

SPECIFIC FEATURES OF THE RECRUITMENT AND SELECTION PROCESSES IN SME: THE CASE OF BUCHAREST

Dragusin Mariana

The Bucharest Academy of Economic Studies, Romania The Faculty of Commerce 6, Romana Square, district 1, Bucharest, postal code: 010374, postal office 22, Romania Phone: 004 0213191996; 004 0722514235 E-mail: m_dragusin@yahoo.com

Petrescu Raluca Mariana

The Bucharest Academy of Economic Studies, Romania The Faculty of Commerce 6, Romana Square, district 1, Bucharest, postal code: 010374, postal office 22, Romania Phone: 004 0213191996; 004 0724216427 E-mail: petrescu_raluca_mariana@yahoo.com

Considered to be the engine of the economy, the SMEs sector has a well defined identity in the configuration of any modern economy. SMEs are one of the most important new job generators and they are acting in a dynamic and complex environment. Thus, SMEs have relied on human resources as a source of competitive advantage and more and more entrepreneurs are becoming aware that the recruitment and selection processes play a major role in obtaining adequate staff. This paper is aiming to point out some aspects regarding the specificity of the recruitment and selection processes in SMEs active in Bucharest. The conclusions of the paper are based on a field empirical research on 25 SMEs. The results showed that the recruitment and selection processes have some significant particularities in the researched SMEs.

Key words: SMEs, recruitment process, selection process, human resources

JEL Classification: M12

Introduction

Personnel are the most valuable resource of an organization. An adequate human resource management ensures the success of an enterprise, regardless of its size. An efficient human resource management starts with efficient recruitment and selection processes. These processes can be considered the most important stages of the human resource management because the success of an enterprise directly depends on its staff's quality. This paper was written because of a vast interest in human resource management in SMEs. Based on a field empirical research on 25 SMEs active in Bucharest, the paper aims to present a series of features of the recruitment and selection processes in researched SMEs. The paper is structured into three parts. The first one explains the main concepts used in this paper. The second part points out the main steps of the research methodology and the third focuses on the main findings of the research.

Recruitment and selection processes in SMEs – concepts' content

Small and medium enterprises: According to Law no. 346/2004 on stimulating the creation and development of small and medium enterprises with the subsequent modifications and additions, legal definition for SMEs in Romania established that SMEs are classified into 3 classes of enterprises: micro, small and medium enterprises. Micro enterprises are those enterprises that have up to 9 employees and create an annual net turnover or total assets of up to 2 million Euros, equivalent in Lei⁶². Small enterprises are those which have between 10 and 49 employees and achieved an annual net turnover or total assets of up to 10 million Euros, equivalent in Lei. Medium-sized enterprises are enterprises that have between 50 and 249 employees and achieved

62 Leu (plural – Lei) is the currency of Romania.

an annual net turnover up to 50 million Euros, equivalent in Lei, or which have total assets of up to 43 million Euros, equivalent in Lei.

Recruitment: “Recruiting is the work of human resource management, which identifies sources of qualified candidates to fill a post and it determines the candidates to apply for employment of new or vacant positions within an organization”⁶³. Recruitment can be done inside the organization and/or outside it. Recruiting from internal sources is possible especially if the organization was engaged in a sustained recruitment process in a previous period of time. Usually, internal recruitment is known as a form of promotion or transfer within the organization. The most frequently used method for the internal recruitment is the employment ad. External recruitment is common especially for fast developing enterprises and for those hunted by higher educated and qualified candidates. There are different methods used in external recruitment such as advertising ads, recruitment agencies, online recruitment agencies, recruitment in educational institutions or search in applications for employment published in press.

Selection: “Selection is the activity of human resource management which consists in choosing, according to certain criteria, the candidate whose psycho-socio-professional profile best matches the characteristics of a particular job”⁶⁴. Selection refers to the final stage of the decision in the recruitment process. Selection must provide two essential features: to identify, from a lot of employees, the adequate person for the free job and to be effective (the resources used for designing and conducting the selection process have to be justified by the quality of new employees)⁶⁵. The selection’s purpose is to provide candidates who will have the best results in the job for which selection takes place. During the selection process different criteria are used, such as the study of background information provided by the curriculum vitae and letter of motivation.

Personnel recruitment and selection in SMEs - Research methodology

In the preliminary phase of the research, the *research question* was defined: What are the main particularities of the recruitment and selection processes in SMEs? After this phase, the *purpose* of the research was established: identifying recruitment and selection processes’ features in researched SMEs. Further on, the *objectives and hypotheses* were set as shown in table 1.

Table 1 - The Objectives and hypotheses of the research

Objectives	Hypotheses
Determining the importance of the human factor in researched SMEs.	Most entrepreneurs consider the human factor important for their business.
Identifying the main recruitment and selection methods used into the panel of SMEs.	Most entrepreneurs prefer informal sources of recruitment.

The design stage of the research had as initial step - *the selection of the sources of information*. For this research, primary sources of information have been used, namely entrepreneurs-managers of 25 SMEs in Bucharest, randomly chosen. The *method* chosen for *collecting the information* was the undisguised survey based on a questionnaire. As a structure, the *questionnaire* contained 7 closed and 3 open questions. The first 2 questions were used to obtain information in order to classify enterprises in the panel according to several variables, and the last 8 to obtain basic information for the research. During the research accomplishment phase, *information collection* was performed by administering the questionnaire to a sample of 25

63 Alexandrina Deaconu, Lavinia Rasca, Simona Podgoreanu, Iulia Chivu, Andreea Nita, Doru Curtenau, Ion Popa, Comportamentul organizațional și gestiunea resurselor umane, A.S.E., București, 2002, p. 209.

64 Ibid., p. 220.

65 Radu Emilian, Gabriela Tigu, Olimpia State, Claudia Tuclea, Catalina Brindusoiu, Managementul resurselor umane, A.S.E, București, 2003, p.253.

entrepreneurs-managers of SMEs in Bucharest. The high share of SMEs in Bucharest in SMEs in Romania (e.g., in 2007, approximately 24% of local SMEs active in industry, construction, trade and other services were in Bucharest⁶⁶) led to the solution of choosing the capital of Romania as an area of administration of the questionnaire. *Information processing* was done in Microsoft Excel by quantifying the information obtained and by using the ranking method. *The analysis and interpretation of the results* was based on the information obtained in the previous stage. The last stage of the research - the *conclusions* provides some specific features of the recruitment and selection processes in researched SMEs.

Data analysis and interpretation

Depending on their size, SMEs in which the questionnaire was administered were grouped, as shown in table 2.

Table 2 - The type of SMEs in which the questionnaire was administrated

The type of SMEs	Frequency	%
Micro	12	48
Small	8	32
Medium	5	20
Total	25	100

Source: data processing

The questionnaire was administered in 25 SMEs active in Bucharest. Of those, only 5 (20%) are medium-sized enterprises and 8 (32%) are small enterprises. Almost half (48%) of the 25 SMEs are micro enterprises. The large share of the micro enterprises in the total SMEs in which the questionnaire was administered is explained by the large share of the micro enterprises in our country and also in Bucharest (e.g., in 2007 in Bucharest, 88% of local SMEs active in industry, construction, trade and other services were micro⁶⁷).

Depending on the field of activity of the SMEs in which the questionnaire was administered were grouped as seen in table 3.

Table 3 - SMEs grouping by field of activity

Field of activity	Frequency	%
Commerce	8	32
Services	6	24
Industry	2	8
IT	4	16
Constructions	5	20
Others	0	0
Total	25	100

Source: data processing

Most SMEs (32%) in which the questionnaire was administered operate in the trading field. 6 (24%) of the 25 SMEs provide various services, 5 (20%) operate in the construction field, 4 (16%) in the IT field and only 2 (8%) in industry, specifically the textile industry. Of the 8 commercial SMEs, 7 (88%) are micro enterprises and only one (12%) is small. Of the 6 service providers, 3 (50%) are micro, 2 (33%) are small and only one (17%) is medium. The 2 enterprises in the textile industry are one small and one medium. Of the enterprises which operate

66 Institutul National de Statistica, Anuarul Statistic al Romaniei editia 2008, pp. 700, 702.

67 Ibid., p. 702.

in the IT field 2 (50%) are micro, one (25%) is small and one is (25%) medium. 3 (60%) of businesses that operate in the construction field are small and 2 (40%) are medium.

Regarding the existence of a human resources department, it is noted that only 8 (32%) of the SMEs in which the questionnaire was administered have such a department. Of these, 4 (50%) are small and operate in the trading field (1), IT (1) and services (2) and 4 (50%) are medium and operate in the construction field (2), IT (1) and services (1). The remaining 17 SMEs (68%) do not have a department of human resources. Of these 12 (71%) are micro enterprises operating in commercial areas (7), IT (2) and services (3), 4 (23%) are small enterprises operating in the construction (3) and textile industry (1) and only one (6%) is medium and it operates in the textile industry. It is noted that the micro enterprises do not have a department of human resources. Thus, the entrepreneur plays also the role of human resources manager. There is a part of small and medium enterprises which have a department of human resources. This shows increasing concern for the human factor, as the size of enterprises is also rising.

Perception of the importance of human resources in undertaking their business has allowed the grouping of entrepreneurs as shown in table 4.

Table 4 - Entrepreneurs grouping by the importance of the human factor in their SME

The importance of the human factor in SME	Frequency	%
Very important	8	32
Important	14	56
Less important	3	12
Least important	0	0
Total	25	100

Source: data processing

It is noted that more than half (56%) of the respondents consider the human factor important for their business, 8 (32%) consider it very important and only 3 (12%) consider it less important. The 8 respondents who consider human resources very important for their business are the entrepreneurs of the 8 SMEs that have a human resources department. The 3 respondents for whom the human factor is less important are the entrepreneurs of a trade micro enterprise, a small enterprise from the textile industry and a small enterprise that operates in the construction field. It is observed that in enterprises active in areas where unskilled labor overbears, human resources are considered to be less important for the enterprise success.

Regarding the entrepreneurs' preferences on the sources of recruitment, it can be observed that none of the respondents prefer internal sources of recruitment exclusively, while more than half (68%) prefer only external sources of recruitment. Only 8 (32%) prefer both sources of recruitment. These 8 are the entrepreneurs who have a human resources department in their enterprise and who consider the human factor very important for their success.

The entrepreneurs' preferences on the methods of personnel recruitment have allowed a top of the preferred methods of recruitment, as shown in table 5.

Table 5 - Respondents' preferences on the recruitment methods

Method of recruitment	1 st place	2 nd place	3 rd place	4 th place	5 th place	6 th place	Total
Advertisements published in the press, broadcasted on radio or television	3	8	10	3	1	0	25
Recruitment agencies	8	3	0	3	6	5	25
Online recruitment agencies	11	5	5	2	1	1	25

Recruitment from educational institutions	0	3	3	1	10	8	25
Search in applications for employment published in the press by persons in job search	0	2	3	7	4	9	25
Recruitment from informal sources (friends, family, relatives and others)	3	4	4	9	3	2	25
Total	25	25	25	25	25	25	25

Source: data processing

It is noted that recruitment agencies were placed first among preferences for methods of recruitment by 8 of the respondents while 5 have located them in the last place. Of those 8, 7 are entrepreneurs who have a human resources department in their enterprise. It can also be noted that 11 respondents located in the first place the online recruitment agencies. Of these 9, 5 are the entrepreneurs in micro enterprises in commerce, services (2) and IT (2). Thus a high demand for online recruitment can be identified among micro enterprises. The evolution of technology led to the evolution of recruitment methods, online recruitment becoming increasingly used, even by the entrepreneurs of micro enterprises. Thus, ever more modern methods of recruitment replaced the old ones; only 3 respondents placed the recruitment through informal channels first (friends, relatives, family and others). Classical recruitment advertisements published in the press were located in the first place as the most used method of recruitment only by 3 respondents (2 entrepreneurs from small business in the textile and construction industries, and one entrepreneur of a medium enterprise in the textile industry). Therefore, it is noted that in areas of activity where unskilled labor overbears, the recruitment advertisements published in the press remained preferred. To determine the top of the preferred methods of recruitment, the ranking method was used. Thus, a “grade” was assigned, as follows: the 1st place received 6, the 2nd place 5, the 3rd place 4, the 4th place 3, the 5th place 2 and the 6th place received 1. After that, the sum of the multiplications between the grade assigned to each place and the number of respondents related to each place was calculated. After that, the amount obtained was divided by the total amount of respondents, 25 respectively. The scores obtained revealed that the most preferred recruitment method is online recruiting (score 4.80). Ranked second among the respondents' preferences on methods of recruitment are recruitment ads published in the press with a score of 4.36. Ranked third with a score of 3.64 is recruiting through informal channels, and ranked next, with a score of 3.56 is recruitment agencies. Last 2 places of the deck are occupied by searching applications for employment published in the press with a score of 2.40 and the recruitment from educational institutions with a score of 2.32.

Regarding the preferred selection methods, in 22 SMEs the selection process consists in analyzing the information provided by the CVs and letters of motivation followed by an interview. Of the 22 SMEs, only 11 also chose testing as method of selection. The 3 SMEs that have not chosen any method of selection are those that chose the recruitment from informal sources as the main method of recruitment. The other SMEs who have not chosen testing as a method of selection are those that have awarded the 1st or 2nd place to the recruitment advertisements published in the media.

Conclusions

The research confirmed the hypothesis about the importance of the human factor. It was found that most entrepreneurs of researched SMEs consider the human factor important for their business. It may be inferred that, acting in a dynamic and complex environment, SMEs have become aware that human resources can be an important factor that can ensure their survival or success on the market. The hypothesis regarding the entrepreneurs' preference for informal sources of recruitment has not been confirmed. Thus, the research showed that most entrepreneurs of the micro enterprises prefer online recruitment.

Less than half of the SMEs in which the questionnaire was administered have a human resources department, which was predictable, since nearly half of SMEs are micro enterprises, and the existence of a human resources department in such firms is not justified. According to the gathered data, more than half of small and medium enterprises have a human resource department which leads to the conclusion that as companies grow, their concern for personnel increases. Along with the enterprise size, the field of activity is another factor influencing the existence of a human resource department. Thus, the research revealed that a medium enterprise from the textile industry does not have a human resources department. Thus, enterprises operating in areas where unskilled labor overbears do not put great emphasis on human resources.

More than half of the respondents consider the human factor important for their business. Although they do not have a human resources department in their micro enterprises, the entrepreneurs do not deny the importance of the human factor for their success. They are aware of the strong competition existing on the market they operate on and they consider human resources as a source of competitive advantage.

More than half of the respondents prefer external recruitment only, the rest preferring both internal and external sources of recruitment. External sources are largely preferred by micro entrepreneurs. As companies grow, entrepreneurs prefer both internal and external sources of recruitment. Since the internal recruitment (commonly known as promotion) is an important means of motivation, and concern for the human resources increases with increasing business, entrepreneurs of small and medium businesses often use this source of recruitment.

Nearly one third of respondents ranked recruitment agencies as the preferred method of recruitment. However, almost half of the respondents placed the online recruitment service in the first place, part of them entrepreneurs of micro enterprises in commerce, services and IT. The evolution in technology led to the evolution of recruitment methods. Thus, online recruitment became increasingly used even by the entrepreneurs of micro enterprises who consider it a way of rapid and cheap access to millions of potential candidates. Thus, ever more modern methods of recruitment replaced the old ones; only a minority of the respondents placed the recruitment through informal channels first (friends, relatives, family, and others). This method of recruitment, which assumes prior knowledge of future employees, is generally used by entrepreneurs of micro enterprises. Classical recruitment advertisements published in the press were placed in the first place as the most used method of recruitment only by very few respondents, the entrepreneurs of business in textile and construction industries. Therefore, it is noted that in the areas of activity where unskilled labor overbears, recruitment through the media was preferred. Considering the top of the entrepreneurs' preferences regarding the methods of recruitment it can be observed that the 1st place is taken by the online recruitment agencies. The 2nd place belongs to recruitment ads in the press, the 3rd one to recruitment through informal channels, the 4th place is held by recruitment agencies, the 5th place is held by searching for applications published in media and the last place belongs to recruitment from education institutions.

In most SMEs in which the questionnaire was administered, the selection process consists of analyzing the information provided by CVs or letters of motivation of the candidates followed by an interview. Few SMEs use tests as a method of selection.

The present paper revealed some specific features of the recruitment and selection processes in a panel of 25 SMEs. In order to validate these findings for the whole Romanian SMEs sector, further researches are required.

References

1. Catoiu Iacob (coordonator), Cercetari de marketing, Uranus, Bucuresti, 2002.
2. Deaconu Alexandrina, Rasca Lavinia, Podgoreanu Simona, Chivu Iulia, Nita Andreea, Curtenau Doru, Popa Ion, Comportamentul organizațional si gestiunea resurselor umane, A.S.E., Bucuresti, 2002.
3. Emilian Radu, Tigu Gabriela, State Olimpia, Tuclea Claudia, Brindusoiu Catalina, Managementul resurselor umane, A.S.E, Bucuresti, 2003.
4. *** Institutul National de Statistica, Anuarul Statistic al Romaniei editia 2008.
5. *** Legea nr. 346/2004 privind stimularea infiintarii si dezvoltarii intreprinderilor mici si mijlocii.