

The impact of human resource management practices on affective commitment: An empirical study in micro, small and medium enterprises using partial least squares structural equation modelling

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Purpose: The research empirically investigates the effect of human resource management practices (HRMP), consisting of recruitment and selection, reward as well as recognition, training, performance appraisal (PA) and career development on affective commitment (AC) among employees working for micro, small and medium enterprises (MSME) in Tirupur, the commercial hub of India. This study develops a better understanding of employer–employee exchange relationships by drawing on the theoretical framework of social exchange theory.

Design/methodology/approach: A structured questionnaire was employed to conduct survey-based research on 210 personnel, comprising managers, supervisors and employees. A questionnaire that used a set of 35 pre-existing items was adapted from prior studies to measure each latent variable, with slight alterations to fit the Indian context. It was then analysed with SMART PLS and the Statistical Package for the Social Sciences (SPSS), which included descriptive statistics, analysis of variance and structural equation modeling.

Findings/results: The findings established a substantial positive association between AC and component-by-component evaluation of HRMP. In comparison, career advancement was observed to be the most important predictor of AC, followed by reward and recognition.

Practical implications: Micro, small and medium enterprises are the fastest-growing revenue-generating and job-creating sector. Therefore, well-designed and executed HRMP in these organisations will nurture AC by lowering turnover besides absenteeism, while improving employee performance. This research will be extremely useful to stakeholders in any emerging nation who seek to expedite their organisation’s development by strengthening human-resource competencies.

Originality/value: This study is unique in the context of developing countries, as the impact of HRMP on AC in MSME has not been well addressed. The author’s contribution extends to the scant literature available on MSMEs.

Keywords: human resource management practices; affective commitment; recruitment and selection; rewards and recognition; training; performance appraisal; career advancement; MSME; India; survey.

Introduction

Micro, small and medium enterprises (MSME) have consistently outpaced other industrial sectors in terms of progress and employment, particularly in most developing countries. Developing countries are ‘[c]ountries where markets haven’t reached saturation and still lack infrastructure investments’ (Odabasi & Tiyaiki, 2016). In India, MSMEs have emerged as one of the powerful and most dynamic industries, employing over 60 million people (second only to agriculture) and hence accounting for 28% of the gross domestic product (GDP) and 40% of exports. Among several zones located in India, garment manufacturing and exporting MSMEs in Tirupur are strong players, employing over 300 000 people, generating jobs at a low capital cost. Their labour intensity is thought to be higher than that of larger industries, and their success may be attributed to their dedicated workforce and productivity ratio (Agyeman & Ponniah, 2014).

The MSME companies in India have been classed as a group with a set limit of investments in plant machinery and equipment. The Ministry of MSME describes MSME as ‘any enterprises

which are engaged in production and execution services, subject to limiting factor of investment in plant, machinery, and equipment'. Accordingly, investment in plants and machinery or equipment for micro initiatives involved in manufacturing and offering services was limited to Rs10 million, whereas it was Rs100 million for small enterprises and Rs500 million for medium enterprises. There are variations in the turnover restrictions too, wherein the turnover for micro-enterprises is restricted to Rs50 million, small businesses are limited to Rs500 million and medium-sized businesses are constrained to Rs2.5 billion. Per the Ministry of Statistics and Program Implementation, the contribution of MSME to the Indian GDP was predicted to be 30% in 2019–2020, while the percentage of exporting goods was expected to be 49.8%. The garment manufacturing and exporting MSMEs in Tirupur, Tamil Nadu, have made a significant contribution to the state's economic growth, propelling it to become India's third-largest MSMEs state. This makes Tirupur, in Tamil Nadu, India's largest knitted garment manufacturing hub, employing over 300,000 employees (Nagesha, 2008). The Tirupur district alone accounts for more than half of India's total knitted textile exports, generating a significant amount of foreign currency. No wonder it is designated the commercial hub or the dollar city of India.

In the early developing stages of any MSME, human resource management practices (HRMP) appear informal and draw less attention, but as the organisation matures, they become more organised (Kotey & Sheridan, 2004). This suggests that a well-designed HRMP encourages expansion. Moreover, deploying employee-valued HRMP fosters a positive attitude towards work, which leads to a long-term commitment (Akkermans, Tims, Beijer, & De Cuyper, 2019; Bowen & Ostroff, 2004). Although the selection of HRMP in empirical research varies across studies, the core functions of recruitment along with selection, reward as well as recognition, training, performance appraisal (PA) and career advancement were adopted in the study. It is well documented that efficacious implementation of these practices constitutes a significant influence in improving affective commitment (AC) (Khandakar & Pangil, 2020). This goes a long way in reducing attrition, which is a persistent hindrance to the progress of MSMEs (Gakhar & Kour, 2012). Human resource management approaches must largely focus on connecting an employee to the organisation by enriching a sense of belongingness to prevent turnover. Employees who work hard to achieve organisational objectives are less likely to depart. This has been evidenced by several longitudinal investigations that have recorded a negative association between AC and turnover (Albrecht & Andreetta, 2011; Morrow, 2011).

Organisational commitment is a multidimensional concept with three major components: affective, normative and continuous (Meyer & Allen, 1990). Among these, AC has been chosen for further investigation, as there is a dearth of such research in the MSME sectors of developing nations. According to Meyer and Allen (1990), AC refers to an

individual's emotional attachment to his organisation, where he experiences a sense of belonging and appreciates his membership. It is a well-established powerful determinant of an employee's intention to stay or quit his organisation (Elisabeth, Yulianti, Suyono, & Chauhan, 2021; Fazio, Gong, & Sims, 2017). Affective commitment is a driving force which, when stimulated, contributes to an organisation's increased performance (Hafiz, 2017); however, when enfeebled, it leads to low productivity and a desire to quit (Kim, 2014). Understanding the relationship between each component of HRMP and AC promotes efficiency in adopting and improvisation in executing procedures that enable employees to value their membership in their respective enterprises (Umit, Esra, Kultigin, & Serhat, 2012).

Theoretical and literature understanding

Social exchange theory

Examining the direct and overall effects of HRMP on employees' AC serves the primary purpose of the research. The association between investments in HRM practices leading to nurturing employee commitment is extensively proven (Akkermans et al., 2019; Bowen & Ostroff, 2004), and social exchange kinetics supports it as a theoretical foundation. The social exchange theory is founded on the notion that interactions are fundamentally social, necessitating reciprocity (Blau, 1964). In a workplace, reciprocity or mutual obligations are established between employers and employees, with each party's actions reliant on the other (Cropanzano & Mitchell, 2005). A social exchange that is prospective necessitates equal reciprocation between two parties (Gouldner, 1960). For instance, an employee remains loyal to his organisation that has permitted his development; on the other hand, an imbalanced exchange between two parties might stimulate withdrawal behaviour (Giauque, Resentera, & Siggen, 2010; Valeau & Paillé, 2019). This theory's premise is around socio-emotional factors that promote feelings of employee obligation. This inspires employees to serve their organisation with positive work attitudes, as AC represents the employee side of the transaction (Shore, Tetrick, Lynch, & Barksdale, 2006). Association between social exchange theory and AC is endorsed by an employee's feelings of being cared for and valued by their employers (Hom et al., 2009; Jung & Takeuchi, 2019; Shin, Taylor, & Seo, 2012). Scholars have begun to incorporate this theory to examine the impact of HRMP on small and medium-sized enterprises too (Reutzel, 2020).

Review of literature

Hiring a qualified individual for the right job is the most challenging task for any MSME, as a candidate with the appropriate knowledge, skill and attitude (KSA) is vital in determining the enterprise's success (Khandakar & Pangil, 2020; Setsena, Botha, & Sciences, 2021; Zaitouni, Sawalha, & El Sharif, 2011). Caldwell, Chatman and O'Reilly (1990) based their research on recruitment and socialisation, revealing that initial positive interaction and role-modelling at the management level as part of socialisation practice

encourages newcomers to instill organisational values and inculcate AC favourably. Besides, positive internal feedback from senior officials organically encourages new hires to attain higher levels of performance in less time; however, a lack of feedback leads them to be sloppy, negatively affecting performance (Wondim, Wu, Wu, Zhang, & Liu, 2021).

Remuneration is undeniably a vital component of HRMP, which consists of intrinsic as well as extrinsic compensation that can boost current and future performance, the former being internally felt payoffs like self-actualisation, self-esteem or a sense of accomplishment and the latter being remuneration, promotion, appreciation, recognition or bonuses (Mabaso, 2015; Setsena et al., 2021). When employees are presented with multiple employment possibilities or found dissatisfied with their current position, then incentives aid in holding the top talents intact (Mabaso, 2015). Social support and workplace appreciation are powerful tools for creating motivated and contented employees (Allisey, Rodwell, & Noblet, 2016). According to social exchange theory, adequate rewards will be met with improved performance (Somoye & Eyupoglu, 2020).

Training in augmenting AC has been evidenced in the United States and Malaysia (Bakar & Ahmad, 2003). Top executives who participated in training programs displayed greater affective as well as ongoing engagement (Al-Emadi & Marquardt, 2007). Among other HRMPs, the availability of training opportunities was considered to be the most significantly associated with AC in a study of 514 French late-career managers engaged in different jobs, as well as organisations (Herrbach, Mignonac, Vandenberghe, & Negrini, 2009). Training aids in time management, conflict resolution and upgrading of skills, all of which are required for better performance and employability skills (McCabe & Garavan, 2008).

Performance appraisal is the process of creating and implementing a planned and continuous evaluation system for measuring employee performance (Kathiravan, Saikumari, & Sunitha, 2017; Lussier & Hendon, 2019). To develop higher-level HRMPs in a small or medium-sized business, an evaluation technique that delivers constructive feedback is required (Biron, Farndale, & Paauwe, 2011; Kathiravan et al., 2017). This can motivate employees to remain committed. Furthermore, higher-level management can make decisions based on the PA results on the kind of training program required or the framework upon which various pay raises or promotions should be founded. A well-structured PA system strengthens employees' trust in management (Reutzel, 2020), while a clear and transparent one fortifies perceptions of integrity (Somoye & Eyupoglu, 2020), both contributing to commitment and superior performance.

Career advancement is a multifaceted concept that comprises work progression, promotion and increased pay (Weng & Hu, 2009). By providing a career advancement opportunity, an employer establishes an association with the personnel.

A healthy employer–employee relationship can benefit AC (Umit et al., 2012), which is intertwined through internal career opportunities and a better pay structure (Weng, McElroy, Morrow, & Liu, 2010). Per Carmeli Gilat and Waldman (2007), an organisation should be open about the criteria, goals and limitations framed for intra-organisational career progression. For example, an MSME should openly list the criteria required for promotion, so that all eligible candidates can try for it. Such a work environment discourages partiality and encourages openness. Maintaining these standards would guarantee that MSMEs follow procedural justice, eliminating pointless recurrences of declining dedication among those who have yet to pursue career progress.

Based on the past literature, the study proposes the following hypotheses:

Hypothesis 1: The dimension of HRMP recruitment along with selection will positively affect AC.

Hypothesis 2: The dimension of HRMP reward as well as recognition will positively affect AC.

Hypothesis 3: The dimension of HRMP training will positively affect AC.

Hypothesis 4: The dimension of HRMP PA will positively affect AC.

Hypothesis 5: The dimension of HRM career advancement will positively affect AC.

Sample profile and research instrument

A self-completion survey questionnaire using a five-point Likert scale (Caldwell et al., 1990) was circulated among employees to test the hypotheses framed. Following the pilot research with 70 participants, including managers, departmental managers, supervisors and employees, a few modifications to the questionnaire were carried out. This was done with the aid of experts to suit the Indian scenario. 'The assessment results are used to establish career development decisions' was one of the questions proposed to gauge PA, which was subsequently improved following expert input and integrated as 'The appraisal information is used for making decisions like job rotation, promotion, training and remuneration'. Similarly, 'Good pay for good performance' was modified to 'A raise in pay for an individual is dependent on job performance'. The questionnaire was then distributed among respondents consisting of managers, departmental managers, supervisors and employees with a tenure of more than 3 years in the same organisation. The HR team from each of the 10 knitwear MSMEs selected for the study aided in the distribution of the questionnaire. We adopted convenience sampling, and a total of 400 questionnaires were distributed to the chosen respondents, out of which 355 were returned, with 210 of them qualifying for further investigation, yielding a response rate of roughly 52.5%. The demographic profile of the respondents for the survey is depicted in detail in Table 1.

TABLE 1: Demographic profile of the respondents.

Demographics	Category	Number	Percentage
Gender	Male	150	71.42
	Female	60	28.57
Marital status	Married	180	85.71
	Unmarried	30	14.28
Age	Below 30 years	23	10.95
	31–40 years	97	46.19
	41–50 years	69	32.85
	50 years and above	21	10.00
Education	Diploma	70	33.33
	Graduate	108	51.42
	Postgraduate	22	10.47
	Above postgraduate	10	4.76
Current job	Manager	18	8.57
	Department manager	25	11.90
	Supervisor	67	31.90
	Employee	100	47.61
Years of experience	3–5 years	90	42.85
	6–8 years	60	28.57
	9–11 years	48	22.85
	11 years and above	12	5.71

Note: Observations – $n = 210$.

Measures

Five types of HRM functional practices were identified and evaluated: (1) recruitment and selection, (2) reward as well as recognition, (3) training, (4) performance assessment and (5) career advancement. A range of pre-established items from previous studies was applied in the current study to measure each latent variable, with modest adjustments to fit the Indian context. A 35-item structured questionnaire was applied in total, with five items (used to gauge recruitment and selection) being derived from Edgar and Geare (2005). The availability of systematic recruitment methods, approachable panel members, the focus placed on employing the best personnel and the relevance of information presented in job descriptions were the constructs examined. Five items adopted from Dhiman and Mohanty (2012) with minor modifications were used to assess reward and recognition. The prevalence of paying fair income, performance-based pay raises, timely recognition and appreciation and obtaining benefits were assessed.

Five questions from Boshoff and Allen (2000) and Newman, Thanacoody and Hui (2011) were used to assess the training. To measure training, the scale based on the construct 'Employees get continuous training to offer good service' was adapted from Boshoff and Allen (2000), while accessing the quality of training programs, skill enhancement, job-specific competencies and obtaining feedback on work performance were adapted from Daley and Vasu (2005). Employee perception of the determining factor of their PA was assessed using items developed by Lawler (1981). The scale is based on constructs like employee perception of the current evaluation process, the presence of specific objectives, the existence of opportunities to develop, valuation of work skills and consideration of achievements. Career advancement was measured using items from Weng and Hu (2009), which

based the scale on four constructs: career development, professional skill enhancement, promotion speed and remuneration improvement.

Meyer and Allen (1990) created a five-item measure to assess AC based on their three-component organisational commitment scale. The items used to measure AC was adopted in the work. Employees' emotional attachment, anxiety about internal difficulties, sense of belonging as well as the perception of the organisation as a family and willingness to commit to another organisation were addressed.

Tools of data analyses

The data were evaluated using SPSS version 22 and SMART PLS 3.2., with the former employed for descriptive analysis and the latter for hypotheses testing and SEM analysis. Partial least squares structural equation modelling (PLS-SEM), a second-generation statistical technique for analysis, is used to investigate complex multivariate correlations between observable and latent variables. It is a regression tool developed to explore the correlations between measurements (indicators) and constructs in structural analysis. Partial least squares SEM is a powerful, versatile and exceptional platform for creating statistical models for evaluation with the fewest constraints in terms of measurement scale, sample size, non-normal data distribution and forecasting capabilities.

Ethical considerations

The questionnaire for the survey was developed with the guidance of the supervisor and then reviewed with the help of a panel of experts at the doctorate committee meeting. It was disseminated following the acknowledgment of the concerned entrepreneurs. This article followed all ethical standards for research without direct contact with human or animal subjects.

Result and analysis

Normalcy was determined as measurements of skewness and kurtosis were found to be below two and four as per Curran, West and Finch (1996). According to Hair, Sarstedt, Matthews and Ringle (2016), the outer loadings of all constructs were examined to evaluate the individual indicators' reliability utilising the PLS-SEM technique. The loadings ranging from 0.40 to 0.70 were retained as the rule of thumb. However, researchers deleted five items because of poor loading, after which cross-loading was employed. All of the constructs were cross-loaded, with measures ranging from 0.67 to 0.82. Internal consistency and reliability were assessed using Cronbach's alpha and composite reliability (CR). Table 2 indicates that the confirmatory objective was met with approved values (> 0.7), as recommended by Chin (1998). The CR for all latent variables varies from 0.76 to 0.88, showing an appropriate level of internal consistency. The

average variance extracted (AVE) exceeded the 0.5 thresholds, implying good convergent validity (Richard & Youjae, 1988).

According to Fornell and Larcker (1981), constructs satisfied the standard prerequisites, confirming discriminant validity. The correlation exists because the square root (SQRT) of each construct's AVE was greater than the latent variable correlations, as represented in Table 3. The correlation between constructs was measured using the average heterotrait-heteromethod correlation

(HTMT) as proposed by Sarstedt, Henseler and Ringle (2015).

Structural model evaluation

The current study deploys Hair, Sarstedt, Hopkins and Kuppelwieser's (2014) five-step procedures to investigate the structural model, which includes (1) examining collinearity among constructs, (2) measuring the coefficient of determination, (3) blindfolding the procedure, (4) estimating path coefficients and (5) determining the f^2 square. Collinearity problems among the latent variables were not identified because the variance inflated factor (VIF) values remained less than 5, as recommended by Hair, Ringle, and Sarstedt (2011). Later, R^2 was calculated to determine how much of the endogenous variable's variation was explained by the exogenous variable. R^2 was estimated to be $AC = 0.544$, which was above average. This means that AC (endogenous variable) may account for 54.5% of the variation in HRMP (exogenous variable). The researchers looked at Stone- Q^2 Geisser's value to see how well structural models predicted outcomes (Geisser, 1974; Stone, 1974). Consistent with Hair et al. (2016), the Q^2 was determined through blindfolding with a claimed omission distance of seven. The cross-validity redundancy value for the endogenous component in Table 4 is more than zero, suggesting that the model is predictive. The finding that $Q^2 (=1-SSE/SSO) = 0.321$ indicates the model has good predictive power.

The f^2 -value is used to demonstrate how each external variable impacts the endogenous construct. Table 5 demonstrates that career advancement has the greatest influence on AC comparatively, $f^2 = 0.160$, followed by reward and recognition, training and performance assessment, whereas recruitment and selection have the least influence on AC, $f^2 = 0.025$.

As per the current study, each component of HRM exhibited a positive association with AC. The standard path coefficient connects the constructs and displays the predicted correlation in the structural model. A value

TABLE 2: Result summary for reflective measurement model.

Latent variables	Indicators	Internal consistency reliability		Convergent validity	
		Cronbach's alpha (≥ 0.7)	Composite reliability	Factor loading	AVE
Reward and recognition	RR1	0.765	0.765	-	0.513
	RR2	-	-	0.726	-
	RR3	-	-	0.718	-
	RR4	-	-	0.691	-
	RR5	-	-	0.758	-
	-	-	-	0.687	-
Recruitment and selection	-	0.818	0.818	-	0.575
	RS1	-	-	0.742	-
	RS2	-	-	0.750	-
	RS3	-	-	0.671	-
	RS4	-	-	0.842	-
	RS5	-	-	0.778	-
Training	-	0.863	0.863	-	0.575
	TN1	-	-	0.721	-
	TN2	-	-	0.736	-
	TN3	-	-	0.715	-
	TN4	-	-	0.822	-
	TN5	-	-	0.736	-
Performance appraisal	-	0.843	0.843	-	0.575
	PA1	-	-	0.718	-
	PA2	-	-	0.697	-
	PA3	-	-	0.738	-
	PA4	-	-	0.739	-
	PA5	-	-	0.708	-
Career advancement	-	0.818	0.818	-	0.531
	CA1	-	-	0.779	-
	CA2	-	-	0.736	-
	CA3	-	-	0.637	-
	CA4	-	-	0.755	-
	-	-	-	-	-
Affective commitment	-	0.886	0.886	-	0.610
	AC1	-	-	0.771	-
	AC2	-	-	0.807	-
	AC3	-	-	0.708	-
	AC4	-	-	0.844	-
	AC5	-	-	0.769	-

AVE, Average variance extracted.

TABLE 4: Q^2 – indicator of cross-validated redundancy.

Variables	SSO	SSE	$Q^2 (=1-SSE/SSO)$
Affective commitment	1300.00	882.95	0.321
Career advancement	1040.00	1040.00	-
Performance appraisal	1300.00	1300.00	-
Recruitment and selection	1300.00	1300.00	-
Reward and recognition	1300.00	1300.00	-
Training	1300.00	1300.00	-

SSO, sum of squared observations; SSE, sum of squared prediction errors.

TABLE 3: Result summary for average variance extracted and square root of average variance extracted.

Variables	Career advancement	Affective commitment	Performance appraisal	Reward and recognition	Recruitment and selection	Training	AVE	SQRTAVE
Career advancement	1.000	-	-	-	-	-	0.531	0.73
Affective commitment	0.556	1.000	-	-	-	-	0.610	0.78
Performance appraisal	0.364	0.520	1.000	-	-	-	0.575	0.76
Reward and recognition	0.166	0.426	0.374	1.000	-	-	0.513	0.72
Recruitment and selection	0.338	0.437	0.342	0.235	1.000	-	0.575	0.76
Training	0.405	0.491	0.340	0.107	0.379	1.000	0.575	0.76

SQRTAVE, square root of average variance extracted; AVE, average variance extracted.

closer to +1 indicates a perfect positive relation, but a value closer to -1 reveals a high negative association; finally, a value closer to 0 is statistically insignificant. The results of the bootstrapping technique for determining empirical *t*-values and *p*-values are shown in Table 6. Here,

TABLE 5: Summary of f^2 -value.

Variables	Affective commitment	Results
Affective commitment		
Career advancement	0.160	The highest effect on AC
Performance appraisal	0.059	Affects AC
Recruitment and selection	0.025	Has low effect on AC
Reward and recognition	0.115	Has a high effect on AC
Training	0.084	Affects AC

AC, Affective commitment.

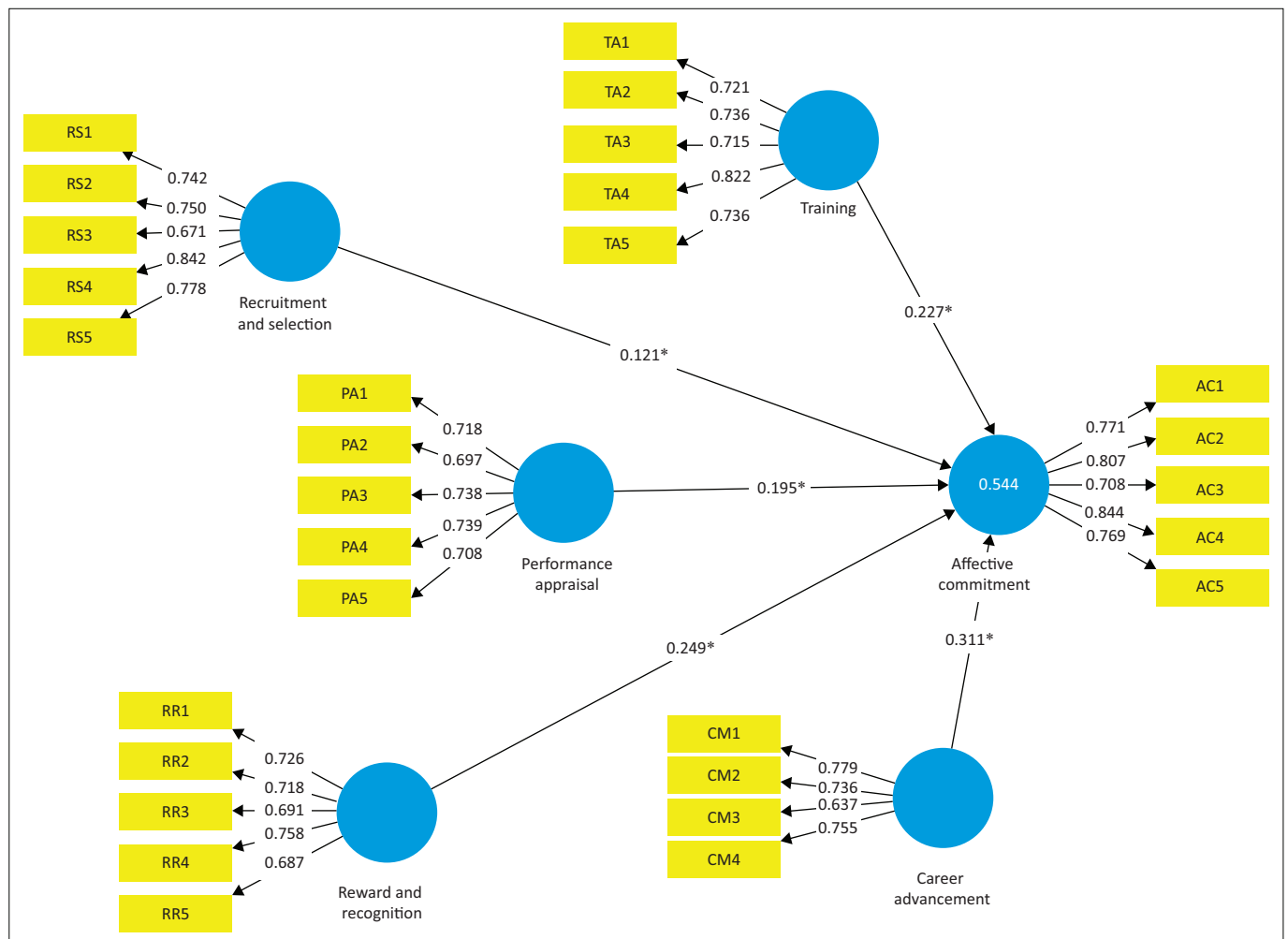
bootstrapping is considered the non-parametric resampling process that examines the variability of a sample data instead of applying parametric assumptions to evaluate the precision of the estimates (Streukens & Leroi Werelds, 2016). The researchers applied a frequently utilised critical value for a two-tailed test with a significant criterion of 5%, an empirical *t*-value above critical value = 1.96 and a *p*-value less than 0.05.

As represented in Figure 1, the structural equation model's path coefficient results for recruitment and selection indicate a positive association, but it is not very strong, with AC compared with other components of HRMP (path coefficient = 0.121, *t*-statistics = 2.119 and *p*-value = 0.035). Previous research had also depicted recruitment and

TABLE 6: Path coefficients matrix.

Path	Original sample (O)	Sample mean (M)	Standard deviation (SD)	<i>t</i> -statistics	<i>p</i> -value	Result
Career advancement -> Affective commitment	0.311	0.309	0.065	4.771	0.000*	supported
Performance appraisal -> affective commitment	0.195	0.195	0.065	2.980	0.003*	supported
Recruitment and selection -> affective commitment	0.121	0.124	0.057	2.119	0.035*	supported
Reward and recognition -> Affective commitment	0.249	0.249	0.055	4.513	0.000*	supported
Training -> affective commitment	0.227	0.228	0.066	3.460	0.001*	supported

*, Significant at 0.05 level.



*, Significant at 0.05 level.

FIGURE 1: Structural equation model.

selection as having an impact on AC (Al-Emadi & Marquardt, 2007; Bakar & Ahmad, 2003; Herrbach et al., 2009; Newman et al., 2011). Higher officials like managers and department heads along with employees who underwent rigorous hiring and screening processes regarded the recruitment and selection process as significant variables fostering AC. As a result, the path coefficient 0.121 (significant at $p < 0.005$) validates hypothesis 1.

When offered the probabilities for training, respondents felt more affectively connected to their organisation (path coefficient = 0.227, t -statistics = 3.460 and p -value = 0.001). Micro, small and medium enterprises are tremendously in need of training to establish teams, develop relationships and try new ways of working (Ongori & Shunda, 2008), as well as to meet global delivery schedules, update technology and improve customer service. The observations showed a positive and significant relationship with AC, path coefficient = 0.227 (significant at $p < 0.005$), validating hypothesis 2.

The current participants appeared to trust the PA system carried out in their companies because it was never utilised as a punishment tool but as a developmental measure. The performance evaluation revealed a positive but moderate association with AC (path coefficient = 0.195, t -statistics = 2.980 and p -value = 0.003). Thus, path coefficient 0.195 (significant at $p < 0.005$) validates hypothesis 3.

Reward and recognition have a significant and immediate effect on AC (path coefficient = 0.249, t -statistics = 3.460, p -value = 0.001). This is consistent with previous findings (Duberly & Walley, 1995). Respondents perceived that salary affected their quality of living. Therefore, path coefficient 0.249 (significant at $p < 0.005$) backed up hypothesis 4. Career advancement had the strongest impact on AC (path coefficient = 0.311, t -statistics = 4.771 and p -value = 0.000). Micro, small and medium enterprises that endorse professional growth have a pool of human assets committed to their workplace. Prospects for career progression inside the organisation are noticeably more essential than opportunities across the entire organisation (Weng et al., 2010).

Discussion

The current research was performed in the MSME backdrop, which remained appealing for investigation because of the combination of their modest size and economic urgencies. All the organisations chosen for the study were owned and managed by private individuals who were aided by their families, resulting in the co-existence of informal and formal employer–employee interactions defined mostly by leaders with various management styles. These entrepreneurs rely on family-like ties that have evolved over time and generations to help them create their businesses. In such cases, psychological agreements between the employer and the employee are presumed to exist.

Owners manage their staff using a mix of structured and informal HRMPs that acknowledge their accomplishments and provide opportunities for advancement. Employees return the employer's investment by contributing to the organisation's effective functioning and focusing their efforts on measurable goals. As an organisation expands, HRMPs become more formalised, and employers are expected to value their employees more in the face of codified HRMPs. If the employers failed to value the human assets, then psychological contracts will shatter, limiting mutual growth. In the current study, recruitment and selection had the least impact on AC. Employees were hired based on their ability to execute the job, but their level of commitment was mostly influenced after they started working and were exposed to more HRMP.

The training carried out by the MSMEs inculcated discussion about experiences, interpersonal and social interactions, technological upgrading and job skill developments. Senior officials or trainers provided feedback that had a professional and casual tone to it. Although formal training remained minimal in Indian MSMEs (Bhattacharjee & Bhattacharjee, 2015), employees who worked for fast-developing small businesses acknowledged the time and effort that management invested into training. This led to commitment, resulting in a substantial link between training and AC, supported by social exchange theory. When a performance evaluation was completed, employees eagerly awaited feedback, and those who received positive responses appeared happy. Appraisees who had to encounter constructive criticism for improvement preferred a face-to-face session over an open conversation. They took proactive actions to improve themselves when areas for corrections were identified and communicated in a friendly and confidential manner. How appraisal is conducted and presented to employees had an immense impact on AC.

Incentives and bonuses were part of the remuneration package in these enterprises. Employees proved to be more involved in their jobs when they were appropriately rewarded and recognised for their accomplishments. A high-esteem reward combined with a greater degree of effort correlates with a low absence proportion (Allisey et al., 2016). The organisations acknowledged and awarded top achievers on special occasions. Such employee-friendly initiatives enhanced employee morale and contributed to higher AC. Reward and recognition are the most essential components, second only to career advancement in terms of having an immediate influence on AC among all the other components under discussion. In reality, the difference between the two appears to be narrow. Career advancement is described as the ability to progress in one profession with greater responsibilities and a bigger salary. Career advancement is a multifaceted concept (Weng et al., 2010), which has been evidenced to possess the highest association with AC. Employees will choose to leave if a value-added HRMP, such as the ability to evolve in their jobs, is not implemented. A strong sense of belonging is embedded in powerful

contributors not only when the person is recognised but also when he or she is provided with possibilities to grow in a professionally supportive atmosphere. Investing in human capital is parallel to investing in any other capital resource, as it motivates people to work towards generating income in future accounting periods.

Practical implications

Entrepreneurs in the privately owned MSMEs under study had the authority to decide on the kind of HRM strategies to be employed and executed. As MSMEs have the potential to prosper or perish at any time, they must actively participate in the development of HRMP to achieve a competitive edge. In order to gain a competitive edge, nurturing employee engagement through the deployment of value-added HRMP is just as vital as investing in equipment or technology. Hiring employees who can deliver above and beyond expectations is crucial. Once a competent candidate is hired, the social exchange theory will maintain them in an HRMP-enabled organisation. Through on-the-job and other formal training, the business should be able to provide great customer service, establish team connections and support innovative ways of working. Employers are often apprehensive of doing regular PAs as it tends to be costly. Working with failing individuals because of a lack of skill development or awareness, on the other hand, is more expensive than remedial performance.

Implementing a remuneration structure that encourages group efforts rather than individual accomplishments may encourage information sharing, creativity and the harmonising of working relationships. Providing opportunities to flourish on the job motivates personnel to stay and contribute to the greater good. However, many organisations fail to prosper because they are unconcerned about the efficacy of their human capital (Gakhar & Kour, 2012).

Limitations and future directions

The research concentrates on the most essential HRMP elements and their causal link with AC. Scholars can explore additional commitment dimensions, such as normative or continuous, on various aspects of HRMP. The methodology used in the study was based on self-reported attitudinal evaluations of workers' impressions of HRMP as being favourable to their rights. A future study might concentrate on entrepreneurs' opinions and experiences, emphasising the pros and cons of formalising HRMP in MSMEs where informal relationships exist. Researchers in the future should undertake qualitative research too using grounded theory to present a holistic view. Besides this, studies could employ a larger sample size and a triangulation of methodologies between qualitative and quantitative techniques in upcoming research using propositions and hypotheses.

Employees were particularly interested in having codified rules and regulations governing part-time positions, job-sharing, paid leave, including sick leave, workplace

flexibility and limitations on required overtime. These were among the most pressing requirements for employees. Women employees, in particular, advocated for flexible time. As a result, MSMEs that use flexible work hours have a better chance of maintaining talented female employees. Further exclusive research on women workers' perceptions of implemented HRMP and how it influences commitment would be beneficial.

Conclusion and implementations

Though a wealth of literature on HRMP exists, the majority of it is geared towards larger companies. The findings of the study fill the gap by underlining the importance of HRMP adherence in MSMEs and its relationship to commitment. The strengths of the five types of HRMP investigated might be used to influence the HR choices of resource-constrained MSMEs in real time. This research might be utilised to kickstart initiatives in various developing countries throughout the world. If fundamental HRMP issues are not addressed, turnover will rise, service quality will degrade, customer satisfaction will plunge and companies will be forced out of the market. Administrators who need to strengthen their human resources abilities and competencies to raise their organisation's growth rate will find this research incredibly valuable. It is worth mentioning that the study in this area is new; therefore, it counts as a contribution. The study intends to add to the body of knowledge in general by establishing a relationship between HRM practices and AC. This research contributes to our understanding of how basic HRM procedures influence AC and supports the idea that capitalising on human capital is equivalent to investing in any other capital resource, as it motivates people to outperform and thus creates competitive leverage.

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Competing interests

The authors have declared that no competing interest exists.

Authors' contributions

S.V. identified the research gap by reading extensively and compiling the review of literature. F.B. (corresponding author) arrived at the conclusion by employing SPSS and SMART PLS. In order to collect samples and put the study together, both authors collaborated.

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Data availability

Primary data were collected from employees through direct visits to firms.

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