

Formality of HRM Practices Matters to Employees Satisfaction and Commitment

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Abstract

This study examines the extent of formality of Human Resource Management practices among micro enterprises and their effects on employees' satisfaction and commitment. It used a self-developed questionnaire with some adaptation to the measurement used by Kaman *et al.* (2001). There are 11 constructs tested which included practices such the use of job advertisement, formal selection process, written job descriptions, formal performance appraisal, training, pay slip, and provision of basic benefits. Measurement of satisfaction and commitment were adopted previous studies. The target population for this study was all for profit business enterprises that had ten or fewer employees, involving 857 employees working in micro enterprises in Kuala Lumpur. The results revealed that HRM practices in micro enterprises to some extent are formal, employees are satisfied and committed. Employees' commitment was predicted based on two predictors; namely HRM practices and job satisfaction. Employees' commitment variance is 68.0 percent explained by the predictors and it is significant. This is one of a few studies that provide new data on HRM practices in firms with 10 or fewer employees, and one of the first to examine empirically the relationship between specific HRM practices and employees' behaviour in such firms.

Keywords: Micro enterprises, formality of HRM, Malaysia, commitment, satisfaction

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1.0 Background of the Study

Employees' satisfaction, commitment, and dedication towards organisation are important to all organisations. This is particularly important if the size of the organisations is small, where not many employees work for the organisations. Even one or two problematic employees already could cause serious implication to the organisations concerned. Thus, small business owners need to understand how they can increase their employees' commitment and avoid making HRM mistakes.

Many past studies show that small and medium enterprises (SMEs) play a central role as the driving engine of growth, job creation and competitiveness in both domestic and global markets (Blackburn and Athayde, 2000; Ndubisi and Jantan, 2003; O'Regan and Ghobadian, 2002; Siu, 2000; Stonehouse and Pemberton, 2002). Small businesses are the most common form of business in the world and they play an important role in the economic growth of every country. Micro businesses are part of SME; however they differ from larger SMEs in many aspects (Rutherford *et al.*, 2003; Tocher and Rutherford, 2009). One of them is human resource management. Unfortunately, there is minimum number of research has been conducted in the area of human resource management of micro enterprises. Previous researches in the area of HRM for small businesses (not micro) had demonstrated that there is a relationship between HRM practices with firms' growth (Altinay *et al.*, 2008; Barrett and Mayson, 2007; Kotey and Slade, 2005).

We are particularly interested to study HRM practices in micro enterprises because less is known about HRM practices in micro enterprise and how these practices influence the behaviours of employees in micro enterprises. Previous researchers reported the informality of HRM practices in small enterprises (Barrett *et al.*, 2007; Cameron *et al.*, 2006; Kaman *et al.*, 2001). Many micro enterprises are found to have violated the employment laws. As the result, most of the employees working for micro enterprises are not legally protected.

The problem will arise once the working relationship with particular employers is no longer amicable. When employees lodge a report to labour office, then only, the employees realized that they are actually being taken for a ride by their employers. For small employers, such litigation will be too costly for them. Small business owners run the risk that rudimentary HR practices will put them at a competitive disadvantage.

A lack of specialized HR expertise may produce legal or other problems. Employment laws in many countries require formal systems and written documentation to support decision made about applicants and employees. For instance, in Malaysia, employers need to document and communicate expectations as well as establish systems that ensure consistency and compliance with employment laws regardless of the size of the enterprises. Specifically, Malaysian labour law requires employer to the use of letter of appointment, the use of job description, the issuance of pay slip, the contribution to Employees Provident Fund (EPF), and to document the entitlement to annual leave and legally required benefits. Hence, the present study aims to address this issue. To what extent micro enterprises practice informal HRM practices? Are the employees happy and satisfied with such HRM practices of their micro enterprise employers? Do such HRM practices affect the employees' satisfaction and commitment?

Researchers have only recently initiated the examination of HRM in SMEs. Such exploration is severely lacking when directed toward micro enterprises exclusively (Pearson *et al.*, 2006; Skinner *et al.*, 2003). This study aims to make a theoretical contribution by reducing the gap in the literature as there is no such study has examined the HRM practices of micro enterprises in relation to employees' satisfaction and commitment. The deficiency of information concerning HRM in micro enterprises is problematic for theory, research, and practice (Heneman *et al.*, 2000). By understanding the use of HRM practices in micro firms, HRM practitioners and micro business owners not only can make a difference in managing their human resources as HRM can provide the competitive edge to a firm (Storey, 2007), but also to ensure harmonious working relationship, and to protect them from any legal litigation. The ability to perceive and overcome HRM problems is the key in which micro firms can gain competitive advantage despite their small sizes. The enforcement agency can take necessary efforts and action to improve the HRM practices of micro firms and provide better protection to the employees.

1.1 Micro Enterprises in Malaysia

The National Small Medium Enterprise (SME) Development Council, Malaysia has, on 9 June 2005, approved the common definitions of SMEs across economic sectors, for adoption by all government ministries and agencies involved in SME development, as well as financial institutions.

For wider coverage and applicability, definitions of SMEs will be based on two criteria, namely: number of employees; or annual sales turnover. Therefore, an enterprise will be classified as an SME if it meets either the specified number of employees or annual sales turnover definition. The definitions will apply for four sectors: primary agriculture; manufacturing (including agro-based); manufacturing-related Services (MRS); and services (including Information and Communications Technology).

A micro enterprise in primary agriculture and services is an enterprise with full-time employees of less than ten or with annual sales turnover of less than RM 200,000. Similarly, a micro enterprise in manufacturing (including agro-based) and MRS is an enterprise with full-time employees of less than ten but with annual sales turnover of less than RM 250,000. The Malaysian SMEs Census 2011 recorded a total of 645,136 SMEs operating their businesses in Malaysia, representing 97.3% of total business establishments. This figure includes micro business establishment. The results showed that 90% of the SME establishments were in the services sector, 5.9% in the manufacturing sector, and 3.0% in the construction sector. The remaining was in the agriculture sector, 1.0%, and mining & quarrying, 0.1%.

At the time of this study, statistics on employment in micro enterprises are not available. However, employment generated by SMEs as a whole was approximately 3.0 million workers (65.1 percent) of the total employment of 4.6 million engaged in the three main sectors. The services sector employed the largest number, 2.2 million, followed by the manufacturing sector, 740,438 and agriculture sector, 131,130. Full-time employees totaled 2.3 million workers (76.5 percent) while self-employed workers made up 16.7 percent and part-time workers, the remainder (6.8 percent). Employment by SMEs continued to expand, albeit at a more moderate pace of 3.9% in 2011 (2010: 7%) in line with the moderation in real GDP growth of SMEs. SMEs continue to employ both full-time and part-time workers. As a result of the strong growth in employment by large firms in 2010, the share of SME employment to total employment declined from over 59% in 2009 to 57.3% in 2011 (<http://www.undp.org.my>).

2.0 Conceptual Framework

2.1 HRM Practices in SMEs

While the distinction of small and micro enterprises has not always clearly addressed by previous researches, we consider small enterprise to have included micro enterprise as well. Most of the literature discussed about HRM practices in small rather than micro enterprises; although some of these researches actually studied on firms with less than 100 or fewer employees. Fewer than 100 might also include one or two employees. Previous studies confirmed that HRM in small firms is characterised by informality (Barrett *et al.*, 2007; Cameron *et al.*, 2006; Cardon and Stevens, 2004; Tocher and Rutherford, 2009). This means that the practices used to recruit, select, manage, and appraise employees' performance are not written down. An informal recruitment practice might therefore be the use of "word-of-mouth" advertising. Generally, informal recruitment and selection methods are associated with small firms. As asserted by Huỳnh Thiên Hải (2012), the work relationship between the employer and the employee in SME's is not generally governed by a contract. Only 15 percent of the workers had a contract. The lack of contract may just be a reflection of the traditional and informal environment in which SME's is conducting its affairs. So, the most important issue of SME's is the insecurity of the workers regarding their future, due to the lack of social security coverage and due to the fact that employers are not bound by any contract towards their employees.

According to Barrett and Mayson (2007), informal recruitment methods is preferred by small firms because they would attract recruits from acquaintances of present employees; this enables applicants to make informed choices about joining the workforce and they tend to perform (Henry and Temtime, 2009). However, Barrett and Mayson (2007) argued that by only using referrals, only a small pool of potential employees will be created and some very suitable candidates will never be reached. As regards to job description, Tanova (2003) found that in small firms, management would only need to determine an employee's main tasks, and that a detailed job analysis, job description and job specification process may not be needed. Training is identified as an important HRM issue for small firms; however, research shows formal training is less likely to be provided in these firms. Small firms rarely carry out formal training needs analysis and have no systematic approach to training (Kotey and Slade, 2005; Storey, 2004).

Several authors (Barrett and Mayson, 2007; Cassell *et al.*, 2002; Kotey and Slade, 2005) reported that performance appraisal practices in small firms tend to be informal, continuous, often used for monitoring and control rather than development purposes. Small firms' owners usually lack the skills necessary to carry out effective performance reviews and may perceive formal performance appraisal systems as time consuming. The owners of small firms are not prepared to give high salaries and incentives to their employees (Altinay *et al.*, 2008).

Mazzarol (2003) highlighted that SMEs owner-manager is usually burdened with a variety of HR functions such as recruitment and selection, staff promotion and retention, wages and salary for which he or she is generally poorly equipped. In fact, Tocher and Rutherford (2009) commented that SME owners tend to focus less on administrative issues such as HRM, until they perceive that such issues are critically important to the firms. Not only the SMEs owners tend to focus on more critical issues, but also they perceived formalized HRM practices are relatively costly and time consuming to implement in small firms with their limited resources. However, according to Tocher and Rutherford (2009) empirical research indicates that SMEs do engage in HRM (Cardon and Stevens, 2004; Kotey and Slade, 2005). Specifically, while SMEs do not generally have an HRM department and do not use HRM practices to the same extent as large firms, SMEs do typically rely on a mix of HRM practices in a variety of areas such as training, compensation, recruiting, and selection.

With less than ten employees, the firm can probably operate successfully without full-time HR personnel. However, that does not mean the micro enterprises owners can neglect the use of formal HRM practices. Formal HRM practices refer to the use of formal selection, written job descriptions, orientation, and performance evaluations, progressive discipline procedures, as well as the use pay slip. Smaller firms have been described as experiencing the benefits of informal communication, direct supervision, and more broadly defined jobs. In addition, small firms have the ability to capitalize on individual employee strengths and are dependent on individual employees for success; formalization can also reduce employee role stress and facilitate employee commitment. Richbell *et al.* (2010) in examining the HRM in the Hungarian SME sector found that employee morale was high despite the HRM is flexible, informal approach to management, and lack of training is documented.

However, Barrett *et al.* (2007) argued that small firms HRM informality and the flexibilities can lead to diminishing returns. Wrong employment decisions can be costly for a small firm where each person's efforts are important. On the other hand, formal HRM may reduce flexibility, increase organizational inertia, and detract from performance (Kaman *et al.*, 2001). Barrett *et al.* (2007), however, found in their study that firms who had formalized HRM practices, which linked directly to their strategy, employers were more able to sell their vision for their business to potential employees. In addition, Altinay *et al.* (2008) agreed that employee training and recruitment through normal channels contribute to the sales growth of small firms. Furthermore, Mazzarol (2003) asserted that the need for more formalized HR policies is likely to increase as the size of the firm grows because small firms' sustainability in periods of growth can be more problematic. In addition, Barret and Mayson (2007) asserted that the formalization of HRM is dependent on the small firm owners' awareness of legislation and legal requirements on HRM and employment matters.

2.2 Social Exchange Theory, HRM Practices, Employees Satisfaction, and Commitment

Social exchange is the most basic form of exchange (Blau, 1964) and social exchange is based on the norm of reciprocity that is managerial expectations that recognition, empowerment, and investment in human assets will be reciprocated. This reliance on the goodwill and obligation of the other actors may create uncertainty and trust. In his review of the development of social exchange theory, Ekeh (1974) notes that social exchange has developed along two distinct traditions in sociology: a collectivistic and an individualistic orientation. Both traditions view this exchange as engendering a high degree of social solidarity and also regard trust as a major attribute of social exchange (Blau, 1964).

The view of employment as a strictly economic relationship assumes that individuals do not undertake behaviours outside of those specified by the employment contract (Blau, 1964). Social exchange theory predicts that social exchanges promote feelings of personal obligation, gratitude, and trust, which facilitate the acceptance of role requests beyond the employment contract. Employment can be considered a combination of economic and social exchanges. Hence, there is a need to create a climate of trust that binds the organisation and the employee together.

There are many studies that suggest that the influence of HRM practices on employee commitment is not direct but indirect through the psychological links of procedural justice, perceived organisational support and trust as suggested by the social exchange theory (Agarwala, 2003; Gould-Williams and Davies, 2005).

Scholars generally agree that appropriately designed HR practices can enhance organisational performance and influence employees' behaviours (Guest, 2002; Ostroff and Bowen, 2000; Witt *et al.*, 2001). Existing research indicates that different facets of HRM practices particularly compensation, career management and training, and greater discretion have relationship with several organisational outcomes such as with employee satisfaction, employee commitment, turnover, and retention (Chew and Chan, 2008; De Vosand Meganck, 2009; Oshagbemi, 2001). For instance, Oshagbemi (2001) found that the level of satisfaction of academic is associated with the behaviour of their line managers.

Numerous empirical investigations evidenced the relationship between HRM practices and organisational commitment (Paul and Anantharaman, 2004). Meyer and Allen (1997) indicated that HRM practices have been considered to be valuable and effective tools for elevating organisational commitment, especially affective commitment. For instance, Chew and Chan (2008) in examining the human resource practices relationship with organisational commitment and intention to stay found that organisational commitment was positively affected by remuneration, recognition, and challenging work assignment.

They also found that intention to stay was related to remuneration, recognition, and training and career development. While, Arocas and Camps (2008), found salary strategies and job enrichment strategies are positively related to job satisfaction and employee commitment, and employee commitment was negatively related to turnover intention. In their study, Petrescu and Simmons (2008) found that several HRM practices raise workers' overall job satisfaction and their satisfaction with pay. A more recent study by Zimmerman and Darnold (2009) also found a correlation between HRM practices with job satisfaction, employee commitment, and turnover in an organisation. All these studies were done on larger businesses. Very few studies examined such relationship in small or micro enterprises, except Collins (2005) in examining the effect of HR practices in small business; she found that effective HR practices impact employee outcomes significantly.

Based on the literature reviewed, the following hypotheses are proposed:

- H1: HRM practices in micro enterprises are informal.
- H2: Employees in micro enterprises are satisfied.
- H3: Employees in micro enterprises are committed.
- H4: HRM practices are related to employees' satisfaction.
- H5: HRM practices are related to employees' commitment.

3.0 Methodology

3.1 Measures

This study used a self-developed questionnaire with some adaption to the measurement used by Kaman *et al.* (2001). Respondents were asked the extent to which formal HRM practices were used by their employers. There are 11 constructs tested which included formal HRM practices such the use of job advertisement, formal selection process, written job descriptions, formal performance appraisal, training, pay slip, and provision of basic benefits. Respondents were asked to rate the extent to which their firms currently used each practice on a scale of one ("not at all") to five ("Extensively"). In addition, respondents were requested about their demographic information and information on their firms. Measurement of satisfaction was adopted from Hackman and Oldham's (1975), whereas that of commitment was adopted from Mowday *et al.* (1979).

The questionnaire was pretested with 30 respondents. The items were all found to be reliable with the alpha coefficient ranging from 0.798 to 0.907. The alpha coefficient for HRM practices construct is 0.798, employee commitment construct is 0.863, and job satisfaction construct is 0.907. The results of pre-test are presented in Table 1. As an initiative, to ensure the respondents who are not proficient in English can still answer the questionnaire accurately, the instrument was prepared in two languages; firstly English and secondly *Bahasa Malaysia*. The original English questionnaire was subject back-translation. An independent sample *t*-test was done for these two versions of questionnaire, and it was found that the differences in mean are no significant. More than 47 percent of the respondents responded to the questionnaire in *Bahasa Malaysia*.

Table 1: Reliability Analysis of the Variables

Variables	Pre Test	Post Test
HRM Practices	0.798	0.875
Job Satisfaction	0.907	0.930
Employee Commitr	0.863	0.924

3.2 Data Collection and Sample

The research was based on a survey of 857 employees working in more than 200 types of micro businesses in Kuala Lumpur, Malaysia. SME Corporation (SME Corp) Malaysia maintained a database of small and medium-size firms in the country which is updated frequently. The target population for this study was all for profit business enterprises that had ten or fewer employees. The businesses range from accessories shop, apparel shop, bakery, book store, café, clinic, computer shop, event management company, flower shop, jewelers, kindergarten, laundry, pharmacy, printing, salon, tuition centre, and many more.

Table 2 shows the distribution of the respondents by ethnic group, gender, age, level of education, current position, and duration in current position, duration employed by present employer and job function. The respondents come from three main ethnic groups which are 71.6 percent Malays, 10.7 percent Chinese, 9.9 percent Indian, and 7.7 percent from other races. About 57 percent of the respondents are female. The respondents are quite young. About 64 percent are below 30 years old and 45 percent of the respondents passed secondary high school. These respondents work as supporting staff (55.5 percent), and 35.7 percent of them have been in their current position for less than one year. While more than, 73 percent have been employed by the present employer for less than three years and about 27 percent have been working for the present employer for more than 4 years. In term of job function, 42.8 percent of the respondents work in sales/marketing.

4.0 Findings

The actual data collected was analysed by using SPSS version 20.0. First, a post-test reliability analysis was performed for all the measurements and all of them were found reliable. The alpha coefficient is ranging from 0.875 to 0.930 (As shown in Table 1).

The HRM practices was measured by 11 items such as “my company advertises job vacancy through media,” “my company conducts a selection interview before hiring any employees,” and “my company gives job description to each employee”.

All the 11 items were computed to produce a total score of HRM practices. Employee commitment construct was measured by nine items, and all these nine items were computed as a total score of employee commitment. Similarly, the 14 items measuring job satisfaction was also computed as a total score. Next, a one sample *t*-test was conducted to test *H1*, *H2*, and *H3*. Based on the scale used in the questionnaire, *H1* was tested with a test value of three, while *H2* and *H3* were tested with a test of four. Finally, correlation analysis was performed to verify *H4* and *H5*.

Table 2: Distribution of Respondents by Background Information

Category	Frequency	Percentage
Ethnic group:		
Malay	614	71.6
Chinese	92	10.7
Indian	85	9.9
Others	66	7.7
Total	857	100.0
Gender:		
Female	488	56.9
Male	369	43.1
Age:		
Up to 30 years old	550	64.2
31-40 years old	200	23.3
41-50 years old	91	10.6
51-60 years old	16	1.9
Level of Education:		
Secondary High School	387	45.2
Diploma	208	24.3
Bachelor's degree	225	26.3
Master's degree	34	4.0
Doctoral degree	3	0.4

Current Position:		
Supporting staff	476	55.5
Supervisory	143	16.7
Line manager	134	15.6
Others	104	12.1
Duration in Current Position:		
Less than 1 year	306	35.7
1 to 2 years	251	29.3
2 to 3 years	148	17.3
3 to 4 years	74	8.6
More than 4 years	78	9.1
Duration Employed by Present Emp		
Less than 3 years	627	73.2
4-5 years	132	15.4
6-10 years	75	8.8
11-15 years	15	1.8
16 and above	8	0.9
Job Function:		
Administration	178	20.8
Finance	116	13.5
Production	120	14.0
Sales/Marketing	367	42.8
Others	76	8.9

Hypothesis 1 was not supported where the results of *t*-test revealed that HRM practices in micro enterprise found to be formal ($M=3.160$; $SD=0.65$; $df=855$; $t=5.399$; $p=0.000$). Besides, Hypothesis 2 was also accepted. It was found that employees in micro enterprises are satisfied ($M=3.673$; $SD=0.717$; $df=854$; $t=-13.311$; $p=0.000$). The employees' satisfaction is significantly related to compensation ($r=0.506$, $p=0.000$) and staffing ($r=0.431$, $p=0.000$). In addition, hypothesis 3 was also accepted, that is the employees in micro enterprises are found committed ($M=3.487$; $SD=0.829$; $df=857$; $t=-18.115$; $p=0.000$). It was found that the employees' commitment is significantly related to compensation ($r=0.509$, $p=0.000$), and staffing ($r=0.462$, $p=0.000$). Two of the HRM practices, namely compensation and staffing were found to be important to employees' commitment and satisfaction.

A further analysis revealed that HRM practices are significantly related to job satisfaction (0.546; $p=0.000$), and also to employee commitment (0.568; $p=0.000$). Thus, hypothesis 4 and hypothesis 5 are accepted. The details are presented in Table 3. Finally, employees' commitment was predicted based on two predictors; namely HRM practices and job satisfaction. Employees' commitment variance was 68.0 percent explained by the predictors and it is significant (Adjusted R Square = 0.680, $df = 851$, $F = 905.956$, $p = 0.000$).

Table 3: Correlation Analysis of the Studied Variables

Variable	α Mean	1	2	3
1. HRM practice	0.875	3.160	-	
2. Employee satisfaction	0.930	3.673	0.546**	-
Employee commitment	0.924	3.487	0.568**	0.811**

5.0 Discussion and Conclusion

This research examines HRM practices in micro enterprises with a special focus on employee commitment and satisfaction. The findings are different with previous studies (Barrett *et al.*, 2007; Cameron *et al.*, 2006; Cardon and Stevens, 2004; Tocher and Rutherford, 2009), as it is revealed that HRM practices in micro enterprise are perceived formal by the employees. Now that the micro enterprises' owners have come to realize the importance of formal, HRM and they exercise it to their employees. The employees in micro enterprises are satisfied and committed. Most of the respondents are young and not highly educated. Their present jobs are important for them to earn a living. The results supports the previous studies by Chew and Chan (2008), Arocas and Camps (2008), Petrescu and Simmons (2008), and Zimmerman and Darnold (2009) where it was found that HRM practices are positively related to job satisfaction and employee commitment.

This research contributes to a new understanding of the nature of HRM in micro enterprises in Malaysia. The HRM practices are no longer informal as reported in those days. This research helps to understand whether more formal HRM practices are more likely to be used (or not) to nurture positive human behaviours in micro enterprises.

These findings are meaningful to the SME literature since not much research has been conducted in the area of human resource management of micro enterprises as compared to the research about small or large companies (Rutherford *et al.*, 2003; Tocher and Rutherford, 2009). The preceding discussion suggests that HRM is important to the success of micro and small firms because it affects satisfaction and employee commitment. Employee satisfaction and commitment are important organisational behaviours. Scholars generally agreed that appropriately designed HR practices can enhance organisational performance and influence employees' behaviours (Guest, 2002; Ostroff and Bowen, 2000; Witt *et al.*, 2001). As revealed in this study, the HR practices in micro enterprises are formal, and are related to employees' satisfaction and commitment. The commitment of employees actually can be improved with formality of HRM practices and employees' satisfaction regardless of the organization size.

We would recommend that micro business owner/managers may well seriously consider improving the formality of the HR practices in their businesses. By doing so, it is envisaged to increase not only employees' satisfaction and but also employees' commitment. In addition, it will avoid any potential legal action taken by the authority. Perhaps it is timely that micro businesses have personnel designated to be in charge of HR, as the owners are generally poorly equipped with HR knowledge (Mazzarol, 2003), and they need not have to wait until such issues become critical and unbearable to the firms. Even with less than ten employees, the firm can probably operate successfully without full-time HR personnel. However, that does not mean that owners of the micro enterprises can neglect the use of formal HRM practices.

Despite the argument presented by Kotey and Slade (2005), that formal HRM practices can detract performance, and informal procedures alleviate the personal distance, we feel that HRM practices such as formal recruitment sources, screening, and the issuance of letter of appointment and pay slip are still necessary in micro firms, even though employee numbers are small, and majority are friends. Over time, the owners will lose direct control over activities in the business especially when the business grows. When there is a problem between employees and employers, regardless of whether the employees are friend or not, they will still bring it the authority because they want to fight for the rights. It is always good to formalize the working relationship right from the very beginning.

Apart from influencing employee satisfaction and commitment, benefits of formal HRM practices include meeting legal requirements, maintaining records in support of decisions in the event of litigation, treating employees fairly, and increasing efficiency. Many employees will nevertheless need these formal documents such as letter of appointment and pay slip for their personal reasons such to obtain loans from financial institutions.

This study is not without limitations. One of the limitations is that the data for this study is obtained from one primary source; the employees. Cross-check responses from the HR personnel were not possible, as most of the micro enterprises do not have HR personnel. The employees may not fully aware of the existing of particular HR practices if they have not experienced it, for example salary increment. We have no way of knowing for sure whether the information reported by our respondents is accurate. The second limitation of this study is that it is not possible to analyse the data collected according to particular functions of HR such as recruitment, training, and compensation. Instead, all the HR functions are taken as total score of HR practices. Therefore, we do not know which HR function in particular is more important than others in influencing employees' behaviours. It would be interesting for future research to examine other aspects of HRM such as retention strategies in micro enterprises.

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