

**A STUDY OF HUMAN RESOURCE MANAGEMENT  
POLICIES AND PRACTICES AND EMPLOYEE  
COMMITMENT: EVIDENCE FROM NIGERIAN SMALL  
AND MEDIUM ENTERPRISES (SMES)**

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**Abstract**

*The study investigated HRM policies and practices on employee commitment to determine their relationship and effects on employee commitment using the SMEs in the South-West, Nigeria as the unit of analysis. The study identified recruitment and selection, training and development, compensation and reward systems, performance appraisal, working conditions, and employee participation as the prevailing HRM policies and practices in the SMEs and singled out compensation and reward systems, working conditions, and employee participation. A multi-sampling technique and survey research method was adopted while copies of questionnaires were administered to 369 respondents. It was found that there exists a positive*

*relationship between HRM policies and practices and employee commitment while compensation and reward systems, working conditions, and employee participation in decision-making have more effects than other variables and  $R^2$  of 76% can also explain the variation on employee commitment. It was concluded that among all the activities embarked upon by the SMEs, in South-West, Nigeria towards the attainment of business objectives, HRM policies, and practices have a more significant effect on employee commitment most especially compensation and reward systems, working conditions, and employee participation. Thus, recommended that reward systems should be made competitive through environmental surveys and objectivity should prevail in the practice of the HRM policies.*

**Keywords:** *employee commitment; small and medium enterprises; Nigeria; working conditions, HRM policies, and practices*

**JEL Classification:** *J81; M52; 015*

## 1. Introduction

Nigeria as one of the developing countries in the present world economy has relied heavily on the activities of Small and Medium Enterprises (SMEs) to foster her national economic development plans geared towards ensuring economic growth, employment opportunities, innovations, and creativity. The work of Savlowski and Robu (2011) buttressed the significance of SMEs to the nation's economy based on the available statistics across the globe while Adesanya (2019) also buttressed the importance of SMEs in Nigeria by positing that the activities in the SMEs in the last three decades have propelled the sector to be the mainstay and backbone of the Nigerian economy in terms of economic growth, employment opportunities, innovations, and creativity. Cardon and Stevens (2004) and Berry (2002) were among the early scholars to have identified the significance of SMEs in the modern economy to include but not limited to income job creation, innovations and creativity, utilization of indigenous materials, and large business organization developed from the SMEs. David (2017) asserted that SMEs represented about 90% of businesses in Nigeria and thus, remain the largest employer of labour. It was argued further that since the SMEs represented a larger proportion of businesses in Nigeria, the national income is therefore contingent upon the performance of SMEs which is a function of many variables among these variables were human resource management (HRM) policies and practices in the

SMEs with implications on the commitment of the employees in the sector. It is therefore expedient to deduce that the quality of the workforce has a bearing on the overall performance of SMEs.

The quality of the workforce is a function of human resources management functions as evident in the training and development, compensation and reward systems, recruitment and selection, human resource planning and performance appraisal of such SMEs. However, the direction and outlook of these functions are deeply rooted in the operational policies and practices prevailing at every point in the development of the SMEs i.e. the performance of these functions is based on the guidance provided by policies manifesting in practices and thus, influences employee attitudes and behaviours in many dimensions such as commitment to the organization, job satisfaction, labour turnover, and organisational citizenship behaviour, etc. Therefore, to maintain and sustain a competent workforce, there is a need for sound human resource (HR) policies and practices aimed at attracting, developing, motivating, and retaining employees with both core and residual skills, all in an attempt to ensure employee commitment to the organisation which will invariably lead to an effective and efficient organisation (Isada & Adisa, 2022). To this end, it is expedient to develop robust and competitive HR policies and practices that will promote the level of employee engagement to usher in committed employees with high performance. However, these policies and practices should not be implemented in isolation otherwise, the policies will be counterproductive, for example, job security (when an organisation fails to hire people who fit into its culture) rather be aligned and consistent with the philosophy and beliefs of the organisation as enshrined in the vision and mission statements which should reflect the dictate of the environment and prevailing extant labour laws thus, ensuring that the desired ultimate impact of HR policies and practices on the organisation would be achieved.

It is valid to deduce that for SMEs to consolidate their strategic importance in the nation's economy, it relies on the performances of the business organisations that constitute the SMEs, and this also depends on the functionality of its employees in terms of quality and competence which indicates that there is a shift from the organisational belief on a product to people as the basis for organisational competitive advantage and success. It then shows that for organisations to have competitive advantage and success, there should be concern for their employees although there were other forces in the external environment that organisations would have to contend with which often shapes the internal structure of

organisations (Knezović, 2018). Organisations would have to respond to the dictate of these external forces such as unfair competition, globalization, economic, and different legal laws as well as government policies through appropriate internal decision-making guided by the organisational policies and practices which will have an effect on the internal structure of the organisation without exception especially, the one that concerns people at work which is HR (Knezović, 2018). Meanwhile, the change in the internal structure necessitated by the dictate of the external forces comes with ineluctable risk of non-acceptance by employees and it is their support that can ensure the desired impact of such change. However, where employees do not accept the changes, organisations will experience satisfaction and commitment challenges which would be evident in high labour turnover, absenteeism, grievances, and deviant behaviours. The manifestation of these challenges in the workplace would invariably lead to the extinction of such an organisation. Therefore, while reacting to the changes brought by the dictates of external forces, organisations should place a high premium on how to make the human resource policies and practices robust and efficient to accommodate employees' acceptance and at the same time overcome the threats posed by the external forces of SMEs environment. This corroborated the earlier position of Fadiora (2012) who posited that for any organisation to survive, expand and grow, the commitment on the part of an individual that works in an organisation should not be toyed with but be given paramount attention with a high premium.

From the review of extant literature, it was evident that HR policies and practices are among the important variables affecting the level of employee commitment, which is considered the main source of competitive advantage for all organisations irrespective of nature, size, and sector (Hauff, Alewell & Hassen, 2014; Baiquni & Aprilianti, 2020). It was also evident that efficient HR policies and practices increase the level of employee commitment through HR functions such as training and development, compensation and reward systems, recruitment and selection, working conditions, performance appraisal and employee participation. For example, improvement in employee working conditions, fairness in performance appraisal and reward systems contribute to increased employee commitment while employee participation in decision-making enhances their loyalty to the organisation (Ertemsir, Bal & Bozkurt, 2017; Uraon, 2018) while some scholars opined that there had not been enough pieces of evidence to show ways by which HR policies and practices affect organisational outcomes; whether some policies and practices have stronger effects than others; whether

complementary or synergy of such policies and practices could enhance employee commitment towards performance (Delaney & Huselid, 1996; Delić & Smajlović, 2014; Jena, 2015; Knezović, 2018). However, most of the studies carried out in this area had been outside SMEs, hence, this study seeks to investigate how human resource policies and practices through HR functions (training and development, compensation and reward systems, recruitment and selection, working conditions, performance appraisal and employee participation) affects employee commitment using SMEs in Nigeria as the unit of analysis.

## **2. Literature Review**

The review was anchored on the variables of the study i.e. human resource management policies and practices and employee commitment. However, from the human resource management, the focus was on the policies and practices of training and development, compensation and reward systems, recruitment and selection, working conditions, performance appraisal and employee participation vis-à-vis employee commitment.

### **2.1 Human Resource Management Policies and Practices**

The goals of the organisation are translated into objectives achievable through policy (Drucker, 1989). Policy is a general guide to action that will help in the attainment of objectives (Tan & Nasurdin, 2011). In the views of Armstrong (2009) policy is a guideline for organisational action and the implementation action of goals and objectives i.e. policy is translated into rules, plans, and procedures as it is related to all the activities of an organisation at all levels. Similar to this, was the view of Tan and Nasurdin (2011) that policy can be basis to reinforce organisational functioning, avenue for consistency and minimise dependency on the actions of individual managers. Oginni and Faseyiku (2016) asserted that policy provides explanation for action and decision of managers concerning their roles and responsibilities towards human and non-material resources.

Therefore, human resource policy (HRP) can be described as a principle guiding decision-making in the functional areas relating to the management of people in the workplace i.e. the policy assists in specific decisions on employee's treatment either as individual or group of individuals while the cardinal focus of human resource policy is effective utilisation of human resources to achieve the predetermined objectives of the organisation. Armstrong (2009) argued that the essence of HRP is ensuring smooth performance of operational activities by

employees through exhibition of appropriate behaviour that would facilitate the accomplishment of assigned tasks within the specified period using available physical resources. The formulation of human resource policy should be done in consultation with internal and external forces/factors. Internal factors refer to the factors that are found to be prevailing characteristics within the work organisation that somewhat distinguishes one from another such as the philosophy and beliefs of the founder(s), nature of the business, mode of operations, objectives (core values), etc. External factors refer to those factors that are found outside the work organisation that often dictate the direction of the business from time to time such as government legislation, location of business operation, competitors, etc. Irrespective of these forces or factors, the HRM policies in overall terms should embrace the followings;

- a) effective design of organisation structure;
- b) staffing the structure with suitable people;
- c) work roles and relationships well defined;
- d) optimum working arrangements secured; and
- e) Getting the loyalty and commitment of the people.

It must be noted that no matter how genuine and well-intended the HRM policies may be, they must be practicable and easy to implement otherwise developing and maintaining a sound human relationship and high level of morale that will evoke cooperation and willingness of all persons in the organisation to attain optimum operational performance would be a mirage (Oginni & Faseyiku, 2016). Torlak, Kuzey, and Ragon (2018) referring to the work of Guest (1987) indicated that HRM policies are designed to maximise organisational integration, employee commitment, flexibility and quality of work. The views of Isada and Adisa (2022) summarised the place of a policy when they opined that policy is a standard operating procedure i.e. policy standardises most of the routine decisions and at the same time clarifies the discretion superiors and subordinates can exercise in implementing functional tactics.

Evolving from the human resource policy concerning philosophies and perspectives is the transformation of the policies into action and this is known as “practice”. Therefore, the transformation or implementation of Human Resource Management policies into concrete action is known as ‘Human Resource Management Practices’ (HRMP) i.e. the ways and manners by which all the activities in human resources management are being carried out. In the views expressed by Fadiora, (2012) HRM practices as those activities contained in the

functioning of human resource management as it relates to the organisational workforce with effect on their morale and performance of an organisation. According to Oginni and Faseyiku (2016) HRMP is “the process of developing, applying, and evaluating policies, procedures, systems, and methods as well as programs relating to the employment relationship in the workplace”. The implication is that human resource policy determines the nature of human resource management practices in the workplace at any time.

Fadiora (2012) posited that HRM practice emanating from policy focused on perception and image among the stakeholders i.e. how the employee perceives their organisation is derived from the practice of HRM found operational at any time and evolving from this perception, is the image within the work community and labour market. The image formed thereafter becomes the mental picture of what the organisation stands for in the minds of the employees thus, heralding commensurate decisional and behavioural patterns from employees. The earlier works of Snape and Redman (2010) on HRM objectives and policies, pointed out that the perception of employees about the organisation would determine the commitment levels of employees which could be high or moderate as well as low. This explains why Tan and Nasurdin (2011) posited that human resource policies and practices represent specific policies designed and practices implemented to attract, develop, motivate, and retain competent employees with core skills to enshrine employee commitment and loyalty.

## 2.2 Employee commitment

In the views of Kreitner and Kinicki (2000) employee commitment is also known as organisational commitment which was also supported by Irabor and Okolie (2019). To Kreitner and Kinicki, employee commitment reflects the extent to which an individual identifies with an organisation and is dedicated to its goal while Irabor and Okolie sees it as another aspect of job attitude manifesting in the workplace which can be positive or negative upon which the decision to identify with a particular organisation and its goals as well as wishing to maintain membership in the organisation depends on. According to Stroh, Northcraft, and Neale (1996) described commitment as “an attitude reflecting an employee's loyalty to the organization, and an ongoing process through which organization members express their concern for the organization and its continued success and well-being”. This implies that commitment is about loyalty and attachment on account of goals and values identification with the organisation evident in the

willingness to display effort on behalf of the organization and desire to belong to the organization. Meyer and Allen (1991) described employee commitment as emotional state that characterises relationship of employee with an organisation, and this has effect on their decision to continue or discontinue membership of an organisation. What is obvious here is that commitment revolves around two facets in the workplace i.e. relationship between the organisation and employee which could be at individual or group level upon which various beliefs were anchored. It is therefore evident that employee commitment to an organisation is the outcome of the beliefs which could serve as bond or dedication to the organisation and willingness to get involved in the work activities over an identifiable period i.e. attachment and loyalty to the organisation without prejudice.

According to Nortcraft and Neale, (1996) employee commitment is determined by many factors such as personal factors (e.g. age, tenure in the organization, disposition, external or internal control attributions); organisational factors (leadership styles, superior-subordinate relationship, supervisor's authority, prevailing practices and job design); non-organisational factors (availability of alternatives) while Armstrong (2009) identified eight variables as determinants of employee commitment to include interesting work, age, education, co-worker's attitudes towards the organization, organizational dependency, employment alternatives, attitudes of family and friends as well as training and development. It was posited that these variables were significant in explaining the degree of employee commitment to their organisations. Whitener (2001) identified background variables such as gender, level of education, team size, and group acceptability as well as working conditions, training, and development as strong determinants of employee commitment to the course of the organisation. However, sees training to impact more than others because training was seen as an integral part of the socialisation process which from time to time gives employees the feeling that their contribution is valued and a sense of recognition by the organisation. Irabor and Okolie (2019) singled out job satisfaction as a factor that makes employees to be committed to the course of their organisation. Shirley and Colin (2001) postulated a mathematical model identifying variables determining employees' commitment and the model captures all the factors that can be used to explain various levels of employee commitment in any organisation which is denoted as;

$$C_i = f(X_i, + W_i, + O_i)$$

Where;

$C_i$  = the level of commitment of the employee



$X_i$  = set of personal characteristics of employee

$W_i$  = set of job-related characteristics of employee

$O_i$  = set of characteristics of the workplace where an individual is employed.

### 2.3 Employee Commitment Model

The multidimensional nature of employee commitment has brought about different dimensions to explain employee commitment in the workplace. There had been three prominent but different works of scholars that had been identified over the years i.e. O'Reilly et al (psychological bond), Mowday et al (emotional attachment and loyalty), and Meyer & Allen (three components model) but for the study at hand, the ACN model of has been adopted.

#### 2.3.1 ACN Model

The ACN model was postulated by Meyer and Allen in 1991. The model also has three components acronym as ACN where A is affective, C is continuance and N is normative. According to Tella, Ayeni, and Popoola (2007), the work of Meyer & Allen (1991) as depicted in their model has more influence on the understanding of employee commitment to the organisation than any other models which has three components namely; affective commitment, continuance commitment and normative commitment which had become the mainstream for other researchers in the field of organisational commitment.

**1. Affective Commitment:** This is described as the employee's emotional attachment to, identification with, and involvement in the organisation and its goal accomplishment. It results from and is induced by organisational and individual value congruency. As a result, it becomes almost natural for the individual to become emotionally attached to and enjoy continuing membership in the organisation (Dunham, Gruba & Castaneda, 1994). Dunham et al (1994) identified major variables that can create intrinsically rewarding situations for employee's affective commitment such as job characteristics (skills variety, task significance, identity, feedback on job performance, autonomy, perceived organisational support or dependence), the degree of employee involvement in the goal – setting, and decision-making process. Affective commitment is the most desirable form of commitment on account of its focus between employee and the organisation (Meyer & Allen, 1997).

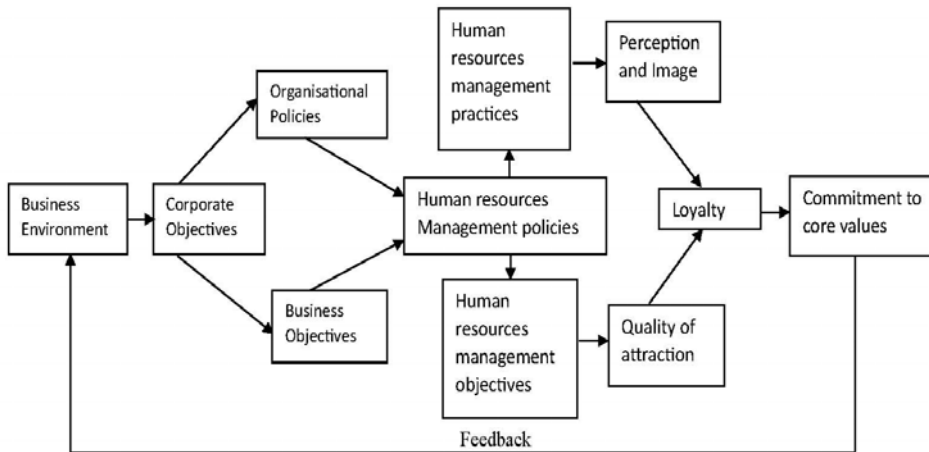
**2. Continuance Commitment:** This is found when employees feel certain needs to link to and stay with the organisation i.e. willingness to remain with an organisation due to non-transferable personal investment such as retirement

investment plans, close working relationships with co-workers, and career investment, job skills acquired which are unique to the organisation, involvement in the community in which the employer is located, years of employment (length of service) in a particular organisation, and other benefits that make it costly to seek employment elsewhere or leave the current employment (Meyer, Allen & Smith, 1993) i.e. it is about the cost associated with leaving an organisation (Tella, *et al* 2007).

**3. Normative Commitment:** This always reflects the feeling of obligation on the part of employees to continue employment with the organisation. Such a feeling of obligation often results from what Whitener (2001) characterized as the generalised value of loyalty and duty. This is a natural predisposition to be loyal and committed to institutions such as family, marriage, country, religion, race, and employment organisation on account of socialisation in a culture that places a premium on loyalty and devotion to institutions. This view of commitment holds that an individual demonstrates commitment behaviour solely because he or she believes it is the moral and right thing to do.

The model shows that commitment is more of emotional state which is characterised by an employee's relationship with the organisation and effect on the decision to continue or discontinue membership in the organisation i.e. employees with a strong affective commitment remain with an organisation because they want to, those with a strong continuance commitment remain because they have to and those with a strong normative commitment remain because they feel they ought to (Meyer, Allen, and Smith, 1993). Aside from the works of Meyer, *et al* (1993) which provide an explanation summarising what employee commitment is in the workplace, Oginni, Ojo, and Adesanya (2019) also used a diagram as a model to explain the link between human resource management practices and employee commitment to the core values of any business organisation indicated in Fig 1.

**Fig 1: A link between human resource management practices and employee commitment to the core values**



Source: Oginni, B. O., Afolabi, OJO. A, & Adesanya, O. A. (2019). A Model Linking Human Resources Management Practices with Employee Commitment to Core Values of an Organisation. *Archives of Business Research*, 7(8), 114-118.

It was evident from Fig 1 that employee commitment stems from the understanding of the business environment where everything in the organisation began because it is the junction box i.e. to understand the levels of employee commitment in the workplace, recourse should be made to the business environment being the chief determinant of all the activities in the workplace. Corporate objectives would reflect the prevailing circumstance in the business environment which defines the essence and focus of the business organization (organisational policies and business objectives) from where human resource policies emerged that usher in human resource objectives and practices. The HR objective will lead to quality attraction while HR practices come with perception and image which invariably leads to loyalty and the result is the commitment to the core values of the organization. It was further pointed out that the assessment of the input (business environment) to output (employee commitment) at each stage should be based on objectivity otherwise the output would be counterproductive.

## **2.4 Relationship between human resource management policies and practices and employee commitment**

### **2.4.1. Recruitment and Selection Practices and Employee Commitment**

Recruitment and selection are among the common human resource management practices found in the business organisation whose focus is on the attraction of qualified candidates with a view to considering the suitability of such candidates to fill existing positions in any organisation. What informs the direction of recruitment and recruitment exercise is somewhat contingent on the policies and procedures put in place which determine the practice in operation in terms of how to go about attracting qualified and competent candidates to fill the existing positions. There are many ways by which an organisation can bring people into the organisation which could not be isolated from many factors that constantly influence the practice such as economic, demographic, godfatherism, gender, ethnicity, and religious constraints. All these have impacted the objective implementation of recruitment and selection policies and practices with each influencing the disposition of employees on their commitment to the main course of the organisation at any time. Therefore, hypothesis one is formulated to show that.

$H_1$ : there is a positive relationship between recruitment and selection practices and employee commitment in SMEs.

### **2.4.2. Training and Development Practices and Employee Commitment**

This is about acquiring new job skills that will enhance job performances in the immediate and future work environment and thus prevent skills obsolete. It has always been centred around educational activities typically designed to enhance, improve, and advance employees' knowledge and skills which has also become a source of motivation to employees on account of diversity and versatility. Baiquni and Aprilianti (2020) asserted that employees often perceive their relevance to the core existence of their organisation by the amount of investment the organisation has incurred on their behalf through training and development and concluded that training and development remain determinant factors in employee motivation and retention while the works of Isada and Adisa (2022) corroborated this position and argued further that investing in employees to boost employee's morale and retention is never enough as there is need for enabling environment which is a function of many variables otherwise becomes costly for the organisation i.e. investing in employee comes with potential risk if after investing in employee and

enabling environment is not guaranteed, the employee may decide to leave and join its competitors. Thus, the formulation of hypothesis two that

H<sub>2</sub>: there is a positive relationship between training and development practices and employee commitment in SMEs.

#### **2.4.3 Compensation and Reward Systems Practices and Employee Commitment**

This is a mutually exclusive exchange relationship that takes place between employee and employer which involves the total rewards given to the employees for the labour and services rendered to their organization. It is transactional by nature and can be monetary (wages and salaries, bonuses, and commissions) and non-monetary (paid absences and other leave benefits, retirement plans, employee insurance schemes, health plans, education benefits, and other such benefits). this explains why employees are constantly mindful of what comes to them from the relationship and the outcome of their evaluation will determine a lot of things in their behavioural patterns. The hierarchy of needs postulated by Maslow buttressed this and could be used to conclude that man goes to work because of reward systems on account that the basic concern of every employee is survival after which every other thing becomes important while Knezović (2018) posited that when employees are adequately compensated, they feel motivated to come to work, their morale remains high, and their job satisfaction level increases. The question raised by Fadiora (2012) on what constitutes fair compensation to employees in developing countries i.e. can employees ever see what is paid by employers to be fair to their input vis-à-vis their output in the wake of economic hardship caused by inflation that calls for living wage, minimum wage as well as standard of living and when considering the unit of analysis of the study that is plagued with inflation, paucity of finance, and low attraction of quality personnel (David, 2017), then, there is need to investigate the relationship between compensation and reward system and employee commitment thus leading to the formation of hypothesis three as

H<sub>3</sub>: there is a positive relationship between compensation and reward practices and employee commitment in SMEs.

#### **2.4.4. Performance Appraisal Practice and Employee Commitment**

Performance appraisal is one of the many tools postulated to determine levels of employee motivation and performance in the workplace (Kuvaas, 2006). It is central to the evaluation of employees' contribution to the organisation over a

specified period, a platform to discover talent in the organisation, and an avenue to identify training needs, and promotion opportunities without leading to Peter's principle. Kotzê, Vander, and Nel (2014) supported the position of Kuvaas (2006) on employee motivation and performance in the workplace as well as the focus on performance appraisal. It was argued that these can only be achieved with employees whose goals fit into the overall strategic plans of the organisation, who work in an environment that is characterised by trust, belief, and support from managers, and who constantly receive feedback on work done which is not limited to recognition. Isada and Adisa (2022) corroborated this position and believed that employees whose goals fit into the overall strategic plans of an organisation will manifest higher levels of energy and mental resilience at work, stronger involvement in their work, and feelings of significance and pride. It is this category of employees that are likely to be dedicated to work and be willing to remain with an organisation over a specific period. Since performance appraisal is a predictor of employee motivation, performance, dedication, and willingness to remain with an organisation, it is then obvious that what should be put into consideration is the significance of the policy and practice of performance appraisal on employee commitment although Daivd (2017) asserted that few business organisations in the frame of sole proprietorship and partnership use performance appraisal while measuring of employee performance. Hence, hypothesis four is formulated as

H<sub>4</sub>: there is a positive relationship between performance appraisal practice and employee commitment in SMEs.

#### **2.4.5 Working Conditions Practice and Employee Commitment**

This is the atmospheric conditions and environment under which employees perform their duties daily. It covers health, safety, and welfare regulations as well as terms and conditions guiding employee-employer employment relationships. To Oginni, Ajibola, and Olaniyan (2022) it is made of intrinsic and extrinsic components (equipment and devices, temperature, ventilation, lighting, cleanliness, workstations, space, floors, windows, doors, slippery areas, traffic, toilets, water, etc.) that has a positive or negative impact on organisational outcomes and visible in many of these outcomes such as job security, occupational stress, disciplinary procedures, organisational culture, progression and development opportunities, training, communication, employee assistance programmes, managerial support, inclusivity and diversity, interpersonal relationships, employee benefits, holiday entitlement, wages and salary, physical environment, working hours and patterns.

This was supported by the earlier work of Priarso, Diatmomo, and Mariam (2018) where it was posited that the overall positive or negative effects of these organisational outcomes are felt on organisational productivity, job satisfaction, and motivation while Oginni et al (2022) concluded that the prevailing working conditions practices played a significant role in understanding and gauging the mood of employees in the organisation and their decisions in terms of job happiness, job satisfaction, loyalty to the organisation, and deviant behaviour. hence, the proposition of hypothesis five that

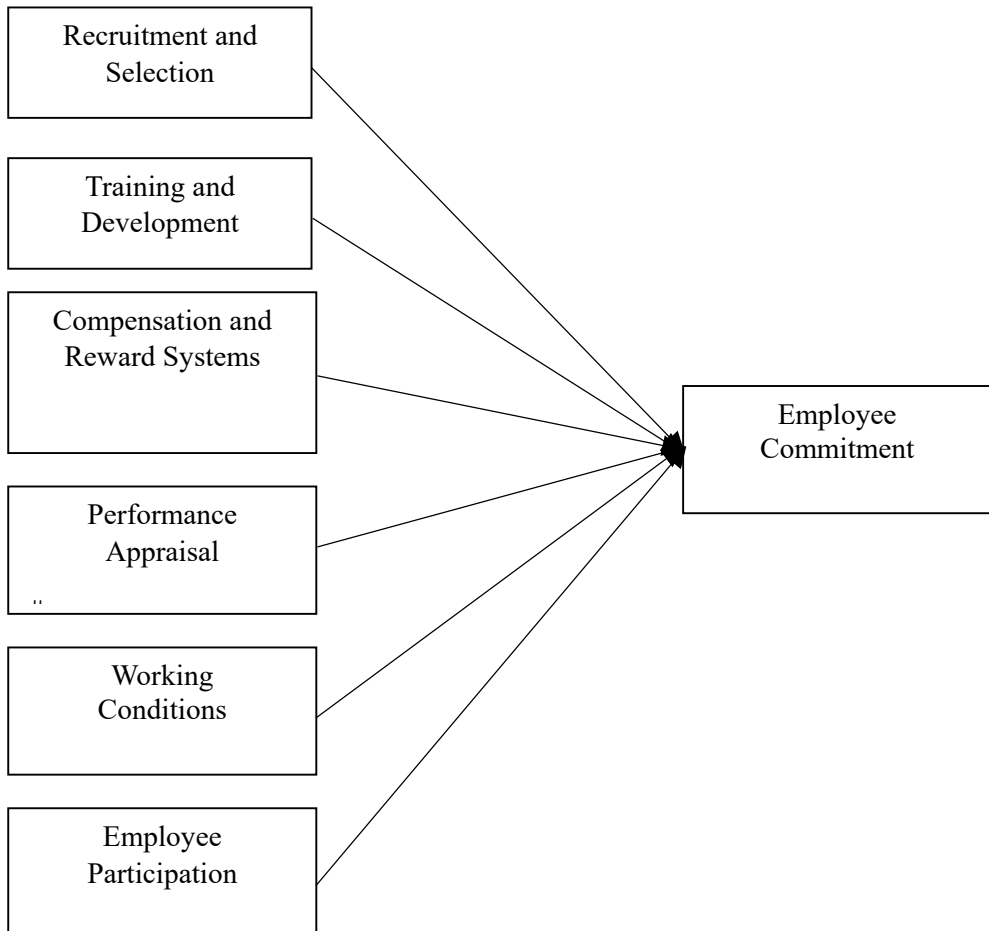
H<sub>5</sub>: there is a positive relationship between working conditions practice and employee commitment in SMEs.

#### **2.4.6. Employee Participation Practice and Employee Commitment**

This practice gives employees a sense of belonging and recognition because it provides a platform to contribute to problem-solving, address change management, and empowerment. To White and Bryson (2013) employee participation deepens employee self-esteem, interest in their work, and sense of loyalty thus, reducing the attrition ratio. Isada and Adisa (2022) posited employee participation in decision-making enables them to share in management prerogative power and such decisions become joint authorship in rulemaking which makes implementation easier while Jones, Kalmi, and Kauhanen (2010) asserted that it is about sharing their ideas, expertise, and efforts towards problem-solving to take advantage of employee productivity, empowerment, job satisfaction, creativity, commitment, and motivation, as well as the intention to stay. Freeman and Kleiner (2000) opined that participation can be in two different ways i.e. representative and direct participation and the choice of a particular way is influenced by leadership, culture, and environment. However, Oginni, Ojo, and Adesanya (2019) held a contrary view of what employee participation brings to the organisation although agreed with the summation of Jones, Kalmi, and Kauhanen (2010) the area of contention was the quality of their participation. It was concluded that organisation can take full advantage of employee participation only when participation is on substantive issues. therefore, hypothesis six is formulated as

H<sub>6</sub>: there is a positive relationship between employee participation practice and employee commitment in SMEs.

### Human Resource Policies and Practices variables



**Fig 2: Conceptual Framework for the Study**



### 3. Methodology

The study was carried out in the South-West of Nigeria using the SMEs in these regions as the unit of analysis. The South-West of Nigeria has six States i.e. Lagos, Oyo, Osun, Ogun, Ekiti, and Ondo, fifteen (15) SMEs were selected from each of the States totalling ninety (90) SMEs cutting across manufacturing and services industries. The choice of these SMEs was based on their popularity in their locality and registration with the Corporation Affairs Commission (CAC) which is a commission set up by the Federal government of Nigeria to oversee the activities of all the organisations in the country. The study made use of a survey method and a questionnaire was adopted as the research instrument wherein the study adopted an organisational commitment questionnaire developed by Natalie, Allen, and Meyer (1990) for commitment while that of human resource management policies and practices adopted the questionnaire developed by Dyer and Reeves (1995) on human resource management practices. The questionnaire was tailored towards Likert 5-point rating scale while the results of the validity and reliability tests for the research instrument were found to be adequate for use.

From the ninety (90) SMEs selected, the study has a population of 4,808 respondents, and Yamane's formula for sample size was used to obtain the sample size which was 369. The study went through a multi-stage sampling technique to select the respondents wherein convenience sampling was used to select the 90 SMEs based on the condition attached to the choice of the unit of analysis i.e. popularity in their locality and registration with the CAC. A proportional technique was used to ensure fair distribution in the choice of the number selected in each of the SMEs in the six selected States in the South-West while a random sampling technique was used to give equal opportunity to the participants chosen among the studied group. Four hundred copies of the questionnaire (400) were administered with the help of two (2) research assistants in each of the selected States in the South-West out of which 305 copies of the questionnaire were retrieved representing 76% that was considered acceptable for generalization. Data obtained were analysed with the aid of SPSS software version 25 and the focus was on descriptive statistics (Mean and Standard Deviation) and inferential statistics (Correlation and Regression).

#### 4. Results

The result of the study was presented in Table 1 to Table 3. Table 1 has information on the elements of the human resource management policies and practices as evident in the SMEs of the respondents, Table 2 contained information on the relationship between the independent and dependent variables and Table 3 has information on the major predictors of employee commitment.

**Table 1: Descriptive Statistics on Independent Variables of human resource management policies and practices**

S/N	N	Independent variables	Descriptive Statistics		Rank
			Mean	Std. D	
1	305	Recruitment and Selection	2.786	1.173	6
2	305	Training and Development	3.231	0.558	3
3	305	Compensation and Reward Systems	4.687	0.607	1
4	305	Performance Appraisal	3.118	2.088	4
5	305	Working Conditions	3.366	0.771	2
6	305	Employee Participation	2.892	0.889	5

Source: Field Survey, 2013

Table 1 showed that a total of 305 respondents participated in the survey, and it was on this basis that the Mean and Standard Deviation were calculated. The result showed the average responses of independent variables towards the dependent variable and their dispersion from the stated Mean. It was evident that the major elements predicting employee commitment based on human resource management policies and practices were recruitment and selection, training and development, compensation and reward systems, performance appraisal, working conditions, and employee participation (2.786, 3.231, 4.687, 3.118, 3.366 and 2.892) although recruitment and selection, and performance appraisal deviated the most in comparison with other elements of human resource management policies and practices. The outcome confirmed the earlier position of Knezović (2018) on the significance of compensation and reward systems towards employee commitment and David (2017) also buttressed the seldom use of performance appraisal in the SMEs.

**Table 2: Correctional Matrix between Independent and dependent variables**

Variables	RS	TD	CR	PA	WC	EP	EC
<i>Recruitment and Selection (RS)</i>	1.000						
<i>Training and Development (TD)</i>	0.431*	1.000					
<i>Compensation and Reward Systems (CR)</i>	0.639**	0.732*	1.000				
<i>Performance Appraisal (PA)</i>	0.557**	0.621**	0.655**	1.000			
<i>Working Conditions (WC)</i>	0.615*	0.661**	0.733**	0.511*	1.000		
<i>Employee Participation (EP)</i>	0.651*	0.571*	0.630*	0.652**	0.641*	1.000	
<i>Employee Commitment (EC)</i>	0.512*	0.664**	0.788**	0.578*	0.765**	0.672**	1.000

\*\*Correlation is significant at 0.01 level (2-tailed), \*Correlation is significant at 0.05 level (2-tailed)

Table 2 showed the correlation between the dependent variable (employee commitment) and independent variable (recruitment and selection, training and development, compensation and reward systems, performance appraisal, working conditions, and employee participation). The correlation coefficients for each of the variables indicated that there exist statistically significant relationships between the independent and dependent variables such that recruitment and selection ( $r = 0.512$ ,  $p < 0.01$ ); training and development ( $r = 0.664$ ,  $p < 0.05$ ); compensation and reward systems ( $r = 0.788$ ,  $p < 0.05$ ), performance appraisal ( $r = 0.578$ ,  $p < 0.05$ ); working conditions ( $r = 0.765$ ,  $p < 0.05$ ); and employee participation ( $r = 0.672$ ,  $p < 0.05$ ) although that of recruitment and selection, and performance appraisal were relatively moderate, unlike others that were relatively strong. The result is in tandem with the works of Jones, Kalmi, and Kauhanen (2010), Priarso, Diatmomo, and Mariam (2018), Baiquni and Aprilianti (2020), Oginni, Ajibola and Olaniyan (2022).

**Table 3: Significant Coefficients of Employee Commitment**

Variables	<i>B</i>	<i>Beta</i>	<i>T</i>	<i>Sig</i>	<i>R</i> <sup>2</sup>	<i>F</i>	<i>Sig</i>	<i>Remark</i>
<i>Recruitment and Selection (RS)</i>	0.212	0.129	4.451	0.001	0.758	76.78	0.049	S
<i>Training and Development (TD)</i>	0.493	0.186	3.017	0.000				S
<i>Compensation and Reward Systems (CR)</i>	0.571	0.334	2.184	0.000				S
<i>Performance Appraisal (PA)</i>	0.465	0.132	3.242	0.003				S
<i>Working Conditions (WC)</i>	0.470	0.267	2.256	0.011				S
<i>Employee Participation (EP)</i>	0.310	0.252	4.650	0.003				S

Source: Data analysis, 2023; S=Significant, NS= Not Significant

The result presented in Table 3 showed that the model is valid with the value of  $F = 76.78$  and the level of significance was 0.049. All the variables have a statistically significant effect on employee commitment without any exceptions to imply that  $H_1$  to  $H_6$  were valid i.e. there is a positive relationship between all the independent variables and employee commitment in SMEs. Similarly, the beta values showed that compensation and reward systems, working conditions, and employee participation in decision-making have more effect on employee commitment than other variables and the explanatory coefficient value was 76% to imply that human resource management policies and practices were responsible for employee commitment in the SMEs of the Nigerian economy in the South-West. The result also confirmed what some scholars had earlier posited on human resource management contents as a potent force in explaining employee commitment such as Hauff, Alewell, and Hassen, (2014); Delić and Smajlović, (2014); Jena, 2015; Ertemsir, Bal, and Bozkurt (2017); Knezović (2018); Uraon, (2018); Baiquni and Aprilianti 2020); Isada and Adisa (2022);

### 5. Conclusion

The study sets out to investigate the degree of relationship between HRM policies and practices and employee commitment as well as the effect of the

variables of HRM policies and practices on employee commitment using SMEs as the unit of analysis. The study identified recruitment and selection, training and development, compensation and reward systems, performance appraisal, working conditions, and employee participation as the prevailing HRM policies and practices in the SMEs of the study area out of which compensation and reward systems, working conditions and training and development were mostly in use in the SMEs of the South-West, Nigeria to drive employee commitment. The result of the correlation shows a high degree of positive correlation between HRM policies and practices and employee commitment at 0.05 and 0.01 levels of significance to imply favourable and good policies on compensation and reward systems, working conditions, and training and development will be commensurate with practice and result in high employee commitment. Similarly, the result of the multiple linear regression showed that HRM policies and practices can be used to explain the variation in employee commitment to the tune of 76% which is very high in quantum while the beta values also confirmed that compensation and reward systems, working conditions, and employee participation in decision making have more effect on employee commitment than other variables. It was concluded that among all the activities embarked upon in the SMEs of the South-West, Nigeria towards the attainment of business objectives, HRM policies and practices have a significant effect on employee commitment most especially compensation and reward systems, working conditions, and employee participation in decision making.

## **6. Recommendations**

Based on the conclusion of the study, it was recommended that management of the SMEs of the South-West, Nigeria should ensure compensation and reward systems are competitive by conducting an environmental survey on it to know what the prevailing living wage and other benefits are. Genuine efforts are to be made towards ensuring a good work atmosphere that will make the workplace a family-like atmosphere and at the same a safe environment. The management stands to benefit from employee participation if improved upon and enshrined in the decision process while objectivity should prevail in the practice of the HRM policies especially, the administration of performance appraisal, selection of the individual who is chosen for training and development programmes, and recruitment and selection exercise.

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