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**THE NEXUS BETWEEN RECRUITMENT AND
SELECTION PRACTICES AND BUSINESS
PERFORMANCE OF NIGERIAN SMALL AND
MEDIUM-SIZED MANUFACTURING
ENTERPRISES**

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ABSTRACT

This paper examined the relationships between recruitment and selection practices with business performance in the manufacturing sector using the Small and Medium Enterprises (SMEs) in the Lagos metropolis as the unit of analysis. It identified employee referral, job vacancy advertisement, employment agency and employee promotion as the most commonly used recruitment and selection practices in the manufacturing SMEs’ environment. The study made

use of a questionnaire administered to 288 respondents and the results obtained showed that the vacancy advertisement and employment agency have a moderate relationship with business performance while employee promotion has a weak relationship with business performance while employee referral has a negative relationship with business performance. Regression results also indicated a positive relationship between combined recruitment and selection practices and business performance. It was concluded that the management of SMEs should prioritise employment agency among the recruitment and selection practices since it was found to have a more decisive influence on business performance. Thus, having the patronage of the employment agency with sound personnel policies that will be cost-effective and outline human resource requirements is recommended.

Keywords: Recruitment and selection, business performance, manufacturing SMEs, job vacancy advertisement, financial performance, Nigeria.

INTRODUCTION

The significant contributions of Nigerian Small and Medium Enterprises (SMEs) in the last three decades made the sector the backbone of the Nigerian economy although highly dominated by males contrary to what is obtainable in European countries (Adesanya, 2019). The Nigerian government policies have been made from time to time to support the survival and growth of the sector which assisted the SMEs to have the lion's share of the business establishment. The SMEs represented more than 90 percent of all the businesses in Nigeria (Essien, 2014; David, 2017) and the sector shows that the majority of the working population is engaged in this sector (Lawal et al., 2018). However, in the last couple of years, the sector has suffered a downward trend in its developments thus, affecting its optimal contributions to the overall economic growth as a result of many factors such as funds, electricity, economic trends, regulations and reforms, human resource, corruption, infrastructural facilities and others. Out of all these factors, the human resource (HR) has been singled out as mainly responsible for the high rate of collapse and failure of SMEs in Nigeria owing to the inability to pay maximum attention to the recruitment and selection processes (Oginni et al.,

2018; Lawal et al., 2018). Adesanya (2019) agreed with the low level of attention given to the recruitment and selection processes in SMEs but posited that the quality of personnel in the manufacturing of SMEs was limited because they could not compete favourably with the large organisations on account of resources available to pull and push for such quality or engage in personnel head hunting.

The challenge threw up a concern for the place of HR in the success of a business organisation and recourse was made to the earlier work of Asa and Balogun (2009) that out of all the resources available to every organisation, it is the HR that will interact with other resources; hence, HR is the most dynamic of all. Ofori and Aryeetey (2011) opined that the successful management of any SME is contingent upon the quality of HR available to prosecute the course of survival, growth, and profitability. Corroborating this position, studies have asserted that HR is a key factor in the survival of any organisation irrespective of the sector and size (Adeagbo, 2019; Samwel, 2018; Cummins, 2015). It becomes imperative for the owners or management of SMEs to show more interest in the quality of people attracted into their organisations to ensure business survival, growth and profitability as obtainable in large business organisations but the interest is very low in manufacturing SMEs of the Nigerian business environment. It is only large business organisations that place attention and premium on the need to attract qualified and competent personnel, unlike SMEs which are practically limited in terms of opportunities (Adesanya, 2019; David, 2017; Essien, 2014).

Recruitment and selection practices have their focus on the acquisition and utilisation of manpower in an organisation to ensure effectiveness and efficiency and thus, facilitate the accomplishment of the organisational predetermined objectives (Oginni et al., 2018). It shows that recruitment and selection practice is domiciled in the 5Ws questions; that is, (i) what will the person do, if given the job? (ii) where can the person be contacted if he or she is being hired? or where is the place to get the person for the job? (iii) when will the person join the workforce i.e. the right time to join? (iv) why is there the need to explain the essence of the recruit in terms of significance? and (v) Who will focus on the pedigree of the person (knowledge, skills, ability, and other characteristics) that will fill the existing vacancies and paddle all the assigned tasks? The implication is that the decision

to bring people into the organisation is somewhat contingent upon the 5Ws of recruitment and selection practice questions and once these questions have been answered objectively, people can be brought into the organisation through different means as may be convenient for the organisation while taking employment decision (Akbar, 2013; Oginni et al., 2013).

Attesting to the sensitivity and significance of recruitment and selection practices in the life of any organisation, it is, therefore, paramount to identify various means by which people can be brought into the organisation within the manufacturing sector of SMEs with their corresponding effect on the business performance of the SMEs and also examine what will be the relationship of any of the means chosen by the organisation in the course of bringing people into the organisation with business performance as posited by Abdallah and Antonius (2017) that recruitment and selection procedures revealed the way employees are chosen and managed are crucial in predicting business performance, implying that good recruitment and selection procedures are vital predictors of organisational performance.

The task of attracting and choosing the suitable candidate that will fit organisational culture is always a Herculean activity because the success of the two stems from the quality of attraction made available in terms of the array of talents and skills from where the suitable candidates could be chosen without prejudice. Recruiting the wrong candidates who are deficient in relevant skills to support the operations of an organisation towards meeting her responsibilities will affect its survival and success, that is, business performance (Abdallah & Antonius, 2017; Chukwu & Igwe, 2012). SMEs in the manufacturing sectors as business enterprises were not exempted from such implications and could not afford to recruit the wrong candidates otherwise will go into extinction. It is therefore imperative for SMEs to get the process right in the face of scarce resources.

Considering the significance of the contributions of SMEs to the growth of a nation's economy, especially in the aspect of job creation and production of local raw materials, it would have been expected that there would be more studies focusing on the recruitment and selection practices and business performance of manufacturing SMEs on account of its significant contributions and the effect that

quality workforce has on the overall survival and success of business in today's world of competition (Oluremi & Gbenga, 2011; Asa & Balogun, 2009, Tripathi & Srivastava, 2017). However, most studies focused on human resource management practices as a whole with links to different variables (Lien et al., 2022; Adeagbo, 2019; Oginni et al., 2018; Fajana, 2014) and the few that isolated recruitment and selection practices linked it to variables such as labour turnover, criteria and challenges (Aphu, 2018; Guthrie, 2016); job performance (Abdallah & Antonius, 2017; Tripathi & Srivastava, 2017; Chukwu & Igwe, 2012); employee retention (Barber, 2018; Samwel, 2018; Cummins, 2015).

The management of people in the workplace on whose business performance rested upon should be a propelling force to warrant interest from scholars for investigation in manufacturing SMEs to understand the link between recruitment and selection practices and business performance since organisations are confronted with multiple sources by which these people could be brought into the organisation and each of the sources with their unique characteristics, implications on their qualities and influence on business performance. It is believed that a study in this area will reposition and preserve the interest of the business in terms of performance and workforce efficiency. Therefore, it is imperative to know which of the sources by which people come into the organisation can be adopted to achieve the stated objectives of the business. At the same time, investigate the relationship between recruitment and selection practices in SMEs and business performance, hence, this study.

LITERATURE REVIEW

Recruitment and Selection as a Concept

Recruitment is the process of attracting a pool of qualified candidates to fill existing vacancies in an organisation at any given time (Oginni et al., 2018). Opatha (2010) sees it as the process of finding and attracting suitably qualified people to apply for job vacancies in the organisation. Recruitment is the process of generating a pool of competent individuals to apply for employment within an organisation (Ofori & Aryeetey, 2011). The implication is that recruitment exercise

provides an organisation with opportunities to choose from many potential candidates made available for employment purposes and the quality of the choice of the human resource found in the organisation is usually contingent upon the quality of potential applicants attracted to the organisation which is a function of many variables such as goodwill, job security, compensation package and others. Recruitment aims to attract the right candidate in terms of skills, abilities and temperament suitable for the business environment and this serves as the path to follow by organisations whenever in search of manpower to enter into their employment. There are many sources available to organisations through which potential candidates can be attracted to fill existing vacancies but can be classified into two namely, internal and external sources (Abdallah & Antonius, 2017). The internal source is cost-effective in comparison with the external source which is somewhat sophisticated in many ways. SMEs cannot compete with large organisations thus affecting the ability to attract the intended quality people into the organisations and this explains on many occasions why SMEs relied more on employee referrals and advertisements in the local environment where the business is situated to get the manpower required to pursue the organisational objectives.

Selection on the other hand is described as the process of choosing the most suitable candidates to fill existing vacancies in an organisation (Oginni et al., 2018). In the views expressed by Opatha (2010), selection is described as the process of choosing the most suitable applicant from the pool of applicants recruited to fill the relevant job vacancy. For Tripathi and Srivastava (2017), selection is the systematic process of deciding on a specific individual to fill an available position. Adeagbo (2019) viewed selection from a different perspective to be a process of rejecting unsuitable applicants in an attempt to fill any existing vacancy in an organisation. Thus, being viewed as a negative function on account of its rejection of nonqualified applicants but in the real sense, it is positive because the rejection is the only option to get the right people needed to be hired to ensure organisational success. The implication of this is that the selection process involves the use of different criteria to evaluate how suitable a particular applicant is to make employment decisions that will profit the organisation in the short and long run. These criteria are contingent upon many variables such as the nature of the business, size of the organisation, the nature of the job and others. This explains why the selection is said to be a difficult task with implications on

the success and reputation of the organisation. It is always modelled along the basic objectives of selection, that is, to get the right person at the right time for the right job, establish and maintain a good image in the labour market and always ensure cost-effectiveness.

Recruitment and Selection Practice in SMEs

As earlier mentioned, there were many sources by which vacancies in an organisation could be filled and these could be classified into two namely; internal and external sources, however, neither is better than the other because both methods have the advantages and disadvantages. Nevertheless, what informs the choice of the source is a function of what the business organisation has set out to achieve which is often contingent upon the expansion and replacement (Oginni & Faseyiku, 2016). The internal and external sources include but are not limited to, for instance, the promotion, transfer, advertisement, employee referral, employment agencies, unsolicited applications, professional organisations, talent pool databases, boomerang employees, job boards. The essence of these many methods attest to one thing, that is, organisations should not cast the search for who is to fill existing vacancies into a stone thus, provides the opportunity to explore an avenue to find the best suitable candidates. However, to ensure effective recruitment practices, it is expected that organisations should take into consideration issues such as attitude, skills, experience, qualifications and cultural and religious tolerance.

Components of Recruitment and Selection Practices

Tripathi and Srivastava (2017) identified employees' referral, advertisement, and employment agencies as well as promotion, transfer, e-recruitment, and union office as various sources available to an organisation to choose from when making a hiring decision. However, the appropriate source adopted for practice is contingent upon the prevailing circumstance in the environment (Aphu, 2018; Barber, 2018; Samwel, 2018).

Employee Referral

This is a way to fill existing vacancies in an organisation through the recommendations made by the employees of the organisation

recommending new hires which are seen as the framework designed to allow employees to be involved in their organisation's recruiting process. It is based on the assumption that the employees of the organisation understood the chemistry of the workplace, the culture of the organisation, the skills, attitude and the expectations of the candidate who were recommended (Aphu, 2018). It can follow a structured or unstructured format. For the structured format, the employee whose candidate was invariably employed would receive a bonus as a way to sustain the practice. Meanwhile, the unstructured format has no incentive but has an undertone of loyalty and benefits. The benefits include time-saving and cost-effectiveness, it helps to ascertain the pedigree of the candidate and job acceptance offer is high. It also brings on board individual with organisational cultural fit which helps employee to adapt easily to the work environment and thus, improve employee retention and often serve as source of motivation. Despite these numerous benefits, Barber (2018) posited that there were still some challenges confronting employee referral which were not limited to lack of diversity, lack of transparency and ill feelings as well as lack of creativity and concluded that it is used as a medium to bridge the gap in case of an unexpected situation in labour turnover, especially where there may not be enough waiting time to fulfil all the employment rituals while the earlier work of Vijaya (2012) concluded that referred workers demonstrated higher performance, retention and job attitudes compared to non-referred workers and this impacted positively on the overall performance of the business organisation. These outcomes were corroborated also by the works of Schlachter and Pieper (2019) who posited that employee referral is relevant when recruitment exercise is contingent upon limited time framework and characterised by reduction in the number of applicants to be interviewed. This has implication on the quality of the applicants attracted as well as overall attainment of the business objectives and this led to the formation of the hypothesis one as:

H₁: Employee referral has a significant and positive influence on business performance.

Vacancy Advertisement

This is announcing the vacancy existing in an organisation to the rest of the world. It is a form of public business communication used by

organisations to attract applicants to indicate interest in the existing job vacancy, that is, job posting through online and offline media (Barber, 2018). The rationale behind recruitment advertisements is to arouse interest among job seekers as well as employed individuals to generate a pool of responses from qualified and suitable individuals who can be sifted for selection purposes (Armstrong, 2016). It can be carried out by specialists or non – specialists and can take the form of the display of information on kiosks, street posters and moveable signboards as well as handbills, professional bulletins and daily newspapers although many a time, the skills required often dictate the medium to be used. Oginni and Ogunyomi (2012) asserted that if properly designed, it is a way to attract new talents into the organisational workforce, get information about the organisation, specific details about the job and other aspects of the company that distinguishes it from other business organisations as well as the means for contacting the organisation to apply. The information must be concise, clear, and free of language ambiguities, to attract the right individuals. (Adeogun, 2018). In the views expressed by Fajana (2014), the advertisement information should be drawn to reflect the reality of job requirements and avoid giving information that may be misconstrued by prospective job applicants. Adeogun (2018) asserted that goodwill and reputation in the labour market play a significant role in the ability of an organisation to attract competent and qualified personnel for the advertised vacant positions with the corresponding effect on the performance of the organisation. The organisation with goodwill and reputation will attract the right set of employees that improve business performance and vice versa. Hence, the postulation of the second hypothesis as:

H₂: Vacancy advertisement has a significant and positive influence on business performance.

Employment Agencies

An employment agency is a business organisation that operates in the labour market and whose primary concern is to link employers and prospective employees together to create employment relationships (Oginni & Ogunyomi, 2012). The operation of an employment agency in terms of business activities rested solely on the reason for existence which was all about connecting business organisations willing to fill

existing vacant positions and candidates with prerequisites skills, knowledge, and experience for job openings (Aphu, 2018). In a nutshell, an employment agency helps to find jobs for people who are seeking employment opportunities. In Nigeria, there are two types of employment agencies namely, a privately-owned employment agency which is operated by individuals irrespective of tribe or religion; and the government-owned employment agency which is operated by the Federal government under the watch of the Federal Ministry of Labour and Productivity (Fajana, 2014). However, under the privately-owned employment agency, for any prospective individual to enjoy any of their services, such individual must register with a token and upon securing a job, must pay the agency fee ranging between 10 percent or 15 percent of the net pay for the first-month salary depending on the agency the individual has registered with. Unlike the one owned by the Federal government, no registration fee is required as well as agency fee (Adeoti, 2018). The choice of an employment agency is contingent upon work history, career field and geographical location as well as skills required for a job. It saves the hiring process, and the quality of candidates being hired, and improves relationships between employers and prospective job applicants in the labour market. Despite these benefits, there were some challenges such as arbitrary charges, cultural fit and communication problems. Presently, in the SME environment of Nigeria, job seekers prefer the privately-owned employment agency to the Federal government-owned employment agency because of the financial implications. Aside from this, Adeagbo (2019) opined that in Nigeria the employment agency has a limited challenge with the power to attract high calibre and qualified personnel which is influenced by many factors. On this basis, the third hypothesis was formulated as:

H₃: Employment agency has a significant and positive influence on business performance.

Promotion

The first three elements of recruitment and selection practices in SMEs earlier discussed were classified as part of external sources while promotion is one of the elements in the internal sources. Promotion is commonly used to fill vacancies within the organisation which might be a result of expansion or growth and attrition. Fajana (2014)

asserted that the employee promotion is the movement of employees from a lower cadre to a higher cadre and can manifest in different forms, horizontal promotion, vertical promotion, dry promotion, and open and close promotion. It is, however, based on different criteria such as length of service, experience, competence, seniority, merit, and performance. Usually, it is a way to reward and appreciate hard work, commitment, loyalty and more importantly sustain internal cohesion and preserve organisational culture (Adeagbo, 2019). It provides an avenue to meet the expectation of the employees, reduces attrition rate, an avenue to achieve career advancement, a unique platform to reward and recognise employees as well as foster unity and preservation of organisational culture (Barber, 2018). Among the problems of promotion is the aftermath of the Peter Principle, stereotyping and the halo effect (Armstrong, 2016). Hence, the fourth hypothesis was formulated as:

H₄: Employee promotion has a significant and positive influence on business performance.

Business Performance

Business performance is said to be a true reflection of the commercial effectiveness of an organisation in all its ramifications and by commercial effectiveness, it is the ability of a company through various departments and groups of individuals at its disposal to achieve its objectives as well as expected results (Akintoye, 2016). Commercial effectiveness thus covers issues of costs, deadlines, quality, and profitability which explains the rationale behind the linkage between business performance and commercial effectiveness. Apart from this, the environment within which the SMEs operate in Nigeria placed a premium on the need for SMEs to constantly see the essence of monitoring the business operations with reference Key Performance Indicator (KPI). Therefore, it is not out of place to say business performance is determined by the ability of an organisation to operate optimally to offer a product or service that meets the expectations of consumers and customers. The significance of business performance towards the attainment of the organisational objectives is somewhat responsible for the attention given to it, being an indicator of efficiency and effectiveness of business organisation of which SMEs are included.

Business performance is measured by many variables but the most important and unique of all these measurement variables is the operational performance which takes into consideration all the elements that could be found in any business organisation with a contributory role such as product quality, organisational innovations, and financial performance as well as customer satisfaction and labour productivity (Akintoye, 2016; Oginni et al., 2013; Syed, 2012). Majekodumin and Oginni (2019) supported and believed that these identified variables measure the performance of the organisation vis-a-vis the performance of competitors within the same industry and line of business without prejudice. Manufacturing SMEs operators are concerned about the acceptability of their products in the market, the level of customer satisfaction with these products and responsiveness to their products in the face of frequent changes to customers' tastes and technology in the business environment. What is the productivity level of employees, growth in sales and market shares as well as the degree of excellence of product or service offered by the organisation in the market? Therefore, product quality, organisational innovations, financial performance, customer satisfaction and labour productivity were among the variables identified as the measurement of business performance (Guthrie, 2016; Kandampully, 2002).

Relationship between Recruitment and Selection Practices and Business Performance

Business performance is a function of many variables such as product quality, organisational innovations, and financial performance as well as customer satisfaction and labour productivity (Akintoye, 2016; Guthrie, 2016; Syed, 2012). However, Majekodumin and Oginni (2019) posited that all these variables were equally product of human elements in the organisation i.e. the calibre of people in any organisation in terms of skills, knowledge, experience, intelligence, abilities, etc. would influence the degree of product quality, organisational innovations and financial performance as well as customer satisfaction and labour productivity and this was also corroborated by Sikalumbi and Situmba (2019) thus, placing emphasis on the effect of sourcing, attracting and screening of people into the organisation vis-à-vis business performance of an organisation. The positions of Vijaya (2012) and Schlachter and Pieper (2019) on the various sources of recruitment and selection practices and firm's performance attested to the relationship between the components of recruitment and selection

practices and business performance. It was concluded that business organisations should identify which of the sources of recruitment and selection practices by which people come into the organisation yield better attraction of quality human resources to the organisation and commensurate with positive business performance.

Vijaya (2012) identified employee referral as a good source of filling vacant positions in organisations and also provided an avenue for organisational cultural fit which invariably impacted the performance of a business organisation. Schlachter and Pieper (2019) agreed with this position, however, concluded that it should not be exclusively relied on but a good fit in the interim and when adopted for use, the level of risk involved in case the referred employee is a bad hire should be well understood so that the reputation of the employee referring would not suffer in any way otherwise the morale and satisfaction level would be affected thus impinging on the firm overall performance. Fafchamps and Moradi's (2015) earlier work on employee referral as a source of recruitment practices posited that organisations should be wary of referrals from powerful employees because human resource managers/ personnel supervisors or anyone saddled with hiring responsibilities may be coerced into hiring decisions as a result of their influential power in the organisation and the result is loyalty to the group or section thus, affecting firm's performance negatively. In the works of Adeagbo (2019), employee referral provided organisations with limited options to choose from, thus, affecting the array of quality of human resources at the disposal of the organisation to prosecute the attainment of the business objectives. The implication is the dearth of quality with the overall effect on the firm's performance and concluded that within the Nigerian context except for a family-owned business, employee referral is a problematic phenomenon because of the prevalence circumstances such as ethnicity, nepotism, corruption, bias, and others which have negatively affected business performance. Thus, the use of multiple recruitment sources has been recommended to get a wide pool of applicants to enable the organisation to benefit by getting quality personnel that will contribute positively to the operational performance of the organisation.

Akuamoah et al. (2016) were among other scholars who believed that any form of poor recruitment decisions when recruiting new employees into the organisation will affect organisational performance which could be either positive or negative because it is the quality

of recruitment and selection practices that shapes the effectiveness and performance of business organisation with an emphasis on quality of manpower attracted through vacancy advertisement. According to Samwel et al. (2016), the vacancy advertisement has a positive impact on business performance as it improves the quality of human resource attracted thereby improving the quality of employee performance which leads to organisational performance in terms of what is being offered into the market. Adeogun (2018) supported this and opined that goodwill and reputation in the labour market help in the attraction of quality workforce. Abdallah and Antonius (2017) posited that better recruitment practices could make a critical difference in organisational performance irrespective of nature and size and that vacancy advertisement will bring positive business performance when the information in the advertisement is a product of job analysis with respect to human resource planning otherwise, it will affect business performance negatively by attracting unqualified personnel. This was corroborated by the work of Samwel (2018) and revealed further that efficiency and effectiveness in the use of organisational resources (money, material, machine, method, and market) are contingent on attracting qualified personnel through job vacancy advertisements that contained the right set of information. Defect job vacancy advertisement would attract the wrong set of personnel and the implication would be poor performance on account of a mismatch with the requirements of the job culminating in poor business performance.

According to Samwel et al. (2016), promotion is mostly used by few SME businesses as a recruitment method in comparison with large business organisations as a result of limited opportunities to advance individual careers just like the family-owned business. The implication is that employees can stay in one position for a long time without promotion to another position and as result creates low work morale among the employees which in turn affects the business' performance outcomes negatively. The earlier work of Ekwoaba et al. (2015) was in line with this position and adduced forward that promotion is among the major factors responsible for employees' labour mobility and low commitment to the organisation thus impinging on the business performances of an organisation. However, Tripathi and Srivastava (2017) posited that promotion on the basis of relevant skills, aptitudes, knowledge and adequate experience will create an atmosphere for

employees to exert greater efforts. Such efforts will yield positive business performance and vice versa which was supported by Barber (2018) with a caveat that promotion will be positive on business performance if the promoted employee is not a victim of Peter's Principle and vice versa. Similarly, Samwel et al. (2016) asserted that the nature of employment agency presupposes that it is not likely to bring in non-qualified personnel into the organisation as they are usually paid to render such service thus, expected to bring in competent personnel and at the same time maintains their status/prestige in the labour market. The implication is that an employment agency has the power to attract high calibre and qualified personnel with prerequisite skills, attitudes, knowledge, experience, training, abilities, and others to perform the job satisfactorily and will invariably enhance the operational performance of a business organisation. Therefore, the performance of employees recruited through the employment agency will enhance business performance. Sikalumbi and Situmba (2019) supported this and posited that the use of employment agencies will make a business grow rapidly but can be hindered by the absence of a positive work environment.

UNDERPINNING THEORY

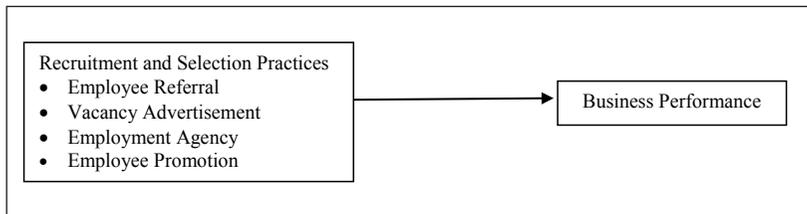
The underpinning theory for this study was the resource-based view theory which was also known as the theory of the growth of the firm. It rested on the ideas of Penrose in 1959 and was expanded by Wernerfelt in 1984. The theory was used to explain the study's conceptual framework since the thrust of the theory was on the competitive advantage which was a pillar in the business performance of an organisation. By implication, the theory acknowledged that business performance through competitive advantage relied on internal resources to exploit the external resources such that the focus is on resources that are valuable, rare, not imitable, and not easily substituted. For exemplary business performance, a premium is placed on competitive advantage, and to achieve this, organisations have both internal and external resources at their disposal to prosecute this, but internal resources provided a better option through the intangible resources which are valuable, rare, not imitable, and not easily substituted as against tangible resources that are time-bound, imitable and easily substituted without much difficulty. Out of all the elements

of internal resources, the study has chosen employees because of their skills, knowledge and intelligence, abilities, competence, and others which are valuable, rare, not imitable, and not easily substituted. The resource-based theory thus justifies examining the sources of how these employees are recruited into the organisation and their effects on business performance.

The framework showed the direction of the study in terms of the relationship between the independent and dependent variables based on the existing literature reviewed for the study. It represents the expected relationship between recruitment and selection practices and business performance which defines the specific objectives of the study. It, therefore, illustrates that there exists a relationship between employee referral and business performance, vacancy advertisement and business performance, employment agency and business performance, employee promotion and business performance which the study set out to validate and draw conclusions.

Figure 1

Conceptual Framework of the Study



METHODOLOGY

The study adopted a survey research design and data were collected by using primary source of data collection. The unit of analysis was manufacturing SMEs that registered with the Corporate Affairs Commission (CAC) within the three Senatorial Districts (Lagos West, Lagos Central, and Lagos East) of Lagos metropolis which has a total number of 45 manufacturing SMEs with a population of 1030 employees (i.e., West = 503, Central = 322, and East = 205). Yamane's sample size formula was used to obtain the sample size of 288 from the population of 1030 (West = 141, Central = 89 and East = 58).

The research instrument used was a questionnaire structured along the Likert 5-point rating Scales (Strongly Agree = 5, Agree = 4, Neutral = 3, Disagree = 2, and Strongly Disagree = 1) and the measurement items in the questionnaire were for the independent variable adapted from Chukwu and Igwe (2012) while that of the dependent variable was adapted from Akuamoah et al. (2016). The Independent variable was measured by four items namely employee referral, vacancy advertisement, employment agency and employee promotion while the dependent variable was measured by five items namely product quality, organisational innovation, financial performance, customer satisfaction and labour productivity. The pilot study was carried out between December 2020 and January 2021 while the administration of the questionnaire for the study was for a period of six months (between February to July 2021). Overall, 350 copies of questionnaires were administered, and 294 questionnaires were returned representing 84 percent response rate out of which 288 questionnaires were used for the study without prejudice to the characteristics of the population and sample.

The questionnaire has three (3) sections, labelled A, B, and C. Section A has information on the biodata of the respondents; Section B contained information on the independent variable (recruitment and selection practice) and Section C has information on the dependent variable (business performance). The data collection procedure adopted for the study followed purposive, proportional, and random sampling techniques. The purposive sampling technique was first used to select the manufacturing organisations because they possessed some of the characteristics needed for the study from the list of manufacturing SMEs registered with the Corporate Affairs Commission (CAC) within the three Senatorial Districts in the Lagos Metropolis. A total of 45 manufacturing SMEs was involved, and the proportional sampling technique was followed. The proportional sampling technique was used to get the sample size of 288 respondents from the study's population of 1030 since the manufacturing organisations in each of the Senatorial Districts were not even and vastly different in number. Thus, the number of participants from each organisation was determined by their number relative to the entire population while the questionnaires for the study were administered randomly in individual settings to avoid bias. Data collected were, however, analysed using the appropriate statistical tools (descriptive and inferential statistics) such as simple percentages with the aid of

a frequency distribution table, mean, standard deviation, Kendall's W coefficient, correlation, and regression. There was no violation of multicollinearity assumption, heteroscedasticity assumption and distribution error was normal.

Table 1

Respondents' Demographic Information (N=288)

Variables	Frequency Distribution	Percentage
Gender		
Male	185	64%
Female	103	36%
Total	288	100%
Marital Status		
Single	88	31%
Married	178	62%
Divorced	7	2%
Widow	15	5%
Total	288	100%
Educational Qualifications		
M.Sc/MBA	50	17%
B.Sc/BA/B.ED/HND	126	44%
Professional	78	27%
Membership	34	12%
ND/NCE	288	100%
Total		
Work Experience		
Less than 2 years	61	21%
2yrs - 4yrs	88	31%
5yrs - 7yrs	101	35%
8yrs and above	38	13%
Total	288	100%
Age Bracket		
Less than 25 years	24	8%
25yrs – 35yrs	60	21%
36yrs – 45yrs	88	31%
46yrs – 55yrs	70	24%
56yrs & above	46	16%
Total	288	100%

Source: Survey 2021

RESULTS

Data Analysis and Interpretation

Table 1 presents the respondents' demographic details, namely, gender, marital status, educational qualifications, work experience and age bracket to understand their characteristics. Manufacturing SMEs in the Lagos Metropolis had more males than females with 64 percent while females represent 36 percent of employees in the workforce. The majority of the respondents were married representing 62 percent while five percent of the respondents were widows implying that 178 respondents out of 288 were married. The educational qualifications percentage attested to the literacy level of the workforce in the SMEs in the Lagos Metropolis with 61 percent of the respondents with a university degree. It also showed that the workforce experience is relatively low as the length of service ranges from five to seven years. The age bracket is good to describe the workforce of these SMEs as matured workforce going by the percentage of 71 percent (36 years – 56 years & above).

To achieve objective 1, descriptive statistics (percentage, mean and standard deviation) were applied to the data collected for the study as presented in Table 2 and the mean scores were ranked in ascending order to deduct the prevailing recruitment and selection practices in manufacturing SMEs where the benchmark criterion for the decision was set for agreement at the weighted mean of ≥ 3.0 and that of disagreement was set at the weighted mean of ≤ 3.0 . Kendall's W coefficient of concordance (level of agreement) was also used to confirm the degree of agreement among the respondents on the methods in use when filling vacancies in their organisation as depicted in Table 3.

From Table 2, employment agency was ranked highest with a mean score of 3.441 and standard deviation of 1.476 followed by vacancy advertisement with a mean score of 3.045 and standard deviation of 1.399. Next to the vacancy advertisement was the employee promotion with a mean score of 2.653 and standard deviation of 1.319. The employee referral was ranked last with a mean score of 2.458 and standard deviation of 1.326.

Table 2

Descriptive Analysis of Recruitment and Selection Practices in Manufacturing SMEs

Measurement Scales / Percentage									
Variables	SD (1)	D (2)	N (3)	A (4)	SA (5)	Mean Scores	Standard Deviation	Rank Score	Remark
Employee Referral	83(29)	94(33)	37(13)	44(15)	30(10)	2.458	1.326	4	D
Vacancy Advertisement	65(23)	35(12)	55(19)	88(31)	45(15)	3.045	1.399	2	A
Employment Agency	42(15)	55(19)	21(7)	74(26)	96(33)	3.441	1.476	1	A
Employee Promotion	73(25)	66(23)	69(24)	48(17)	32(11)	2.653	1.319	3	D

Source: Field Study, 2021

Remark, where Agreement (A) is ≥ 3.0 and Disagreement (D), is ≤ 3.0

Based on the result, the employment agency and vacancy advertisement were considered to be the prevalent practices among the options used to bring people into the organisation going by the ranking although employment agency was ranked higher than the vacancy advertisement to imply that employment agency was favoured in manufacturing SMEs environment which could be in the form of consultation services and cost-effective. Meanwhile, the employee referral and promotion were not popular among the methods available since the benchmark criterion that was set for the decision met that which was set for disagreement (i.e., weighted mean of ≤ 3.0). The mean scores of employee referral and promotion were less than three implying the seldom use of the two methods which were also confirmed by the respondents. Approximately, 62 percent of the respondents disagreed with the use of employee referral as a potent method by which people come into the organization. About 48 percent of the respondents also disagreed with the use of employee promotion as a means of filling an existing vacancy in the organisation although the respondents' percentage (48%) confirmed the seldom use. It was rated above the employee referral which means the employee promotion could still be considered given that 24 percent of the respondents could not decide whether to agree or disagree.

Table 3

Kendall's W Test and Mean Rank Statistics

Variable Practices	N	Mean Rank	Kendall's W ^a	Chi-Square (X ²)	Df	As Asymp. Sig.	Rank Score
Employee Referral	288	2.552	0.734	60.382	3	0.000	4
Vacancy Advertisement	288	3.335					1
Employment Agency	288	3.430					2
Employee Promotion	288	2.861					3

Source: Survey 2021

Table 3 has information on Kendall's W coefficient of concordance which was used to confirm the degree of agreement among the respondents on the methods in use when filling vacancies in their organisation. Table 3 in comparison with Table 2 could be said to be different in mean scores and ranking but has more information in common in terms of interpretation of the test of agreement among the respondents. Kendall's W coefficient of concordance ranked the vacancy advertisement above the employment agency (i.e., vacancy advertisement in 1st position and employment agency in the 2nd position) which was in reversed order in Table 2 while the other two practices (employee promotion and referral) were ranked in the same way (i.e., 3rd and 4th position respectively). The rationale behind the difference could be explained on the account of the peculiarity of each of the organisations in the manufacturing of SMEs concerning products, timing and skills required. Despite the difference in ranking, the analysis met and adequately satisfied the benchmark criterion for the decision which was at a weighted mean score of ≥ 3.0 for agreement and ≤ 3.0 for disagreement. Therefore, the statistical value of Kendall's W coefficient of concordance (where $W = 0.734$, $X^2 = 60.382$, $Df = 4$, $Sig. = 0.000$) confirmed the high level of agreement among the respondents that the recruitment and selection practices in manufacturing SMEs were employee referral, vacancy advertisement, employment agency and employee promotion but the vacancy advertisement and employment agency were the prevalent practices whenever it is time to fill vacancies in the manufacturing SMEs.

Therefore, objective 1 which seeks to identify recruitment and selection practices in the manufacturing SMEs was achieved as four different recruitment and selection practices were found to be in operation such as employment agency, vacancy advertisement, employee promotion and referral out of which employment agency and vacancy advertisement were the two major practices to be prevalent in use when executing hiring decision.

Table 4

Correlational Matrix of Components of Recruitment and Selection Practices and Business Performance

Variable	VA	EA	EP	ER	BP
Vacancy Advertisement (VA)	1.000				
Employment Agency (EA)	0.416**	1.00			
Employee's Promotion (EP)	0.346**	0.382*	1.000		
Employee Referral (ER)	0.552*	0.624**	0.452**	1.000	
Business Performance (BP)	0.573**	0.665**	0.425*	-0.484*	1.000

** Correlation is significant at the 0.05 level (2-tailed)

* Correlation is significant at the 0.01 level (2-tailed)

Table 4 shows the information on the correlational relationship existing between recruitment and selection practices and business performance. The 'r' value was considered to have a weak correlation when it was less than 0.5, a moderate correlation when the 'r' value was less than 0.7, and strong correlation exist when 'r' value was between 0.7 to 1. In total, three out of four components of recruitment and selection practices were positively correlated with business performance which revealed a positive relationship between recruitment and selection practices and business performance: for the vacancy advertisement and business performance, $r = 0.573$, $p < 0.05$; for the employment agencies and business performance, $r = 0.665$, $p < 0.05$; for the employee promotion and business performance, $r = 0.425$, $p < 0.01$; for the employee referral and business performance, $r = -0.484$, $p < 0.01$. The correlation results implied that the relationship between recruitment and selection practices for vacancy advertisement and employment agency with business performance was moderate and positive since 'r' values for the three practices were less than 0.7; the employee promotion was positive but implied a weak relationship

since 'r' was less than 0.5 while employee referral was a negative relationship.

Hypotheses Testing

To test the stated hypotheses presented in the literature review section, a linear regression test was used to ascertain whether the independent variables (employee referral, vacancy advertisement, employment agency and employee promotion) had any significant impact on the dependent variable; that is, the business performance. The outcomes of the linear regression test were presented in Table 5.

Table 5

Summary of the Linear Regression Analysis Showing Results for Recruitment and Selection Practices and Business Performance

	Hypotheses	β	t value	Sig
H ₁	Employee referral has a significant and positive influence on business performance	-0.522	-0.246	0.000
H ₂	Vacancy advertisement has a significant and positive influence on business performance	0.482	2.063	0.014
H ₃	Employment agency has a significant and positive influence on business performance	0.652	3.625	0.003
H ₄	Employee promotion has a significant and positive influence on business performance	0.431	2.011	0.000

Note: p < 0.05

As depicted in Table 5, the results revealed that vacancy advertisement has a significant positive effect on business Performance ($\beta = 0.482$, $t - \text{value} = 2.063$, $p < 0.05$), therefore, H₂ is supported. The study confirmed that employment agency has a significant positive effect on the business Performance ($\beta = 0.652$, $t - \text{value} = 3.625$, $p < 0.05$), hence, H₃ is supported; the employee promotion has a significant positive effect on business Performance ($\beta = 0.431$, $t - \text{value} = 2.013$, $p < 0.05$) thus, supported H₄ while employee referral has a negative effect on business Performance ($\beta = -0.522$, $t - \text{value} = -0.246$, $p < 0.05$), therefore, H₁ is rejected. The implication is that the employment agency has a more decisive influence on business performance together with the vacancy advertisement and employee promotion while further patronage of employee referral as a recruitment practice

will lead to a decrease in business performance. Therefore, all the independent variables are good predictors of business performance in the manufacturing industries of the Lagos metropolis.

DISCUSSIONS

From the analysis of the respondents' demographic information, it was obvious that the manufacturing sector occupied by the SMEs is dominated by the male gender. As earlier observed by Adesanya (2019), SMEs in Nigeria were highly dominated by the male gender, unlike the European countries where the difference was somewhat moderate. It was also evident that the respondents were literate while the marital status shows clearly that the majority were married and the length of service also indicated a relatively young and stable workforce in the attrition ratio. Similar to this were the components of recruitment and selection practices identified by different scholars (Adeagbo, 2019; Aphu, 2018; Barber, 2018; Samwel, 2018; Abdallah & Antonius, 2017; Tripathi & Srivastava, 2017; Guthrie, 2016; Akuamoah et al. (2016); Fajana, 2014; Chukwu & Igwe, 2012) to include employee referral, advertisement and employment agencies, as well as promotion, transfer, e-recruitment, unsolicited application, professional bodies and union office. Although Tripathi and Srivastava (2017) agreed with the various components, however, the choice of practice to be contingent on the dictate of the organisational environment (Aphu, 2018; Barber, 2018; Samwel, 2018). The result of the study supported this, as only four practices, namely, employee referral, promotion, employment agency and vacancy advertisement were found to be in use in the manufacturing of SME environment. However, only two were found operational, that is employment agency and vacancy advertisement. Meanwhile, the other two, namely employee referral and promotion, were seldom in use for crisis management and labour turnover; these were limited to factory operations as well as limited opportunities for career advancement.

Based on the data analysed, the vacancy advertisement has a positive and strong relationship that was statistically significant with business performance which corroborated the earlier works of Abdallah and Antonius (2017) that better recruitment practices can make a critical difference to organisational performance irrespective of nature and

size. Likewise, Adeogun (2018) revealed that the advertisement of vacant positions will provide ample opportunities for business organisations to attract qualified and competent candidates that will bring fresh ideas, experiences and knowledge that will make the organisation to have a competitive edge and at the same time sustain the existing ones (Akuamoah et al., 2016). On the employment agency result, it was evident that the employment agency coefficient value was higher than that of vacancy advertisement also implying a positive relationship with business performance. It was evident that employment agencies leverage their network to attract qualified and competent personnel with the required knowledge, skills and ability need to support business performance. This was also supported by the works of Adeagbo (2019) that in Nigeria, the agency's power to attract qualified personnel has been influenced by many factors such as the relationship between recruiting organisation and the agency in terms of faithfulness to agreement between the parties, belief of the applicants about the genuineness of the vacant positions, reputation of the employment agency and choices of job available at the disposal of the agency.

The result of employee promotion as a source of recruitment and selection practices by the SMEs with business performance shows a weak but positive relationship. This suggests the usefulness in filling the vacancy when the objective was to sustain internal cohesion and culture of the organisation although opportunities for career advancement are limited. This outcome was in tandem with the position of Samwel (2018) and the views expressed by Armstrong (2016) under the concept of the Peter Principle that employees should not be promoted beyond the individual capability. Barber (2018) also agreed that promotion is a good framework to foster organisational unity and the preservation of organisational culture with additional information. It serves as a platform to reward and recognise employee contributions which explains why the correlational coefficient is low (Ekwoaba et al., 2015).

The nature of the relationship between recruitment and selection practices and business performance was in tandem with the position of Cummins (2015) that the outcome of business performance rested on the quality of personnel in the organisation whether in the short or long run. Similarly, Chukwu and Igwe's (2012) contributions

also confirmed the relationship between recruitment and selection practices and business performance to be positive and strong. It was hinged on good recruitment processes as a way to guarantee the provision of quality and better services that will have a positive impact on business performance. Tripathi and Srivastava (2017) also supported the outcome of the relationship and posited that the positive relationship between recruitment and selection practices and business performance was a result of a well-organised employment policy and strategy which were designed to attract the best talent and thus, repositioning the business performance positively to survive, grow and make a profit. The works of Barber (2018) and Adeogun (2018) also corroborated the position of Tripathi and Srivastava (2017) while Sikalumbi and Situmba (2019) placed a high premium on the sources of the applicants to be given jobs, devising means to attract these applicants and screen the applicants in line with the human resource management policy guidelines.

THEORETICAL AND PRACTICAL IMPLICATIONS

The study also has both theoretical and practical implications as it has demonstrated the objectivity theory of recruitment. The choice of recruitment and selection practices are made with due consideration to both the economic and organisational factors while business performance remains as the reference point. To the human resource management practitioners (HRMP), the study has placed a clarion call on recruitment and selection practices decisions intending to ensure the attraction of quality personnel from time to time through sound recruitment and selection policies that will take into consideration the interest of both employer and employees.

The HRMP should not exclusively rely on the use of employee referral because of its limitation to drawing a large pool of qualified applicants and for the multi-tasking job. However, if it must be considered, it can be in the recruitment of the support staff but not in the core operations of the organisation and should be primarily for intervention on a short period. Similarly, in the use of employment agency and vacancy advertisement, details of the jobs and human element requirements should be well spelled out to ensure job match and retention while the employee promotion should be based on performance objectivity.

Meanwhile, employees reacting to vacancy advertisement should be considered on merit without vendetta or prejudice. Finally, the management should be conscious of its goodwill and reputation in the labour market. This helps to ensure that the vacancy advertisement and employment agency do not lose their potentials and continually attracts qualified personnel to fill the existing vacant positions and at the same time, strive to create and sustain positive work environment.

CONCLUSION, LIMITATIONS, AND DIRECTIONS FOR FUTURE RESEARCH

The study examined the nexus between recruitment and selection practices and the business performance of manufacturing SMEs in Lagos, Nigeria. The study identified employee referral, vacancy advertisement, employment agency and employee promotion as the most commonly used recruitment and selection practices. Out of these four recruitment and selection practices, two (vacancy advertisement and employment agency) were found operational in manufacturing SMEs in the Lagos metropolis whenever a hiring decision is to be made and the other two (employee referral and promotion) were seldom in use. The use of employee referral as one of the practices of recruitment and selection in manufacturing SMEs has been relegated to the background on account of crisis management, labour turnover and limited to factory operations. Meanwhile, the employee promotion is not always an option because there have been limited opportunities for career advancement and on many occasions, employee remain on the same position over a long period.

It was found that there exists a relationship between recruitment and selection practices and business performance. It was established that the three variables of recruitment and selection practices (vacancy advertisement, employment agencies and employee promotion) have a positive relationship that was statistically significant with business performance. It was concluded that through vacancy advertisement, employment agencies and employee promotion competent and qualified personnel can be attracted into the manufacturing SMEs to get good business performance and that the employment agency has a more decisive influence on business performance. It was recommended that the management of manufacturing SME

organisations should patronise the employment agency in attracting qualified and competent personnel into the organisation with sound and robust personnel policies that will be cost-effective and outline human resource requirements. The study has several limitations; the self-administered survey did not give the overall behaviour of the employers and employees in the recruitment and selection processes; (ii) the study area was also limited to Lagos metropolis which is the commercial nerve of Nigeria. It could have been better if other major towns with many manufacturing outfits were involved to situate the results of the study for generalisation and the study made use of manufacturing organisations as the unit of analysis without recourse to service organisations.

Based on the conclusion and limitations of the study, the directions for future research studies include but are not limited to the following possible studies: (i) the study of the relationship between recruitment and selections practices and business performance in the service industries; (ii) a study of the relationship between recruitment and selections practices and organisational image; (iii) the study of the relationship between recruitment and selections practices and employee's commitment to the core values of organisations; (iv) the study of the influence of recruitment and selections practices on organisational survival; (v) the study of the influence of recruitment and selection practices on the economic environment of business organisation; and (vi) the study of the impact of job analysis on quality of attraction through recruitment and selections practices as well as (vii) the nexus between recruitment and selection criteria and employee job performance in the service or manufacturing industries.

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