DETERMINATION OF EMPLOYEE RELATION PRACTICES OF MANAGERS OF SMALL AND MEDIUM ENTERPRISES IN ANAMBRA STATE

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Abstract
This study determined the employee relation practices of managers of small and medium enterprises in Anambra State. One research question guided the study and two null hypotheses were tested at 0.05 level of significance. Descriptive survey research design was adopted using a population of 2, 610 managers of SMEs in Anambra State. A sample size of 347 was selected. A structured questionnaire developed by the researcher was used for data collection. The instrument was validated by three experts in Business Education Department. Cronbach alpha was used to establish the reliability of the instrument. The reliability index obtained was r = 0.76. Data were analyzed using mean, standard deviation, t-test and ANOVA. Mean was used to answer the research question and standard deviation used to explain how the responses of the respondents varied. t-test and ANOVA were used to test the hypotheses at 0.05 level of significant. The results showed that managers agreed on the employee relation practices adopted in their small and medium scale enterprises in Anambra State. The results also showed that there was no significant difference in the mean responses of managers on the employee relation practices adopted in their small and medium scale enterprises in Anambra State based on size of enterprise and years of experience. Based on the findings, the researchers recommended among others, that the management of SMEs should value the contribution and ideas shared by employees and empower employees to maximize their individual talents in order to make effective decisions.
Keywords: Employee relation, managers and small and medium enterprises.

Introduction

Small and Medium Scale Enterprises (SMEs) leads to the growth and development of any forward thinking nation. SMEs are seen as agents of economic development and the most important sector contributor in developing countries (Nigeria inclusive). This is because of the role SMEs play in the creation of wealth and employment generation in a nation. Muogbo (2013) opined that SMEs are very important because they are the key drivers of employment and economic growth. According to Ahmeti and Marmullaku (2015), SMEs constitute 90 to 95 percent of all enterprises worldwide and account for more than 70 percent of the products and services in the world. SMEs are seen also as key factors in employment and account for approximately 60 percent of private sector employment worldwide.

Small and medium scale enterprises (SMEs) comprises of a variety of undertakings. The definition of small and medium scale enterprises varies from one country to another and from one time to another in the same country depending upon the pattern and stage of development,

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government policy and administrative set up of the particular country. In Nigeria, different government agencies have applied different definitions of small and medium scale enterprises due to differences in policy focus. The Nigeria Bank for Commerce and Industry (NBCI) (2014) defined small and medium scale enterprise as a business with total capital not exceeding ₦750,000 (excluding cost of land but including working capital).The Federal Ministry of Industry's guidelines to NBCI defined a small and medium scale enterprises as a business with a total cost not exceeding ₦500,000 (excluding cost of land but including working capital).The Nigerian Industrial Development Bank (NIDB), (now Bank of Industry) defined small and medium scale enterprises as a business with investment and working capital not exceeding ₦750,000. In the present day Nigeria given the higher operational costs of business, the criteria of small and medium scale business have been modified. Small and medium enterprises are largely present in Anambra State.

Anambra State is a State where a large percentage of her citizens are entrepreneurs or owners of SMEs. The presence of small and medium scale enterprises has increased economic activities in the State and has helped to improve the revenue base of the State. SMEs have been a major engine of economic growth and technological progress. Eniola (2014) stated that the characteristics of SMEs not only reflect the economic patterns of a country but also the social and cultural dimensions. Small and medium scale enterprises engage in different types of activities ranging from construction, agro-allied, information technology, manufacturing, educational establishment, business services, tourism and leisure. Some of these enterprises are overseen by managers employed by the business owners. According to Okolo (2014), business owners are people who have the ability to see and evaluate business opportunities, put together the necessary resources to take advantage of them and to initiate appropriate actions to ensure success. The business owners employ and contract the managers to oversee the running of their businesses. A manager is the person that makes plans and decisions, organizes, supervises and controls human, financial and information resources of business enterprises.

According to Gorgievski, Ascalon and Stephan (2011) a manager is the person employed in an administrative position, who has comprehensive knowledge necessary for leading people and managing an organization in order to achieve optimal realization of set tasks in confined conditions. Managers are encouraged to allow a high degree of employee relation and autonomy, which are intended to increase workforce commitment and to humanize the workplace with the intention of improving work performance and good citizenship behavior. The performance and competitiveness of any organization including small and medium scale organizations are determined by the effective organization and operation of resources including human, financial, technological and organizational capital. These also depend on the various organizational and business strategies/action plans including employment relations.

Employee relations are significant aspects of human resource management (HRM), this is aimed at maintaining a peaceful working environment in small and medium enterprises (SMEs) (Enis, Xhavit & Nagip, 2015). Employees need to be involved in the management of human resources that affects their interests. A well thought-out structure of employee participation system, grievance system, dispute resolutions management, disciplinary system and labour representation system maintain conducive labour relations in organizations which will ultimately ensure interrupted operations, progress and prosperity of the firm. It appears that the productivity of SMEs is closely related to their ability to adopt suitable human resource management practices in handling their employees.

Employee or labour relations are significant aspects of human resource management (HRM) to maintain a peaceful working environment in small and medium enterprises (SMEs). Employee relations processes consist of the approaches and methods adopted by business owners or entrepreneurs to deal with employees either collectively through their trade unions or individually (Armstrong & Stephen, 2014). They are usually based on the organizations articulated or implied employee relations policies and strategies. Employee relation processes are those aspects of employee relations that are concerned with the dealings between employers, individual, employees and workers' bodies or human consist of approaches to recruiting, selecting, appraisals recognizing or de-recognizing trade unions, formal methods of collective bargaining, partnership as an approach to employee relations. It is also formal day-to-day contacts on employment issues that take place in the workplace between management representatives or officials, and features of the industrial relations scene such as union membership in the workplace, among others.

The International Labour Organization (ILO) (2010) understands that employee or industrial relations are the relationships between the state on the one hand and the employers' and employees' organizations on the other or are the relationships among the occupational organizations themselves. It involves freedom of association and the right to organize; and the application of the principles to the collective bargaining, conciliation, arbitration, and the machinery for cooperation between the authorities and the occupational organizations at various levels of the economy. Labour or industrial relations are an integral aspect of social relations arising out of employer- employee interaction in modern industries, which are regulated by the state in varying degrees, in conjunction with organized social forces and influenced by the existing institutions. Ivancevich (2011) opined that labour relation is the continuous relationship between a defined group of employees and management. This involves the negotiation of a written contract concerning pay, hours, and other terms and conditions of employment as well as the interpretation and administration of this contract over its period of coverage.

According to Kayode, Olawale and Tugbobo (2016), employee relations policies have been identified by industrial relations literature, they include first, adversarial: the organization decides what it wants to do, and employees are expected to fit in. employees only exercise power by refusing to cooperate. Secondly, the approach is traditional: a good day-to-day working relationship but management proposes. Thirdly, partnership in which the organization involves employees in the drawing up and execution of organization policies, but retains the right to manage. Fourthly, in power sharing the employees are involved in both day-to-day and strategic decision making of the small, medium or large-scale organizations. Creating and maintain a good employee relations climate in an organization may be the ultimate responsibility of top management, advised by personnel specialists.

However, certain factors like size of business enterprise and years of experience of SMEs managers could influence their human resource practices in the management of the business. The ability of SMEs to adopt HRM practices is dependent on their size. According to Muhammad (2009), medium scale enterprises have better capacity to adopt HRM practices in their ventures than small scale enterprises. In support, Saravanan and Vasumathi (2015) opined that the size of a business could influence the adoption of HRM practices by managers of SMEs. Years of experience could also be another variable that could influence the SMEs managers' human resource practices in organizations. Years of experience in this study refers to field of

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knowledge acquired over months or years of actual practice and which, presumably, has resulted in superior understanding or mastery. It is believed that ninety percent (90%) of business failures are associated with management inadequacy, which consists of either management inexperience or incompetence (Perry and Pendleton in Mugo, 2012). Mugo further observed that many SMEs owners or managers lack managerial training and experience.

Experience is the best predictor of business success, especially when the new business is related to earlier business experiences. Managers with vast experiences in managing business are more capable of finding ways to open new business compared to employees with different career pathways. It is possible that successful SMEs are handled by experienced managers who personally observe the day to day activities of their enterprises and also involve the employees in decision making process to increase productivity. However, the extent to which these assertions apply in Anambra State demands an empirical investigation, hence, the need to determine the human resource management practices of small and medium scale enterprises in Anambra State.

Statement of the Problem

Small and medium scale enterprises (SMEs) are agents of national and economic growth hence individuals, government and other stakeholders exert much efforts to achieve personal, organizational and national economic growth and development through sustainable SMEs. Though small and medium scale enterprises are making positive contributions to economic growth and development in Nigeria, the rate of failure is high. According to West and Wood (2012), 90 percent of all these business failures result from lack of experience and competence. West and Wood also added that inefficiency in overall business management and poor record keeping is also a major feature of most SMEs and have always led to funds misappropriation, wrong and costly decision making. Other possible contributory factor could be human resource management practices of these SMEs such as inconsistent and equitable employee compensation policy, lack of training and development plans for employees, lack of trust, inadequate working conditions, poor communication and among others. Therefore, adoption of human resource management practices by managers in small and medium scale enterprises is thus imperative because these firms are the economic drivers of the future through employment creation and utilization of indigenous resources.

Purpose of the Study

The purpose of this study was to determine the employee relation practices of managers of small and medium scale enterprises in Anambra State. Specifically, the study determined the:

1. Employee relation practices of managers of small and medium scale enterprises in Anambra State.

Research Question

This research question guided the study.

1. What are the employee relation practices of managers of small and medium scale enterprises in Anambra State?

Hypotheses

The following null hypotheses were tested at 0.05 level of significance:

1. There is no significant difference in the mean responses of managers of small and medium enterprises in Anambra State on the employee relation practices they adopt in their enterprises.

2. There is no significant difference in the mean responses of managers of small and medium enterprises in Anambra State on the employee relation practices they adopt in their enterprises based on years of experience (5 years and below, 6-10 years and above 10 years).

Method

The design that was adopted in this study is a descriptive survey. According to Nworgu (2015), descriptive survey is a design which aims at collecting data on, and describing in a systematic manner, the characteristics, features or facts about a given population. The study was carried out in Anambra State of Nigeria. The population of the study comprised 2,610 SME managers (1,732 small scale and 878 medium scale) of enterprises in Anambra State who are registered with the State Ministry of Commerce, Industry and Technology as at 2018. The sample size of 347 SME managers (230 small scale managers and 117 medium scale managers) was used for the study. The sample size was derived using the Taro Yamani formula. The instrument used for data collection in this study was a structured questionnaire titled "Questionnaire on Employee Compensation Practices of Small and Medium Scale Enterprises (QECPSME)". The questionnaire was structured on a 5- point rating scale of Strongly Agree (SA), Agree (A), Moderately Agree (MA), Disagree (D) and Strongly Disagree (SD). The instrument designed for this study was subjected to face validation by three experts in Business Education Department. Cronbach Alpha was used to establish the reliability of the instrument. The reliability index obtained was r = 0.76.

Data was collected with the aid of six research assistants who were briefed by the researchers. Out of the 347 copies of the questionnaire administered, a total of 298 (85.88%) were returned and used for the study. Mean was used to analyze data related to the research questions while the standard deviation was used to ascertain the homogeneity or otherwise of the respondents' ratings. For the hypotheses, t-test and one way analysis of variance (ANOVA) were used to test the null hypotheses at 0.05 level of significance. P-value was used for decision making for the hypotheses. Where the calculated p-value is less than the stipulated level of significance 0.05 ($p < 0.05$), it implies that there was significant difference between respondents' mean scores. Under this condition, the null hypothesis of no significant difference is rejected. On the other hand, if the p-value is greater than or equal to the alpha level of 0.05 ($p \geq 0.05$), the null hypothesis of no significant difference is accepted.

Results

Research Question: What are the employee relation practices of managers of small and medium scale enterprises in Anambra State?

Table 1: Mean responses of Managers on the employee relation practices adopted in SMEs.

S/No	Employee Relations	Mean	SD	Decision
1.	Involve employees in the decision making process of the business.	3.40	.68	Moderately agreed
2.	Maintain an inclusive communication network in the enterprise where employees are made aware of decisions concerning them.	4.51	.50	Strongly agreed
3.	Encourage cordial relations among employees.	4.53	.50	Strongly agreed

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4.	Encourage team work among employees.	3.81	.65	Agreed
5.	Organize social events such as end of the year party for employees	4.53	.50	Strongly agreed
6.	Acknowledge the input of experienced employees when making decisions.	4.48	.55	Agreed
7.	Show concern about issues that affect employees.	3.93	.69	Agreed
8.	Respect employees' opinions in their areas of operations	3.84	.69	Agreed
9.	Regularly holding meetings where grievances' are shared and resolved.	3.83	.69	Agreed
	Cluster Mean	**4.10**		**Agreed**

Data analysis in Table 1 shows a cluster mean of 4.10 which indicate that the managers agreed on all the employee relation practices applied in small and medium scale enterprises in Anambra State. Item by item analysis shows that items 2, 3 and 5 with mean scores ranging from 4.51 to 4.53 are the employee relation practices strongly agreed to by managers of SMEs, while items 1, 4, 6, 7, 8 and 9 with mean scores ranging from 3.83 to 4.48 are the employee relation practices agreed to by managers of SMEs. Only item 38 with mean score of 3.40 is the employee relation practices moderately agreed to by SME managers'. The standard deviations of 0.50 to 0.69 are within the same range showing that SME managers' are not wide apart in their responses.

Hypothesis 1: There is no significant difference in the mean responses of managers of small and medium enterprises in Anambra State on the employee relations practices they adopt in their enterprises.

Table 2: **Summary of t-test result on the employee relation practices of managers of small and medium enterprises**

Employee relations	**N**	$\bar{X}$	**SD**	**df**	**P-value**	**Decision**
Small	202	4.15	0.23	296	.826	Not significant
Medium	96	4.16	0.24			

Result in Table 2 shows that there is no significant difference in the mean responses of managers of small and medium enterprises in Anambra State on the employee relation practices they adopt in their enterprises. This is shown by the p-value of .826, which is greater than the significant level of 0.05. This shows that there is no significance difference in the mean responses of SMEs managers. Therefore, the null hypothesis of no significant difference between the two groups is accepted.

Hypothesis 2: There is no significant difference in the mean responses of managers of small and medium enterprises in Anambra State on the employee relations practices they adopt in their enterprises based on years of experience.

Table 3: Summary of analysis of variance on the mean responses of SME's managers on the employee relation practices adopted based on years of experience

Source of variance	Sum of Squares	df	Mean Square	F	P-value	Decision
Between Groups	9.477	2	4.779			
			1.072	.344	Not significant	
Within Groups	1308.474	295	4.455			
Total	1318.032	297				

Data analysis presented in Table 3 shows that there is no significant difference among the three groups in terms of their mean responses on the employee relation practices they adopt in their enterprises based on years of experience (5 years and below, 6 -10 years and above 10 years), as the F-ratio (2, 295) is 1.072 and *P-value* (.344) is greater than the stipulated 0.05 level of significance. Therefore, the null hypothesis is accepted.

Discussion

The results of the study revealed that managers agreed on the employee relation practices they adopted in their small and medium scale enterprises in Anambra State. The findings of the study agrees with the findings of Saira (2016) who stated that employee involvement show a positive relationship which implies that managers of SMEs agreed that human resource practices had an impact on employees performance. Also Awe, Shabi and Tugbobo (2016) reported that managers agreed that employee relation and involvement have important role to play in. productivity, innovations, performance, growth and competitiveness of SMEs sector. Employee relation and contribution influence employee's performance positively. Empowering the employees by involving them in decision making contribute to the success of organization as it increases the productivity, saves time for decision making, lowers the gap between supervisor and subordinates, encourages a strong sense of teamwork among workers.

The results of the first hypothesis indicated that there was no significant difference in the mean responses of managers of small and medium enterprises in Anambra State on the employee relation practices they adopted in their enterprises. Also the second hypothesis revealed that there was no significant difference in the mean responses of managers of small and medium enterprises in Anambra State on the employee relation practices they adopted in their enterprises based on years of experience. This disagrees with the findings of Saira (2016) and Awe, Shabi and Tugbobo (2016) which indicates that there is significant difference at employee performance in organization.

Conclusion

Based on the findings of the study, it is clear that Human Resource Management (HRM) practices (employee relations) increases the employee's performance and productivity, so the managers of SMEs should implement these practices to achieve the desired goals. The organizations should utilize a variety of reward and recognition programs to drive behavior that promotes high performance. SME managers should revise their human resource policies by keeping in view the above factors in order to attain the targeted goals.

Recommendations

Based on the findings of this study, the following recommendations were made:

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1. Management of SMEs should value the contribution and ideas shared by employees and empower employees to maximize their individual talents in order to make effective decisions.
2. Managers of SMEs' in Anambra State should embark on capacity building of members to ensure better understanding of the relevance of human resource practices on organizational growth and performance. This could be achieved by collaborative efforts with relevant educational institutions, government agencies and consultants through the organization of seminars, workshop, conferences and training programmes for both the managers and employees of the organizations.

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