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RECRUITMENT IN SMALL AND MEDIUM SIZED ENTERPRISES

GRADUATION PROJECT

MAN 400

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ABSTRACT

Small firms have traditionally been neglected in the academic literature, especially the literature relating to human resources management (HRM). Generally speaking smaller firms are less likely to use formal HRM procedures than larger firms; however, HRM does matter to smaller firms as well as larger ones.

This study investigates the use of recruitment methods in SMEs in North Cyprus. A total of 74 SMEs took part in the study. Results indicate that the smaller the organization the more likely that recruitment methods used are informal, such as word of mouth. However, as the organization size gets bigger there is a tendency to use more formal methods, such as advertising. Also, in the recruitment of managers informal were preferred, however in the recruitment of clerical and manual workers more formal methods were used.

Key words: Recruitment, small and medium sized enterprises, human resource management.

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CHAPTER I

INTRODUCTION

1.1 Introduction

This section attempts to set the terms in relation to statement of the problem situation, the problem statement and the objectives of this project.

1.2 The problem Situation

The study's purpose is to find out how recruitment practices in small and medium sized firms compare with the prescriptive theoretical procedures; whether these are seen by small firms and medium firms as appropriate to their needs, to understand the theory of recruitment, to understand recruitment methods in small and medium enterprises.

A consequence, a number of these firms stated that recruitment was being undertaken with greater care to ensure they found the "right" person, and this included the widespread use of informal, word-of-mouth recruitment methods, and hiring of "known quantities". In both developed and developing countries small firms comprise a significant share of employers. However, human resource management research has generally focused only on large firms (Barber, 1999), what we learn from recruitment research conducted using large firms can not be applicable to small firms. The scarcity of research on small firms limits our ability to provide human resource management advice to small firms. Furthermore, without a clear understanding of human resources management and in recruitment in small firms, we can not

provide guidance to those graduates who may prefer positions in small firms. This study investigates the recruitment methods used in small and medium sized enterprises.

1.3 The problem Statement

Lack of providing guidance to the graduates about the small firms may be due to the lack of understanding of human resources and recruitment. The purpose of this study is to investigate the recruitment methods used in small and medium size firms in Lefkoşa and compare such methods to theoretical definitions.

1.4 Objective of the Study

The objectives of proposed study the following objectives are formulated for the purpose of this study.

- To understand the theory of recruitment,
- To understand needs of recruitment,
- To understand recruitment methods in small and medium enterprises.

1.5 Conclusion

This section has stated the problem station, the problem statement and the objective set of the proposed study. The next section carries out definitions of human resources management.

CHAPTER II

HUMAN RESOURCES MANAGEMENT

2.1 Introduction

This section gives information about definition of Human Resource Management and function of Human resource Management.

2.2 Definition of Human Resource Management

Human Resource Management (HRM) is the management of people. The purpose of HRM is to improve the productive contribution of people the organization in ways that are strategically ethically and socially responsible. This purpose guides the study and practice of Human Resource Management, which is also commonly, called personnel management. This study of Human Resource Management describes the human resource related efforts of operating managers and shows how personnel professionals contribute to those efforts. (Werther and Davis 1993)

Human resource management is the utilization of individuals to achieve organizational objectives. Consequently managers at very level must concern themselves with human resource management. Basically all manager get things done through the efforts of others; this requires effective Human Resource Management. (Mondy and Noe, 2005)

Human Resource Management is based on four fundamental principles. First human resources are the most important assets and organization has there effective management is the key to its success. Second this success is most likely to be achieved. If the personnel policies and procedures of the enterprise are closely linked with make a major contribution to the achievement of corporate objectives and strategic plans. Third the corporate culture will exert a major influence on the achievement of excellence. This culture must therefore be managed which means that organizational values may need to be changed or rein forced and that continuous effort starting from the top will be required to get them accepted and acted upon. Finally Human resource management is concerned with integration getting all the members of the organization involved and working together with a sense of common purpose. (Pearson 1991)

The HRM function is a very key portion of the organization today. That message is coming across consistently in survey of CEOs. So far, the emphasis has been on doing things right. The real jump in effectiveness will come when the focus is first placed on doing the right things. (Rendero 1990)

Human resource management plays a major role in clarifying the firm's human resource problem and develops solutions to them. It is oriented toward action, the individual, worldwide interdependence, and the future. Today it would be difficult to imagine any organization achieving and sustaining effectiveness without efficient HRM programs and activities. (U.S government report 1985)

HRM is the function performed in organizations that facilitates the most affective use of people (employees) to achieve organizational and individual goals. (Ivancevich, 1998).

Terms such as personnel, human resource management, industrial relations, and employee development are used by different individuals to describe the unit, department, or group concerned about people. The term human resource management is now widely used, though many people still refer to personnel department. In order to be up-to date, the modern term human resource management will be used throughout the book. It is a term that reflects the increased concern both society and organizations have for people.

Today, employees- the human resource-demand more of their jobs and respond favorably to management activities that give them greater control of their lives.

2.3 Function of Human Resource Management

2.3.1 Human Resource Planning:

Human Resource planning is the process of comparing human resources requirement with their availability and determining whether the firm has a shortage or excess of personnel. (Mondy and Noe 2005).

2.3.2 Job Analysis

A purposeful, systematic process for collecting information on the important work-related aspects of a job. (Gatewood and Feild 1994) Job analysis involves two components (job description and job specification).

2.3.3 Recruitment and Selection

Recruitment is the process of finding and attracting capable applicants to apply for employment. (Werther and Davis 1996).

Selection is the process by which an organization chooses from a list of applicants the person or people who best meet the selection criteria for the position available, considering current environmental condition. ((Ivancevich 1998).

2.3.4 Human Resource Development

Human resource development is a major human resource function that consists not only of training and development but also of individual career planning and development and performance appraisal an activity that emphasizes training and developments needs.

2.3.5 Performance Appraisal

Performance appraisal is a formal system of review and evaluation of individual or team task performance.

2.3.6 Compensation

Compensation is the another HRM function that deals with every type of reward that individuals receive in return for performing organizational tasks.

2.3.7 Employee and Labor Relations

Practices that meet organizational objectives and employee need results in a high quality of work life. Labor relations means “labour union” that organization of workers formed to promote protects and improves through collective action. (Werther and Davis 1993)

2.3.8 Safety and Health

Safety involves protecting employees from injuries caused by work related accidents.

Health is an employee's freedom from physical or emotional illness. (Mondy and Noe 2005)

2.4 Conclusion

This section described definition of HRM and function of HRM. The next section will describe common recruitment practice.

CHAPTER III

RECRUITMENT

3.1 Introduction

This section describes definition of recruitment, alternative of recruitment, external environment and internal environment of recruitment, recruitment process, and methods and sources of recruitment.

3.2 Definition of Recruitment

Recruitment is the process of attracting individuals on a timely basis, in sufficient numbers, and with appropriate qualification and encouraging them to apply for job with organizations. (Mondy and Noe 2005).

Recruitment is the process of finding and attracting capable applicants to apply for employment (Werther and Davis 1996). In other hand, recruitment is the process of selecting the best possible employees.

Before an organization can fill a job vacancy, it must find people who not only are qualified for the position but also want the job. The recruiting process as one of the ways that an organization can deal with shortage in its human resources needs. Recruitment refers to organization activities that influence the number and types of applicants who apply for a job and whether the applicants accept jobs that are offered. (Breaugh 1992)

Recruitment can be quite expensive; organizations have not always treated it as systematically as other human resource function, such as selection. During the coming years, however, the

importance of recruitment will probably increase for many organizations, for at least two reasons. First, experts are predicting labor shortages in many occupations because workers will not possess the skills for the new technology. (Hequet 1996) Second, the downsizing and cost saving measures undertaken by many companies in recent years have left human resource budgets much smaller than before new and innovative approaches to recruiting qualified applicants will have to be found. (Ivancevich 1998)

The process involves attracting a pool of high potential people from which to select, applying a rigorous process to select the best candidate from that pool, and then inducting that person into the organization. The recruitment process should be structured to ensure that processes are consistently applied to get the best possible result. This structured approach minimizes the risk of a bad hire and sets groundwork for a successful selection and induction of a highly effective employee

3.3 Alternative to Recruitment

An organization's human resource plan may suggest that additional or replacement employees are needed. However, because of the cost and permanence of recruiting individuals, an alternative to recruitment may be used. A firm should consider its alternative carefully before engaging in recruitment. Alternatives to recruitment commonly include temporary employment, employee leasing and overtime.

3.3.1 Temporary Employment

Millions are employed in alternative work arrangements and serve as on-call employees, temporary help agency workers, and contract workers. (Muhl 2002)

One of the most noticeable effects of the downsizing epidemic of the 1980s and the labor shortage of the 1990s has been a dramatic rise in the use of temporary employees. Historically, temporary employment agencies were seen only as sources of semiskilled clerical help during peak work periods. Today, "just-in-time" employees can be found staffing all types of jobs in organizations, including professional, technical, and higher executive positions. (Sunoo 1996) Survey suggest that more than one -third of all American companies now also use professional temporary help for positions such as accounting, legal work, and human resources.(Williams 1996)

The major advantages of temporary employees include relatively low labor costs, an easily accessible source of experienced labor, and flexibility in responding to future changes in the demand for workers. (Odiorne 1990)

In addition to the need for flexibility, another factor is cost. The total cost of a permanent employee is about 30 to 40 percent above geoss pay. This figure does not include, among other things, the cost of recruitment. To avoid some of these expenses and to maintain flexibility as workloads vary, many organizations utilize part-time or temporary employees. Companies that provide temporary workers assist their clients in handling excess or special workloads. These companies assign their own employees to their customers and fulfill all the obligations normally associated with an employer. Client firms avoid the expenses of recruitment, absenteeism, turnover, and employee benefits. At least this is the idea. However, the cost of contingent staffing may be underestimated. (Lanchnit 2002)

A disadvantage of hiring temporary help is that these individuals do not know the culture or workflow of the firm. This unfamiliarity detracts from their commitment to organizational and departmental goals.(Ivancevich 1998)

3.3.2 Overtime

Perhaps the most commonly used method of meeting short-term fluctuations in work volume is overtime. Overtime may help both employer and employee. The employer benefits by avoiding recruitment delection, and training costs. The employees gain from increased income during the overtime period.

There are potential problems with overtime, however. Some managers believe that when employees work for unusually long periods, the company pays more and receives less in return. Employees may become fatigued and lack the energy to perform at a normal rate. Two additional possible problems relate to the use of prolonged overtime. Consciously or not, employees may pace themselves to ensure overtime. They may also become accustomed to the added income resulting from overtime pay. Employees may even elevate their standard of living to the level permitted by this additional income. Then, when firm tightens its belt and overtime is limited, employee morale may deteriorate along with their pay. This possibility has become reality to an increasing number of employees as many companies are reducing bonuses and overtime.(Harrington 2002)

3.3.3 Employee Leasing

Employee leasing, sometimes called “staff sourcing”, involves paying a fee to a lesing company that handles payroll, employee benefits, and routine human resource management function for the client company.(Willey 1993)

Leasing is especially attractive to small and medium sized firms that might not otherwise be able to afford a full-service human resource department. But while small businesses can expect save from 15 to 30 percent of benefit costs such as health insurance premiums by using leased employees, care must be exercised in choosing a leasing company . In recent years, at

least six leasing companies have gone bankrupt; leaving approximately 36,000 workers and hundreds of small businesses liable for millions of dollars associated with health care and other workers' compensation claims. (Resnick 1992)

3.4 External Environmental of Recruitment

3.4.1 Labor Market Conditions

Labor market is a general geographical and/ or occupational area of labor supply and demand. (Torrington and Hall ,1991)

If there is a surplus of labor at recruiting time, even informal attempts at recruiting will probably attract more than enough applicants. However, when full employment is nearly reached in an area, skillful and prolonged recruiting may be necessary to attract any applicants who fulfill the expectations of the organization. Obviously, how many applicants are available also depends on whether the economy is growing. When companies are not creating new jobs, there is often an oversupply of qualified labor. (Ivancevich 1998)

3.4.2 Government and Legal Consideration

Legal matters also play a significant role in recruitment practices in the United States. This is not surprising since the candidate and the employer first make contact during the recruitment process. One survey found that about one-fourth of all discrimination claims resulted from employer's recruitment and selection actions.(Dubrowski 1995)

Government regulations prohibiting discrimination in hiring and employment have a direct on recruiting practices. Government agencies can do review the following information about recruiting to see if an organization has violated the law:

- List of recruitment sources (such as employment agencies, civic organizations, schools) for each job category.
- Recruiting advertising.
- Estimates of the firm's employment needs for the coming year.
- Statistics on the number of applicants processed by demographic category (sex, race) and by job category or level.
- Checklists to show what evidence was used to verify the legal right to work

Although there is no guaranteed way to avoid legal entanglements associated with recruiting, following in formations provides some basic principles of sound recruiting practices.

Guidelines for Legal Recruitment

1. Post notices regarding the availability of a job.
2. Publish a list of qualifications necessary to fill the job. Distinguish between essential qualifications and desirable ones.
3. Do not rely only on word-of-mouth sources of recruits.
4. Use recruiting sources that will reach the greatest number of potential applicants in the job market.
5. Be wary of establishing qualifications that might directly or indirectly exclude members of protected groups.
6. Be sure the job qualifications are applied to every applicant in a consistent manner.(Panaro , 1990)

3.4.3 Corporate Image

The firm's corporate image is another factor that affects recruitment. If employees believe that their employer deals with them fairly, the positive word-of-mouth support they provide is great value to the firm. It assists in establishing credibility with prospective employees.(Mondy and Noe 2005)

All else being equal, it should be easier for an organization with a positive corporate image to attract and retain employees than an organization with negative image.(Gowan et al., 1993)

In the aftermath of Enron, many firms have become increasingly aware of complying effectively with the countless laws they must follow. A formal compliance program cannot only protect an organization; it can also enhance employee morale and its corporate image. (Roadmap, 2003)

3.5 Internal Environmental of Recruitment

3.5.1 Recruitment Requirements

Recruiting process necessarily begins with a detailed job description and job specification. (Lord, 1989) without these, it is impossible for recruiters to determine how well any particular applicants fit the job. It should be made clear to the recruiter which requirements are absolutely essential and which are merely desirable. This can help the organization avoid unrealistic expectations for potential employees: An employer might expect applicants who stand first in their class, are presidents of extracurricular activities, have worked their way through school, are good-looking, have 10 years' experience (at age 21), and are willing to work long hours for almost no money. Contrasting with this unrealistic approach, the effective organization examines the specifications that are absolutely necessary for the job.

Then it uses these as its beginning expectations for recruit's job analysis (job specification and job description) and human resources planning.

3.5.2 Organization Policies and Practices

In some organizations, HRM policies and practices affect recruiting and who is recruited. One of the most significant of these is promotion from within. It is the policy of filling vacancies above entry-level positions with employees presently employed by a company. This policy means that many organizations recruit from outside the organization only at the initial hiring level. Most employees favor this approach. They feel this is fair to present loyal employees and assures them of a secure future and fair chance at promotion. Some employers also feel this practice helps protect trade secrets. The techniques are used for internal recruiting.

Company policies related to the employment of relatives may also affect a firm's recruitments efforts. The content of such policies varies greatly, but it is common firms to have anti-nepotism policies that discourage the employment of close relatives, especially when related employees would work in the same department, under the same supervisor, or in supervisor-subordinate roles. Still, when the labor market is tight, a firm may decide that it makes more sense to keep relatives on board than to lose them to competitor. (Bertagnoli, 2001)

3.6 Recruitment Process

Recruitment is the process of finding and attracting capable applicants to apply for employment (Werther and Davis, 1996)

Effective staffing decisions begin with Human Resource Planning and it continues with job analysis.

Human resources planning is systematically forecast and organization's future supply of and demand for employees (Werther and Davis, 1996). Human resource planning has two components: requirements and availability. Forecasting human resource requirements involves determining the number of types of employees needed, by skill level and location. These projections will reflect various factors, such as production plans and changes in productivity. In order to forecast availability, the human resources manager look to both internal sources (presently employed employees) and external sources(labor market). The firm can determine whether it will have a surplus or shortage of employees. Ways must be found to reduce the number of employees if a surplus projected. Some of these method include restricted hiring, reduced hours early retirements and layoffs. If a worker shortage is forecast the firm must obtain the proper quantity and quality of workers from outside the organization. In this case, external recruitment and selection are required.

Job analysis the systematic process of determining the skills, duties and knowledge required for performing specific jobs in an organization. Job analysis involves two components (job description and job specification). Job description is a document that provides information regarding the task, duties and responsibilities of a job. A job description is about the job. Job specification is a document that outlines the minimum acceptable qualifications a person should passes to perform a particular job. It is about the characteristic needed to perform the job (Mondy and Noe, 2005). All area of staffing would be haphazard if the recruiter did know the qualifications needed to perform the various jobs. Locking up-to-date job descriptions and specifications, a firm would have to recruit and select employees for jobs without clear guidelines.

Once an organization has decided it needs additional or replacement employees, it is faced with the decision of to generate the necessary applications. The organization can look to sources internal to the company and, if necessary, to sources external to the company. Most organizations have to use both internal and external sources to generate a sufficient number of applicants. Whenever there is an inadequate supply of labor and skill inside the organization, it must effectively “get its message across” to external candidates. It is here that the organization’s choice of a particular method of recruitment can make all the difference in the success of the recruiting efforts.

Recruitment sources are where qualified individuals are located, such as colleges or competitors. Recruitment methods are specific means used to attract potential employees to the firm, such as newspaper. (Mondy and Noe 2005)

3.7 Methods of Recruitment

Once an organization has decided it needs additional or replacement employees, it is faced with the decision of how to generate the necessary applications. The organization can look to sources internal to the company and, if necessary, to sources external to the company. Most organizations have to use both internal and external sources to generate a sufficient number of applicants. Whenever there is an inadequate supply of labor and skills inside the organization, it must effectively “get its message across” to external candidates. It is here that the organization’s choice of a particular method of recruitment can make all the difference in the success of the recruiting efforts. (Ivancevich 1998)

3.7.1 Internal Recruitments Method

Management should be able to identify current employees who are capable of filling position as they become available. Helpful tools used for internal recruitment job posting, job bidding,

3.7.1.1 Job Posting and Job Bidding

Job posting is a procedure for informing employees that job opening exist. Job bidding is a procedure that permits employees who believe that they possess the required qualifications to apply for a posted job. Organization can make effective use of skills inventories for identifying internal applicants for job vacancies. It is difficult, however, for HR managers to be aware of all current employees who might be interested in the vacancy. to help with this problem, they use an approach called job posting and bidding.

In the past, job posting was little more than the use of bulletin boards and company publications for advertising job openings. Today, however, job posting has become one of the more innovative recruiting techniques being used by organizations. Many companies now see job posting as an integrated component of an effective career management system.

(Ivancevich 1998)

3.7.2 External Recruitment Methods

3.7.2.1 Advertising

Advertising communicates the firm's employment needs to the public through media such as newspaper, radio, television, and industry publications. The internet is the newest and fastest growing external recruitment method. Regardless of the advertising method utilized, determining the content of an advertising message, a firm must decide on the corporate image

it wants to project. Obviously, the firm should give prospective employees an accurate picture of the job and the organization. (Mondy and Noe, 2005)

The firm's previous experience with various media should suggest the most effective approach for specific types of jobs. A common form of advertising that provides broad coverage at a relatively low cost is the newspaper advertising. Such ads tend to generate a vast number of candidates, most of whom are not qualified, and these inquiries are costly to process. This situation increases the likelihood of poor selection decisions. At the same time, the firm should attempt to appeal to the self-interest of prospective employees, emphasizing the job's unique qualities. The advertising must tell potential employees why they should be interested in that particular job and organization. The message should also indicate how an applicant is to respond: apply in person, apply by telephone, or submit a resume by fax or e-mail. (Garcia, Meador and Kleiner, 2003)

Qualified prospects who read job advertising in newspaper may not be so dissatisfied with their present jobs that they will pursue opportunities advertised. Therefore, in high-demand situations, a firm needs to consider all available media resources. Such resources include radio, billboards, and television. But these methods are likely to be more expensive than newspaper. (Mondy and Noe, 2005)

3.7.2.2 Employment Agencies

These are some of the most widely available and used outside sources. However, there is great variability in size and quality across agencies. To achieve best results from this channel, cultivate a small number of firms, and thoroughly describe the characteristics (e.g., education, training, and experience) of candidates needed the fee structure, and method of resolving disputes. (Farish, 1989)

Agency fees generally vary from 10 percent of starting salary for clerical and support staff, to 20 to 30 percent of starting salary for professional, exempt-level hires. Unlike executive search firms, however, employment agencies receive payment only if one of their referrals results in a hire. In addition, most agencies offer prorated funds if a candidate proves unacceptable. For example, an agency might return 90 percent of its fee if a candidate leaves within 30 days, 60 percent if the new hire lasts between 30 and 60 days, and 30 percent if the new hire leaves after 60 to 90 days on the job. (Lord, 1989)

3.7.2.3 Executive Search Firms

Executive search firms are organizations used by some firms to locate experienced professionals and executives when other sources prove inadequate. At one time, there was a bias against executive search firms because they were thought to be raiders. However, in time it became apparent that bringing in outside talent was often healthy and a means to add new capabilities for the firm (Williamson, 2002). The key benefit of executive search firms is the targeting of ideal candidates. In addition, search firm can find those not actively looking for a job. (Mothersole, 2002)

3.7.2.4 Internships

An internship is a special form of recruitment that involves placing a student in a temporary job with no obligation either by the company to hire the student permanently or by the student to accept a permanent position with the firm following graduation. More companies are now using internships as a recruiting technique and many are recruiting students through internships in their sophomore and junior years. However, employers are becoming selective. Most of the students hired these days are high achievers. They have good grades, plus professional experience from summer jobs and internships. (Fickenscher, 2002)

An internship typically involves a temporary job for the summer months or a part time job during the school year. It may also take the form of working full-time one semester and going to school full-time the next. (Mondy and Noe, 2005)

3.8 External Recruitment Sources

3.8.1 High School and Vocational Schools

Organizations concerned with recruiting clerical and other entry-level operative employees often depend on high schools and vocational schools. Many of these institutions have training programs for specific occupational skills, such as home appliance repair and small engine mechanics. Some companies work with schools to ensure a constant supply of trained individuals with specific job skills. In some areas, companies even loan employees to schools to assist in the training programs. (Mondy and Noe, 2005)

3.8.2 Colleges and Universities

Colleges and universities also represent a major recruitment source for many organizations. Organizations typically find potential professional, technical, and management employees in these institutions. Placement directors, faculty, and administrators can be helpful to organizations in their search for recruits.

Because on-campus recruitment is mutually beneficial, both employers and universities should take steps to develop and maintain close relationships. When a company establishes recruitment programs with educational institutions, it should continue those programs year after year to maintain an effective relationship with each school. It is important that the firm knows the school and that the school knows the firm. (Grabczynski, 2000)

3.8.3 Competitors

When recent experience is required, competitors and other firms in the same industry or geographic area may be most important source of recruits. In the fact, the most highly qualified applicants often come directly from competitors in the same labor market, as people typically do not enter the workforce loaded with experience and job skills. There is one caveat, however. Employers should check to see if such applicants are bound by no compete or nondisclosure agreements. While these agreements may not be 100 percent ironclad, there is no point in taking a chance. (Leonard, 2002)

If a firm promises a firm promises the opportunity to do something meaningful, that promise will be a powerful magnet for many individuals looking for employment. (Kleiner, 2001)

Smaller firms in particular look for employees trained by larger organizations that have greater developmental resources.

3.8.4 The Unemployed

The unemployed often provide a valuable source of recruits. Qualified applicants join the unemployment rolls every day for various reasons. Companies' ma downsizes their operations, go out of business, or merge with other firms, leaving qualified workers without jobs. Employees re also fired sometimes merely because of personality differences with their bosses. Not infrequently, employees become frustrated with their jobs and simply quit. (Mondy and Noe , 2005)

3.9 Conclusion

This section has described definition of recruitment, alternative of recruitment, external environment and internal environment of recruitment, recruitment process, and methods and sources of recruitment.

CHAPTER IV

A BRIEF LITERATURE REVIEW: HUMAN RESOURCE MANAGEMENT AND RECRUITMENT IN SMALL AND MEDIUM ENTERPRISES

4.1 Introduction

This section is a brief review of the literature on human resource management and recruitment in small and medium enterprises with aim to identify and define the correlations of the variables involved.

4.2 Human Resource Management and SMEs

The role of Human Resource Management (HRM) and ongoing professional development in companies of all sizes, and its potential to contribute to commercial success, is a hotly debated subject. Yet research into HRM is generally thought of as a large company preoccupation and tends to bypass the SME sector.

The definition of small, medium and large firms used in this report is that used by the EU:

- Micro small 0-9 employees
- Small 10-49 employees
- Medium 50-249 employees
- Large 250 + employees

Small firms have traditionally been neglected in the academic literature. This is certainly the case in the literature relating to HRM (Bacon et al., 1996) and although SMEs may be included in the HRM survey sample, they are rarely analysed specifically as such. A number of themes emerge in the assessment of HRM in SMEs. For example, it is generally accepted that the larger the company, the more likely it is to provide training to its staff. There is also evidence that SMEs employing less than 100 people spend less on training than larger firms. On the other hand SMEs declare an enthusiasm for training, yet are less likely than other sized firms actually to engage in it (Creagh, Barrow, and Marrow, 2002). Cordon (2003) suggests that small firms are likely to have more problems in recruiting employees, because they lack the resources and legitimacy. Likewise, without applicants having knowledge of a firm, its practices or its members, small firms find it harder to establish their legitimacy as a prospective employer. (Williamson, 2000)

Until recently HRM has been as inappropriate for smaller firms and so little research on the practices within the small firm sector have been documented. According to Hughes (1989), small firms are more likely than large ones to take on young people and people without qualifications. This factor is becoming more relevant today and therefore makes the study of small firm employment features and HRM practices in particular a necessity if SMEs are to maximize their competitive edge using HRM.

Firm size positively related to the adoption of many HRM practices (Compeer et al., 2005). Generally speaking, smaller firms are less likely to use formal HRM practices than larger firms are (de Kok et al., 2003). Nevertheless, it seems intuitively likely that HRM will matter in small firms, even though the exact HRM practices that larger and smaller firms benefit from may differ.

Several studies amongst smaller firms suggest that HRM is indeed relevant in the small firm context. De Kok (2001) examined the impact of training on production and concluded that the impact of training can be moderated by the amount of training support per employee and by firm size. Smaller firms tend to provide less training support per employee than larger firms, which reduces the impact of training on gross output and value added. For smaller firms this positive effect may not be enough to outweigh the costs of training. Cardon (2003) suggested that small and/or new firms are likely to have more problems in recruiting employees because they lack both the resources and the legitimacy. Likewise Williamson (2000) conclude that without applicants having knowledge of a firm, its practices or its members, small firms find it harder to establish their legitimacy as a prospective employer.

4.3 Recruitment Process

Recruitment is the process of attracting individuals on a timely basis, in sufficient numbers, and with appropriate qualification and encouraging them to apply for job with organizations. (Mondy and Noe, 2005)

Recruitment is the process of finding and attracting capable applicants to apply for employment (Werther and Davis, 1996).

Texts on recruitment invariably recommend a systematic procedure comprising four stages: an assessment of whether the vacancy needs to be filled, a job analysis, the production of a job description and a person specification. Torrington *et al.* (1991) suggest that in a small organisation it may be sufficient for one person to consider "the job's important aspects and the requirements of the jobholder" in place of the detailed job analysis/job description/person specification procedure usually recommended. Consideration is then given to whether the

vacancy can be filled internally. If the vacancy is to be filled externally, the methods by which suitable candidates are to be attracted, how they should apply, and what selection techniques are to be adopted should then be decided. Human resource planning and job analysis have effect on recruitment process.(Sabuncuoğlu, 2000) Human resource planning and job analysis are needed for recruitment (Werther and Davis, 1996).

The prescriptive literature usually makes the distinction between formal recruitment methods – including press advertisements, Jobcentres and other agencies – and more informal methods, such as recommendations from existing staff. Word-of-mouth methods are recognised as having some distinct advantages. As well as the obvious advantages of speed and cost, not only is the new recruit a “known quantity”, he or she is likely to have been given more prior knowledge about the firm and the job, and what to expect from it (Watson, 1989). Furthermore, existing employees who have recommended people tend to “socialise” the new recruit because it is in their interests to make sure that the new employee fits in. Word-of-mouth recruitment is, therefore, sometimes recommended to employers as a way of reducing staff turnover. (Bonn and Forbringer, 1992) report that in the hospitality industry in the USA, which is notorious for high rates of staff turnover, several large companies actively encourage “referrals” by existing employees, through the use of financial incentives and prizes for successful recommendations. However, informal methods have two main disadvantages: they may leave a pool of suitable recruits untapped, and may leave the firm open to accusations of indirect discrimination against disadvantaged groups.

Some empirical studies have found that informal recruitment methods produce workers who stay with the organisation longer than those recruited by other methods (Taylor, 1994; Breugh, 1981). Researchers have also investigated the relationship between recruitment methods and the job performance of recruits. Taylor and Schmidt (1983) found that employees who were recruited through informal methods received higher appraisals from their supervisors than those who were recruited through other methods.

Despite the wealth of literature available on good recruitment practice, Kilibarda and Fonda (1997) found little evidence that the textbook advice is being followed, even by large employers. If this is the case in large organisations, what is the situation in small firms?

Within the existing literature on employment in small firms there has been disagreement as to the type and quality of employment opportunities offered. While the "small is beautiful" approach maintains that smaller firms offer a less formal, more personal, close working environment, Rainnie (1989) has questioned whether interpersonal relationships are better in smaller firms. (Ritchie, 1993) paints a particularly bleak picture, arguing that many small firms seem more like "personal fiefdoms, paternalistic homesteads, backstreet workshops, temporary employment stopgaps, oppressive sweatshops and generally less desirable workplaces". On the evidence of research both in the USA and the UK, (Atkinson and Storey, 1994) conclude that the quality of employment in small firms is, in fact, lower than in large ones:

Wages are lower, training is less frequent, and the evidence for a compensating higher level of job satisfaction is weak. Furthermore, in view of the financial weakness of many small businesses ... and their relatively low levels of unionisation, effective job security for workers is likely to be lower than for workers in large firms.

In addition, researchers such as Lane (1994) and Hendry *et al.* (1995) point out that small firms are less able to sustain internal labour markets. As a consequence, they may struggle to retain key staff and are more vulnerable to changes in the external labour market. Other commentators (Ritchie, 1993; Atkinson and Storey, 1994; Thatcher, 1996) suggest that these factors have serious recruitment implications for small firms, since they are therefore unlikely to be able to attract as high a calibre of employee as large firms.

Atkinson and Meager (1994) argue that it is only when businesses cease to become small that recruitment problems can be resolved. They also point out that for the small business, the engagement with the external labour market is different from that of a large one. It is likely to be less frequent, "less predictable and less capable of systemisation". Moreover, a single event of recruitment is likely to have more effect because of the smaller size of the business. Indeed, as (Atkinson and Meager, 1994) note, "the smaller a business is, the more critical is its engagement with the external labour market likely to be, and recruitment is likely to be the most critical aspect of it".

Evidence suggests that small firms do, in fact, find it hard to attract the calibre of staff they need. According to Atkinson and Storey (1994) small firms report labour market problems more frequently than any other, including financial problems. The most frequent complaint was with the quality of labour available, including a lack of basic literacy skills, particularly among young people. Scott *et al.* (1989) also found evidence of dissatisfaction with the quality of labour available for small firms. It is perhaps not surprising that this dissatisfaction was greater in the high-technology sectors since these are more likely to experience a genuine skills gap.

In the literature on small firms frequent reference is made to the widespread use of informal, word-of-mouth recruitment methods. However, Scott *et al.* (1989) found sectoral variations in small firms' approach to recruiting staff. While in traditional manufacturing and service sectors there was a preference for informal methods, there was a much more widespread use of formal methods in the high-technology sectors. Atkinson and Meager (1994) found that the use of word-of-mouth recruitment methods varied according to the type of employee being recruited; while it was the most popular method for recruiting managers, more formal methods tended to be adopted for recruiting clerical, manual workers and technical employees. They also found evidence of a correlation between business size and the adoption of formal recruitment procedures: "For the very smallest businesses the availability of a known individual is virtually a precondition for recruitment". However, once a business reaches a certain size it is suggested that more formal procedures might need to be adopted in order to cope with the greater number of recruitment events. Even so, there was evidence that these slightly larger firms still continue – and prefer – to use informal methods where possible, raising the question of whether managers who run small businesses ever believe that formal methods are appropriate for their needs.

Two explanations are offered of why some recruitment methods outperform others (Griffeth *et al.*, 1997). The "individual difference" hypothesis (Schwab, 1982; Taylor and Schmidt, 1983) postulates that specific recruitment methods reach different applicant populations and that recruits from different sources differ in personality, ability, motivation, or some other personal attributes that may impact job performance and attitudes (Griffeth *et al.*, 1997). Informal recruitment methods would draw recruits from acquaintances of present employees, while formal methods would attract recruits from different populations of potential employees. These different populations are thought to differ in terms of their abilities.

However, the variance in job performance may not be real, but perceived, due to rater errors in performance appraisal.

The “realistic information” hypothesis (Wanous, 1980) states that certain recruitment methods, such as employee referrals, act as realistic job previews and thus provide potential applicants with accurate and detailed information about the organisation and the job. In this way, applicants can make more informed choices between accepting and declining positions and will join the workforce with more realistic expectations (Watson, 1989).

Informal methods, like employee referrals, may also be more effective in smaller organisations because the current employees may be more willing to help to socialise with, support and provide mentoring to new employees who they have themselves helped to recruit (Tanova, 1999). Bonn and Forbringer (1992) give examples of the use of informal methods in the hospitality industry where some organisations offer bonuses to employees who introduce successful new recruits.

However, there are some problems associated with the use of informal recruitment methods. By only using referrals or contacts, only a small pool of potential employees will be created and some very suitable candidates will never be reached. While this may be acceptable for positions requiring little skill it may not be sufficient for positions that require special qualifications. External sources are more likely to provide a rich source of fresh talent and ideas to the organisation (Deshpande and Golhar, 1994). Another problem associated with relying solely on informal recruitment methods is that people from some disadvantaged groups in society may not be given a fair chance. Recruitment through informal networks may

reinforce existing race, gender or disability imbalances within the workforce (Carroll *et al.*, 1999).

4.4 Recruitment in Small and Medium Sized Enterprises

In the literature, recruitment methods such as newspaper advertising and the use of employment agencies are regarded as formal recruitment methods, while word-of-mouth and referrals are regarded as informal recruitment methods (Taylor, 1994). Generally, informal recruitment methods are associated with smaller organisations (Barber *et al.*, 1999; Carroll *et al.*, 1999; Deshpande and Golhar, 1994). Saari *et al.* (1988) have shown that larger organisations are more likely to use formal recruitment methods. Stewart and Knowles (2000) have shown a positive relationship between the size of an organisation and the likelihood of recruiting graduates. However, Scott *et al.* (1989) have shown that recruitment methods also vary according to the industry. In the services and traditional manufacturing sectors, informal methods are preferred, but in the high technology sector formal methods are used widely. Atkinson and Meager (1994) state that recruitment methods differ with the type of position that needs to be filled. Informal methods are used when managers are recruited, while formal methods are used to recruit technical, manual employees or clerical employees.

Barber *et al.* (1999) argue that recruitment in large organisations has to be more formalised in two ways. First, based on the efficiency imperative, organisations that have repeated transactions will internalise these transactions in order to make them less costly (Williamson, 1975). Second, larger organisations will need to develop formal procedures in order to attract and evaluate sufficient applications for the large number of positions that need to be filled. For large organisations that need to recruit often, and for many positions, this is economically

prudent, since the cost per applicant of developing the procedures will decrease as the number of hiring decisions increases.

Holliday's (1995) in-depth case study research in three small firms also found recruitment by word-of-mouth to be the most common method. Often an initial approach would be made when it was known that a suitable employee had been made redundant by a competitor. The firms preferred to recruit people who were already trained and experienced, and the collapse of another similar local firm would be "viewed with relish" as a provider of a ready-made pool of experienced potential recruits. (Holliday, 1995) Family members of existing employees were also recruited frequently, which (Holliday, 1995) believes is "inextricably linked with the most important quality which an individual can bring to the job, which is to be able to 'fit in' with the existing workforce and company culture". The notion of "fitting in" is a recurring theme in the literature on recruitment in small firms. Curran and Stanworth (1979), Scott *et al.* (1989) and Kitching (1994) all suggest that the employer's judgement of a potential recruit as a person is seen as the most important aspect of selection.

Each of the case study firms in Holliday's research had a mix of "core" and "transient" workers, in contrast to Atkinson's (1984) "core/periphery" model of the flexible firm, which sees the core workers as specialists, or multi-skilled, while the periphery consists of semi- and unskilled workers. Holliday's "core/transient" model makes the distinction between those employees who can "fit in" either socially, or with the "idiosyncratic working methods" adopted by small companies and consequently stay with the firm, and those who cannot, and leave shortly after appointment (1995).

However, contrary to the more usual view of small firms being unable to provide opportunities for career progression, she found that internal promotion was common in the

1

case study firms, not only because of cost, but for two further reasons. First, job descriptions were vague, the jobs themselves changed and developed over time, tasks were added and, to some extent, employees “created their own jobs” (Holliday, 1995). It would, therefore, be difficult for an “outsider” to understand the range of tasks that an individual would undertake. Second, an internal promotee is already “encultured” into the organisation.

Despite the widespread use of word-of-mouth recruitment methods, research indicates that small firms may well be unaware of the possibility of indirect discrimination. Scott *et al.* report that the Sex Discrimination Act was of no concern for any of their case study firms and there was “almost total ignorance ... since no firm reported having ever come into contact with it” (1989). In one survey conducted by Lane (1994) in small and medium sized enterprises, 67 per cent of respondents said that equal opportunities issues arose either rarely or never in their own companies.

The majority of firms surveyed by Scott *et al.* (1989) did not think their recruitment system was adequate, and half believed it was a major problem. Those using formal methods were less satisfied with recruitment procedures than those using informal methods. The authors suggest that the dissatisfaction stemmed from an unrealistic expectation of the calibre of recruits available in the local labour market, rather than with their own procedures.

Economic imperatives, however, are not the only factors to be considered. Institutional theory (DiMaggio and Powell, 1983) suggests that firms adopt certain practices in response to pressures from their internal or external environments. These may be “coercive” pressures, such as laws regulating certain employment practices in organisations; “mimetic” pressures, such as the influence of practices perceived to be effective in competitors; or “normative” pressures such as shared professional values among HRM professionals. Compared to small firms, larger firms are more prone to institutional isomorphism. They will feel stronger

coercive pressures, since extra legal requirements are often placed on organisations employing more than a certain number of people. They will have more mimetic pressures, since managers in such organisations are likely to be held more accountable for the decisions they make and tend, therefore, to employ tried and tested methods used by others in the market. Finally, larger organisations will have more normative pressures, since they employ more HRM professionals who will try to bring their professional values to the firm.

4.5 Recruitment Problem in Small Firms Face

Small businesses have reported, in many polls and surveys, that finding competent workers is one of their most important problems (Inc., 1997; Deshpande and Golhar, 1994; Atkinson and Storey, 1994; McEvoy, 1984). Ritchie *et al.* (1993) state that small businesses are usually not the employer of choice for job seekers. The difficulties faced by small businesses may be due to a negative image that small businesses have as employers (Moy and Lee, 2002). To compound the problem, small businesses cannot have a large internal labour market and when they lose employees they need to replace them from the external market. In an attempt to alleviate this problem some governments have devised programmes to encourage the recruitment of graduates by small businesses.

4.6 Conclusion

This section has described brief review of the literature on human resource management and recruitment in small and medium enterprises with aim to identify and define the correlations of the variables involved.

CHAPTER V

THEORITICAL FRAMEWORK

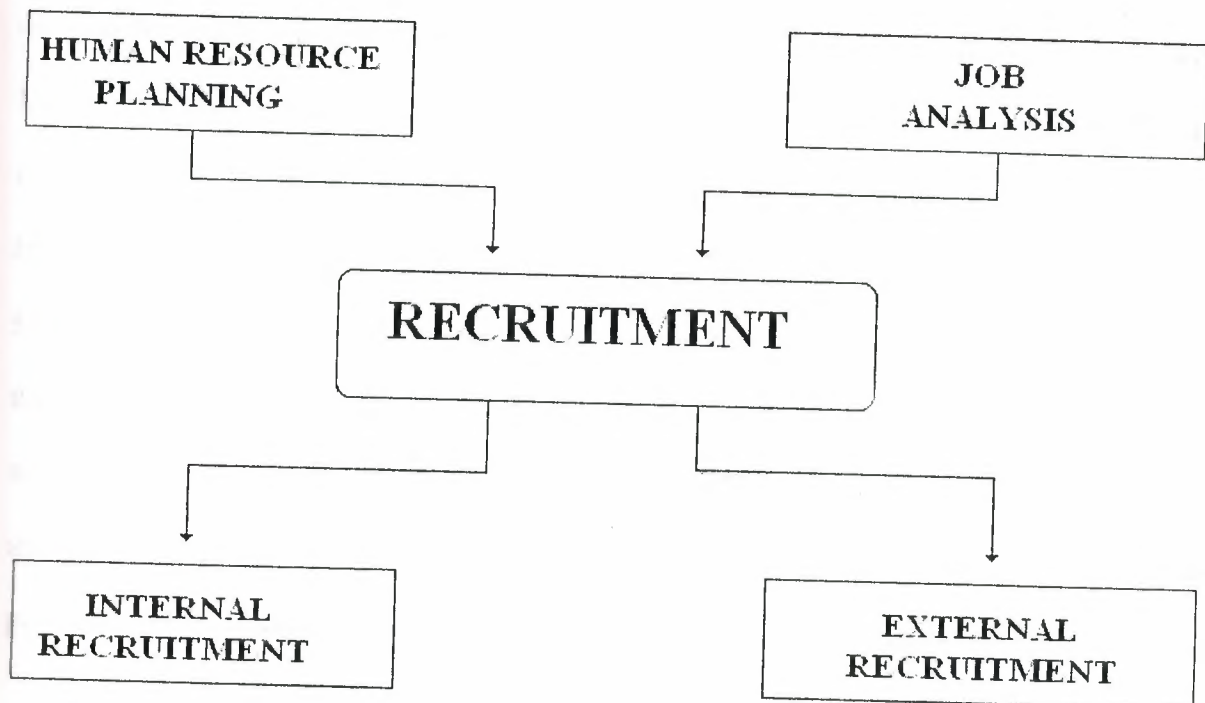
5.1 Introduction

This section illustrates and explains the theoretical framework derived from the brief literature review carried out section II of this project.

5.2 Theoretical Framework:

This figure presents a flow chart that represents the theory of recruitment. The study will investigate the application of this theory for small and medium sized enterprises.

Figure 5.1 A Model of Recruitment



Recruitment is the process of finding and attracting capable applicants to apply for employment (Werther and Davis, 1996). There are two things needed which are human resource planning and job analysis.

Job analysis is the systematic process of determining the skills, duties and knowledge required for performing specific jobs in an organization. Job analysis involves two components (job description and job specification). Job description is a document that provides information regarding the task, duties and responsibilities of a job. A job description is about the job. Job specification is a document that outlines the minimum acceptable qualifications a person should pass to perform a particular job. It is about the characteristics needed to perform the job (Mondy and Noe, 2005). All areas of staffing would be haphazard if the recruiter did not know the qualifications needed to perform the various jobs. Lacking up-to-date job descriptions and specifications, a firm would have to recruit and select employees for jobs without clear guidelines.

Human resources planning is systematically forecasting and organization's future supply of and demand for employees (Werther and Davis, 1996). Effective staffing decisions begin with Human Resource Planning. Human resource planning has two components: requirements and availability. Forecasting human resource requirements involves determining the number of types of employees needed, by skill level and location. These projections will reflect various factors, such as production plans and changes in productivity. In order to forecast availability, the human resources manager looks to both internal sources (presently employed employees) and external sources (labor market). The firm can determine whether it will have a surplus or shortage of employees. Ways must be found to reduce the number of employees if a surplus is projected. Some of these methods include restricted hiring, reduced hours, early retirements and

layoffs. If a worker shortage is forecast the firm must obtain the proper quantity and quality of workers from outside the organization. In this case, external recruitment and selection are required.

According to (Mondy and Noe ,2005) Internal recruitment methods are job posting and bidding, and employee referrals. External recruitments method are advertising, employment agencies, recruiters, job fair, internship, search firms, professional associations, walk-in applicants, open houses, event recruiting and sign-open bonuses. External recruitment sources are high schools and vocational schools, community colleges, colleges and university, competitors in the labor market, former employees, the unemployed, older individuals, military personnel and self-employed workers.

5.3 Objective Setting

The light of the above framework the following objectives are set for this project as also mental in section I:

- To understand the theory of recruitment,
- To understand needs of recruitment,
- To understand recruitment methods in small and medium enterprises.

5.4 Conclusion

The section described theoretical framework of the study, objective setting and presented a model of recruitment in a diagram form.

SECTION VI

METHODOLOGY

6.1 Introduction

This section describes the methods in sufficient detail of the project.

6.2 Survey Instrument and Data Collection

Recruitment is a complex area and there were accepted methodologies to investigate in this area in small and medium sized organizations. In this study, recruitment practices in small and medium sized enterprises is investigated.

The survey instrument used was a questionnaire which was decided and adapted based on the Cranfield Network on Global Human Resource Management (CRANET) survey which was conducted in the year (2001). The survey includes questions about types of organization, the year of establishment and annual personnel turnover and it included questions about human resource practices. The survey asked what recruitment methods were used for recruiting managers, manual workers, and clerical employees. Also, it asked what selection methods were used for recruiting managers, manual worker, and clerical employees.

The questionnaire was pre-tested with 5 respondents in order to test statement clarity and the time required to complete the questionnaire. As a result of this pre-test minor adjustments were made. The original questionnaire was designed and administered in Turkish.

The questionnaire was administered to the owners / managers or person in charge of Human Resource Management activities in the organizations. Some of the questionnaires were left

and collected within a few days whereas others were administered personally in an interviews form. A total of 110 questionnaires were distributed, 74 of which were completed.

This gives a response rate of 67.2 %.

For convenience purposes and due to the limitation of time and the cost involved, the questionnaire was only distributed in Nicosia. This process was conducted in 30 days which is a long period but this was due to the reluctance of respondents to participate in the study. According to this classification, SMEs can be classified as micro small were (0-9 employee), small were (10-49) and medium were (50-249) firms. A similar classification was used for Northern Ireland by Reid and Adams (2001). The questionnaires were administered to micro small (0-9 employee), small (10-49) and medium (50-249) firms in Nicosia.

Theoretical sources of information were scanned and classified from human resource management journals, network, and textbooks on recruitment in small and medium enterprises. The proposed study will only consider previous research carried out within the past 20 years except the previous findings that are regarded as classics on topic area.

The results of the study were analysed using statistical program SPSS.

6.3 Conclusion

This section identified the sources of information, the methodology of the project.

CHAPTER VII

NORTHERN CYPRUS

7.1 Introduction

This chapter describes general information about Northern Cyprus.

7.2 The Economic and Cultural Environment in Northern Cyprus

North Cyprus is a young state, with an area of 3,442 sq km and a population of approximately 200,000 Turkish Cypriots. Due to political non-recognition and the economic embargo placed on north Cyprus, by the internationally recognised south Cyprus, the rate of growth of the economy has been slow compared to that of the south. The attempt to achieve sustainable development in north Cyprus has been a difficult process of trial and error. Agriculture has traditionally employed a large percentage of Turkish Cypriots. However, the percentage of the workforce employed in government jobs now surpasses the percentage in agriculture. In the initial stage of its economic development, after 1974, the focus was on the creation of state economic enterprises (SEEs). The SEE focus resulted in over-employment in the public sector (Mehmet and Tahiroglu, 2002). In addition to SEEs, the religious donations made by Turkish Cypriots are administered by the State Foundations Administration; thus the state also manages many organisations and employs a large number of people working in organisations that belong to the State Foundations Administration. Currently, efforts are being made to shift

the economic base from agriculture and small manufacturing to the services sector. There are also efforts to privatise SEEs. More than 95 per cent of private sector organisations are small and medium-sized and 88 per cent of employees in the private sector are employed in small and medium-sized enterprises.

Turkish Cypriots have close cultural and economic ties to Turkey. In Turkey, societal and organisational culture is a blend of "Western" and "Eastern" values (Aycan, 2001). This is also true in north Cyprus, and some organisations that attempt to adopt new HRM trends experience difficulties in the face of this culture. Generally, Middle Eastern countries are characterised by a collectivistic value dimension. In many Middle Eastern cultures, where a very close-knit community exists, some managers feel that they cannot apply formal staffing methods because there is so much social pressure to help out friends and family in need. Wasti (1998) argues that in collectivistic cultures one can expect more cases of in-group recruitment. She notes that in "Eastern" cultures, collectivistic managers seek trustworthiness, loyalty and compatibility with present employees as key characteristics of job applicants; whereas in the "West", individualist managers look for competence as a key applicant characteristic. Many small firms in north Cyprus employ a large portion of the owner's family because the owner feels an obligation to take care of less fortunate relatives, even though they may be less capable than someone that could be hired from outside the family. Rustemli et al. (2000) demonstrate, using a Turkish Cypriot sample, that in north Cyprus people make performance evaluations and reward allocations favouring the members of their in-group.

Small business employing 50 and below are particularly important to developing economies. Small business are vital to economic development and sustainability within the developing economy. (Mc Cartan, 2001)

7.3 Conclusion

This chapter has described general information about Northern Cyprus.

CHAPTER VIII

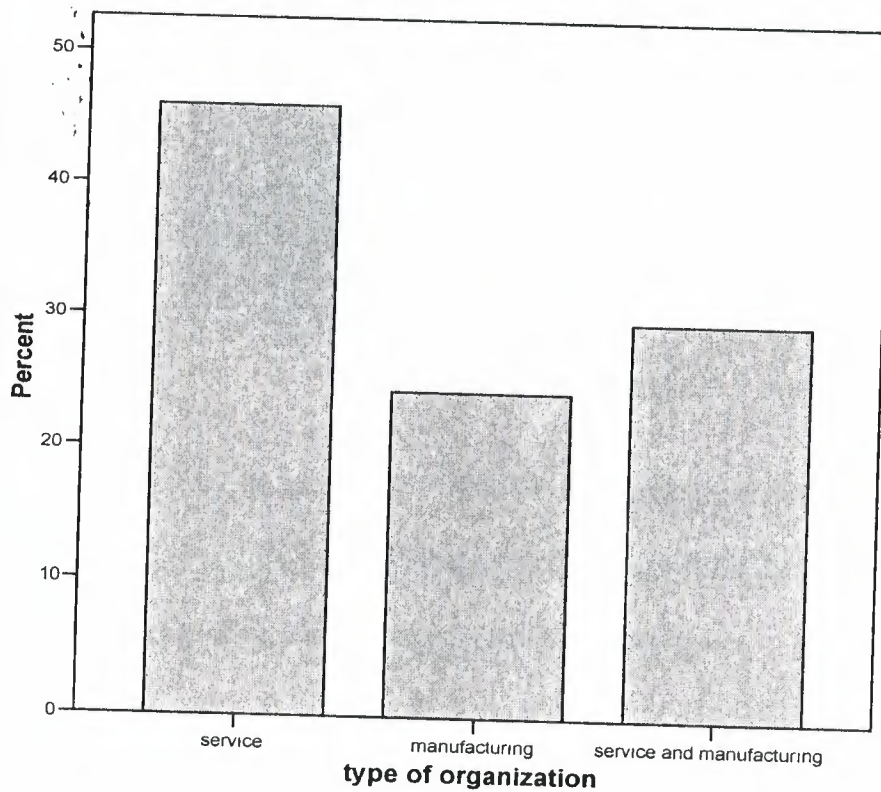
FINDINGS AND RESULTS

8.1 Introduction

This chapter includes the results and analysis of the respondents received from the questionnaires. (See a copy of questionnaire in Appendix A)

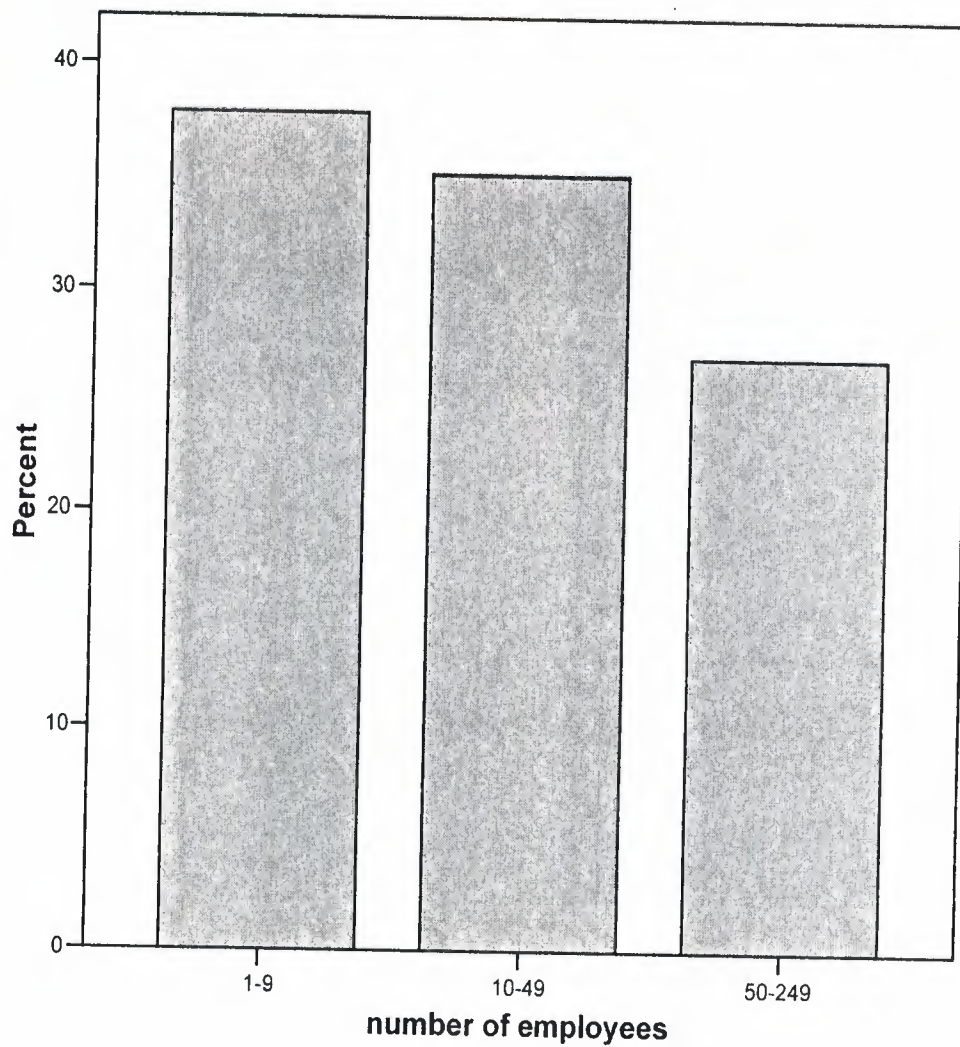
8.2 Findings of The Study

Graph 8.1 Type of Organization



As can be seen in graph 8.1, 45% of the respondent organizations are service, 25% of the respondent organizations are manufacturing and 30% of the respondent organizations are service and manufacturing. The numbers of services organization are 34, manufacturing are 18 and service and manufacturing are 22.

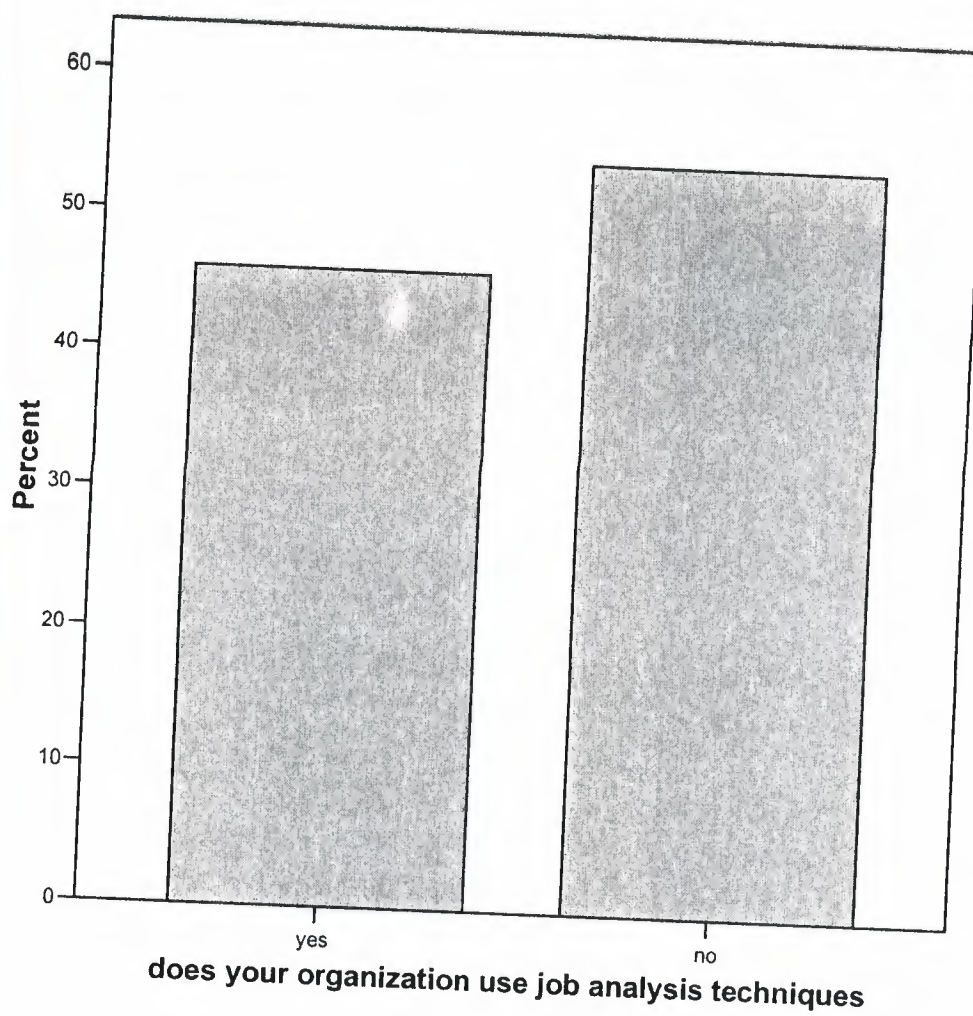
Graph 8.2 Numbers of Employees



As can be seen in graph 8.2, 37% of the respondent organizations have between 1-9 employees, 35% of the respondent organizations have between 10-49, and 28% of the respondent organizations have between 50-249 employees.

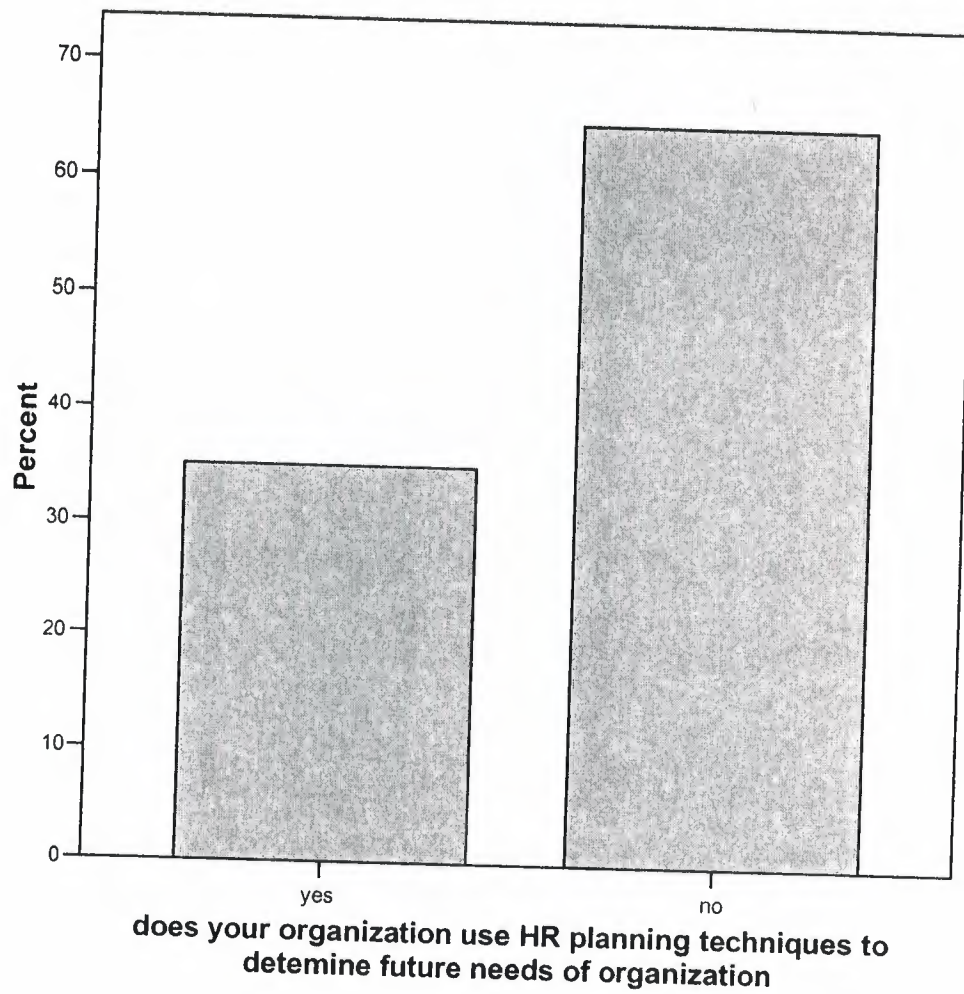
Numbers of micro small organizations are 28, small organizations are 26, and medium organizations are 20.

Graph 8.3 Do Firms Use Job Analysis Techniques.



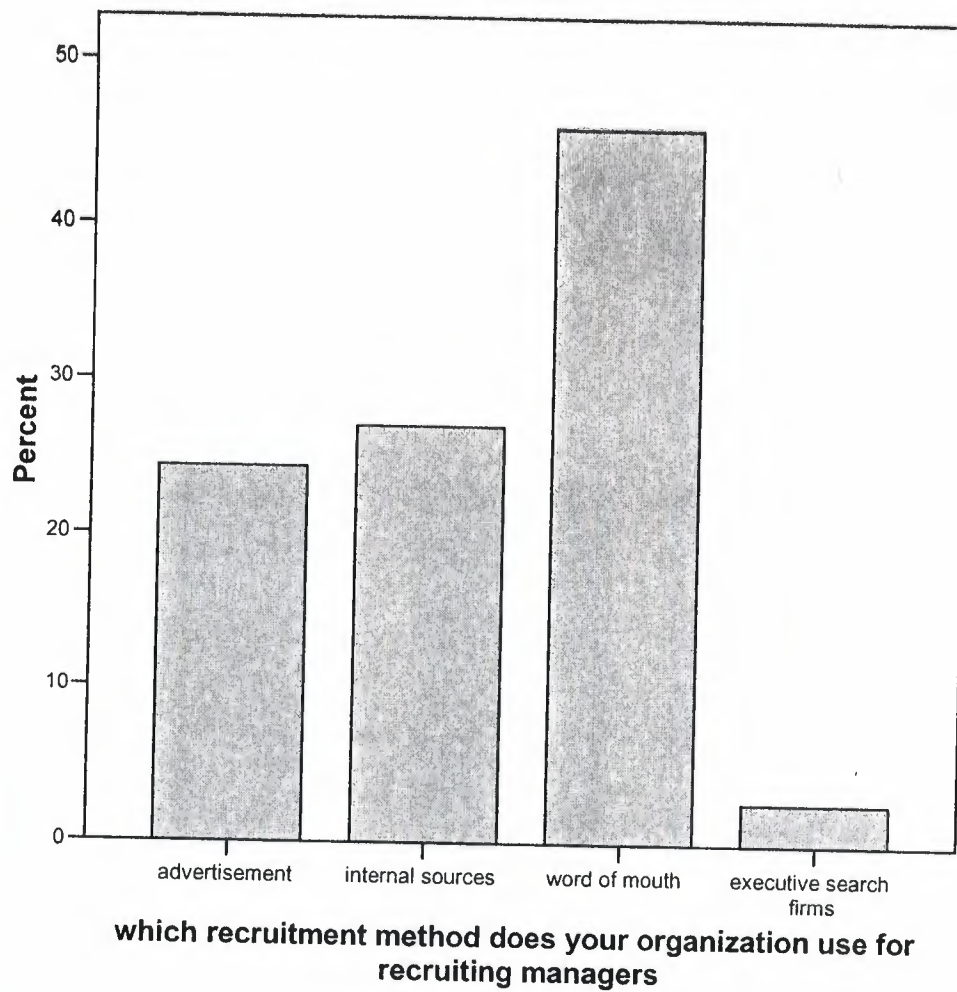
As can be seen in graph 8.3, 45% of the respondent organizations use job analysis technique and 55% of organizations do not use job analysis techniques.

Graph 8.4 Do Firms Use Human Resources Planning Techniques to Determine Future Needs of Organization?



As can be seen in graph 8.4, only 35 % of the respondent organizations use human resources planning and 65 % of the respondent organizations do not use human resources planning.

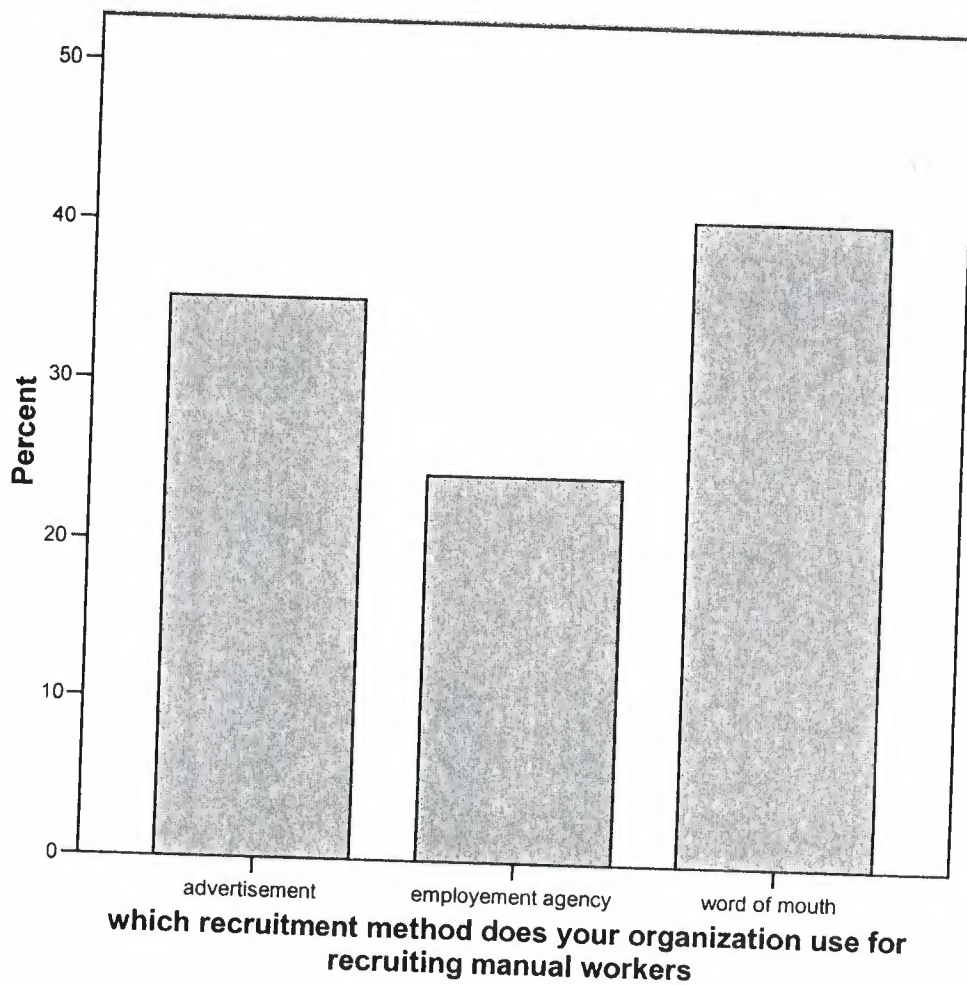
Graph 8.5 Which Recruitment Method do Firms Use for Recruiting Managers?



As can be seen in graph 8.5, 47 % of the respondent organizations use word of mouth recruitment method for recruiting managers, 27 % of the respondent organizations use internal sources, 24 % of the respondent organizations use advertisement and 2 % of firms use executive search firms.

This indicates that almost half of organizations use informal recruitment methods in the recruitment of managerial personnel. Only one quarter use formal methods.

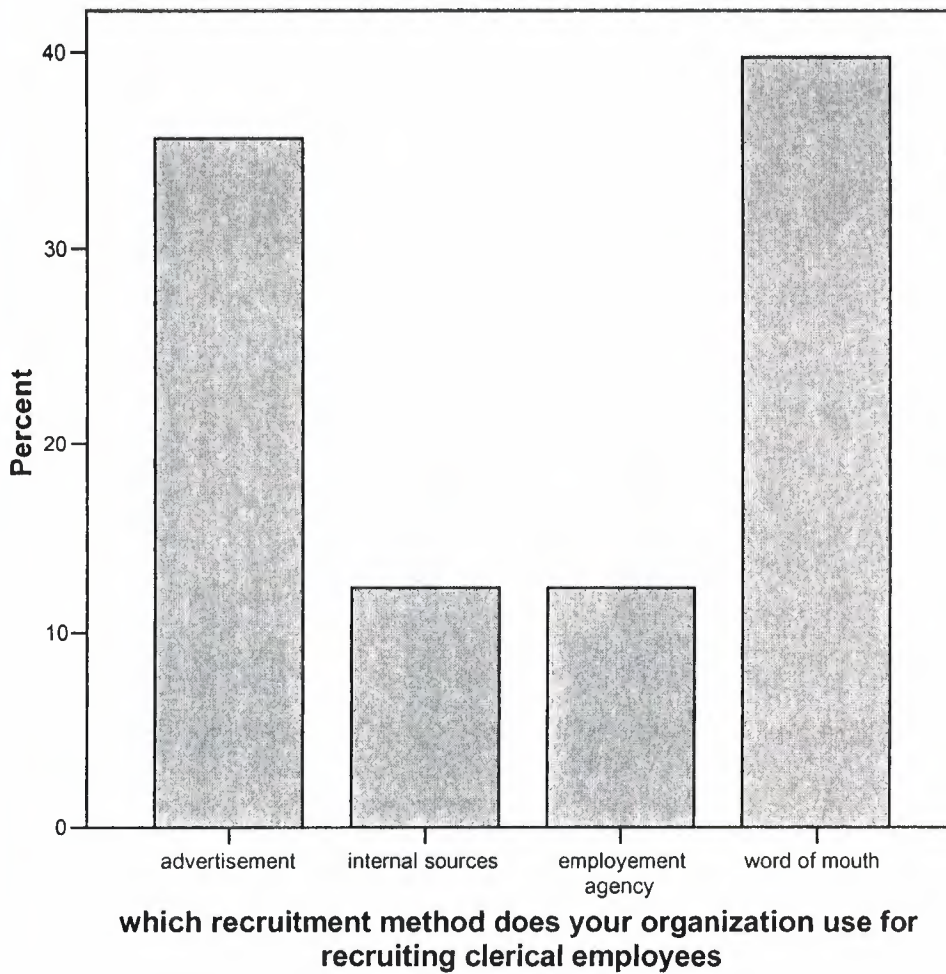
Graph 8.6 Which Recruitment Method do Firms Use for Recruiting Manual Workers?



As can be seen in graph 8.6, 40 % of the respondent organizations use word of mouth recruitment method for recruiting manual worker, 35 % of the respondent organizations use advertisement, and 25 % of the respondent organizations recruit employees from employment agency.

This indicates that a larger percentage of the organizations use formal recruitment methods when they are recruiting manual when compared to the recruitment of managers.

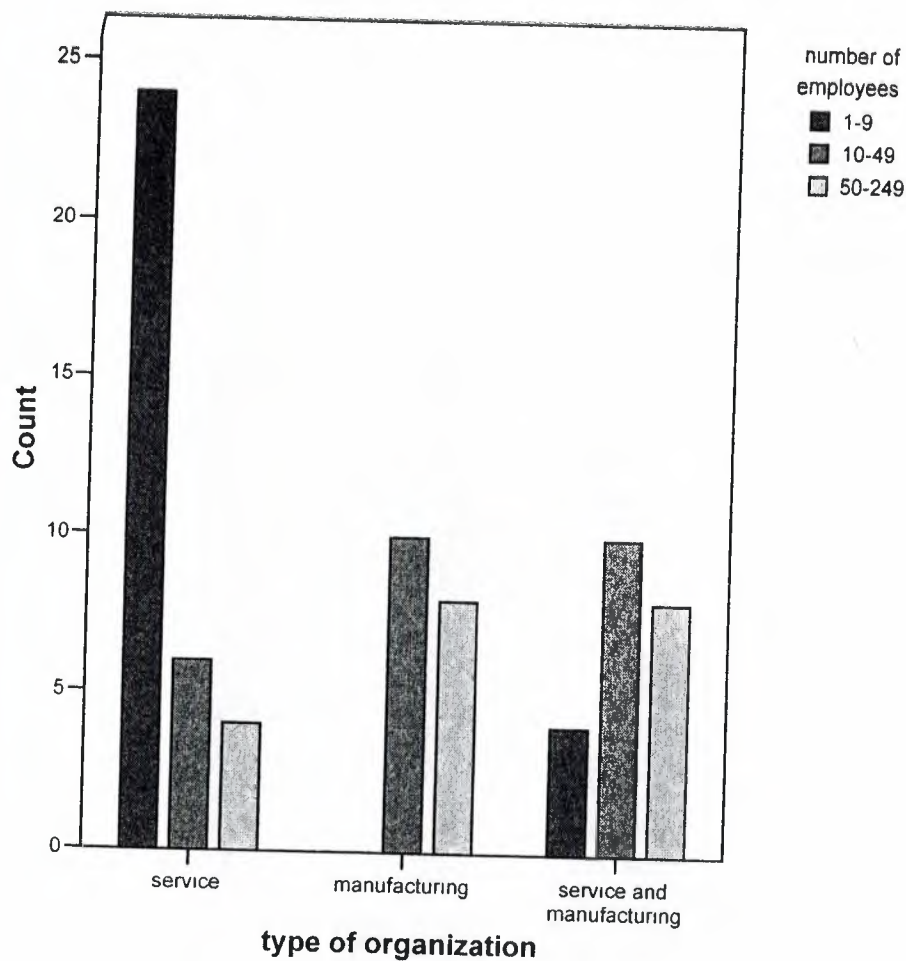
Graph 8.7 Which Recruitment Method do Firms Use for Recruiting Clerical Employees?



As can be seen in graph 8.7, 40 % of the respondent organizations use word of mouth recruitment method for recruiting clerical worker, 36 % of the respondent organizations use advertisement, 12 % of the respondent firms use internal sources, and 12 % of firms recruit employees from employment agency.

Again, this indicates that a larger percentage of organizations use formal recruitment methods when recruiting clerical employees when compared to the recruitment of managers.

Graph 8.8 Numbers of Employees and Types of Organization



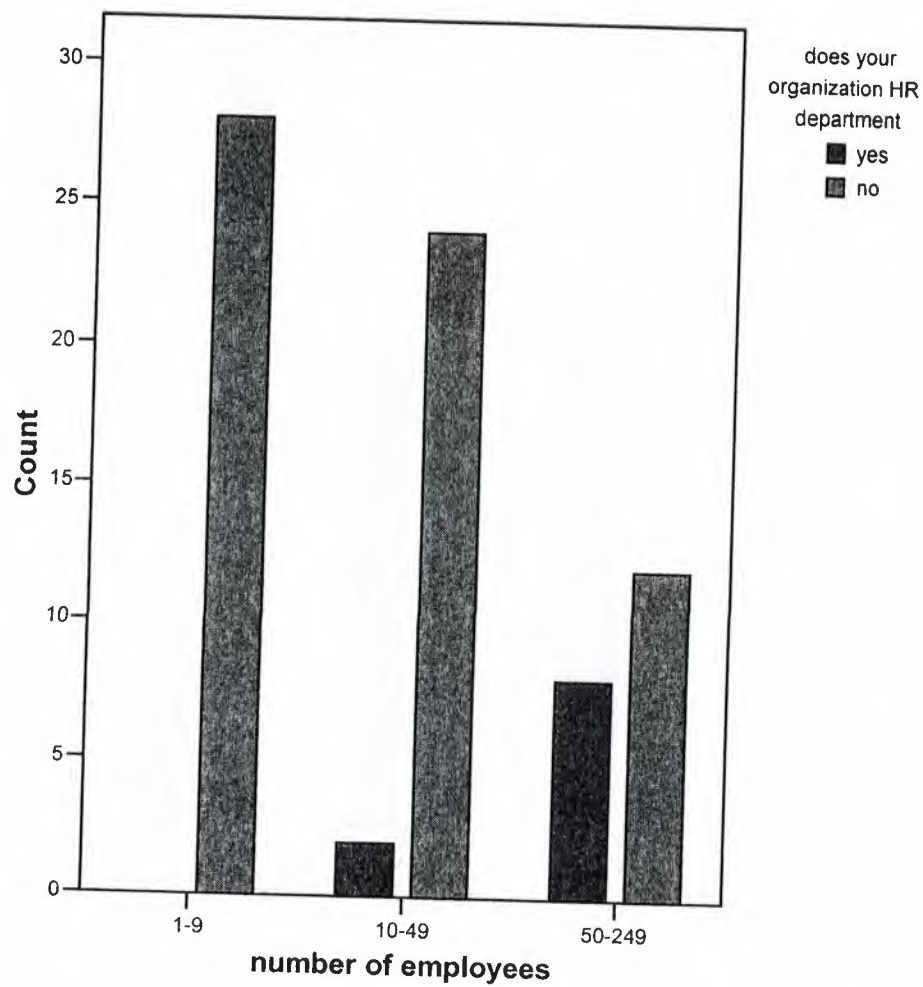
As stated previously, 45% of respondent organizations were service, 25% manufacturing, and 30% service and manufacturing.

Of the service organizations, 24 were micro small, 6 were small, and 4 were medium sized organizations.

Of the manufacturing organizations, 10 small and 8 medium sized organizations.

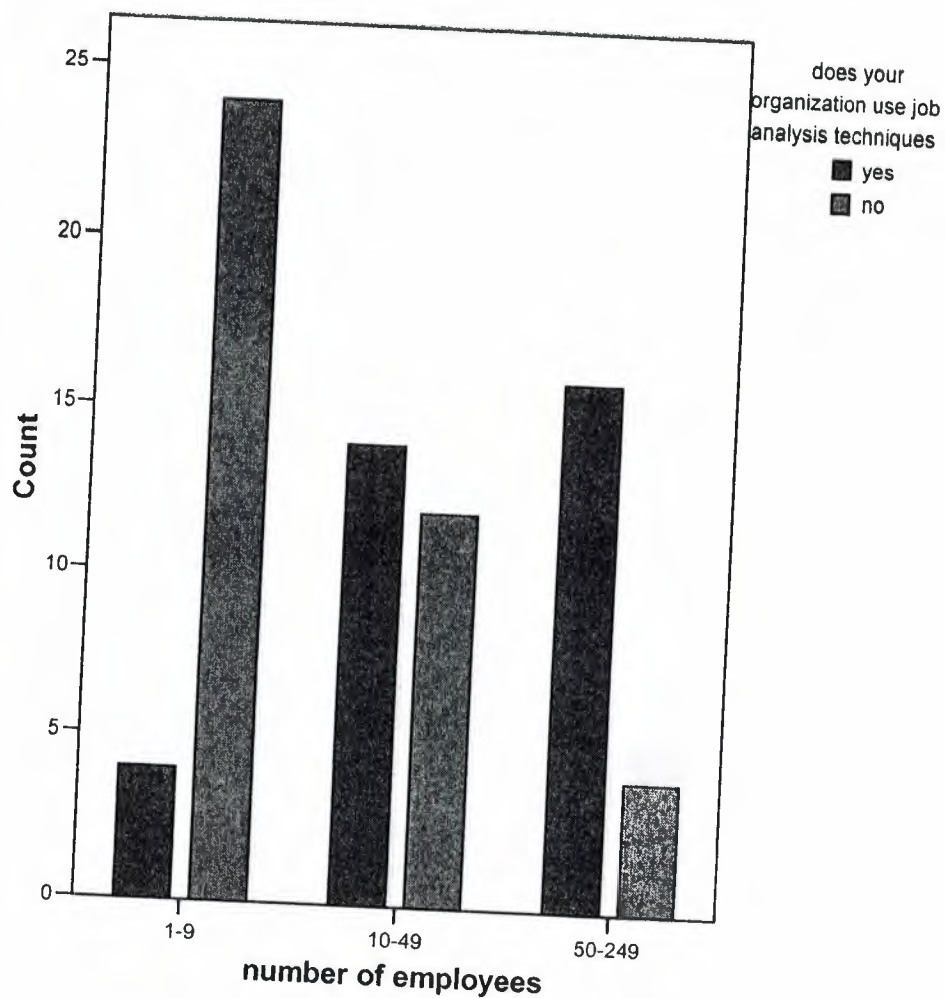
Of the service and manufacturing organizations, 4 were micro small, 10 were small and 8 medium sized organizations.

Graph 8.9 Numbers of Employee and Human Resource Management



The micro small organizations did not have HR department; of the small organization 2 have HR department whereas 24 did not; of the medium organization 8 have human resource department whereas 12 did not.

Graph 8.10 Numbers of Employees and Job Analysis

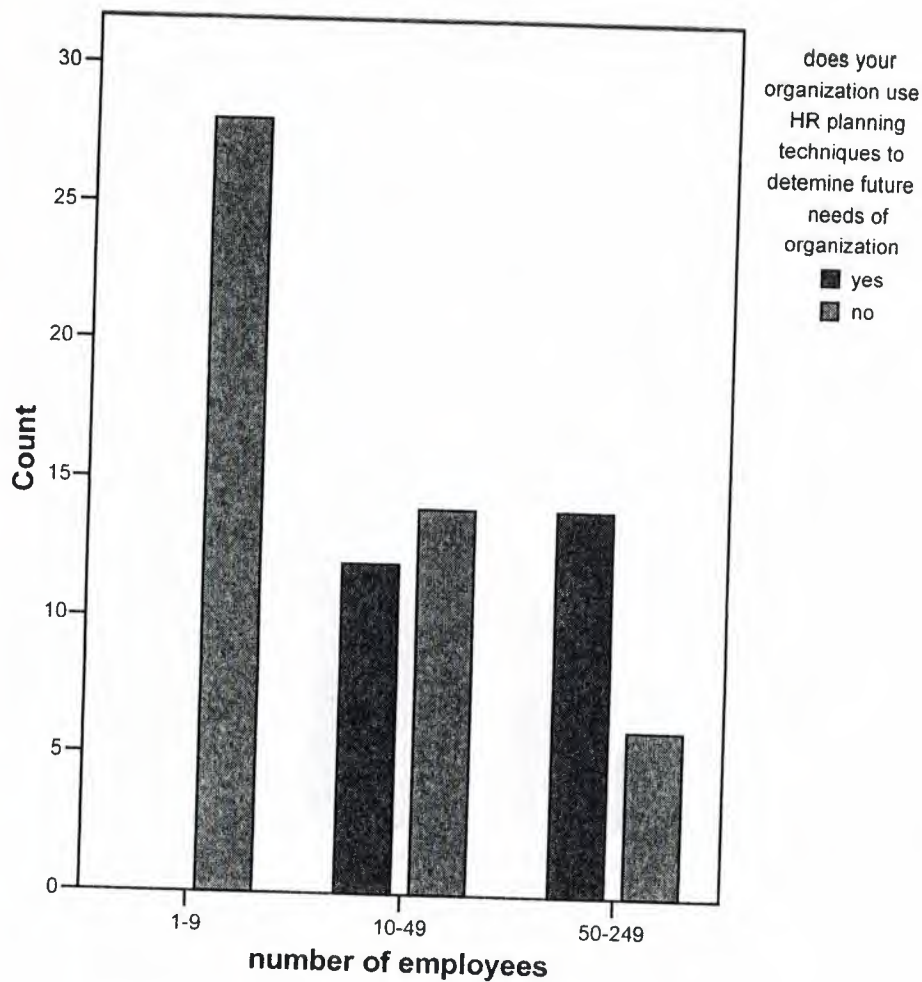


Of the micro small organizations 4 use job analysis whereas 24 did not.

Of the small organizations 14 use job analysis whereas 12 did not.

Of the medium organizations 16 use job analysis whereas 4 did not.

Graph 8.11 Numbers of Employees and Human Resources Planning

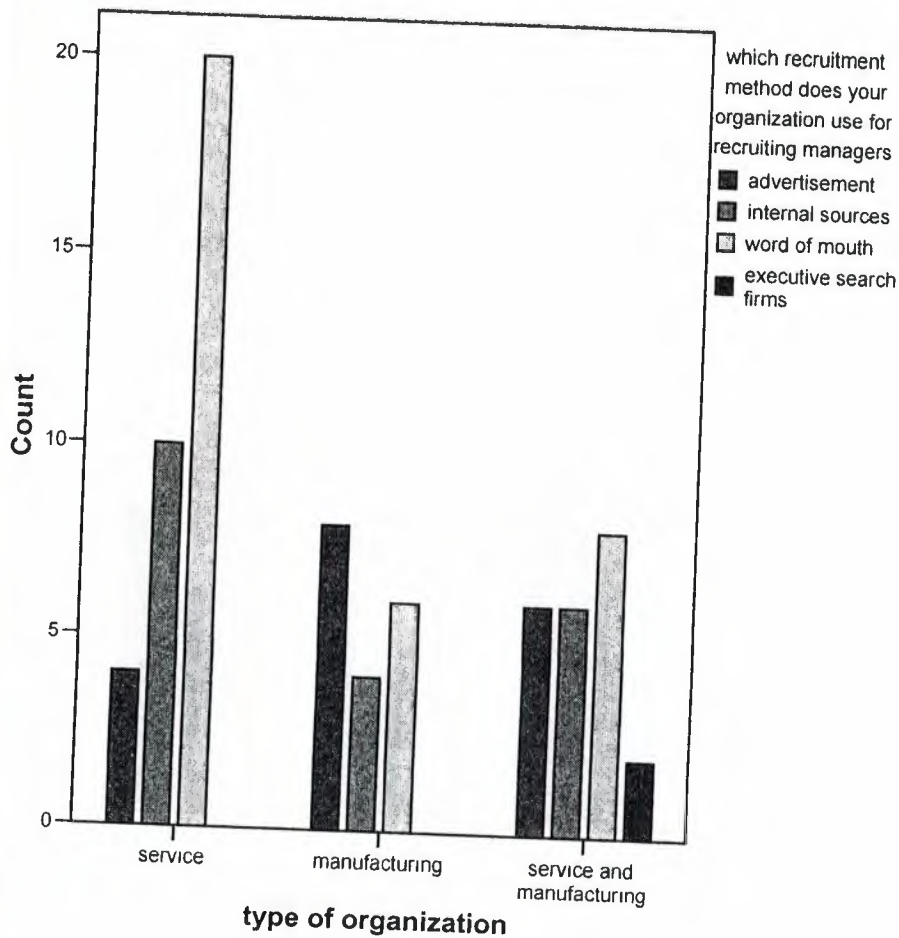


Of the micro small organizations did not use human resource planning.

Of the small organizations 12 use human resources planning whereas 14 did not.

Of the medium organizations 14 use human resources planning whereas 6 did not.

Graph 8.12 Types of Organization and Recruitment for Managers

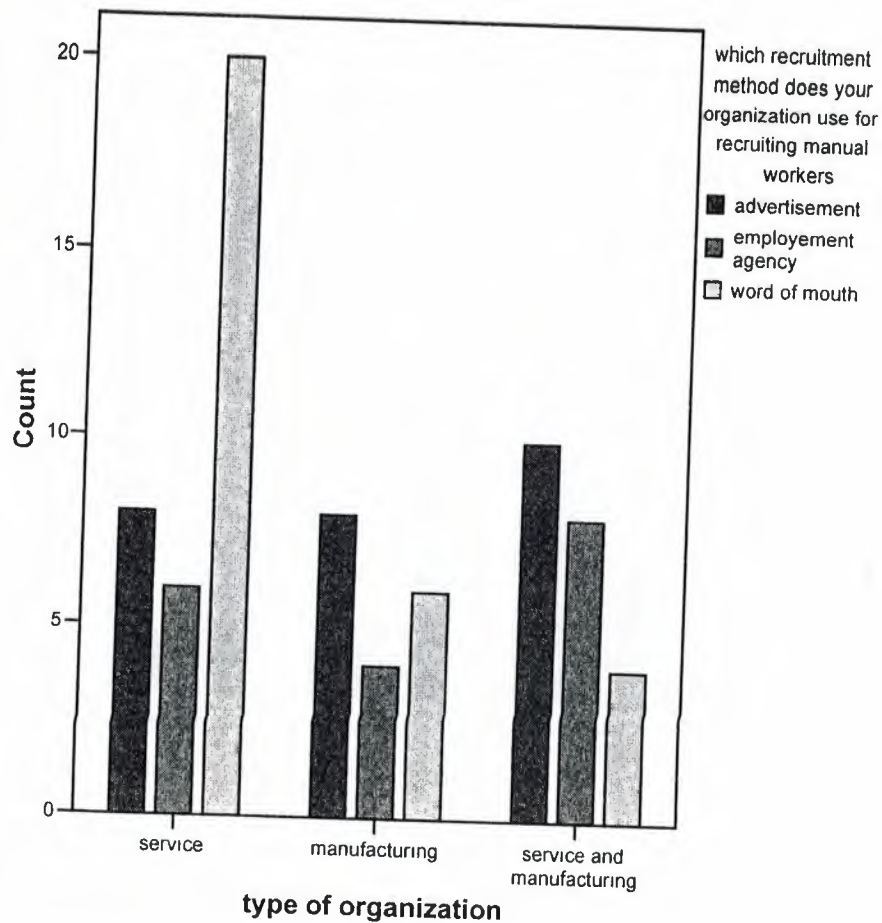


In the service organizations, 20 organizations use word of mouth method, 10 organizations use internal sources, 4 organizations use advertisements.

In the manufacturing organizations, 6 organizations use word of mouth method, 4 organizations use internal sources, 8 organizations use advertisements.

In the service and manufacturing organizations, 8 organizations use word of mouth method, 6 organizations use internal sources, 6 organizations use advertisements and 2 organizations use executive research firms for recruiting manager

Graph 8.13 Types of Organization and Recruitment for Manual Workers?

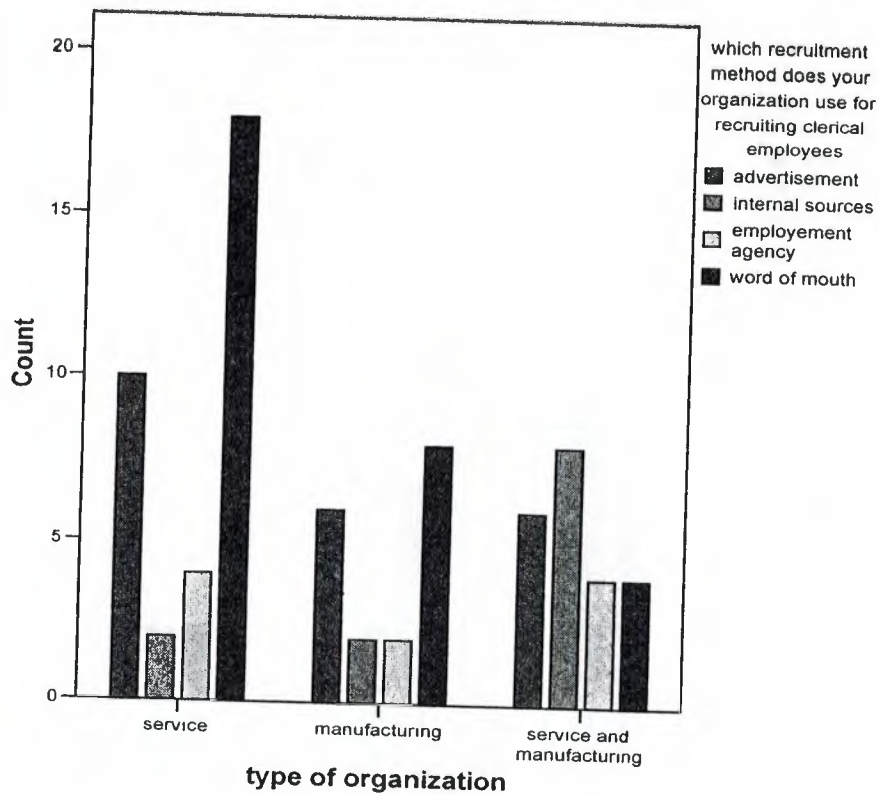


In the service organizations, 20 organizations use word of mouth method, 6 organizations use internal sources, 8 organizations use advertisements.

In the manufacturing organizations, 6 organizations use word of mouth method, 4 organizations use internal sources, 8 organizations use advertisements.

In the service and manufacturing organizations, 4 organizations use word of mouth method, 8 organizations use internal sources, 10 organizations use advertisements for recruiting manual workers.

Graph 8.14 Types of Organization and Recruitment for Clerical Employees

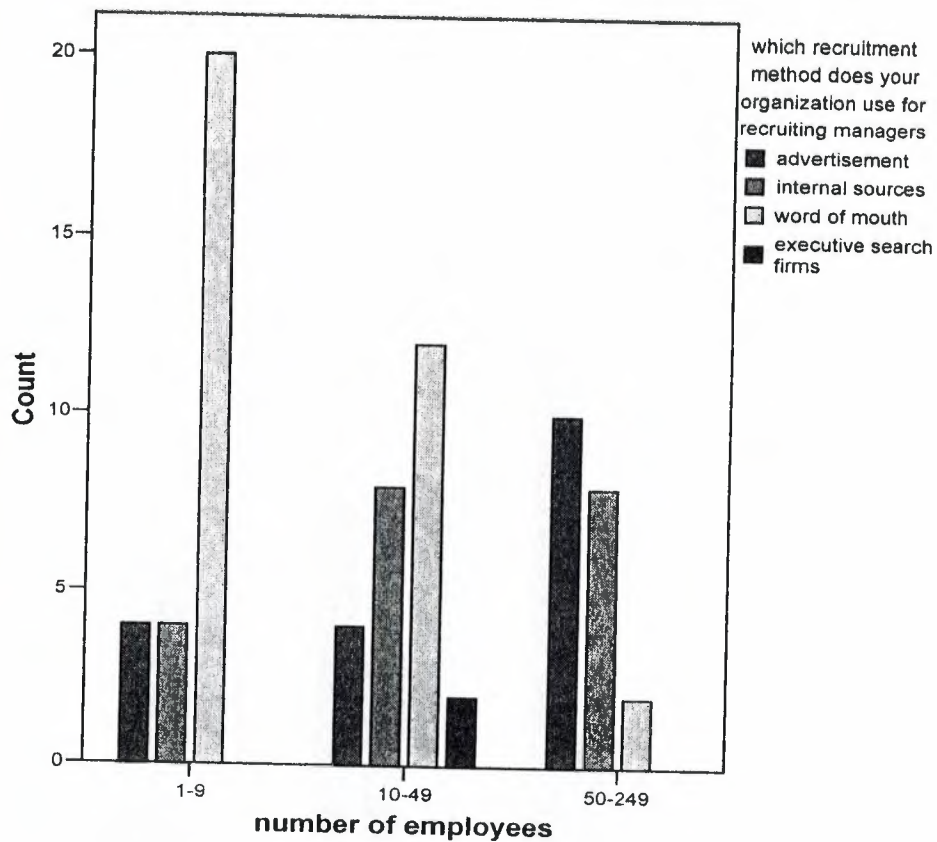


In the service organizations, 18 organizations use word of mouth method, 2 organizations use internal sources, 10 organizations use advertisements and 4 organizations use employment agency.

In the manufacturing organizations, 8 organizations use word of mouth method, 2 organizations use internal sources, 6 organizations use advertisements and 2 organizations use employment agency.

In the service and manufacturing organizations, 4 organizations use word of mouth method, 8 organizations use internal sources, 6 organizations use advertisements and 4 organizations use employment agency for recruiting clerical employees.

Graph 8.15 Numbers of Employees and Recruitment for Managers

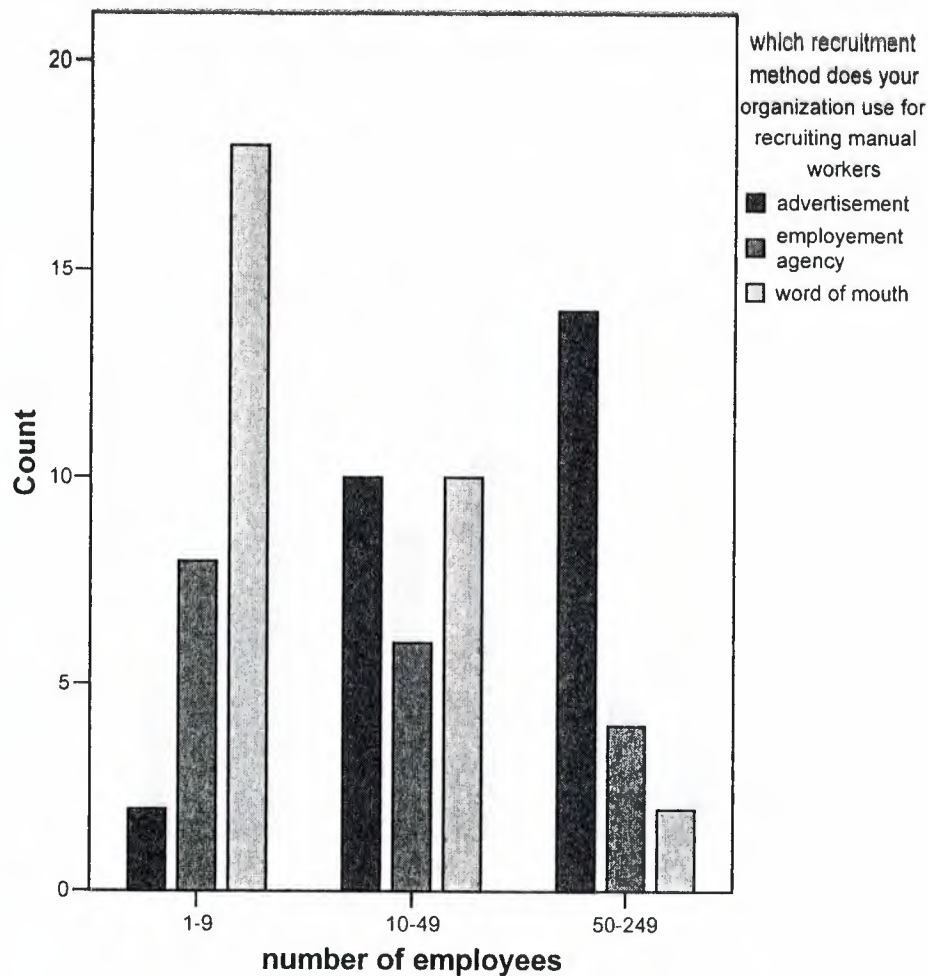


In the micro small organizations, 20 organizations use word of mouth method, 4 organizations use internal sources, 4 organizations use advertisements.

In the small organizations, 12 organizations use word of mouth method, 8 organizations use internal sources, 4 organizations use advertisements and 2 organizations use employment agency.

In the medium organizations, 2 organizations use word of mouth method, 8 organizations use internal sources, 10 organizations use advertisements for recruiting managers.

Graph 8.16 Number of employees and recruitment for manual workers

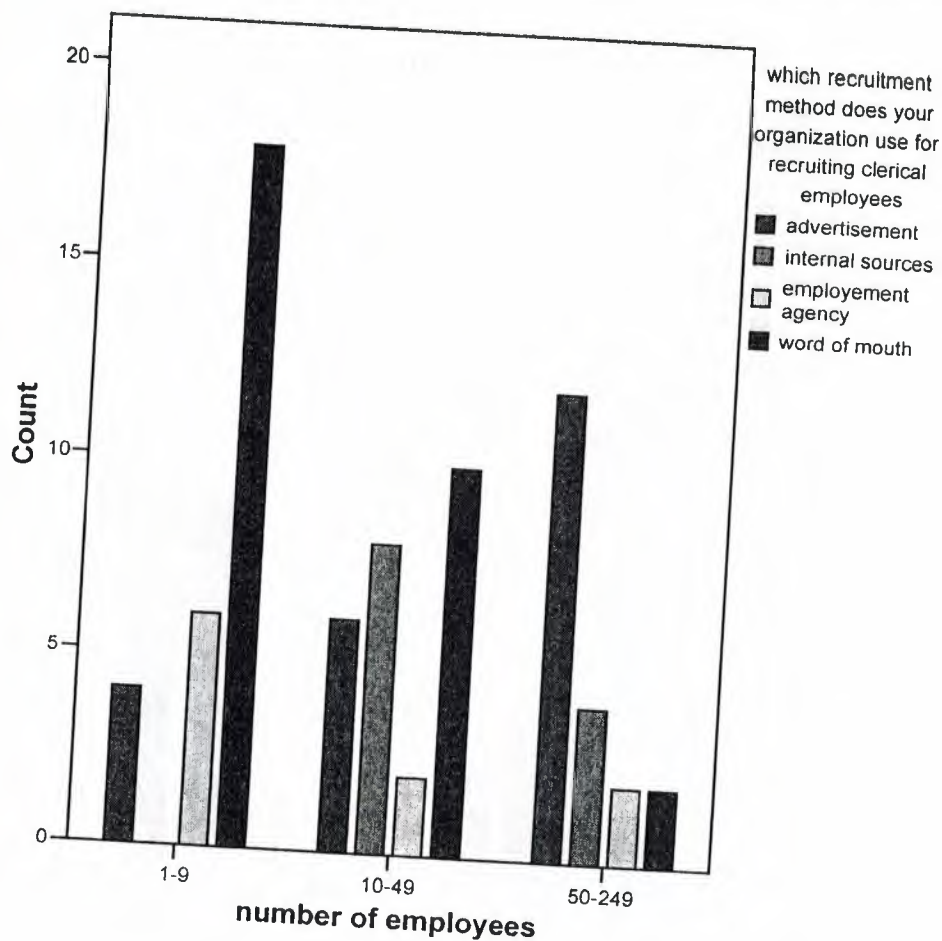


In the micro small organizations, 18 organizations use word of mouth method, 8 organizations use employment agency and 2 organizations use advertisements.

In the small organizations, 10 organizations use word of mouth method, 10 organizations use advertisements and 6 organizations use employment agency.

In the medium organizations, 2 organizations use word of mouth method, 4 organizations use employment agency, 14 organizations use advertisements for manual workers.

Graph 8.17 Number of employees and recruitment for clerical employees

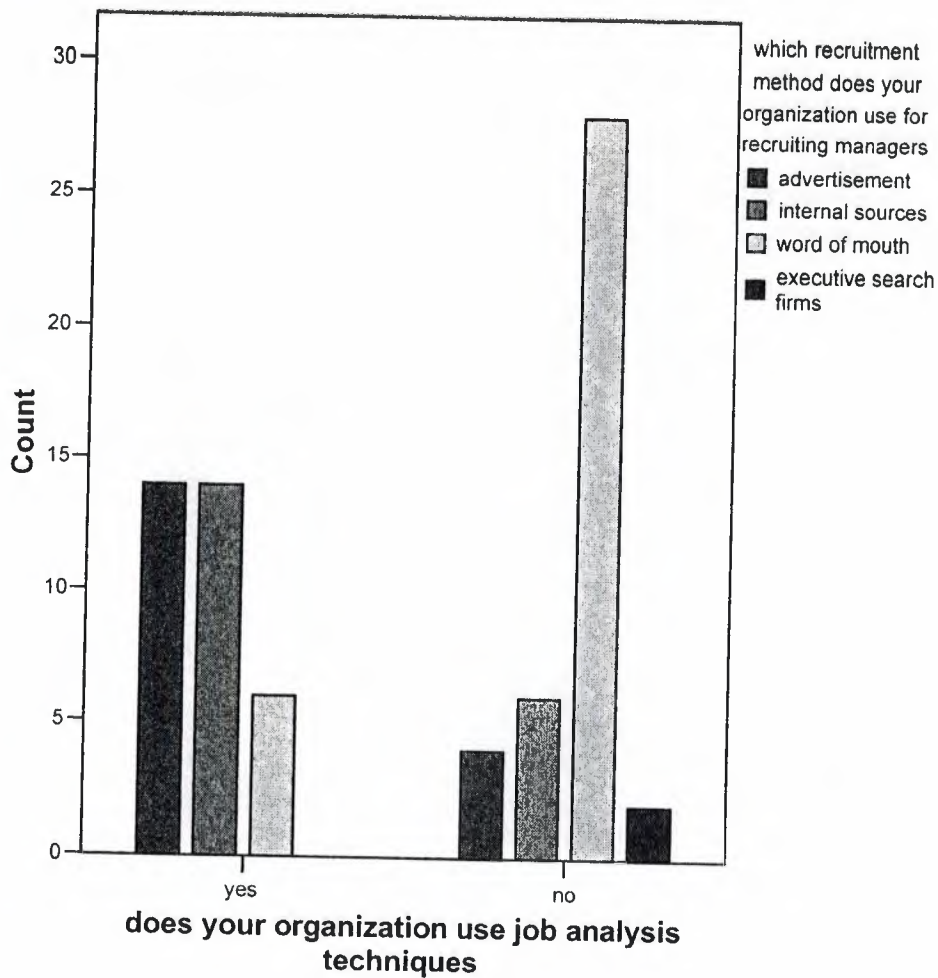


In the micro small organizations, 18 organizations use word of mouth method, 6 organizations use employment agency and 4 organizations use advertisements.

In the small organizations, 10 organizations use word of mouth method, 6 organizations use advertisements, 2 organizations use employment agency and 8 organizations use internal sources for recruiting clerical employees.

In the medium organizations, 2 organizations use word of mouth method, 2 organizations use employment agency, 12 organizations use advertisements and 4 organizations use internal sources for recruiting clerical employees.

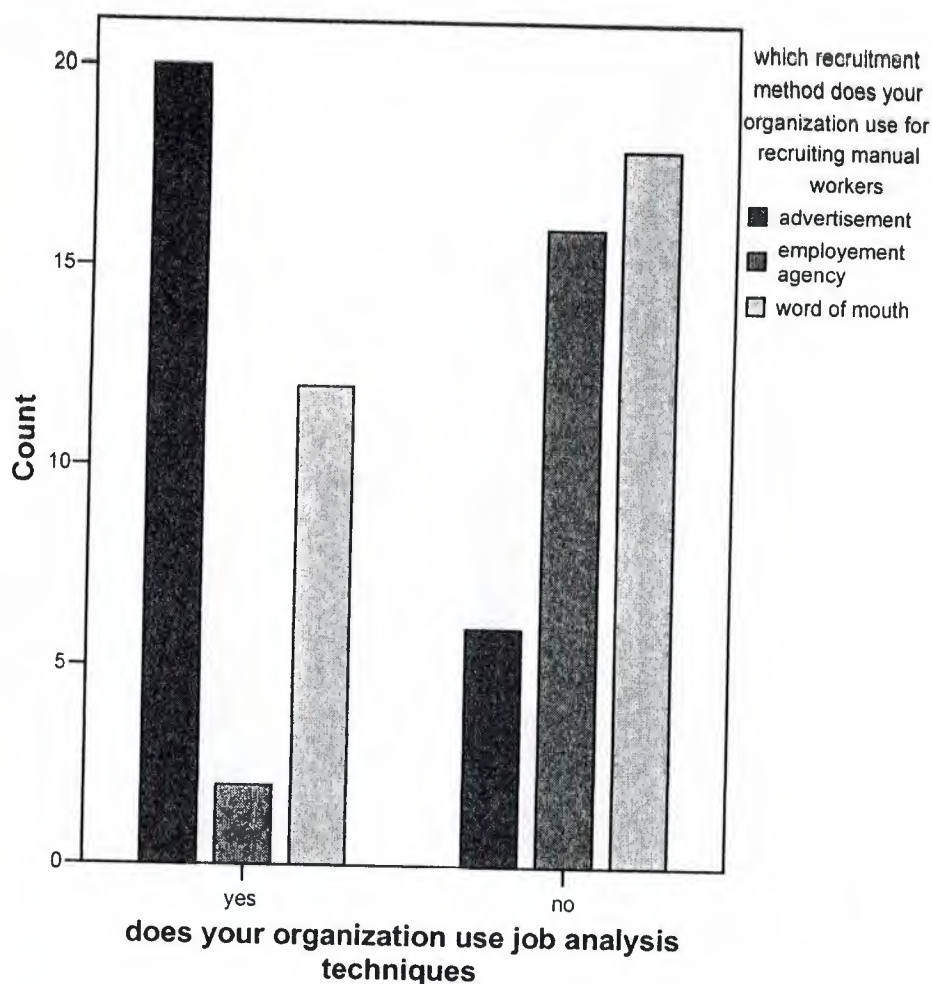
Graph 8.18 Job analysis and recruitment for managers



In the 45% of the respondent firms use job analysis technique, 6 organizations use word of mouth method, 4 organizations use advertisements, 14 organizations use internal sources.

In the 55% respondent of firms do not use job analysis techniques, 28 organizations use word of mouth method, 14 organizations use advertisements, 6 organizations use internal sources, and 2 organizations use executive research firms for recruiting managers.

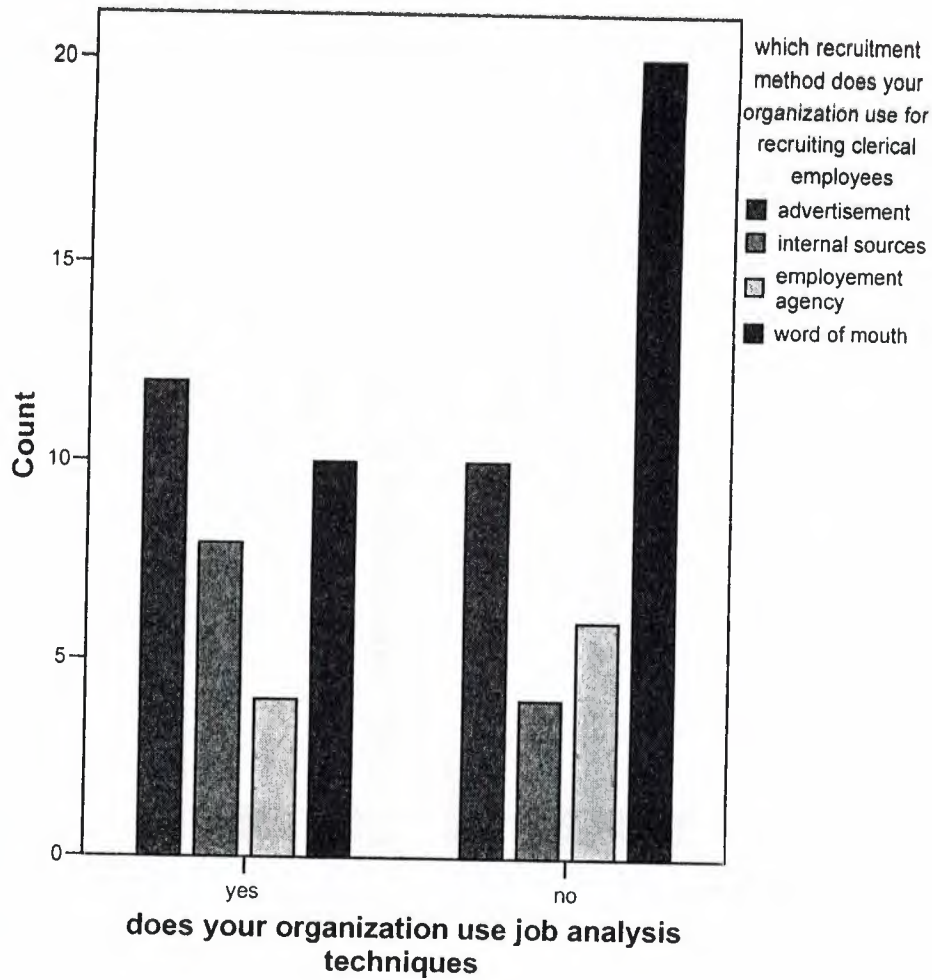
Graph 8.19 Job analysis and recruitment for manual workers



In the 45% of the respondent firms use job analysis technique, 12 organizations use word of mouth method, 20 organizations use advertisements, 2 organizations use employment agency.

In the 55% respondent of firms do not use job analysis techniques, 18 organizations use word of mouth method, 6 organizations use advertisements, 16 organizations use employment agency for recruiting manual workers.

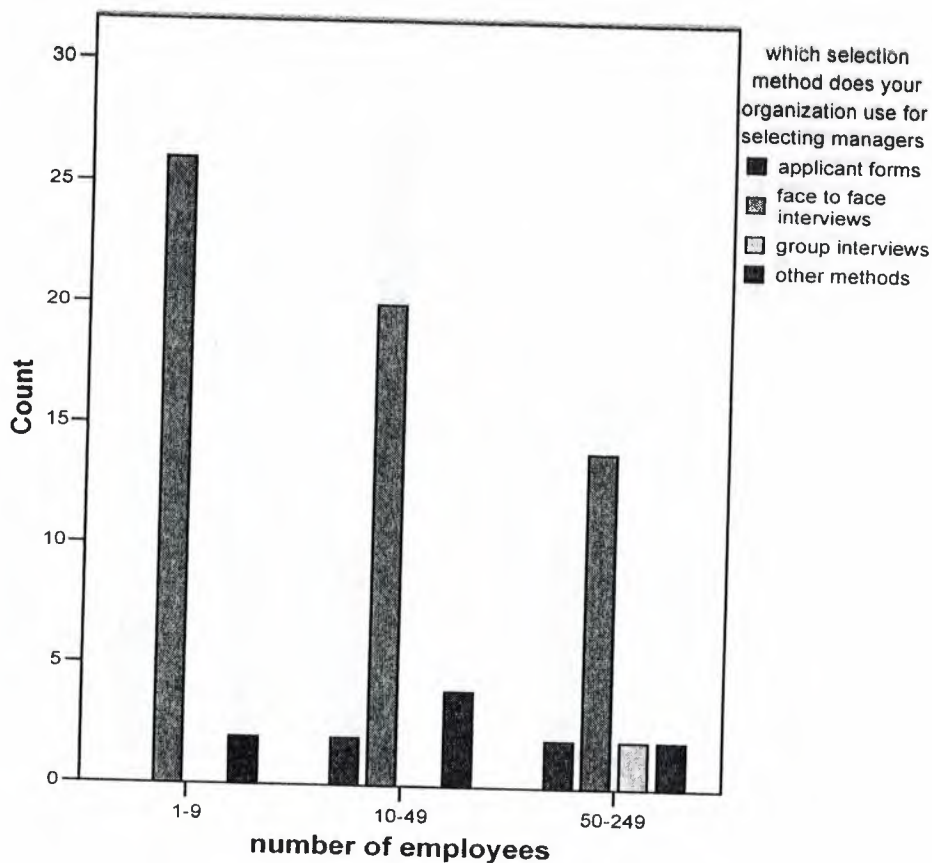
Graph 8.20 Job analysis and recruitment for clerical employees



In the 45% of the respondent firms use job analysis technique, 10 organizations use word of mouth method, 12 organizations use advertisements, 8 organizations use internal sources and 4 organizations did use employment agency.

In the 55% respondent of firms do not use job analysis techniques, 20 organizations use word of mouth method, 10 organizations use advertisements, 4 organizations use internal sources, and 6 organizations use employment agency firms for recruiting clerical employees.

Graph 8.21 Number of employees and selection method for managers

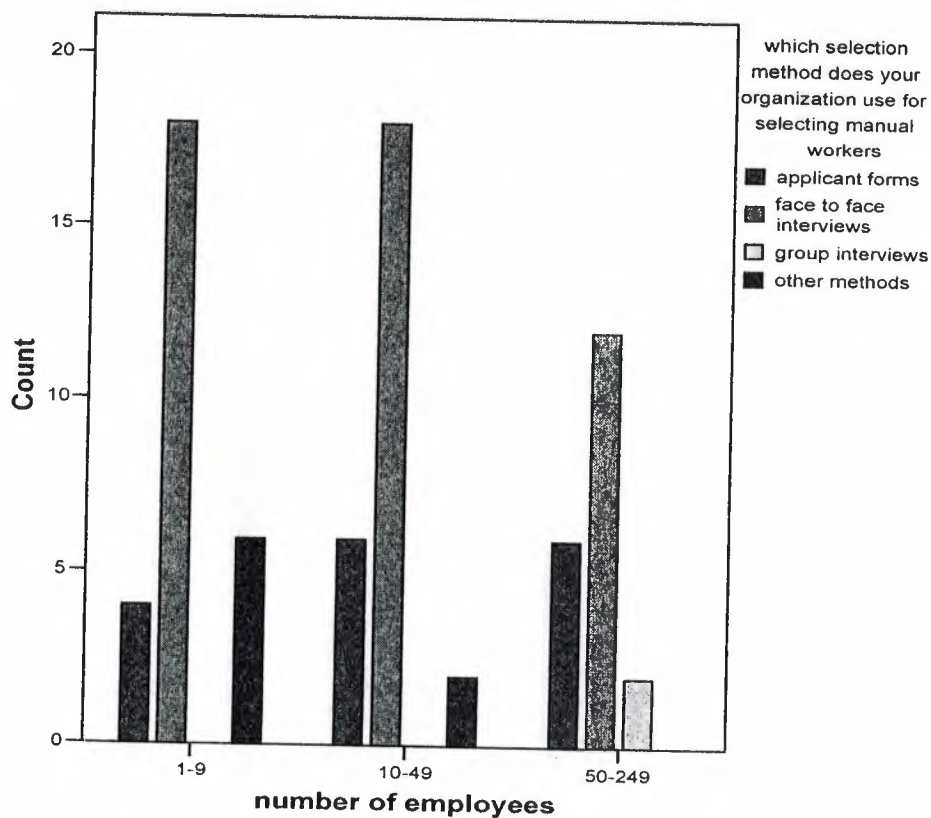


In the micro small organizations, 26 organizations use face to face interviews, 2 organizations use others methods for selection process.

In the small organizations, 20 organizations use face to face interviews, 2 organizations use applicants forms and 4 organizations use others methods for selection process.

In the medium organizations, 14 organizations use face to face interviews, 2 organizations use applicant forms, 2 organizations choice group interview and 2 organizations use others methods for selecting managers.

Graph 8.22 Number of employees and selection method for manual workers

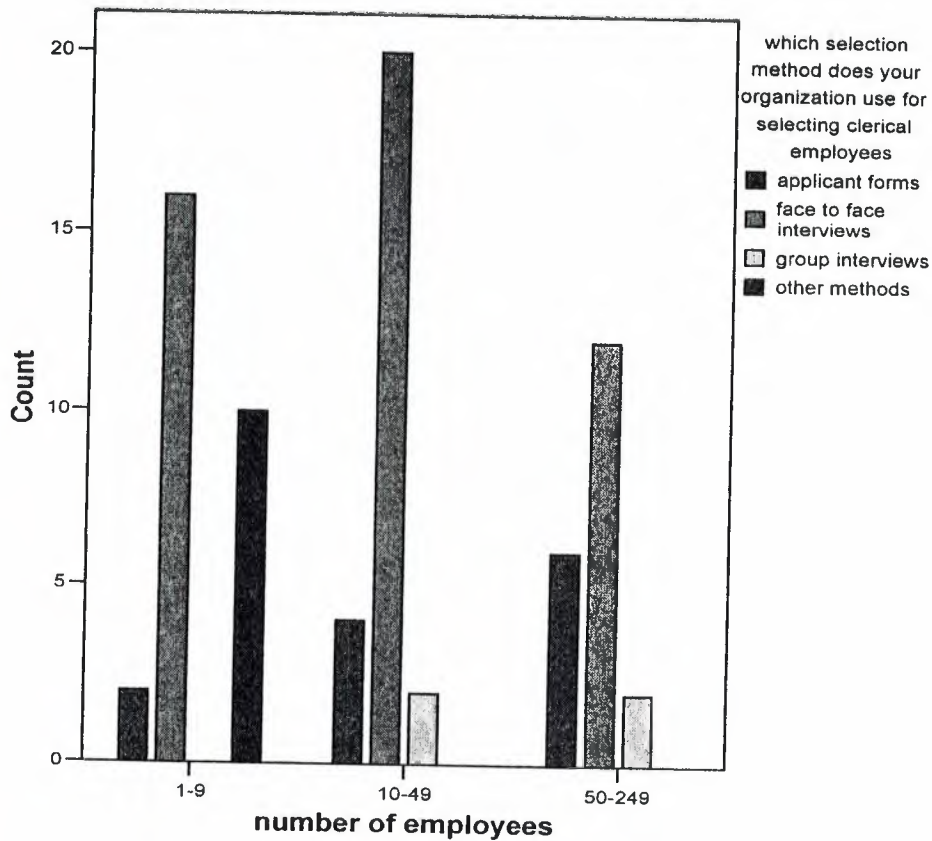


In the micro small organizations, 18 organizations use face to face interviews, 4 organizations use applicants form and 6 organizations use others methods for selection process.

In the small organizations, 18 organizations use face to face interviews, 6 organizations use applicants forms and 2 organizations use others methods for selection process.

In the medium organizations, 12 organizations use face to face interviews, 6 organizations use applicant forms, and 2 organizations prefer group interview and for selecting manual workers.

Graph 8.23 Number of employees and selection method for clerical employees



In the micro small organizations, 16 organizations use face to face interviews, 2 organizations use applicants form and 10 organizations use others methods for selection process.

In the small organizations, 12 organizations use face to face interviews, 6 organizations use applicant forms and 2 organizations use group interviews for selection process.

In the medium organizations, 12 organizations use face to face interviews, 6 organizations use applicant forms, and 2 organizations prefer group interview and for selecting manual workers.

8.3 Conclusion

This chapter has included the graphs and results of the respondents received from the questionnaires.

CHAPTER IV

CONCLUSION AND DISCUSSION

9.1 Introduction

This chapter gives information about conclusion of the study and limitation of the study and recommendations for future researcher.

9.2 General Conclusion of the Study

The role of HRM in companies of all sizes, and its potential to contribute to commercial success is a greatly debated subjected. However, organization that are small in size have traditionally been neglected in the academic literature HRM research has generally focused only on large organizations (Barber et al, 1999); particularly research on recruitment has overlooked the small firms. However, from the little research that has been conducted it can be seen that generally, informal recruitment methods are associated with smaller organizations (Barber et al, 1999; Carrol et al, 1999), whereas larger organizations tend to use formal recruitment methods (Taylor, 1994).

This study investigated recruitment procedures in SMEs in service, manufacturing and (service and manufacturing) organizations in Northern Cyprus. In this study it can be seen that the greatest percentage of the respondents in the study were micro small (37%) and were service organizations (45%). A majority of the organizations did not use formal HRM procedures such as job analysis procedures and human resource planning, which is supported by the literature. As stated by De Kok et al. (2003) smaller firms are less likely to use formal HRM practices when compared to larger firms. Recruitment procedures used were informal

methods. In the recruitment of managers, manual workers, and clerical employees, word of mouth was used. However, as the organization size grows, formal methods such as advertising were also used for the recruitment of managers, clerical workers, and manual workers. Also respondents firms use internal sources such as promotion when they need managers. This also supports the literature in which Cardon (2003) suggest that small/new firms are likely to use informal recruitment methods due to the lack of resources. Respondent firms believe that word of mouth recruitment is cheaper and more reliability than others methods.

However, the majority of the organizations tend to use advertising formal methods firstly in the recruitment of clerical workers, then manual workers, and lastly for managers. It is the anticipated that the reason for this is that the managers in the organizations tend to be family members because of the organizations being SMEs and so it is not necessary to look for managers externally. Thus the reason for formal recruitment methods being used in the recruitment of manual workers and clerical employees respectively. This is supported by Atkinson and Meger(1994) who state that in SMEs recruitment methods differ with the type of position that needs to be filled; informal methods tend to be used when managers are recruited and formal methods used when recruiting manual workers and clerical workers.

Scott et al. (1989) states that recruitment methods vary according to industry; in services informal methods are preferred which is also the case in the study. It can also be seen this study also indicates that the selection method used by a majority of the organization was face to face interview.

9.3 Limitation of the study

The main limitation of the study was the reluctance of respondents to take part in the study. Even though 74 completed questionnaires were collected more would have been possible if respondents were more reluctant. Also, time was a limitation in that the time available to complete the study was limited.

9.4 Recommendations for future researchers

I would be interesting, and recommended that future studies in this area be conducted in several industries and also in public institutions.

9.5 Conclusion

This chapter has described conclusion of the study and limitation of the study and recommendations for future researcher.

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APPENDIX

Appendix A: Questionnaire in English

QUESTIONNAIRE FOR RECRUITMENT AND SELECTION IN SMALL AND MEDIUM SIZED ENTERPRISES

1) Questions about demographic of organizations

1. Type of organization

- ☐ Service
- ☐ Manufacturing
- ☐ Service and manufacturing

2. Number of employees

- ☐ 1-9
- ☐ 10-49
- ☐ 50-249

3. Year of establishment

- ☐ 1-5 year
- ☐ 6 –10 year
- ☐ 11-15 year
- ☐ 16-20 year
- ☐ 20 and more

4. Does your organization have a human resource department?

- ☐ Yes
- ☐ No

5. Who is charge in charge of human resource activities?

6. How many employees dismissed from organizations the current year.

..... Employees

7. Does your organizations use job analysis techniques?

- ☐ Yes
- ☐ No

8. Do firms use Human Resources planning techniques to determine future needs of organization?

- ☐ Yes
- ☐ No

2) Questions about recruitment method

1. Which recruitment method do firms use for recruiting managers?

- ☐ Advertisements (such as newspaper)
- ☐ Internal sources (job posting, Job binding)
- ☐ Employment agency
- ☐ Word of mouth
- ☐ Internships
- ☐ Executive research firms
- ☐ Walk applicants
- ☐ Online
- ☐ Others (.....)

* Why do you use this method?

2. Which recruitment method do firms use for recruiting manual workers?

- ☐ Advertisements (such as newspaper)
- ☐ Internal sources (job posting, Job binding)
- ☐ Employment agency
- ☐ Word of mouth
- ☐ Internships
- ☐ Executive research firms
- ☐ Walk applicants
- ☐ Online
- ☐ Others (.....)

* Why do you use this method?

3. Which recruitment method do firms use for recruiting clerical employees?

- ☐ Advertisements (such as newspaper)
- ☐ Internal sources (job posting, Job binding)
- ☐ Employment agency
- ☐ Word of mouth
- ☐ Internships
- ☐ Executive research firms
- ☐ Walk applicants
- ☐ Online
- ☐ Others (.....)

* Why do you use this method?

3) Questions about selection method

1. Which selection method do firms use for selecting managers?

- ☐ Application forms
- ☐ Face to face interviews
- ☐ Group interviews
- ☐ Psychometrics test
- ☐ Other (.....)

2. Which selection method do firms use for selecting manual workers?

- ☐ Application forms
- ☐ Face to face interviews
- ☐ Group interviews
- ☐ Psychometrics test
- ☐ Other (.....)

3. Which selection method do firms use for selecting clerical employees?

- ☐ Application forms
- ☐ Face to face interviews
- ☐ Group interviews
- ☐ Psychometrics test
- ☐ Other (.....)

Appendix B: Questionnaire in Turkish

KKTC'DEKİ KÜÇÜK VE ORTA BOY İŞLETMELERE YÖNELİK İŞGÖREN BULMA VE SEÇME ANKETİ

1) KOBİ LERİN DEMOGRAFİK YAPISI İLE İLGİLİ SORULAR

1.Kurumunuzun ait olduğu sektör?

- ☐ Hizmet (servis)
- ☐ Üretim
- ☐ Üretim ve servis

2.İşletmedeki personel sayısı?

- ☐ 1-9
- ☐ 10-49
- ☐ 50-249

3.İşletme kaç yıldır faaliyette?

- ☐ 1-5 yıl
- ☐ 6 –10 yıl
- ☐ 11-15 yıl
- ☐ 16-20 yıl
- ☐ 20 ve üzeri

4.İşletmede insan kaynakları bölümü bulunmakta mıdır?

- ☐ Evet, insan kaynakları bölümü bulunmaktadır
- ☐ Hayır, insan kaynakları bölümü bulunmamaktadır.

5. İşletmede insan kaynakları aktivitelerini kim yürütüyor?

(Eğer işletmede insan kaynakları bölümü yoksa cevaplayınız)

6.Bir yıl içerisinde işten ayrılan personel sayısı?

..... kişi

7.İşe alınacak elemanların nitelik ve yeteneklerini tespit etmekte iş analizi ve tanımlarından elde edilen verileri kullanıyor musunuz?

- ☐ Evet
- ☐ Hayır

8.Firmanızın gelecekte gereksinim duyacağı insan kaynaklarının nicelik ve niteliğini insan kaynakları planlamasıyla mı sağlıyorsunuz?

- ☐ Evet
☐ Hayır

2)İŞGÖREN BULMA METODLARIYLA İLGİLİ SORULAR

1.İşletmede müdür (yönetici) açığı olduğu zaman hangi işgören bulma metodunu kullanırsınız?

- ☐ Duyurular (gazete, dergi)
☐ İç kaynaklar (terfi, transfer)
☐ İş ve işçi bulma kurumu
☐ Arkadaş tavsiyesi , (tanıdık kişiler vasıtasıyla)
☐ Stajyer (Eğitim kuruluşları)
☐ Özel insan kaynakları danışmanlık büroları
☐ Doğrudan başvuru yapanlar
☐ İnternet
☐ Diğer (belirtiniz.....)

* Niçin bu metodu kullanıyorsunuz?

2.İşletmede işçi açığı olduğu zaman hangi işgören bulma metodunu kullanırsınız?

- ☐ Duyurular (gazete, dergi)
☐ İç kaynaklar (terfi, transfer)
☐ İş ve işçi bulma kurumu
☐ Arkadaş tavsiyesi, (tanıdık kişiler vasıtasıyla)
☐ Stajyer (Eğitim kuruluşları)
☐ Özel insan kaynakları danışmanlık büroları
☐ Doğrudan başvuru yapanlar
☐ İnternet
☐ Diğer (belirtiniz.....)

*Niçin bu metodu kullanıyorsunuz?

3.İşletmede ofis elemanı (sekreter gibi) açığı olduğu zaman hangi işgören bulma metodunu kullanırsınız?

- ☐ Duyurular (gazete, dergi)
- ☐ İç kaynaklar (terfi, transfer)
- ☐ İş ve işçi bulma kurumu
- ☐ Arkadaş tavsiyesi , (tanıdık kişiler vasıtasıyla)
- ☐ Stajyer (Eğitim kuruluşları)
- ☐ Özel insan kaynakları danışmanlık büroları
- ☐ Doğrudan başvuru yapanlar
- ☐ İnternet
- ☐ Diğer (belirtiniz.....)

***Niçin bu metodu kullanıyorsunuz?**

3)İŞGÖREN SECME İLE İLGİLİ SORULAR

1.İşletmede müdür seçerken hangi işgören seçme metodunu kullanıyorsunuz?

- ☐ Başvuru formu
- ☐ Yüz yüze görüşme (mülakat)
- ☐ Grup görüşmesi
- ☐ Psikoteknik testler
- ☐ Diğer (belirtiniz.....)

2.İşletmede işçi seçerken hangi işgören seçme metodunu kullanıyorsunuz?

- ☐ Başvuru formu
- ☐ Yüz yüze görüşme (mülakat)
- ☐ Grup görüşmesi
- ☐ Psikoteknik testler
- ☐ Diğer (belirtiniz.....)

3.İşletmede ofis elemanı (sekreter gibi) seçerken hangi işgören seçme metodunu kullanıyorsunuz?

- ☐ Başvuru formu
- ☐ Yüz yüze görüşme (mülakat)
- ☐ Grup görüşmesi
- ☐ Psikoteknik testler
- ☐ Diğer (belirtiniz.....)