management of an organization's most valued assets - the people working there, who individually and collectively contribute to the achievement of the objectives of the business.

According to Juma (2014), human capital is referred to as “investment in education, training, skills, health, and other values that cannot be separated from the individual.” Human capital is a trait crystallized in an individual that cannot be expunged. It is an individual-level resource that includes accumulated experiences, skills, education and other forms of knowledge (Juma, 2014). To Machuki and Aosa (2011), the most important characteristic of human capital is its embodiment in people. Machuki and Aosa (2011) view human capital as the innate abilities, behaviours, personal energy possessed by people and these elements make up the human capital which they bring to the workplace. Ogollah, Bolo and Ogutu (2011) identified human capital as the expertise, experience, knowledge, reputation and skills of an individual. Kucharcikova (2011) characterized the human capital as the sum of the individual congenital and acquired skills, knowledge, and experiences.

According to Marisa and Oigo (2018), entrepreneurs draw upon their human capital (knowledge, skills, and values) to advance the interests of their organizations. Human capital is not only the result of formal education, but includes experience and practical learning that takes place on the job, as well as non-formal education, such as specific training courses that are not a part of traditional formal educational structures (Davidsson, Per, Honig & Benson, 2003). Knowledge provides individuals with increases in their cognitive abilities, leading to more productive and efficient potential activity. Therefore, if profitable opportunities for new economic activity exist, individuals with more or higher quality human capital should be better at perceiving them (Marisa & Oigo, 2018).

The knowledge entrepreneurs accumulate has two complementary dimensions: tacit and explicit. Tacit knowledge, describes how knowledge is applied in practice, that is, how the rules are followed in the actual situation, (Nielsen, 2002). According to Juma (2014), tacit knowledge and its corresponding explicit dimensions are acquired over time and are inherently nontransferable and associated with increases in productivity and efficiency.

According to Crawford as cited in Kwon (2009), Human capital as broad meaning includes expandable, self-generating, transportable, and shareable characteristic. The expandable and self-generating characteristics of human capital are closely linked to the possibility that the stock of knowledge increases individuals' human capital. The increase of human capital can be expanded by either endogenous or exogenous factors. It is possible that original knowledge can be continuously elaborated and developed through the relationship between external knowledge, information, skills, experiences, and other knowledge-based factors as well. The characteristic of human capital focusing on knowledge can be a core element to solve 'problem of scarcity' which little materials is equivalently distributed to economic agents. The transportable and shareable characteristics of human capital mean that the original holder of knowledge can distribute his/her knowledge to others.

Human Resources have knowledge, skills, and abilities that can be applied to their work to generate "rents" or value for the organization (Bontis, Crossan, & Hullard, 2002). Tacit knowledge and its corresponding explicit dimensions are acquired over time and are inherently nontransferable (Juma, 2014). Human Resources can detect profitable opportunities, (Bakar, Yacoob & Udin, 2015). It is the only resources that are embedded in people. It is an intangible asset to a company (Bakar, *et al*, 2015). When they are highly competent and performing their jobs well, employees are actually able to work in a tacit manner, meaning they are able to attend to a task at a skill level that is almost instinctive and does not require a great deal of planning or conscious thought (Bontis, Crossan & Hullard, 2002). It is flexible and can be deployed to any sector, market or territory (Almarri & Gardiner, 2014). Human Resources are multidimensional and multitasking; therefore influence internationalisation decisions by the SMEs (Ployhart, Nyberg, Reilly & Maltarich, 2014). It costs money to train and develop the knowledge, skill and expertise of the human resources (Becker, 1993) Human Resources are not transferable (Almarri & Gardiner, 2014).

SME Internationalization

Small and Medium Enterprises (SME) is defined differently by countries and institutions in an economy. This is usually influenced by the purpose of the institution (Etuk, Etuk & Baghebo, 2014; Gbandi & Amissah, 2014). An acute issue in the literature is the terminology used for the category of businesses that do not fall into the field of large enterprises. One part refers to them as small businesses; others use the concept of small and medium enterprises, while some refer to them as micro, small and medium enterprises. Although referring to the same class of business, the definitions differ in the degree of involvement of these businesses in the generic name (Berisha & Shiroka Pula, 2015).

Small and medium enterprises are named by adjectives indicating size, thus economists tend to divide them into classes according to some quantitative measurable indicators. The most common criterion to distinguish between large and small businesses is the number of employees (Hatten, 2011). According to, Carter and Jones-Evans (2006), "One of the first attempts to provide a definition of SMEs is that of the Bolton Report 1971". The report suggests two approaches to the definition: quantitative approach and qualitative approach. Academics, policymakers, international institutions and statistical agencies mainly apply quantitative criteria in defining SMEs. Differences in SME definition extend in three flanks: definitions by international institutions, definitions by national laws and by industry definitions, Berisha & Shiroka (2015).

The Central Bank of Nigeria defined SME for the purpose of N200 billion SME credit guarantee scheme (SMECGS) as an enterprise that has asset base (excluding land) of between N5million to N500 million and labour force of between 11 and 300. According to Mejrri and Umetoto (2010), internationalisation is the expansion of the firm's operation to foreign market

The choice of entry mode is an important strategic decision for SMEs as it involves committing resources in different target markets with different levels of risk, control, and profit return. Resource constraints can limit SMEs to choosing entry modes with relatively low resource commitment in order to overcome resource constraints and minimize foreign risks (Ripolles, Blesa & Monferrer. 2012). Yip and Hult (2012) states that there is a lot of evidence that proves that firms that apply a global strategy and want to internationalize themselves can gain competitive and financial benefits from it. Internationalisation can extend market opportunities, increase a firm's customer base, and reduce trade and transaction costs while increasing profits (Kogut, 1985). Moreover, it can increase a firm's competitive advantage and further increase a firm's performance (Kogut, 1985; Porter, 1985). For SMEs, the international development of opportunities and the resource limitations of their domestic market often drive them toward investing in international markets.

Theoretical Framework

This study is hinged on Resource Based View theory. The Resource Based View is credited to Barney Jay. The two critical assumptions of RBV are that resources must also be heterogeneous and immobile, (Rothaermel, 2012). The first assumption is that skills, capabilities and other resources that organizations possess differ from one company to another. If organizations would have the same amount and mix of resources, they could not employ different strategies to outcompete each other. What one company would do, the other could simply follow and no competitive advantage could be achieved. This is the scenario of perfect competition, yet real world markets are far from perfectly competitive and some companies, which are exposed to the same external and competitive forces (same external conditions), are able to implement different strategies and outperform each other. Therefore, RBV assumes that companies achieve competitive advantage by using their different bundles of resources. The RBV suggests that the resources possessed by a firm are the primary determinants of its performance, and these may contribute to a sustainable competitive

advantage of the firm (Hoffer & Schendel, 1978; Wernerfelt, 1984). Resource Based Theory (RBT) or Resource Based View (RBV) contends that the possession of strategic resources provides an organization with a golden opportunity to develop competitive advantages over its rivals. These competitive advantages in turn can help the organization enjoy strong profits, Barney (1991). The RBV believes that the resources possessed by a firm are the primary determinants of its performance, and these may contribute to a sustainable competitive advantage of the firm (e.g., Hoffer & Schendel, 1978; Wernerfelt, 1984).

The choice of resource based view for the independent variable stems from the fact that Nigeria SME operators possess requisite resources in the form of tangible and intangible resource compatible to the materials that the export. Opportunities abound for SME in Nigeria as there many government policies put in place to support SME in the country include credits. Nigeria has friend foreign policy and operates deregulated market economy encouraging participation in foreign business networks by SME operators. All foreign embassies have trade attaches' to promote trade. Recently, under the Economic Recovery and Growth Plan (ERGP), Nigeria is promoting ease of doing business policy insisting on international best practices in all areas. However there are criticisms of the theory based on its weakness by scholars in the field. Kraaijenbrink, Spender and Groen (2010) listed the following critiques which fall into eight categories: (a) the RBV has no managerial implications, (b) the RBV implies infinite regress, (c) the RBV's applicability is too limited, (d) Sustainable competitive advantage (SCA) is not achievable, (e) the RBV is not a theory of the firm, (f) VRIN is neither necessary nor sufficient for SCA, (g) the value of a resource is too indeterminate to provide for useful theory, and (h) the definition of resource is unworkable.

Empirical Review

Human Resources and Internationalisation of SME

Findings of several studies on HRM and small business performance have revealed that firms need to implement an effective system of HRM practice in order to gain competitive advantage. Most past studies such as Kontinen and Ojala (2011), Kozlenkova, Samaha and Palmatier (2014), Kraaijenbrink, Spender and Groen (2010), Kubickova (2013), Kubickova, Votoupalová and Toulouva (2014) among others have employed survey research design and simple regression method of analysis in their study to established the effect of independent variable on dependent variable. Brush, Edelman, and Manolova (2015) found that firm's human resources have significant and positive impact on SME internationalisation. Ruzzier, Antonci, Hisrich, and Konecnik (2007) established that human capital significantly improve SME internationalization. Their study confirmed that human capital characteristics (indicated by International Orientation, Management know-how, International business skills and environmental perception of risk) were highly, positively and significantly related to internationalisation.

Marwa (2015) found a positive and significant relationship between human resources and SMEs internationalisation. Tseng, Tansuhaj, Hallagan and McCullough (2007) found that human resources are positively related to SMEs performance. Brush, Edelman and Manolova (2015) found that human resources have significant influence of SME Internationalisation.

Mudalige, (2012) found a positive and significant relationship between human resources and SMEs international market survival. Sibanda, Hove-Sibanda and Shava (2018) in their study revealed that a significant positive relationship exist between human resources and SMEs exporting behavior. Human capital and Internationalisation confirm that the role of human resources on internationalisation of SME is significant and positive (Onkelinx, Manolova, & Edelman, 2016; Ruzzier, & Ruzzier, 2015; Sui & Baum, 2014).

Furthermore, Brush, *et al* (2015) found that firm's human resources have significant and positive impact on SME internationalisation. Similarly, Ruzzier (2007) further established that human resources conceptualized in terms of four dimensions of international orientation, management know-how, risk perception and international business skill and these dimensions relate positively and directly to the degree of internationalisation of the firm as reflected in time spent on international activities, mode of market, degree and product. Musuva (2013) found that knowledge ability has a positive effect on the internationalisation of a firm.

Fonseka, Peng and Manzoor (2013) in their findings reveal that absolute Human Resources slack leads to enhance firm performance; absolute Human Resources slack is positively and relative Human Resources slack is negatively affected firm performance; both absolute Human Resources and relative Human Resources have inverse U-shaped effects on firm performance. The study further revealed that Human Resources positively influenced performance of both state-owned enterprises and private-owned enterprises. Relative Human Resources negatively affect performance of State owned enterprises.

Sui and Baum (2014) stated that although resources are important for the survival of all SMEs, the relative importance of slack resources and innovation resources are most important for born-global firms followed by born-regional firms, and are the least important for gradual internationalisers. Still on slack resources, Vanacker, Collewaert and Zahra (2017) found that financial slack enhances firm performance at diminishing rates, whereas human resource (HR) slack lowers performance at diminishing rates. However, financial slack has a more positive effect on firm performance in countries with weaker creditor rights, whereas HR slack has a more negative effect on performance in countries with stronger employee rights.

However, a study by Hollender, Zapkau and Schwens (2017) indicated mixed result with respect to foreign languages while (Prange & Pinho, 2017; Schwens, Zapkau, Bierwerth, Isidor, Knight & Kabst 2017) reported that international orientation, which include travel abroad and time lived abroad negatively influenced internationalisation in their qualitative study. Basile (2012) found that, entrepreneurial orientation to enter international markets is positively associated with international business experience. The results indicate that internationalization is directly related to the use of product differentiation as a source of competitive advantage, the international work experience of the board of directors, and size at the point of the IPO. Tseng, Tansuhaj, Hallagan and McCullough (2007) further found that human resources are negatively related to SME internationalisation. However, the findings of Nankervis, Compton, & Savery (2002) suggested that previous empirical evidences are still

not able to provide enough evidence to suggest that HR practices works for all kinds of organizations. It is therefore hypothesized that:

H₀: Human resources do not have significant effect on internationalisation of SMEs in Lagos State, Nigeria.

Methodology

All SMEs in Lagos State involved in export trade constituted the target population for the study. There are 354 exporters in Lagos State (NEPC, 2017). Two hundred and thirty eight (238 or 67%) of the exporters located in Lagos engage in produce exports while 116 (33%) engage in the export of manufactured goods. Survey research design was adopted because it provides the prospect of collecting, describing, analyzing and interpreting data through structured questionnaire. Structured questionnaire using a 6-point Likert scale developed by the researchers was used to collect data from the participants and the instrument was subjected to an internal consistency method in order to establish the reliability. To ascertain the content and construct validities of the instrument, it was given to experts for verification and scrutiny. The result of the Cronbach's Alpha reliability test were 0.83 and 0.95 for human resources and SMEs Internationalization respectively which lie within the threshold of at least 0.7 recommended by Marczyk, DeMatteo and Festinger (2005) and thus confirmed that the instrument is reliable. For construct validity, average variance explained test was used. The values of average variance explained (AVE) for human resources was 0.793 while SMEs Internationalization was 0.793 above the minimum threshold of 0.500; this indicates that the variables on average are able to explain more than half of the variance of its indicators. Hence, it was confirmed that questionnaire developed for this study is valid for decision makings. Data analysis was conducted with Simple Regression Analysis.

Data Analysis and Discussion

The researchers administered 354 copies of questionnaire to SMEs exporter in Lagos State out of which 344 copies of questionnaire were properly filled and returned representing an overall successful response rate of 86.20%.

Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.410 ^a	.168	.166	2.84516
a. Predictors: (Constant), Human Resources				

Source: Field survey results (2019)

Table 1 shows the summary statistics of the analysis of the human resources variable on internationalisation of SMEs. The coefficient of correlation (R) = 0.410; the coefficient of determination (R²) = 0.168; and the standard error estimate of 2.84516, indicating 16.8% of the variation in internationalisation of SMEs can be associated to the human resources leaving about 83.2% to other factors including errors in the measurements. Hence it is possible to

increase internationalisation of SMEs in Lagos State by about 16.8% through putting in place effective human resources. The internationalisation of SMEs can also be lowered by the same magnitude if ineffective human resources are allowed to prevail operates.

Table 2: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.138	1.033		11.746	.000
	Human Resources	0.398	0.048	0.410	8.321	.000
a. Dependent Variable: Internationalisation of SME						

Source: Field survey results (2019)

Table 3 shows that $SMEs\ Internationalization = 12.138 + 0.398\ Human\ Resources$. This implies that human resources contributed significantly to internationalisation of SMEs ($\beta = 0.398$, $t = 8.321$, $P < .05$). Therefore, a unit increase in human resources leads to an increase in internationalization of SMEs by 0.398. Hence, human resources have significant effect on internationalization of SMEs. This implies that for each increase in the human resources, there were 8.3 times increases in level of internationalization of SMEs. Based on this finding, the null hypothesis was rejected.

Discussion

The study sought to determine the effect of financial resources on internationalisation of SME in Lagos State, Nigeria. The research finding revealed that human resources have positive and significant effect on internationalisation of SME in Lagos State, Nigeria. Most past studies such as Kontinen and Ojala (2011), Kozlenkova, Samaha and Palmatier (2014), Kraaijenbrink, Spender and Groen (2010), Kubickova (2013), Kubickova, Votoupalová and Toulova (2014) established that firm's human resources have significant and positive impact on SME internationalisation. Brush, Edelman, and Manolova (2015) found that firm's human resources have significant and positive impact on SME internationalisation. Ruzzier, Antonci, Hisrich, and Konecnik (2017) established that human capital significantly improve SME internationalization. Their study confirmed that human capital characteristics (indicated by International Orientation, Management know-how, International business skills and environmental perception of risk) were highly, positively and significantly related to internationalisation. Hollender, Zapkau and Schwens (2017), Marwa (2015), Onkelinx, Manolova, and Edelman (2016), Ruzzier and Ruzzier (2015), Sui and Baum (2014) and Zhou, Hong and Liu (2013) revealed that human resources are significantly and positively related to SMEs internationalisation. However, Fonseka, Peng and Manzoor (2013) reveal that absolute human resources slack leads to enhance firm performance; absolute human resources slack is positively and relative human resources slack is negatively affected firm performance. Based on these majority findings that human resources have positive and significant effect on internationalisation of SME in Lagos State, Nigeria, therefore this study

rejected the null hypothesis that human resources have positive and significant effect on internationalisation of SME in Lagos State, Nigeria. Theoretically, resource-based view of the firm (RBV) provides an important framework for explaining and predicting the basis of a firm's competitive advantage and performance. The theory proposed that human resources are the primary determinants of firm performance, and these may contribute to a sustainable competitive advantage of the firm. This indicated that firm financial resources serves as one of the major determinant of firm performance.

Conclusion and Recommendations

The conclusion from findings of this study is that human resources have positive effect on internationalisation of SME in Lagos State, Nigeria. They study contributed to knowledge by confirming conceptual, theoretical and empirical studies in the field. The study recommended that the government should support the SME operators involved in international business in developing the requisite skilled manpower that can operate at world standard. SME operators involved in internationalisation should develop themselves in foreign languages and be exposed to international experience. SME operators involved in internalization of their operation should try and acquire experience of the different business practices in other environment. Government through Nigerian Export Promotion Council should constantly expose SMEs to foreign training and trade fairs. This will help expand their market share, turnover and profit.

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