
How Small Scale Entrepreneur (SSE) Hire Human Capital? Understanding Recruitment Strategies: An Analytical Approach

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Abstract: The development of Small Scale Entrepreneur sector has a well-defined identity in the configuration of the modern economy. SSE is one of the most important new job generators and also acting as a vibrant, dynamic and complex environment. SSE has relied on human resources. The contemporary entrepreneurs are realizing that recruitment process plays a major role in gaining adequate staff. This paper aims to understand some aspects of recruitment process in Small Scale Entrepreneurs of Nagpur region. The conclusions of the paper are based on field empirical research on 30 SSE. The results showed that the recruitment process has significant particularities in the researched SSE.

Key words: *Small Scale Entrepreneur's, Recruitment Process, Human Capital, Nagpur Region.*

Introduction

Entrepreneurship in India plays a catalytic and important role in the economic development. It has emerged as a dynamic and vibrant sector of Nation's economy. It is a well recognized fact that a vibrant entrepreneurship holds the key to economic prosperity in an economy characterized by abundant labour supply; unemployment and underemployment, capital scarcity, growing modern large industrial sector giving scope for ancillarisation and so on. Entrepreneurship has grown phenomenally during the past few decades besides playing a vital role in the fulfilling of our Socioeconomic Objectives.

Challenges of Small Sale Entrepreneurs

Inadequate Infrastructure -Inadequate infrastructure adversely affects the quality, quantity and production schedule. Inadequate infrastructure will results in underutilization of capacity and wastages of production used in organization.

Problem of Skilled Manpower -A Small Scale Entrepreneur may have big problem of unavailability of skilled workers as Small Scale Entrepreneurs are reluctant to pay the wages and other facilities demanded by skilled employees and due to low manpower may create in lower productivity, turnover, increase in wastages, rise in other overhead costs and finally adverse impact on the profitability of these small scale units.

Managerial Problem -Another problem for small scale unit is managerial inadequacies where in modern business demands managerial competency having vision, knowledge, skill and whole hearted devotion. For an entrepreneur one has to undergo proper training, counseling and developing his organization which requires adequate time and money.

Recruitment

Recruitment is defined as a process where huge number of candidates applies and it restricts to a small number by hiring a right peg in a right hole. The demarche of recruitment as stated by (Martory and Crozet, 1984) is an essential part for the human resource policies of a company .The entire procedure of recruitment identifies the adequate skilled and competent persons that

are able to fit within organizations. Recruitment is the exact way of getting the right candidates for the right job who have potential to fit in for the exact position in the company (Cook 1998).

Importance of Recruitment

- It is the process which helps to create a talent pool for the potential candidates to benefit the organization.
- Recruitment helps to increase the overall success ratio of selection process by reducing the number of under qualified or overqualified job applicants.
- It helps to identify and prepare potential job applicants who will be placed rightly for the right position.
- Recruitments make the overall process of job specification and job description easier and smoother for the organization.

Literature Review

Recruitment is defined as the process of generating a pool of capable people to apply for job position to an organization while selection is the process by which specific persons are employed to choose from a pool as per their job specification and job description which are suitable for taking jobs into consideration.

Small Scale Entrepreneurs are providing diverse range of products which will meet the needs of local and global, markets and national as well as international level (Marlow, Patton & Ram, 2013) A study done by Pupilampu (2005) specified that the reason for SME to be unsuccessful were the human resources efficiency and performance as per the positions. Recruitment and selection practices are the key factors of entry point to any resources which determines the success and sustainability of SME's as stated by Ongori (2010).

Some SMEs consider themselves as unsuccessful because of insufficient amenities like poor performance, technical capacity and human resource problems stated by Pupilampu (2005). SME's believe that certain skills and competencies are required for growth in national as well as international markets also professional skills like human, academic and technical alongside can also help in marketing network, leadership and managerial skills for corporate growth and leadership attitude in order to enter and successfully operate in the regional and international market by (Pupilampu, 2005). At worst, the organization could possibly fail to achieve its objectives thereby losing its competitive edge and its share of the market (Armstrong, 2009).

Recruiting through social networks and technological platforms like e-recruitments, Skype, Video-Conferencing, etc can certainly help in acquiring potential employers fitted for the organization. According to (Noe 2012) it is also believed that online technology and social media in recruitment are the most important platform to save time, money and effort which benefits organization to recruit candidates all over the world and also to target utmost qualified candidates. Madia (2011) stated that social network sites can be defined as "web-based services that allow individuals to construct a public or semi-public profile within a bounded system, articulate a list of other users with whom they share a connection, and view their list of connections". These network sites nowadays have connected people all over the world and most individuals are using these sites to search for jobs besides the other purposes of entertainment and connecting with other people.

Methodology

The entire data was done using a structured questionnaire and direct interview with the respondents. The scale consists of 28 questionnaires which were completely related to recruitment strategy of candidates in sse organizations. This questionnaire tries to probe variables related to recruitment strategy of an SSE, viz., technical knowledge/skills of employees, mode of recruitment, special preferences etc.

Aim of Study

The aim of the present research study was to examine the hiring strategies adopted by SSE entrepreneurs from the Nagpur region.

Research Objectives

- To study the recruitment and selection practices of Small Scale Entrepreneurs in Nagpur region.
- To examine the challenges faced by Small Scale Entrepreneurs in employee recruitment and selection process in Nagpur region.

Data Collection-Data has been collected from 30 respondents from Small Scale Entrepreneurs of diversified organizations working in multiple sectors of health, food, designing; architecture etc. The entire data was collected in entire region of Central India taking multiple responses and direct interviews.

Primary Data-The above data was collected by recording responses to the questions, which were designed to address their recruitment strategies, which were posed in the form of a questionnaire. There were 28 questions based on parameters like recruitment process, qualification, age, rate of attrition, financial condition etc.

Target population and Sample size -The target population consists of Small Scale Enterprises from different sectors. As the project duration was stipulated for shorter span of time therefore a sample size of (N=30) entrepreneurs has been taken for study.

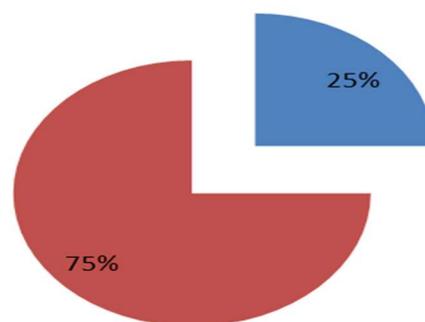
Data Analysis

Table 1: Sources of Recruitment for SMEs

Sources of Recruitment	Frequency	Percentage
Local contacts	09	30%
Employment exchange	03	10%
Word of Mouth	12	40%
Internal References	03	10%
Other sources	03	10%
Total	30	100 %

Results and Findings

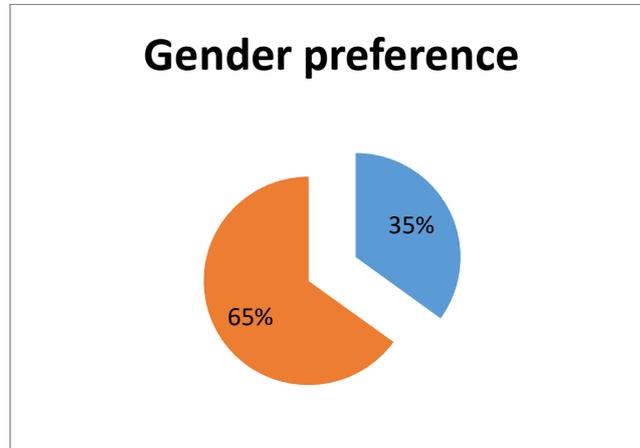
Fig 1.Nepotism



Contrary to public perception that SSE must be providing jobs to their near and dear ones, interestingly it was observed that 75% of the entrepreneurs are not in favour of giving jobs to

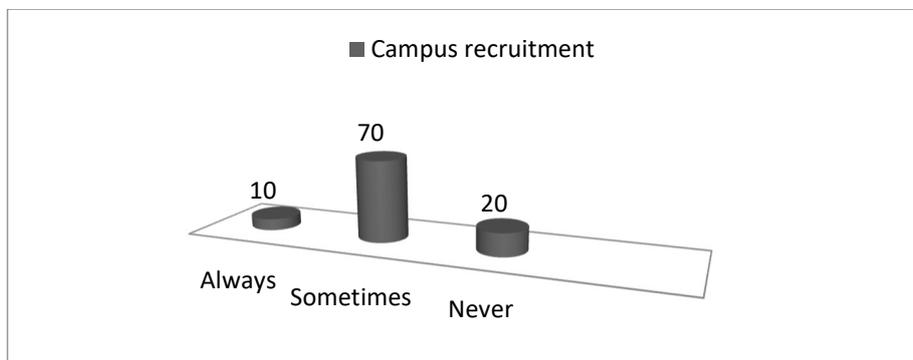
their relatives but prefer to recruit relevant human capital while 25% admitted to giving preference to their relatives whenever they recruit new employees.

Fig 2. Gender preference



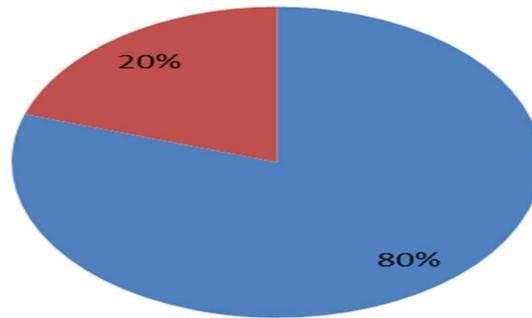
With reference to gender preference while hiring employees for their enterprises, from the above graph it is clearly observed that 65% of entrepreneurs do not have any specific gender preference whereas 35% entrepreneurs preferred a specific gender based on the job profile and the prerequisite necessity for the completion of the job.

Fig 3. Campus Recruitment



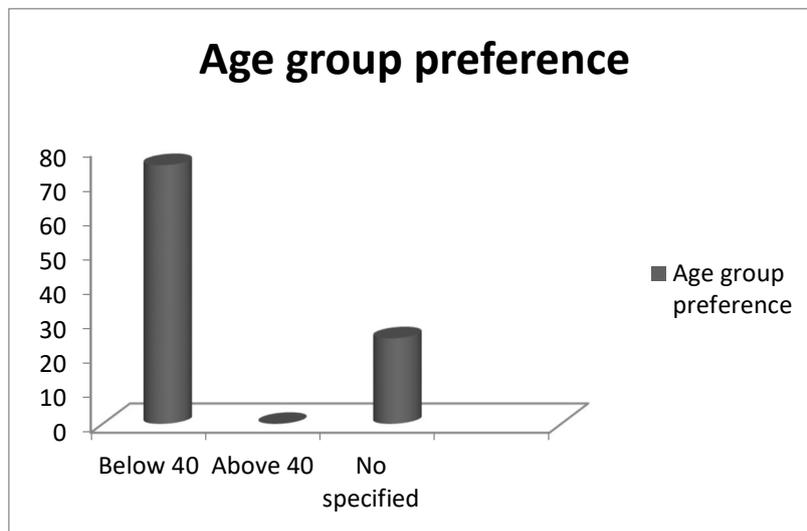
According to the bar graph above, 10% of the entrepreneurs do not place any importance on the educational qualifications and/or competency of the candidates while recruiting new employees whereas 70 % of the entrepreneurs place importance on the educational competency of the candidates as per the requirements of the particular job. 20 % of the entrepreneurs always place importance on the educational qualifications and competency of the candidates.

Fig.4. Training for employees



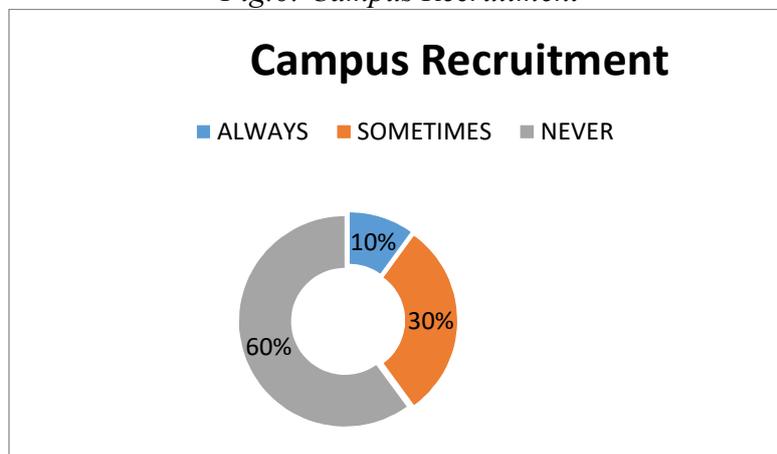
The above pie chart explains that 80% of the entrepreneurs provide or promote their employees to attend and participate in In-service training programs, seminars and workshops related to their particular job profile while 20% of the entrepreneurs do not provide in-service training, seminars, workshops and other programs helpful for professional development to their employees.

Fig.5: Age group preference



As per the popular belief, a large percentage (75%) of the entrepreneurs prefer to hire employees of ages 40 and below as they prefer faster work and can work anywhere with updated knowledge, while absolutely none of the entrepreneurs prefer to hire employees aged over 40 years. The rest of the entrepreneurs (25%) have no particular age preference while recruiting new employees.

Fig.6: Campus Recruitment



- From the graph it is unequivocally clear that 60% of the entrepreneurs never go for campus recruitment, 30% of the entrepreneurs seldom go for fresh recruitment drives at educational institutions whereas only 10% of the entrepreneurs opined that they always prefer campus recruitment.

Discussion

The sample size of this study was 30 Entrepreneurs, from Nagpur region and was presented with a questionnaire to be answered regarding recruitment strategy of their respective enterprises. The following insights were gained from various parameters which were addressed in the questionnaire and interviews taken. From the data analysis it was seen that maximum number of employees hire high number of skilled labour of younger age group i.e. below 40 years due to their updated talent and enthusiasm to work in different sectors. SSE also preferred temporary recruitment as per their seasonal demands for stipulated period of time, generally during a specific calendar event. The most popular sources of employment are local contacts and word of mouth as they are cost effective and consume less time. Also the interpretation shows that maximum entrepreneurs prefer informal atmosphere for recruitment process as it is convenient for the prospective employees and hence there is no need to follow any standardized procedure.

Conclusion

Based on the analysis below mentioned conclusions are put forth:

Majority of the SSE's are still preferred using local contacts and word of mouth as a source of recruitment which is limited in scope. Their outreach can be increased by using Internet i.e. through Video conferencing, Skype etc as a recruitment channel. Also contrary to the belief, nepotism wasn't followed in most SSE's which shows that recruitment is competitive and fair in nature. Skill Development Training is given due importance for new recruiters by the SSE's which is a good sign to enhance their knowledge for overall Sectors. They also preferred to hire maximum young talent generation which helps the employees to reach their potential and also help for experience basis. Based on compressive research, this paper outlined various parameters involved in the recruitment strategies used by SSE's.

Limitations of Study

Further to some extent there are some limitations which are as follows:

1. The size of selected SME that participated in the study is low. For this reason, a close attention must be given before generalizing the data of this study.
2. The target region was of limited area where study was undertaken and carried out.
3. The data was gathered in a limited span of period.

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Appendix

- Q1. What is the proportion of unskilled to skilled labor/employees in your Employment?
A) Very High B) High C) Equal D) Low E) Very Low
- Q2. What is the age group that you prefer to employ?
A) 18-30 B) 30-40 C) 40-50 D) Above 50 E) No particular preference
- Q3. Do you prefer to employ any specific gender in your enterprise?
A) Yes B) No C) No particular preference
- Q4. What minimum qualifications do you look in a candidate?
A) 10th pass B) 12th pass C) Graduate D) Technical Graduate E) Others
- Q5. Does education play important role in your employment strategy?
A) Always B) Sometimes C) Never
- Q6. What are the sources of recruitment for your organization?
A) Local contacts B) Employment exchange C) Word of mouth
D) Internal sources E) other sources
- Q7. Do you prefer to hire talent from your own locality?
A) Yes B) No C) No particular preference
- Q8. Do you prefer to hire talent from your own family?
A) Yes B) No C) No particular preference
- Q9. Do you compromise on the skill level of your employees to maintain your budget?
A) Always B) Sometimes C) Never
- Q10. What kind of atmosphere is there to conduct recruitment interviews in an organization?
A) Professional B) Personal C) Others D) None
- Q11. Do you provide training/internship to fresh recruits to make them more Efficient in their role in your organization?
A) Always B) Sometimes C) Never
- Q12. Do you encourage your employees to attend seminars/workshops to enhance their skills?
A) Always B) Sometimes C) Never
- Q13. What is the rate of attrition in your organization?
A) High B) Low C) None
- Q14. Do you prefer recruitment from cold calls?
A) Yes B) No C) No particular preference
- Q15. Do you go for campus recruitment?
A) Always B) Sometimes C) Never

- Q16. What kind of colleges do you go to for campus recruitment?
A) Local community colleges B) Private institutions
C) Government institutions D) None
- Q17. How do you advertise about the vacancies in your organization?
A) Pamphlets B) Newspaper Advertisements C) Word of mouth
D) Others E) None
- Q18. Do you follow a standardized procedure (Written test, interview etc) for recruitment in your enterprise?
A) Yes B) No
- Q19. Do you perform background checks on candidates before hiring them?
A) Always B) Sometimes C) Never
- Q20. Is the financial condition of the candidate important to your recruitment strategy?
A) Always B) Sometimes C) Never
- Q21. When do you provide a candidate with their complete job profile?
A) Before Hiring B) After Hiring
- Q22. Do you place importance on a good recommendation from other sources before hiring candidates?
A) Always B) Sometimes C) Never
- Q23. How do you contact a selected candidate?
A) Phone call B) Email C) Personally D) Others
- Q24. How do you contact an unselected candidate?
A) Phone call B) Email C) Personally D) Others E) None
- Q25. Do you prefer candidates with prior experience?
A) Always B) Sometimes C) Never
- Q26. Do you prefer to hire fresh recruits?
A) Always B) Sometimes C) Never
- Q27. Do you provide part-time jobs?
A) Yes B) No
- Q28. How often do you recruit new candidates?
A) Regularly B) Seasonally C) According to requirement