Strategic Recruitment and Selection in Malaysian Small and Medium Enterprises: Unravelling the Evidence of Fit.

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Declaration

I declare that this thesis and the work presented here are my own and is produced by me as the result of my own original research.

January 2020

Mathew Abraham

In Memoriam

In memory of my late father, duly respected by one and all and a loving family man with a warm, infectious smile.

Acknowledgements

To God Almighty for teaching me patience, devotion and trust through life's most challenging journey of countless ups and down. His wisdom, compassion and guidance are my pillar of strength.

To Dr. Maniam Kaliannan and Dr. Avvari Mohan ever encouraging, supportive and understanding. Always grateful for your constructive ideas and placing cluttered research thoughts into proper perspective when needed.

To my family, mother, relatives and friends for their prayers of encouragement, concern and support.

Abstract

Organisations that demonstrate effective human resource management (HRM) practices experience higher productivity from employees. The antecedent is to establish and implement human resource functions or processes that bring out the best in employees. Generally, larger organisations have more sophisticated and well-structured HRM practices. The perception is HRM practices in large organisations are easy to replicate in small and medium enterprises (SMEs). Certainly, SMEs face many challenges unique to their business environment hence the solutions are specific to these challenges. Therefore, issues affecting people, in this instance HRM issues would require highly specific human resource process interventions to suit the SMEs needs. A very vital and highly specific element is the strategic recruitment and selection process in SMEs. Hence, this study focuses on the importance of strategic recruitment and selection practices in Malaysian SMEs and the significance of fit specifically person-job (PJ) and person-organisation (PO) fit. Literature indicates there is a lack of sufficient studies that look at the effect and application of PO and PJ fit dimension in the recruitment and selection function specifically in Malaysian SMEs.

This qualitative study encompasses the development of *a priori* themes drawn from literature as the initial fundamental guide. The first level *a priori* themes are the precursor in developing the initial *a priori* template. The main data collection methods used are in-depth interviews and focus group discussions. The research adopts the interpretivist approach infusing a practitioner-researcher viewpoint that embraces 'sense-making'. It combines the practical rationality and utility of the problems of practising managers. Data collected is analysed using the combination of template analysis and qualitative analysis software encompassing the thematic organising and analysis of interview data.

The interpretation and understanding of the importance of PJ and PO fit among the SMEs when recruiting and selecting talent is ambiguous. Hence putting in place a structured human resource policy and the system is the biggest challenge. The final template produced five important first-level *a priori* themes; strategic considerations, recruitment practices, selection criteria, fit dimension and link-outcome between fit and retention. These five level one themes together with key sub-level themes serve as a guide for SMEs to implement a strategic and structured recruitment and selection process. An effective hiring system incorporates business strategy linked dimensions of PJ and PO fit in the overall process. Employee retention in SMEs tend to be higher because of the intrinsic job factors experienced by potential applicants in the hiring process. SMEs should consider using specific and systematic hiring-costing template that achieves cost-effective methods. Second, adopting a targeted recruitment and selection approach, for example, referrals, internships, sourcing from technical and vocational education or training institutions are effective methods for SMEs. Speed, simplicity and cost efficiency are strong drivers in SMEs recruitment and selection process. Hence using a highly focused recruitment and selection targeting applicants with specific trade based skills produces better PJ and PO fit. Ultimately, as a way forward the findings shape the foundation in developing a strategically focused recruitment and selection framework and template that facilitates SMEs to hire the best person that fits the job and the organisation.

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Chapter 1
Introduction

1.1 Introduction

The People Make the Place. Benjamin Schneider wrote this title in his seminal article in Personnel Psychology in 1987. After 32 years, without a doubt '*the people STILL make the place'*. Studies on people - talent in organisations has become somewhat of an obsession. It is clear that organisations who employ and optimise value-creating, quality talent reaps great success (Schiemann, 2014; Sparrow and Makram, 2015). As the world moves into the Industry 4.0 revolution, there is now a greater need to invest in talent. Streams of thought in talent management have also evolved over the decades. First is the simplistic idea of changing Human Resource Management (HRM) to Talent Management, second is establishing clear processes for succession and workforce planning, third is managing the people with 'talent' and fourth is developing the people with talent to fill positions that are core and strategic (Krishnan and Scullion, 2017). Organisations who invest, nurture and retain talent as a long-term vision tend to gain satisfying returns. These returns are not just financial but translate into innovation that adds value to the organisation.

Strategic recruitment and selection is a critical practice of the overall human resource architecture in organisations. Strategic recruitment and selection process is an important human resource sub-component that links directly to an organisations direction. Recruitment and selection process is a strategic action plan to position the organisation in the right path to achieve its objectives (Bernard O'Meara and Petzall, 2013). Strategic positioning of HRM as an equal partner in the formulation of organisations' strategy and direction demonstrates the relationship between an organisation's performance and its HRM practices (Wright and Ulrich, 2017). The challenge facing organisations is finding opportunities to grow in a highly competitive and constantly changing environment. Search for highly competent staff becomes much more difficult. Organisations human resource processes greatly influences the effectiveness of planning, recruiting, selecting, developing, rewarding and retaining their valuable talent. The task of finding and attracting the right talent is a competition

among organisations. A successful recruitment and selection process in an organisation hinges above all on the overall effectiveness of the human resource practices. Hence, the critical factor is ensuring talent 'fits in' the organisation. An effective 'fitting-in' is largely dependent on how the recruitment and selection process can match talent to the organisation. Barrick and Parks-leduc (2019) states when there is a right fit, people will experience "optimal psychological reactions and performance" (p. 13.1).

Large organisations are better organised in their human resource practices naturally because of their size, scope, and number of employees. Applicants normally tend to gravitate towards large organisations when applying for jobs. Their job interests in larger organisations is understandable as small and medium enterprises (SMEs) are unable to match the larger ones in many dimensions. The primary attraction is the financial rewards and benefits that larger organisations offer which SMEs are unable to match. Hence, to appreciate the role and significance of recruitment and selection practices in SMEs it would be sensible to introduce two interrelated elements HRM practices and the strategic element of human resource management practices as a precursor in understanding the significance of the recruitment and selection process. The idea of strategic human resource management (SHRM) encompass three key factors:

i. to contemplate human resource practices as bundles that motivate the employee and enhances their capability,
ii. the creation and retention of a pool of human resource that reinforces the effectiveness of human resource practices and
iii. the contribution and input of human resource systems towards an organisations' achievement of goals and performance

(Boon, Eckardt, Lepak, *et al.*, 2018).

The birth of SHRM in 1984 has influenced the approach adopted towards human resource and its practices. It indicates the connection between HRM and strategy, which basically is the development of human resource strategy by organisations closely linked and influenced by business strategy, organisational and environmental elements (Beer, Spector, Lawrence, *et al.*, 1984; Fombrun, Tichy and Devanna, 1984;

Miles and Snow, 1984; Schuler and Jackson, 1987; Delery and Doty, 1996; Boxall and Purcell, 2000; 2008; Armstrong, 2009; Kaufman, 2015a). Hence the approach to be taken by organisations is to view the human resource processes including recruitment and selection as strategic and people as assets that bring long-term value specifically human capital (Kaufman, 2015a).

The human resource domain which encompasses the management of people has not only grown over the decades into a dynamic and vibrant organisational function but has developed as a strategic tool towards competitive advantage (Wright, 2001). Emphasis is now on "outcomes" – it is the delivery. As pointed out by Ulrich (1998), HR is not about what is done rather how does it enable organisations to produce results that adds value to their shareholders, customers and employees.

HR challenges are greater now due to the complexities in which organisations operate and function. The driving force for change creates key shifts in the economy, globalisation decisions, diversity and technological advancements that thrusts the field of HRM into new directions (Stone and Deadrick, 2015). Staff in the 21st century faces greater challenges due to the complexities of their work (Ployhart, 2006). Organisations are competing in attracting the right talent and the effort to retain this talent is becoming a daunting task. Over the past twenty years' research in HR has moved towards issues that seek answers on how HR practices can contribute towards organisational performance. In this context, how employees are managed affects not only "quality, profitability and productivity" but also shareholder returns (Pfeffer, 2007, p. 119). It is now becoming an established belief that outcomes in HR are more significant and important rather than focusing on processes, costs or programmes (Boudreau, 1988; Ulrich, 1998). Human factors or intellectual capital has emerged as a key component in an organisations' future success. People are seen as the most crucial talent or asset who are not only innovative and creative towards organisations' progress in building knowledge (Boudreau and Ramstad 1997). Hence stressing and focusing on the importance of fit between; person and the job; person and the organisation would decide the organisations' future competitiveness and success.

Since most of the mainstream research on HRM is typically concentrated in large organisations, it is assumed the lessons learned can be applied generically into HRM practices in SMEs (Dundon and Wilkinson 2009). Research on HRM practices in SMEs, what more the SHRM perspective, is very limited and most of the past studies do not specifically focus on the impact and development (Heneman, Tansky and Camp, 2000; Heneman and Tansky, 2002; Cardon and Stevens, 2004). It turns out as a generic HR practice even though when the definition of SMEs varies across different countries. Dundon and Wilkinson (2009), states three constraints in developing an acceptable definition, first due to the differing nature of the business and employment, second due to the market conditions influencing the nature of a SME businesses whether they outsource or operate in niche markets and finally applying a generic and similar HRM approach as used in large organisations in SMEs. For example, if the criteria is centred on employee population, the US SMEs are categorised as below 500 employees (Cardon and Stevens 2004), in Europe SMEs are with below 250 employees, and in Australia, it is below 20 employees (Mayson and Barrett, 2006). Malaysia categorises SMEs as 200 employees and below.

There are doubts whether small organisations can establish effective HRM and workplace improvements owing to the scarcity of resources, management expertise and the greater informality (T. Bartram, 2005). Despite these concerns, SMEs are critical to many countries as they not only offer employment but the way people are managed determines its competitiveness (Dundon and Wilkinson, 2009). The extent of strategic HR planning in SMEs is very low, Forth *et al*. (2006) indicate only 40 per cent of SMEs have some form of specific HR strategies. The inclination for informality varies between industries and sectors and for SMEs the internal labour pool is rather constrained especially for recruitment and career development (Taylor 2005; cited in Dundon and Wilkinson, 2009). The recruitment method used for new employees is mainly through informal networks based on owner-manager preferences.

1.2 Small and medium enterprises in Malaysia

The role and contribution of Small and Medium Enterprises (SMEs) including micro-enterprises in the Malaysian economy are substantial in terms of encouraging growth,

providing employment and increasing income levels (Malaysia. SME Corporation Malaysia. SME Development Council. 2012). Latest data from SME Annual Report 2018-19 states SMEs in Malaysia comprise 98.5 per cent of the total number of businesses registered. The balance 1.5 per cent are the large business establishments. The 10-year SME Master Plan is a strong indicator of the Government's effort in supporting and promoting SMEs. The purpose is towards achieving three important targets by the year 2020 which are:

i. Raising the employment levels to 62 per cent; according to the latest SME Annual Report 2018/19 data, SMEs employed 66.2 per cent of the total employed workers in Malaysia. This means the target has been achieved before 2020.
ii. Contributing 41 per cent of the overall GDP; the SMEs contribution to the Gross Domestic Product (GDP) was 38.3 per cent in 2018.
iii. Increasing exports to 25 per cent; was 17.3 per cent in 2018 (SME Corporation Malaysia, 2019)

The Government's commitment towards developing the SMEs is rooted in the Ninth and Tenth Malaysia Plan and the Third Industrial Master Plan. The Ninth Malaysia Plan highlights principal policies on SMEs that would help these establishments propel themselves up the value chain namely in three major sectors which are manufacturing, services and agriculture (Malaysia. Economic Planning Unit. Prime Minister's Department. 2006). According to the Annual SME Report 2018/19, a significant majority (98.5 per cent) of all the businesses in Malaysia are SMEs, and their economic GDP growth was 6.2 per cent. The SME share to GDP is equivalent to RM521.7 billion (38.3 per cent) of contribution to the Malaysian economy. SMEs contribution towards a countries' growth engine is also evident in advanced nations like Japan, Korea, and Taiwan where more than half of their GDP is from SMEs. Data indicates that from 2001-2017 SMEs in Malaysia have consistently out-performed the national GDP growth rate by achieving an annual average growth rate of 6.0 per cent. In reference to sectorial contribution, the SME sector that contributes the most is the service sector, followed by manufacturing and agriculture. In terms of SME GDP, the service sector accounts for 62.4 per cent, manufacturing 20.1 per cent, agriculture 10.1 percent, construction 5.9 per cent and mining and quarrying 0.5 per cent. Data

based on overall GDP contribution shows SMEs from services sector contributes 56.7 per cent, followed by manufacturing at 22.4 per cent, agriculture 7.3 per cent, construction 4.9 per cent and, lastly mining and quarrying 7.6 per cent. The overall value of SME exports compared to the total exports is 17.3 per cent. Employment percentage in SMEs increased with a growth of 3.4 per cent in 2017 compared to 2.1 per cent in 2016. However, in 2018 it was slightly lower at 3.2 percent. The employment trend quite clearly indicates more people are employed in SMEs compared to larger organisations. The 2018/19 data on SMEs indicates the services sector contributed 62.3 per cent of the overall employment (66.8 per cent in 2016), followed by manufacturing at 16.4 per cent (18.4 per cent in 2016), agriculture at 10.7 per cent, construction 10.3 per cent (11.1 per cent in 2016) and, mining and quarrying 0.3 per cent (SME Corporation Malaysia, 2019). Productivity level is only one-third (1/3) when compared to the larger companies (Bernama, 2012). This point was also highlighted in the SME Annual Report 2017/18, "the productivity gap between SMEs and large firms has remained at 3.3 times since 2016" (p. 28) and that since 2016 there has been no change in productivity differences between large organisations and SMEs which has remained at 3.3 times. In terms of labour productivity, the actual value-added per worker, in large organisations is RM 208,361 compared to RM 73,399 per worker (2018/19 report data) in SMEs. Large organisations have support with higher capital investments and better contribution from workers with higher skills. This indicates a fundamental weakness in both SMEs performance and productivity level. In a report published by the National Economic Advisory Council (NEAC) in late 2010, there is a need to intensify human capital development to address this weakness.

The NEAC (2010) report stresses on intensifying human capital development and the need to transform the workplace. The report further adds that as part of policy development, strategic HR programmes need to be established in SMEs. Working towards achieving this goal the National Human Resource Centre (NHRC) was established on 1st August 2011 for this purpose (National Human Resource Centre Malaysia, 2018). NHRC's conceptual framework and the establishment were driven by one of the Strategic Reform Initiatives (SRI) based on the need to cultivate quality human capabilities in SMEs. HRM systems need to be revamped and reinforced to develop productivity and performance of the SMEs. The general purpose is to provide

strategic and operational support in HR and this includes recruitment and assimilation. This is one out of six areas identified as part of SMEs human resource change process. These initiatives include providing HR Solutions, HR Capability Building and Business Owners Peer Sharing of HR Practices (National Human Resource Centre Malaysia, 2018).

A close study of the report by NEAC on the SRIs which is at the core of the Economic Transformation Programme in Malaysia highlights one particular initiative, "inspiring the workforce to draw out their best" (National Economic Advisory Council, 2010a, p. 123). This SRI demonstrates the need to match job and workers where "the right workers need quickly to find the right jobs; the right jobs must rapidly attract the right workers" (National Economic Advisory Council, 2010a, p. 116). As proposed in the government's 10 year SME Master Plan the three targets set, first, SME employment levels of 62 per cent, second, SMEs contributing to the overall GDP at 41 per cent and thirdly, SME exports at 25 per cent (SME Corporation Malaysia. SME Development Council., 2012) clearly emphasises the need to develop workers with the right skills and place them quickly in SMEs that grow at a rapid pace. To exploit internal strengths, SMEs need competent employees and the NEAC reports indicate this importance.

This thesis is an exploratory study reviewing the dimensions of strategic recruitment and selection practices in SMEs with emphasis on the concept of fit. It also investigates how consistent and effective are these practices among SMEs when hiring talent and achieving competitiveness.

1.3 Problem statement

There are debates on whether the idea of human resource practices applied in large organisations also be incorporated in SMEs. The perception is a large organisation's HRM norms and best practices are easy to replicate as standard practices in SMEs. According to Krishnan and Scullion (2017) "talent attraction, identification and retention" (p. 432), changes according to the various growth stages of the SMEs. Human resource issues will keep evolving as the SMEs experience different organisational growth life cycles. Since the mainstream research focus is completely

on large organisations, therefore the result does not represent the obstacles faced by SMEs (Williamson, Cable and Aldrich, 2002). Williamson, *et al*. (2002) further indicates the lack of research in recruitment and selection in SMEs. The acquisition or hiring of human resources is a staffing function that consists of two major functions namely recruitment and selection. First, there is insufficient research on the difficulties faced by SMEs during recruitment, and second, past research leans towards explanations of recruitment practices instead of specific theoretical foundation on the practicality of these practices. Traditionally recruiting and selection models focused more on individual level outcomes rather than organisation level outcomes namely perceptions of attractiveness towards the organisation, patterns of search behaviours and job performance (Ployhart and Kim, 2014). At the organisational level, determining how recruitment and selection can contribute towards its competitiveness is a significant point. Ultimately, the quality of the human resources determines competitive advantage and organisation performance. Logically executing effective recruitment and selection practices when hiring human resources is of strategic importance. The collective knowledge, skills, abilities and other characteristics (KSAOs) of employees in the long term are the catalysts for organisations to be competitive and achieve their strategic goals. Developing effective hiring strategies and capabilities linked to organisation objectives are vital in acquiring, developing and retaining employees (Ployhart and Kim, 2014).

The conventional approach in determining the match between the job applicant and job requirements is the knowledge, skills and abilities. A fundamental point here is applicants who fit these job requirements achieve greater outputs and performance (Krishnan and Scullion, 2017). In SMEs however, the emphasis on personal characteristics fit with organisational culture and values (PO fit) outweighs the selection preference criteria of PJ fit in large organisations (Desphande and Golhar, 1994; Krishnan and Scullion, 2017). Outcomes of fit for recruitment is the 'fitting in'; the intention to join, stay and be committed whereas selection is the predictive behaviour; performing in the job and organisational citizenship (Barrick and Parks-leduc, 2019). Research and debates concerning the understanding of person-organisation (PO fit) and person-job (PJ fit) is rather slow, fraught with diverse and complex constructs (van Vianen, 2018; Barrick and Parks-leduc, 2019). These

constructs although demonstrates positive behavioural and attitudinal impact but how it can be simplified and understood for use in a practical sense for practitioners in organisations is rather unclear (Mercurio, 2016). Hence to understand the PO fit and PJ fit constructs in SMEs is a challenge due to the large differences in the fit construct domains. Developing a recruitment and selection model that incorporates the PO and PJ fit might be beneficial for managers' practical use in SMEs. Competent employees are highly sought after by large organisations and SMEs biggest challenge is retaining their skilled staff. In the US, for example it costs an average of $4,275 to replace every employee who leaves (Mercurio, 2016).

Heneman, Tansky and Camp, (2000) in their research paper mentions that from 1990 – 1997 only 17 empirical articles were written that focuses on HRM in SMEs. Cardon and Stevens (2004) in their analysis of 37 articles on management needs of SME's point out there is no clear distinction between small and large enterprises. Hence, these articles fail to clarify the various HR challenges and how these are resolved. Huselid argues, "we know very little about the science and practice of HR in these organisations" (2003, p. 237). Evidence suggests human resource in SMEs leans towards activities which are more of ad-hoc and informal (Mayson and Barrett, 2006).

It is clear that SHRM research shows the association between firm performance and HRM but there was insufficient evidence of causation (Arthur, 1994; Huselid, 1995; Delery and Doty, 1996; Boselie, Dietz and Boon, 2005; Combs, Liu, Hall, *et al.*, 2006). Further arguments put forward by Lepak and Snell (1999) is the value and uniqueness of core workers within the human resource architecture while Guest (2011) highlights that selecting the right candidate is not just based on competencies but also the values, motivation and commitment portrayed by the candidate. It is also evident based on resource based view competitive advantage is when organisations exploit their internal strengths (Barney 1991; Barney and Wright 1998; Saá-Pérez and GarcÍa-FalcÓn 2002).

It is argued that the link between HR architecture and firm performance is rather unclear (Becker and Huselid, 2010). Perceptions about HR is now as a business partner and its architecture in this instance are the functions, process, practices and systems,

and does it influence the business in terms of attracting the most talented worker with right competencies. An important initiative in developing HR for SMEs under the National Human Resource Centre is the HR capability building. In achieving this there must be a workplace transformation incorporating up-to-date HR systems and practices and importantly the centre's function includes among others the "recruitment and assimilation" in SMEs which should be holistic and strategic (National Economic Advisory Council, 2010b, p. 68).

Between 2006 and 2018, there were twelve studies identified on HRM related research in Malaysian SMEs. None focusing specifically on recruitment and selection (see Appendix 12 for a review of the available studies). This demonstrates the need for more credible research in this area.

Drawing on this background and the limited "models or framework" (Heneman and Tansky, 2002, p. 55) on SHRM practices it would be useful to examine the strategic nature of recruitment and selection practices that are adopted in SMEs. Hence exploiting the internal strength as proposed by Barney (1991) can only be achieved if a strategic recruitment and selection practice is developed systematically. Arguments put forward by Huselid (2003) on the lack of sufficient understanding of HR practices in SMEs further supports the need to investigate and examine the recruitment and selection practices in SMEs. The objective is to explore if the SME owners or managers responsible for hiring decisions recognise the relevance and importance of fit as fundamental to the strategic recruitment and selection process.

1.4 Research Questions

Drawing on the gaps explained earlier the main research question for this study is to explore the significance and impact of person-job fit and person-organisation fit in the strategic recruitment and selection process on Malaysian SMEs and its effect on performance. Within this context, the following sub-research questions are examined:

1. What are the current recruitment and selection practices adopted in SMEs?
2. Do SMEs view the person-job fit and person-organisation fit as a strategic and integral function of the recruitment and selection process?

3. How does a strategic recruitment and selection process effectively contribute towards SMEs employee retention competitiveness?

1.5 Research Objectives

The fundamental research objective, therefore is to determine the significance of person-job fit and person-organisation fit in the strategic recruitment and selection process and its impact on Malaysian SMEs. The following are the sub-research objectives:

1. To examine the current recruitment and selection practices adopted in SMEs.
2. To explore whether SMEs view the person-job fit and person-organisation fit as a strategic and integral function of the recruitment and selection process?
3. To evaluate if a strategic recruitment and selection process can effectively contribute towards SMEs performance in terms of staff retention.

1.6 Significance of the study

The discussions in the sections below highlights how this study can contribute towards theory and practice. First, is the contribution to theory, specifically an integrated recruitment and selection framework emphasising both extrinsic and intrinsic elements useful in understanding SMEs recruitment and selection. Second, a specific template and costing model that is a suitable recruitment and selection tool to hire applicants with the right fit and have better retention.

1.6.1 Theoretical contribution

The strategic dimension in HRM practices as discussed by many researchers demonstrates the need for organisations to review current human resource practices and align or adopt them with the strategic needs of the organisation. The recruitment and selection practices used in the process of hiring the right talent is of strategic importance as this determines whether the new hires can contribute towards the SMEs competitiveness.

SMEs that fail to demonstrate good hiring practices may find themselves losing ground in their advantage. It is not only a challenge to find talent but also to retain them, especially among the Generation Y employees. Their values and beliefs are very different from Generation X employees who normally are in their forties and are generally in a managerial position. An online article in HR Magazine by Pryce-Jones, (2013) highlights generation Y as highly mobile, and the likelihood of retaining them in the organisation is dependent on the extent of job fulfilment and being able to do something meaningful. In a project for ALLIES (Assisting Local Leaders with Immigrant Employment Strategies) funded by Maytree and The J.W. McConnell Family entitled Global Talent for SMEs with a primary focus on the Canadian SME sector, it was identified that among the key challenges for SME talent recruitment were competing for skilled talent and finding for the right talent. The Malaysian SMEs are in a similar position.

The findings demonstrate that several recruitment and selection factors that are specific and unique to the Malaysian SMEs. The integration of several key theoretical models forms the basis in the development of the conceptual framework specifically The Model of Recruitment Process (Bowen, Ledford Jr and Nathan, 1991; Breaugh, 2008; Dineen and Soltis, 2010), Employer Recruitment Decisions (Davidson, 2011), The Fit Models (Edwards, 1991; Carless, 2005). As mentioned, the context of the research is to explore SME owner/managers recruitment and selection practices as well as whether the element of 'fit' is understood and considered as criteria in the recruitment and selection process.

The conceptual model depicts four dimensions that affect the recruitment and selection process in SMEs. First, literature suggests that strategic level factors are significant inputs in the recruitment and selection activity. Second, recruitment and selection activity is a process that requires identifying appropriate hiring objectives, applicant attraction strategy, assessment tools and cost considerations. The third and fourth dimension is to explore whether PJ Fit and PO Fit is an integrated function of recruitment and selection. Drawing on these dimensions the theoretical underpinning is a comprehensive SME Recruitment and Selection Model. In this model, the strategic considerations in executing the recruitment and selection function is to establish the

role significance of the HR department. As established in literature and the findings, the majority of SMEs have their HR decision processes executed by a single person who may be the owner or staff reporting directly to the owner. Therefore, the role authority element is concentrated at this particular point hence the full control factor. The singular decision-maker therefore, determines the degree of recruitment and selection decision flexibility.

Hence, the strategic integration between business strategy and the recruitment and selection process is driven by the owner's vision and by engaging with the current workforce. Analysis indicates hiring is driven by the SME owners' tight controls on recruitment and selection. The purpose of control is due to cost considerations. The demand and the availability of workers preferring to work in the SME sectors are limited. The challenges in attracting applicants for jobs in SMEs are influenced by monetary factors. The financial capacity of SMEs to offer successful applicants pay packages and benefits equivalent to or better than larger organisations is an overwhelming task. Applicants generally recognise the economic sense of being employed in a larger organisation compared to SMEs. In addition to the large organisations size, its reputation and presence in the market signal its advantage compared to SMEs. Hence, SMEs that create effective branding and signalling as a strategic level plan may attract more applications during the recruitment phase.

Common selection tools normally used by most organisations demonstrate the selection phase. The more crucial selection criteria in evaluating the suitability of an applicant is to identify how PO fit and PJ fit is incorporated. The first step as demonstrated by evidence is having a detailed job description and specification. These two products, unfortunately are not developed well in SMEs hence the understanding of criteria for fit remains rather vague. Evidence from SMEs shows that the definition of fit is based primarily on the applicant's character and competence. Factors such as experience, skills, integrity, loyalty, personality, eagerness, learning interest, communication and interaction ability, and multi-tasking capability are primary indicators of fit.

Literature suggests that the context of fit between an SME and a large organisation have key differences as the former focuses on PO fit whereas the latter emphasises more on PJ fit (Krishnan and Scullion 2017; Desphande and Golhar 1994). Findings show that both PO fit and PJ fit are equally important. It is not logical to say that one is more important than the other one. SME owner/managers state that a person is right for the job when the job seeker applies and fits the criteria required for the job, and demonstrates behavioural characteristics that fit the organisation.

The research also indicates that effective strategic recruitment and selection translate to better retention outcomes. The staff turnover is lesser when the organisation culture advocates and demonstrates a conducive work place environment. The emphasis on respect, dignity, workload equity, career growth opportunity, open and transparent communication and a sense of belonging promotes better fit and retention.

The characteristics and features of recruitment and selection in the Malaysian SMEs context adds further robustness in this research domain. Literature states several key but common factors explaining the dimensions of PO and PJ fit in organisations. However, most of the studies discuss the concept and idea of fit mostly as a universal addition in 'an organisation'. There are insufficient studies explored on the PO, PJ fit association with recruitment, and selection in SMEs. Hence, the application of fit as a key component in the process of recruitment and selection in Malaysian SMEs is deemed to be as a major theoretical contribution. The important outcome of this research is the development of a template that captures the essence, characteristics of PO fit, and PJ fit as a key sub-component of the recruitment and selection function. Hence, the proposed strategic recruitment and selection theoretical framework is expected to fill the gap in the research on specific HR functions in SMEs, which is now scarce and limited. It also further contributes towards the general research paradigm in the HRM literature on SMEs.

1.6.2 Managerial/practical contribution

The proposed strategic recruitment and selection framework is viewed not only as a contribution towards theory but at the same time provides a working model that can

be utilised by SMEs. Under the NHRC framework, the proposed model would naturally provide strategic and operational support to SMEs, which then answers the recruitment and assimilation initiative as established in the NHRC framework. The proposed model may be categorised as an HR Solutions and HR Capability Building that might useful for NHRC in supporting SMEs in recruiting competent candidates.

The Hiring Criteria Template and Hiring Costing Model developed from the findings of the research is more than just a contribution towards conceptual understanding of theory. The characteristics of fit from the research are unique to the Malaysian context. This information is useful in identifying the factors on fit, recruitment and selection practices and retention policies that SMEs in Malaysia could use as their reference point. Hence, the features stated in the template provides effective human resource acumens for human resource staff in SMEs. As pointed out in literature and the findings, SMEs human resource knowledge and practices are unstructured and lacks precision decisions. The unsteady nature of human resource practices in SMEs demonstrates the need for the human resource staff to implement human resource plans that are strategic and practical. First, is the ability to evaluate and determine the best approach in human resource planning. Second, demonstrating key capabilities of integrating organisations' vision and direction into the human resource plans. Third, using the right approach to attract and hire the right fitting talent. Lastly creating an appealing consciousness that conveys a sense of purpose for staff to remain in the organisation even if they see better attractions in larger organisations.

The positioning of human resource practices in SMEs is a crucial component of the overall organisations activities. Changing the typical perception of HRM as less significant and non-contributory to overall operations is crucial. Emphasising HRM's relevance and position is a challenge but it is important to state and demonstrate how it can crucially add value to the organisation. It is hoped that the findings contribute to the overall initiative and plans in transforming the SME into a dynamic and vibrant part of the Malaysian economy. With government emphasis on human capital development in SMEs, further improvements in productivity and performance are achievable. Putting in place the right human resource practices, in this instance, the development of a strategically focused recruitment and selection practice would fulfil

the general vision of the Ninth and Tenth Malaysia plan and meet the three targets listed out in the 10-year SME Master Plan.

1.7 Selected operational definition of key terms

The operational definitions provide a fundamental guide towards understanding specific terms used in explaining relevant issues relating to this study.

1.7.1 Strategic human resource management

SHRM is the integration between organisation level strategy and HRM practices. Organisation level strategy encompasses the strategic direction an organisation adopts to facilitate its achievement of goals. Hence, the integration of organisation business strategy and human resource design implementation consists of systems, practices' and processes that facilitates employees to accomplish greater levels of performance. The human resource function is now all about being strategic; focusing on how a specific human resource function brings and adds value to the organisation.

1.7.2 Recruitment

Recruitment is a process where organisations undertake specific set of activities with the purpose of identifying potential applicants. These activities then create the required attention, interest, desire and hence attracts these potential applicants to apply for the vacant job.

1.7.3 Strategic recruitment and selection

Strategic recruitment and selection is about converting organisation vision, mission statements and strategy into precise staffing activities that identify, attract, influence, select and retain suitable applicants who fits the strategic needs of the organisation and job. The 'strategic' nomenclature in recruitment and selection is associated with two components business strategy formulation and implementation. Hence, this means the role significance of human resource in the formulation of the SMEs strategic business plans and demonstrating implementation of these plans is supported by associated human resource functions.

1.7.4 Selection

Selection is defined as a human resource activity intended at hiring people with right KSAOs. The purpose is to hire people with the right fit to accomplish job tasks, duties and responsibilities.

1.7.5 Person – job fit

The concept of PJ fit is defined as the matching between a person's competencies with the features of a specific job. PJ fit is about the person demonstrating a match between his or her knowledge, skills, abilities, attitude, needs and preferences against the specific demands of the job encompassing tasks, duties and responsibilities.

1.7.6 Person – organisation fit

The PO fit definition is the match between a person's characteristics with the organisation and its environment. PO fit is about the person's values, beliefs, aspirations and norms that are parallel and demonstrates a positive connection with the vision, mission and core values of the organisation.

1.7.8 Small and medium enterprises

SMEs in Malaysia are defined based on two criteria which are annual sales turnover or number of full-time employees in the respective sectors.

1.8 Organisation of chapters

This section offers a glimpse of the structure and main content discussed in each of these respective chapters.

Chapter 1: Introduction

This chapter begins with an introduction, presenting a general overview of the link between strategy and HRM and its part in redefining or restructuring the conventional roles of human resource practices. The attempt here is to demonstrate the strategic relevance and linkage towards the one specific aspect of human resource practice namely the strategic recruitment and selection process. In this context, the discussion

is about the importance of recruiting and selecting the right talent towards attaining a firm's competitive advantage. Drawing on this the discussion expands towards contextualising the strategic recruitment and selection practice with a specific focus on SMEs in Malaysia. The following section is the problem statement explaining the rationale in choosing specifically the strategic recruitment and selection practice and the consistency of this practice in SMEs in Malaysia. Importantly it illustrates some background and national relevance of SMEs in the Malaysian economy. This forms the basis of forming the research questions and objectives. The next point discussed is the significance of the study, divided into two sections, which are the theoretical and managerial contributions. The final components are the operational definitions and structure of chapters.

Chapter 2: Literature Review

The chapter on literature is divided into three dimensions. The first dimension is a two-part review of SMEs, first, a general overview followed by SMEs in the Malaysian context. The second dimension is a review on the SHRM perspective that encompasses an overall understanding of origins and growth of HRM. This is followed by HRM's evolution into a strategic dimension with strategically driven practices. Following this is a focused review of the concept of fit and the strategic adoption of recruitment and selection models. The third dimension entails a general review of HRM practices in SMEs including SMEs in Malaysia. Next is a review of the recruitment and selection function as strategic thrust in SMEs. Literature encompassing the link between organisation strategy and recruitment and selection, theories on strategic recruitment and selection and concept of fit, then forms the basis in developing the conceptual framework.

Chapter 3: Methodology

This chapter reviews the research methodology encompassing discussions on qualitative research and its paradigms. Ensuing discussions include the constructivist research stance with sense-making strategy method encompassing data collection techniques, integration of conceptual framework with the research purpose, interview questions and *a priori* template based on a template analysis method.

Discussions include past research and justifications in using the Template Analysis method. The overall process utilised in data collection encompasses three phases of research.

i. Phase 1 involves secondary data research.
ii. Phase 2 is the pilot study, entailing two projects. Project 1 is a general focus group discussion involving sixteen participants and Project 2 involves six (6) preliminary interviews. As a preliminary pilot phase both projects under Phase 2 forms the initial outline leading towards the in-depth focus group and interview discussion in Phase 3.
iii. Phase 3 consists of another two projects. Project 3 involves the in-depth focus group discussion consisting of seven (7) participants and Project Four is the in-depth interview comprising of thirty-two (32) participants.

Phase 2 and 3 form the over-arching process of data collection and analysis presented in the subsequent chapter. Preliminary data from Project 1 and 2 are an important contributor in reviewing the relevance and appropriateness of interview questions and overall direction of the research. The questions provide insights if the interview data demonstrate links with the research questions and conceptual framework. The methodology chapter also includes discussions on the relevance for triangulation of data, coding process, ethics protocols and ensuring importance in the robustness of the research. The analysis of results comprises participants from two phases consisting of four Projects.

Chapter 4: Findings and analysis

This chapter incorporates the overall findings on the strategic recruitment and selection practice in SMEs. The conceptual framework drawn from the literature supports the relevant findings. The findings demonstrate key factors SMEs use as part of the HRM practices. Evidence indicates increasing the sophistication and effectiveness of HRM practices in SMEs requires a huge shift in thought among the owner/managers. The analysis using the template analysis method shows a clear link between scholarly research and recruitment and selection practices. As a crucial component of the HRM practices, its significance and relevance cannot be secondary.

The analysis shows cost considerations ultimately affects the level of sophistication of HRM practices in SMEs. All SMEs are cognisant of this fact and explore extrinsic approaches to retain their talent.

Chapter 5: Discussion, recommendations and conclusion

The final chapter reviews the overall findings and links it back to the research objectives and questions. Findings demonstrate an integration of the framework and final template. This provides information as well as a guide on strategic recruitment and selection process by ensuring fit and retention. This guide is an important component for SMEs towards adopting a structured recruitment and selection costing mechanism that is highly focused. The emphasis is to hire applicants from technical and vocational education training (TVET) institutions and based on referrals. The principal point is to adopt two elements for smart and cost-efficient hiring – first 'Hiring Criteria Template' and second a 'Hiring Cost Template' that dramatically increases applicants fit to the job and organisation.

Chapter 2
Literature Review

2.1 Introduction

In this chapter, the literature review on strategic recruitment and selection in SMEs will encompass two separate sections. Framing of these sections is based on the fundamental research objective of determining the significance of person-job fit (PJ fit) and person-organisation fit (PO fit) as a strategic recruitment and selection practice in Malaysian SMEs. Drawing from this point the literature review encompasses two distinct dimensions. The first dimension consists of Section A which is a review of HRM practices from its initial conception to its current form and development. This forms the precursor towards the objective of embracing the concept of HRM as being strategic and adopting strategically associated human resource practices in organisations. Hence, the setting and narrative for the second component of this review on the dimensions of strategic recruitment and selection, as a subset of the overall HRM functions. The review narrows down to key strategic recruitment and selection models. The review demonstrates the significance of 'fit', to be precise, how PO fit and PJ fit are crucial factors in the hiring process and decision. The second dimension consisting of Section B is a general review of SMEs. The review demonstrates SMEs significance and its contribution to a nation's economy. This includes SMEs importance and relevance to the Malaysian environment. The discussion subsequently consolidates the review from Section A and narrows it down to two aspects of HRM practices in SMEs, first, a general overview of HRM practices in SMEs, followed by HRM practices in Malaysian SMEs, and second, to review the evidence of strategic recruitment and selection practices in SMEs. The construction and development of the proposed conceptual framework is drawn from the literature review presented in Section A and B. The two sections of the literature review are illustrated as two dimensions depicting how the literature mapping leads to framing of the conceptual framework (Appendix 1 provides a mapping of the literature review)

Section A

2.2 Origins and evolution of HRM

Is HRM relevant today? Dundon and Rafferty (2018) question whether "HRM is at risk of intellectual and professional impoverishment because of a pro-market ontology rather than a more inclusive pro-business orientation" (p. 377). Have organisations neglected their long-term interests and the people - (pro-business), in the interest of profit maximisation for the shareholders - (pro-market)? Dundon and Rafferty (2018) argument for a pro-business oriented approach is to position HRM in a wider context, going beyond the interests of the shareholders and profit maximisation. HRM's wider influence should encompass a multitude of stakeholders such as "employees, trade unions, non-government organisations, civil society organisations, charities, suppliers, supply chain networks and community groups" (Dundon and Rafferty, 2018, p. 278). Hence, the enquiry whether HRM can have a universal appeal and application across various sectors? HRM's influence across different stakeholders would mean both private and public sector organisations could adopt a standard practice that fits all. This indicates certain common practical links that embrace practices that are both universal and sector specific (Blom, Kruyen, Van der Heijden, *et al.*, 2018). In an effort to have a universal practice, HRM research tends to gravitate towards research and practice (DeNisi, Wilson and Biteman, 2014). In their article, they state that historically up till the sixties, HRM research were mostly done by industry practitioners demonstrating a close relationship between research and practice. DeNisi, Wilson and Biteman, (2014) add that unfortunately that close relationship started to fade and a gap began to form between industry and academia from the seventies onwards. The gap has widened so far that the original mission of academia in forging that close relationship with industry is lost. It is now a theory driven approach with no HR management experience hence the question; is innovative and practical HR research dead? However, not all is lost, the eighties demonstrated some efforts to bridge this gap and one of them is Huselid's (1995) seminal paper showing the link between high performance work systems and some measures of firm performance. It was the catalyst towards more research in SHRM demonstrating how academia started to influence practice (Kaufman, 2014).

Drawing on this premise, discussions on the origins of modern HRM is a pertinent starting point in understanding the role and context of HRM since it came into practice. Human Resource Management developed from Personnel Management (PM). The roots of PM development are from fourteen different areas. These include; *Labour problem; Systematic management movement; Government civil service reform movement; Industrial welfare movement; Industrial safety movement; Progressive era social reform movement; Trade union and open shop movement; Government regulation and labour law movement; Scientific management movement; Vocational guidance movement; Industrial psychology movement; Employment management movement; World War I crisis; Industrial democracy movement* (Kaufman 2014, p. 196-210). This possibly had led to the first dedicated PM department in 1901 in the USA (DeNisi, Wilson and Biteman, 2014; Kaufman, 2014, p. 198-199). Previously it was argued that PM grew from an earlier version of personnel management and second it advanced from the industrial welfare work, scientific management and industrial psychology (Kaufman, 2014). The literature on HRM features several distinct definitions. These definitions have specific narratives at separate points in time.

Figure 2.1 illustrates Kaufman (2014) historical timeline of the development of human resources management. The brief explanation below for each timeline is also referred by Roman numerals on the right hand side of the brackets as seen in Figure 2.1.

i. History of HRM began from the beginning of civilisation specifically the use of thousands of labour force to build the Pyramids of Egypt and The Great Wall of China. One or more person directs and coordinates the work of others.
ii. Traditional HRM lacks any scientific principles and practices. A conscious failure in understanding of people management as a distinctive business action.
iii. In the 1920s was the beginning of PM as a means to control the labour problems. It was a time of unstable and conflict afflicted relationship between employee and employer.
iv. In the 1950s was the beginning of the growth of HRM and the formation of Personnel/Industrial Relations departments. Range of industrial relations activities expanded extensively too. A survey of 1600 organisations in 1927 illustrates 80 separate employment related programmes and practices.

v. The years 1970s – 1980s was the change from PM to HRM and the ascendancy of HRM focusing on the strategic perspective, but the usage of the two terms seem interchangeable.

vi. In the 1980s, the approach was to have outlooks that focused on people management as strategic and high involvement. In the 1990s, it was the separation between “strategic - macro” and “functional/practice – micro”. The strategic component became SHRM.

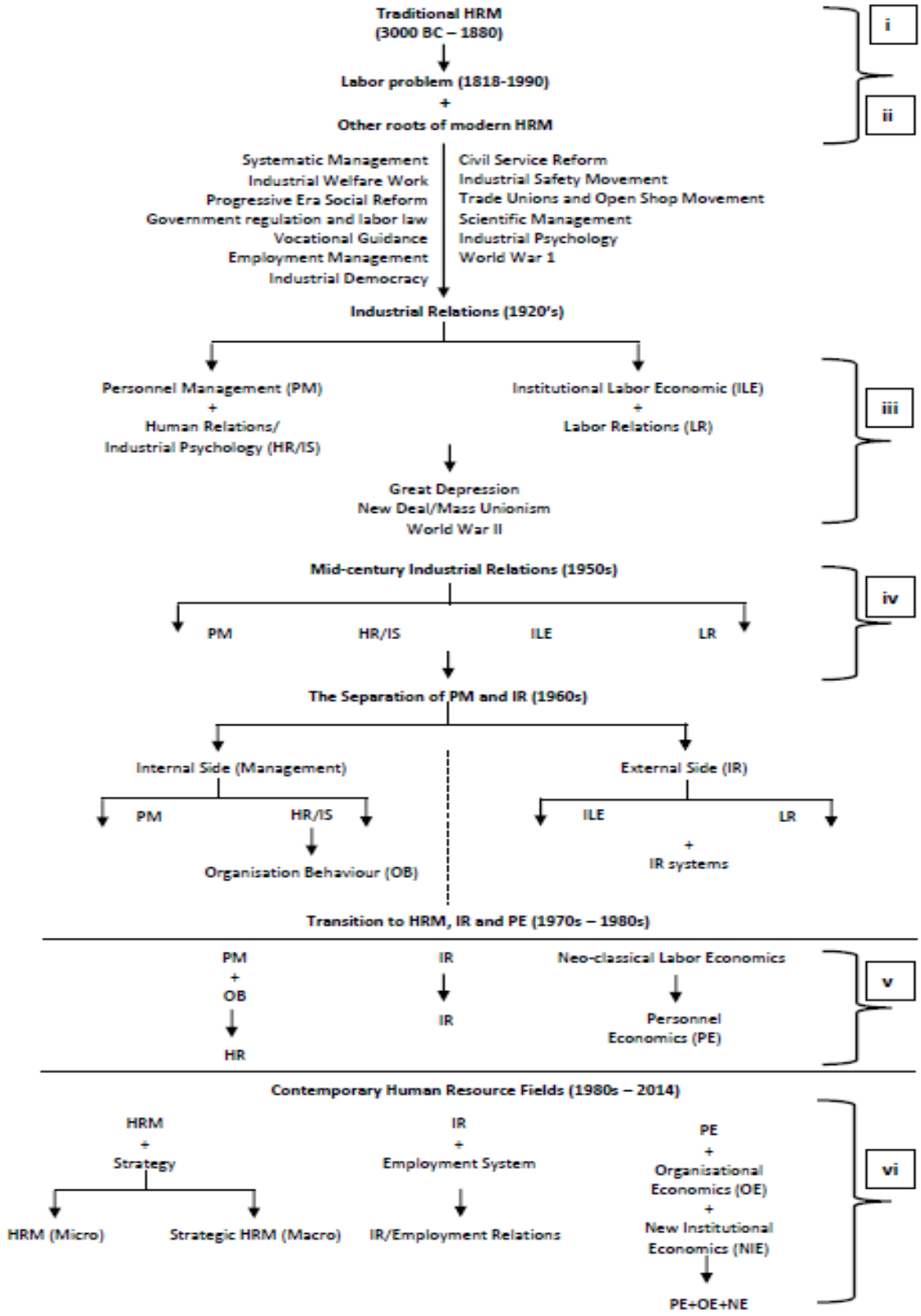


Figure 2.1: Origins of the modern HRM
(Kaufman 2014, p. 196-210)

2.3 Connecting strategy, human resource management and people

Literature shows the integration between strategy and HRM demonstrates that people contribute towards higher firm performance (Boon, Eckardt, Lepak, *et al.*, 2018). The global economy has changed dramatically and with this organisations need to be flexible, continuously evolve and adapt in a turbulent environment due to driving forces namely macroeconomic, political, technological and organisational forces (Harvey *et al.,* 2001; Zanko, 2003; Lansbury *et al.,* 2006; Compton, 2009). Since the early eighties evidence shows that the face of business has changed significantly with fierce global competition, interventions by governments, the complexity and growing size of organisations and the changing values of work (Beer, Spector, Lawrence, *et al.*, 1984; Fombrun, Tichy and Devanna, 1984). Drawing on this scenario it can be reiterated that numerous studies indicate how significant and crucial is the link between human resource, the workforce skills and strategic requirements of business (Jackson and Schuler, 1995; Kamoche, 1996; Lengnick-Hall, Lengnick-Hall, Andrade, *et al.*, 2009; Buller and McEvoy, 2012; Kaufman, 2015a, 2015b; Wright and Ulrich, 2017; Boon, Eckardt, Lepak, *et al.*, 2018). What this clearly emphasises is the impact of market competition on labour practices. Kaufman, (2015b) states, that "establishing a transformed, sophisticated, high-commitment, and human capital management system does, in fact, provide organisations with a strategic path to restore competition-eroded financial performance" (p. 110).

The HRM turf has increasingly been focusing on the strategic role of HR by drawing on the resource centred view of strategy as a source for competitive advantage (Barney, 1991). The HR architecture is now designed to affect the organisational environment which then has an effect on customer indicators (Rogg, Schmidf, Shulp, *et al.*, 2001). The term HR architecture refers to multiple HR systems within an organisation (Lengnick-Hall, Lengnick-Hall, Andrade, *et al.*, 2009) and organisational climate is explained as emphasis on goals and means, reward orientation, task and socio-motional support (Kopelman, Brief and Guzzo, 1990, as cited in Rogg, Schmidf, Shulp, *et al.*, 2001). The organisations' competitive advantage is now dependent on the talent recruited to achieve all these elements.

In an article produced in the online magazine People Magazine, Whittaker and Johns, (2004) explains that the nature of HRM has evolved dramatically and its transformation is aptly described below:

> "…to nurture this concept of the "thinking performer", an HR professional who applies a critically thoughtful approach to their job, so as to make a contribution to the survival of their organisation, profitability, vision and strategic goals" (web article in People Management, 2004)

It is quite clear that HR is now an important business partner with equal standing in the organisations overall strategic direction. Ulrich (1998) elaborates and emphasises four key elements that supports the new role of HR. First as a partner in the execution of strategy, second as an administrative expert, third as a champion of the employee and the final role as a change agent. In a recent review of SHRM by Kaufman, (2015a) SHRM models proposed by Beer, Spector, Lawrence, *et al.*, (1984; Fombrun, Tichy and Devanna, 1984; Cascio and Boudreau, 2012; Paauwe, Guest and Wright, 2013). Paauwe, Guest and Wright, (2013) validates the four elements proposed by Ulrich (1998). In Kaufman's (2015a) 30th anniversary review of the development of SHRM field, he contrasted two pioneering books on SHRM by Beer, Spector, Lawrence, *et al.*, (1984) and Fombrun, Tichy and Devanna, (1984) against the more recent ones by Cascio and Boudreau, (2012) and Paauwe, Guest and Wright, (2013).

With HR adopting these roles and more importantly to be taken seriously in this role, the critical success elements for business is the knowledge worker or intellectual capital (Ulrich, 1998). Hence SHRM is defined as "the pattern of planned HR deployments and activities intended to enable an organization to achieve its goals" (Wright and McMahan, 1992; p. 298). The basis of SHRM is to view HR as a strategic partner working with top management in executing the HR activity as an integrated and consolidated bundle of functions to achieve organisation strategic goals. The execution of the HR functions is all-inclusive and a concerted effort.

The earliest research on SHRM began in the 1980s, pioneered by scholars such as (Dyer, 1984), Fombrun *et al.* (1984), Kochan, Katz and McKersie, (1986) and Walker (1980) indicating links between business strategy and HRM (Delery and Roumpi 2017).

These initial studies became the catalyst for more in-depth SHRM research and further developments in SHRM was based on, i) Behavioural perspective, ii) Ability-motivation-opportunity model (AMO model) and iii) Resource based view.

The behavioural perspective suggests the mediating element between employee performance and HRM practices is employee behaviour (Delery and Roumpi 2017). HRM practices becomes the focal point in stimulating employees towards achieving a continuously positive work behaviour and demonstrating organisational citizenship. Organisations that apply HRM best practices produces greater results due to its positive and motivating effects on employees. The principles of the behavioural approach extends onto the ability-motivation-opportunity model. The model suggests that the link between organisation and employee levels of output and HRM practices is moderated by the direct impact of these practices on "employees ability, motivation and opportunities" (Delery and Roumpi 2017, p. 3). This line of thought advocates the concept of vertical and horizontal fit, a combination of HRM practices instead of silo HRM based practices. The idea of 'HRM bundles' – as an integrated and innovative set of functions, produces greater output (Macduffie, 1995). Studies by Delery and Gupta (2016) found that HRM practices that are ability-enhancing, motivation-enhancing and opportunity-enhancing interacting based on the configurational approach have greater influence on organisational performance. The configurational perspective of HRM bundles as an integrated and synergistic function directly affects AMO in employees hence contributes to higher performance. The resource-based view discussed in the next section has direct implications towards strategy and people.

2.3.1 Significance of strategy and people

Human capital, competitive advantage and higher firm-level performance are the key fundamentals demonstrating the premise that people are the contributing factor towards organisations operational efficiency and elevated outputs (Boon *et al.* 2018; Wright and Ulrich 2017). The theoretical underpinnings in SHRM research is derived from resource based view (RBV), human capital theory (HCT) and social exchange theory (SET) (Wright and Ulrich 2017). In achieving an organisations competitive advantage, it would be sensible to find a fit between the organisation's business and human resource strategies. The human resource strategy as a SHRM initiative

encompasses human resource practices that would assist organisations to achieve competitive advantage. Strategy is about constructing an environment that is able to sustain competitiveness and this in turn generates an acceptable level of financial performance (Becker and Huselid, 2006). Building sustainable competitive advantage in this instance relates to the appropriate human resource architecture adopted to achieve this.

In an effort to broaden the role of SHRM, Schuler and MacMillan, (1984) discussed HR functions being in the forefront of achieving competitive advantage not only internally but also in the value chain. Porter (1998) was instrumental in proposing the value chain concept describing the relationship between upstream and downstream activities that a firm develops with other organisations. The value chain as emphasized by Schuler and MacMillan, (1984) provides potential opportunities ("strategic thrusts") for using HR practices in gaining competitive advantage. This would depend on how HR functions are performed to achieve the best outcome.

i. Resource-based view

   RBV theory postulates resources as being valuable, rare, inimitable, and not substitutable. The central point in the RBV theory is economic rents which is about what value does a resource provide beyond its cost (Chadwick and Dabu, 2008; Wright and Ulrich, 2017). The principle of 'economic rent' is based on 'free will' (willingness/motivation) and the strategic, unique and inherent characteristics of people (Chadwick and Dabu 2008). Free will, in particular, demonstrates why human resources is of strategic value to the organisation. It is the combination of cognitive and emotional factors (Wright, 2001; Chadwick and Dabu, 2008). People's emotions and thoughts towards the job, environment and relationships influence behaviour. This has a deep impact on organisations efficiency and competitiveness. Hence the earlier discussion about the AMO model illustrates that employee ability-motivation-opportunity is strongly affected by factors that directly affect the job and environment.

ii. Human capital theory

   The people or human capital's competence is recognized as the knowledge, skills, abilities (KSAs) pooled with experience, education and training form the key

drivers of strategy and performance (Crook, Todd, Combs, *et al.*, 2011). This combination of factors, postulated by Crook, Todd, Combs, *et al.*, (2011) are exemplified in people as explicit and tacit. The tacit component of the KSAs are the most difficult to express especially when determining the right fit and compensation. The premise of this theory is to demonstrate that human capital have different values based on explicit and tacit KSAs. The value and uniqueness of the human capital is the asset created. The human capital structures and systems exemplifies the relevance and importance of the 'human capital pools' (Wright and Ulrich, 2017, p. 50). The pool of human capital categories are, "i) strategic (high value, high uniqueness), ii) core (high value, low uniqueness), iii) support (low value, low uniqueness) and iv) collaborative (low value, high uniqueness)" (Wright and Ulrich, 2017, p. 50). The categories of human capital suggest that for competitiveness, organisations need to manage their HRM system in unique ways to identify the right fit between PJ fit and PO fit and establish good support systems to retain employees.

The conceptual assumptions about this theory are three fold, first individual versus collective. In contrast to the individual knowledge, skills and/or experience, economists treat human capital as aggregate knowledge at unit level (Wright and McMahan 2011). Wright and McMahan, (2011) argues that this collective element, emphasises that an increasing accumulation of human capital increases organisation performance. However, the authors also postulate that aggregates fail to identify how KSA's serve as catalyst for performance. It also fails to explain the origin, creation and transformation of human capital. In essence, this drives home the point of finding human capital fit for job and organisation.

The second point raised by Wright and McMahan is specific versus general. By definition, the KSA's are organisation specific and is useful only to the organisation. The central debate here is if KSA's are individual and organisation specific, all rents should be given to the employee. In reality, the employer and employee share the rent but how much is for the employee? If the compensation is unfairly distributed, it may curtail productivity levels. This hinders organisations' competitive advantage. Therefore, in principle specific knowledge does not assure

competitiveness. General knowledge, on the other hand is transferable and functional in many other organisations hence compensated at the market rates. The specific-general argument in principle is about creating value and competitive advantage. It is not about which is better but how human capital KSA's are valued and rewarded fairly and failure to recognise this affects employee motivation and behaviour (Wright and McMahan 2011).

The third point is about skills versus motivation versus behaviour. Wright and McMahan argue that employees can demonstrate excellent KSA's but it only serves as the basic tenet of the individuals' competence. Performing in the job is about purpose; weather there is motivation and desire to achieve the goals of a given task. Hence it is about one possessing the characteristics and demonstrating a highly purpose driven and motivating task behaviour. Employee characteristics i.e. KSA's may fit the job but the motivation and work habits demonstrated is about the person's fit to the organisation.

iii. Social exchange theory

The theory suggests that employers who treat their employees well (positive social relationship) are likely to see employees reciprocate by demonstrating affective commitment, increased efforts and better work behaviour (Takeuchi, Lepak, Wang, *et al.*, 2007; Gong, Law, Chang, *et al.*, 2009; Kehoe and Wright, 2013; Wright and Ulrich, 2017). This reciprocal response, deemed as rational by the employee, is a fair exchange for the fruitful relationship displayed by the organisation.

The SHRM literature's strong influence of the Resource Based View (RBV) argues that organisations attain continued competitive advantage by applying strategies that take advantage of internal strengths, at the same time responding to opportunities in the environment, while nullifying external pressures and evading weaknesses internally (Barney, 1991). In this instance the internal strengths can be associated to the importance of investing in human resource that gives good returns to the firm (Wright, McMahan, and McWilliams, 1994). Therefore Lepak and Snell (1999) justify the essential need to invest highly in core workers who are treasured, limited, inimitable and not easily substituted. Within the human resource architecture, the view taken

could be due to a selection issue, that is not just based on competencies but equally on the basis of values, motivation and commitment. (Guest, 2011). Successful performance outcomes towards organisations effectiveness is primarily driven by the collective knowledge, skills, attitudes and other (KSAOs) elements exhibited by employees in a team (Jiang, Takeuchi and Lepak, 2013). The combination of the KSAOs and the ability, motivation and opportunity (AMO) framework executed and supported through an integrated HR bundles motivates employees to achieve organisational success. Drawing on Delery and Roumpi (2017) argument, competitive advantage may emerge when HRM activities focus on developing firm-specific skills (less transferable than generic skills), the HRM function invests in team building (team outcomes are less imitable and transferable due to causal ambiguity and social complexity), and HRM activities are combined in highly integrated and coherent bundles (harder to imitate).

Research on SHRM generally demonstrates two central themes, first organisations fundamentally adopt a strategic approach in the development and management of employment systems, second people are considered as critical assets who contribute long-term and not short-term expense (Kaufman, 2015a). According to Beer, Spector, Lawrence, *et al.*, (1984), it is all about decisions taken and subsequent actions that influences the relationship between the human resource – the employees and the organisation (cited in Kaufman, 2015a). The significance of strategy and people, both integrating and complementary functions illustrate a general but inclusive understanding of the HRM definition.

Interestingly some scholars are challenging the integration of RBV theory into the SHRM research domain. First, has it really narrowed the gap between the macro-micro HRM, second can human resource practices really be considered non-substitutable, rare and inimitable and third, the lack of sufficient evidence of a causal model that demonstrates HR practices elevates firm performance (Delery and Roumpi 2017; Wright *et al*. 1994). Even though there are questions about the significance of RBV on SHRM, scholars also argue that HRM practices are still a source for competitive advantage because of the practices that are internally unified and consistent

(Macduffie and Kochan 1995) and "can be unique, causally ambiguous, synergistic and difficult to imitate" (Lado and Wilson 1994; Delery and Roumpi 2017, p. 1).

2.4 Strategic human resource management

The definition of what adds value to the organisation and how human resource achieves it is a matter of one's perspective. There are a mix of specific definitions and interpretations of SHRM, and they all show common elements.

Key Author (s)	Definition/Interpretation
Wright and McMahan, 1992 as cited in Wright and Ulrich, 2017, (p. 46).	"the pattern of planned human resource deployments and activities intended to enable the firm to achieve its goals".
Becker and Huselid (2006, p. 1)	"SHRM is the relationship between a firm's human resource architecture and firm performance. The human resource architecture is composed of the systems, practices, competencies, and employee performance behaviours that reflect the development and management of the firm's strategic human capital".
Schuler (1992, p. 1).	"SHRM is defined as the integration and adaptation. Its concern is to ensure that: (1) HRM is fully integrated with the strategy and the strategic needs of the firm; (2) human resource policies cohere both across policy areas and across hierarchies; and (3) human resource practices are adjusted, accepted, and used by line managers and employees as part of their everyday work"
(Guest, 2002)	"SHRM is concerned with top management's attention and approach to HRM as a critical strategic dimension affecting firm performance. SHRM is distinguished by its emphasis on: • people as a source of competitive advantage • the integration of people management plans, policies and practices with business strategy • proactive line management • action on organisational and people issues at the most senior levels".

The ‘strategic’ focus here is the extent of integration of HRM plans in the organisations’ business strategy formulation and implementation.

As part of the overall review, four seminal SHRM models demonstrate the significance of evolution of SHRM. A comprehensive review of the seminal SHRM models and followed by SHRM literature by Kaufman, (2015a) and Guest (2011) provides several overarching themes demonstrating the evolution and development of SHRM. The discussions and conclusions derived from the review form key points illustrating SHRM’s linkage to specific HR activities namely strategic recruitment and selection.

Two founding books in SHRM research and now two other books more than thirty years later provides a review of the evolution and significance of SHRM. First, Strategic Human Resource Management by Charles Fombrun, Noel Tichy, and Mary Anne Devanna (1984) and the second, Managing Human Assets by Michael Beer, Bert Spector, Paul Lawrence, D. Quinn Mills, and Richard Walton (1984) are books that became the catalyst for SHRM. Recently two other books, Introduction to Strategic Human Resource Management by Cascio and Boudreau (2012), and HRM and Performance: Achievements and Challenges (Paauwe, Guest, and Wright, 2013) reveals where SHRM is now. The four theories present the strategic nature of HRM. These models form the basis in understanding the evolution of SHRM over the past 35 years since its initial introduction in 1984. Kaufman's (2015a) perspective encompassing the three decades based on the four books provides insights into the development of SHRM.

The Michigan Model of HRM (Fombrun, Tichy and Devanna, 1984) (Appendix 2) illustrates that organisations achieve their strategic objectives when managers are able to align the formal structures and human resource systems despite pressures of external forces (Kaufman, 2015a). The organisation mission and strategy directly influences the organisation structure and human resource functions. The human resource strategy is then developed to support the organisation mission and strategy. The strategy integrates the four human resource functions comprising of selection, development, rewards and appraisal to achieve the desired performance. Managers’ roles and responsibility are to align the human resource policies together with policies

affecting people and strategy. The human resource policies established should support both situational factors and stakeholder interests which has long-term consequences to the organisation. The Harvard Model of HRM (Beer, Spector, Lawrence, Mills, and Walton, 1985) (Appendix 3) demonstrate how stakeholder interests and situational factors impacts HRM policy choices and outcomes which affects the organisation. Drawing on both the Michigan Model and Harvard Model of HRM, organisation mission and strategy are the drivers towards human resource strategy. When organisations develop their mission and strategy both situational factors and stakeholder interests are key inputs, bearing in mind various internal and external forces either direct or indirect influence, in developing these strategies.

Recent books on SHRM have several similarities denoting the complexities of putting SHRM into practice. A close look at all four HRM models shows that decisions on SHRM always begins from the top. The Cascio and Boudreau SHRM model (Appendix 4) demonstrates the top-down and bottom-up approach when implementing SHRM initiatives (Kaufman, 2015a). Decisions flow downwards at all levels and feedback flows back up. This is execution of demonstrates clear execution of tasks. A common challenge almost all organisations face is the impact of globalisation and the uncertainty surrounding the environment. SHRM is about making sure practices are adaptable to the influences of internal and external challenges to be competitive. All the theoretical models demonstrate the crucial positioning, specifically the middle, of HRM as a core component in the organisations operations. Looking back at the Michigan Model of HRM (Appendix 2), HRM is positioned below the mission and strategy, similarly in the Harvard model of HRM (Appendix 3), human resource policy choices is positioned as an integrating component. The Paauwe, Guest and Wright SHRM model (Appendix 5) point out human resource practices and outcomes directly affecting employees, organisation climate and rewards. Similar views are also shown in the Cascio and Boudreau SHRM Model (Appendix 4), when human resource metrics drives the decisions on how SHRM contributes to the overall organisations performance. The outcome of an integrated SHRM approach is demonstrated in employees' commitment towards the job and organisation, high competence in performing job tasks, congruence with organisation vision, mission and strategy, and

HRM and organisational outputs are cost-effective. The emphasis ultimately is about the people; *human resource*, who are the important stakeholders.

Although similarities across these models remains but Kaufman (2015a) rightly points out 34 years ago SHRM was about “starting with a problem” whereas now it is about “starting with a theory” (p. 398). Kaufman argues that studies on HRM and in particular SHRM now is more science driven without the soul. He laments that journal articles are becoming too scholarly. Practicality and experiential dimensions are side lined, instead prominence is towards the pursuit of developing critical theory, formulating hypothesis, construct and conduct surveys, adopt highly sophisticated statistical analysis, and ‘influence fellow academics'. Kaufman, (2015a) contends with some sarcasm the gap between academia and practitioner is too much ivory tower science and data driven articles that is of little value to the managers and organisations. Hence, the importance and relevance of the books discussed earlier on SHRM. However Kaufman agrees the article by Huselid, (1995) on the impact of HRM on productivity, turnover and financial performance was pioneering work on how HRM practices can become the source for organisations to have sustained competitive advantage when they align with the competitive strategy. In addition, he also acknowledges there are scholars who have contributed much to the SHRM domain. The evolution and development of SHRM connects deeply to several phases demonstrating the HRM and performance fields. Key contributions as discussed by Guest, (2011) and Kaufman, (2015a) in these fields are categorised into seven phases and explained in Table 2.1 below.

Phases	Descriptor	Relevant Authors	The Findings
Phase 1	The beginning *1980's*	Fombrun *et al.,* (1984); Miles and Snow (1984);	• Shows the **link between business strategy and to HRM**. The focus was to demonstrate a strategic link between business strategy, managerial plan (a guiding framework) and operational (day-to-day tasks).
		Walton (1985);	• Discusses on the need to **shift from control to commitment.** Commitment is about high performance that requires a continuous process of improvement reflecting the constantly changing nature of the market.
		Beer, Spector, Lawrence, *et al.*, (1984, p. 16); Schuler and Jackson (1987)	• Integration between strategic view (the 'external fit') and organisation behaviour (the 'internal fit') which produces a map of HRM. The HRM territory map concentrates on 4Cs that are **employee <u>Commitment</u>, <u>Competence</u> of employee, <u>Congruence</u> between employee and organisational goals** and **<u>Cost</u> effectiveness of human resource practices.**
Phase 2	Empirical based research *1990's*	M. A. Huselid (1995); Arthur (1994); Ichniowski *et al.* (1997); Macduffie (1995); Delery and Doty (1996)	• Survey based statistically analysed studies that indicate the adoption/investment in **superior human resource practices connected with high performance work systems (HPWS) reduces employee turnover, increases productivity and organisation financial performance.** This empirical research provides an evidence- based findings demonstrating the link between HRM practices, employee and organisational financial performance.
Phase 3	The backlash and reflection *1990's*	Dyer and Reeves (1995), Becker and Gerhart (1996)	• Studies show various human resource practices but different measures are used. The impact of HRM strategies on organisational performance is at the early stages and the conceptualisations are general lacking sufficient depth.
		Blyton and Turnbull (1992); Keenoy (1997); Legge (1995), as cited in Guest, 2011);	• Similarly, critics view the high commitment method as a new way of mistreating workers.

Phases	Descriptor	Relevant Authors	The Findings
Phase 4	Refinement of concepts *1995 - 2005*	Guest (1997); Becker, Huselid, Pickus, *et al.*, (1997) drew on expectancy theory by Vroom (1964) and Lawler (1971), as cited in Guest (2011) Barney (1991)	• More research is required for robust theory on human resource practices and outcomes. Therefore, the link is how human resource practices affect outcomes. • Drawing on expectancy model it is to determine the **link between the core elements of HRM and performance i.e. ability, motivation – opportunity model** • The **resource-based view on human resource** emphasises the **need to invest in human resource** then predict types of investment that leads to **superior performance and competitive advantage.**
Phase 5	Overlapping phase – workers voice and performance relationship *2000 – 2005* *2000 – 2010*	Wright and Boswell (2002); (Cappelli and Neumark, 2001; Godard, 2004)	• Call to **explore process linking HRM and performance** • Emergence of criticism on HRM – gains in performance is at the expense of workers. • To focus more on worker outcomes in HRM.
Phase 6		Ostroff and Bowen (2004, 2000), as cited in Guest (2011) Nishii *et al.,* (2008)	• HRM performance relationship can be considered both at individual and organisational level • The **emphasis** placed, is **on processes.** Hence, the view is, it is **insufficient to have good practices**, but rather **the need to implement them.** • The argument is on "what is the intention" – is it merely perception?
Phase 7	Multi-level HRM research *2010 – current*	Jiang and Messersmith, (2018)	• Understanding how employees perceive and react to HRM systems. • Understanding when and how HRM systems relate to organisation performance outcomes by examining the moderators and mediating mechanisms. • Using longitudinal studies to examine the effect of change in HRM systems on organisation performance outcomes, hence providing a more vigorous causal relationship.

Table 2.1: Phases in HRM research
Source: adapted from (Guest 2011; Kaufman 2015a; Jiang and Messersmith 2018)

An analysis of the above seven phases indicates several key elements that transcend throughout the discussion. They are a) the relationship between HRM and business strategy, b) how HR practices affect outcomes, c) investing in HR that leads to superior performance and competitive advantage, d) exploring processes linking HRM and performance, e) emphasis placed on processes and f) focus on worker outcomes. SHRM research dimensions discussed demonstrates the strategic links between the various human resource bundles and examines how these bundle of human resource practices impacts organisation performance (Jiang, Takeuchi and Lepak, 2013).

The human resources domain can be categorised into three major sub-domains; Micro HRM, SHRM and International HRM (IHRM) (Boxall, Purcell and Wright, 2007). Micro HRM sub domain covers elements that relate to human resource policy and practice. Lengnick-Hall, Lengnick-Hall, Andrade, *et al.*, (2009) in their research identified seven themes in the evolution of SHRM. First, "the contingency perspectives and fit; second, shifting from a focus on managing people to creating strategic contributions; third, elaborating HR system components and structure; fourth, expanding the scope of SHRM; fifth, achieving HR implementation and execution; sixth, measuring outcomes of SHRM; and seventh, evaluating methodological issues." (p. 65).

The third theme is of particular importance as it examines the structure of human resource systems. Lengnick-Hall, Lengnick-Hall, Andrade, *et al.*, (2009) further adds it is important for employees to understand and contribute towards meeting the strategic objectives; what is intended and what is realised may be different therefore effective implementation is key to performance. Schuler (1992, as cited in Lengnick-Hall, Lengnick-Hall, Andrade, *et al.*, 2009) separates the structure of human resource systems into specific components comprising of processes, practices, policies, and philosophy. Hence, in the context of this thesis with specific focus on human resource processes the fit would be recruitment and selection, training and development, compensation, performance management and other micro related human resource practices that are broadly categorised in this sub domain.

There was a great intensity of research in the 1990's reviewing the relationship between HRM and performance. In the following decade further research indicated

sufficient evidence of the association between organisations' performance and HRM (see, *e.g*. Arthur, 1994; Huselid, 1995; Delery and Doty, 1996). However Boselie, Dietz and Boon, (2005) and Combs, Liu, Hall, *et al.*, (2006) argues that although there was confirmation of the link between organisations' performance and HRM but it was more of an "association rather than causation" (Guest, 2011, p. 3). There is now a debate on the extent of SHRM effectiveness on management practices.

As explained earlier, there were considerable attempts to connect organisation performance and human resource practices. The current line of thought is to investigate the strategic rationality linking an organisations human resource design and succeeding performance. (Becker and Huselid, 2006). Becker and Huselid, (2010) further argues more emphasis should be in investigating the uncertainty surrounding aspects between human resource design and organisation performance, and rather than placing too much importance on the uncertainties within the human resource architecture. Pursuit towards this line of thought is to ascertain which element of the human resource architecture has actual influence on firm performance. Human resource architecture is categorised as the systems, procedures, practices, competencies and behaviour. This architecture in organisations' is to facilitate human resource functional activities. Hence reviewing those recruitment processes and activities put in place by the organisation for the main purpose of recognising and enticing prospective talents would indicate if there is a link with the SHRM initiative of achieving organisations' competitive advantage.

Hence, the following questions seem relevant in this instance, 1. Does the SHRM concept encompassing strategic recruitment and selection process be able to achieve and contribute to the organisations' competitive advantage? 2. Do organisations have actual success in recruiting talents who are likely to be successful in their jobs (Breaugh and Starke, 2000)?

Although there are models on recruitment and selection but its fit as a strategic element with the SHRM concept in organisations may be still unclear. Lack of clarity is evident from the gaps in human resource that exists between what scholars believe and what a human resource manager does (DeNisi, Wilson and Biteman, 2014). Micro

level forces affecting human resource managers especially issues such as implications of time, money and impact on bottom line resonates with the focus of this thesis. In addition, the lack of understanding on the practical HRM aspects, lack of clarity in presenting practical human resource solutions and study of wrong HRM issues demonstrates the gap between scholarly research and practice (see Appendix 6). Drawing on this argument, the practical issues and needs affecting specific human resource practices such as recruitment and selection, should be the focus of various research studies, Breaugh and Starke (2000) argue that although there is a mix of pessimism and optimism in the recruitment literature, there is still frustration over the lack of progress in understanding the recruitment process.

2.5 Exploring the recruitment and selection dimension

At the end of March 2019, job openings in the United States of America (USA) stood at 7.5 million while only 6.5 million were searching for jobs (U.S. Bureau of Labor Statistics, 2019). In a 2019 salary survey report by Robert Walters, a critical challenge facing many organisations globally is finding sufficient good talent. The report emphasises the need to streamline the recruitment and selection process by doing what is necessary to retain talent. It is about how recruiters can articulate the organisations mission, values and strategy to applicants in a convincing manner. 'War for talent' is to know how recruiters and interviewers can induce applicants they are applying into the right organisation. The competitive nature of the global environment means organisations are constantly competing against each other in finding superior talent who can fit into the organisation and job.

Recruitment is a process where organisations are trying to sway the applicants' judgement over their job decision choices (Mayson and Barrett, 2006). The following are various definitions encompassing recruitment activity that is to identify, attract and influence potential applicants to apply and accept job offers.

Key Author (s)	Definition
Rynes (1991, p. 429).	"Recruitment encompass all organisational practices and decisions that affect either the number, or types, of individuals that are willing to apply for, or to accept, a given vacancy".

Barber (1998, p. 5)	"Recruitment includes those practices and activities carried on by the organization with the primary purpose of identifying and attracting potential employees".
Drawing from Barber's (1998) definition, Taylor and Collins, (2000, p. 306) definition	Recruitment "includes the set of activities undertaken by the organization for the primary purpose of identifying a desirable group of applicants, attracting them into its employee ranks, and retaining them at least for the short term".
Saks (2005, p. 48)	Recruitment involves "actions and activities taken by an organization in order to identify and attract individuals to the organization who have the capabilities to help the organisation realize its strategic objectives. In particular, such activities should generate a pool of desirable candidates; enhance their interest in and attraction to the organization as an employer; and increase the probability that they will accept a job offer".
Breaugh (2008, p. 103-104)	Recruitment is "an employer's actions that are intended to: (1) bring a job opening to the attention of potential job candidates who do not currently work for the organisation, (2) influence whether these individuals apply for the opening, (3) affect whether they maintain interest in the position until a job offer is extended, and (4) influence whether a job offer is accepted"
Dineen and Soltis (2010, p. 43)	Recruitment "as the actions organisations take to generate applicant pools, maintain viable applicants and encourage desired candidates to join those organisations".

Recruitment and selection dimension also known as staffing are an integral component of HRM function. According to Ployhart (2006), the staffing function demonstrates three crucial components "attracting, selecting, and retaining" (p. 868). These three components form the backbone of the human resource architecture. Recruitment function is distinct compared to selection as the process is to 'identify,

attract and influence' (Mayson and Barrett, 2006, p. 869). Organisations invests its efforts towards swaying the job choice decision of qualified applicants. Recruitment activity is about where to source and identify potential applicants, how to entice them to make a formal application, sustain their interest in pursuing the job and get qualified applicants to accept the job offer (Ployhart and Kim, 2014).

Selection process, on the other hand is "aimed at choosing people for the fulfilment of jobs" (Roe 1998, p. 5). This involves selecting an applicant whom the recruiter predicts will contribute the maximum to the organisation. Selection is finding a seamless fit between the applicant and, job requirements and organisation criteria. The fit between the person and job (PJ fit), and person and organisation (PO fit) is determined using various methods (for instance IQ/EQ tests, interviews) that serves as the mechanism to select applicants with the right fit (KSAOs and organisation values/culture). However in conditions of tight labour market what employers desire especially when they try hard to search and what they get may possibly be in contrast (Keep and James, 2010).

There are several reviews highlighting recruitment, independent of selection, as an important aspect of HRM (Breaugh and Starke, 2000; Taylor and Collins, 2000; Rynes and Cable, 2003). The recruitment and selection function has been categorised and perceived as an old-fashioned human resource function in the past without much significant role or function (Storey and Wright, 2001, as cited in Millmore, 2003). The recruitment and selection dimension is now strategically driven with significant development in its 'focus and sophistication' (Millmore, 2003). The strategic recruitment and selection focus basis is about the development of strategic management and HRM thought. Recruitment of competent and right talent is rather difficult in a tight labour market particularly in "professional, information/knowledge based, technical and service occupation" (Ployhart, 2006, p. 870). Recruitment by itself is crucial primarily due to its role as a pipeline in attracting talent. Organisations innovate and survive due to its quality talent pool. When the supply of talent pool declines, the talent shortage impedes the ability of the organisation to compete in the market.

Do organisations perceive the recruitment and selection as a strategic function? In SHRM literature there is a clear distinction on how strategically focused HRM practices substantially increases the competitive capabilities of the organisation (Huselid, 1995; Barney and Wright, 1998; Lengnick-Hall, Lengnick-Hall, Andrade, *et al.*, 2009; Kaufman, 2015a; Wright and Ulrich, 2017; Boxall, 2018). Organisations are not giving adequate attention to the recruitment and selection (staffing) process. When organisations do not clearly understand or utilise the staffing process in an optimal manner they fail to gain competitive advantage (Ployhart, 2006). Strategic staffing process is using the best available methods in identifying, attracting, recruiting, selecting and retaining the right talent. Drawing on Barney and Wright's (1998) resource based view, it is about creating competitive advantage by knowing how valuable, rare, non-substitutable and inimitable talent would fit the job and the organisation.

Recruitment and selection impacts significantly all other human resource functions (Saks, 2005). Undoubtedly, with the shortage of talent, how the hiring process is accomplished determines the quality and characteristics of the applicants. The final decision of hiring an applicant has implications on the overall human resource system as they supplement towards ensuring the organisation can ultimately retain their choice applicant.

The separate definitions on recruitment and selection in Chapter 1 is to have a distinct understanding of both. Recruitment and selection functions complement each other as inter-connected process instead of two separate functions. Definition by Saks, (2005) emphasises five factors demonstrating the significance of recruitment;

1. Performing actions and conducting activities with the purpose of achieving a precise outcome.
2. The purpose of the achieving this outcome as mentioned above is to produce a pool of sought after applicants, heighten the interest of the applicants towards the job and organisation, and accelerate the prospect of applicants accepting the job offer.
3. Understanding the separation between recruitment and selection by recognising that those who show interest to apply may perhaps have the desired

competencies. The role of selection is to determine if the applicants have the desired competencies.

4. The recruitment activity does not encompass post-hire expectations such as retention. The emphasis is purely on activities formulated to attract applications and influence the applicants to apply for the job.
5. Recruitment is a significant function in facilitating organisations to achieve the strategic objectives. The connection and emphasis between recruitment and strategy is clearly articulated.

Hence, recruitment as a strategic function and selection plays the role of ensuring that execution of the strategic recruitment function is by selecting the desired applicant using the right tools and technique. A critical review would illustrate how the staffing process (recruitment and selection) although are separate HRM functions but relates closely to each other. This following section will provide an overview of the theoretical and empirical contributions towards the literature on recruitment and selection.

2.5.1 The strategic recruitment and selection perspective

Recruitment and selection's significance in HRM and its progression into robust strategic role is influenced by the development of HRM as a strategic business partner. The strategic placement of HRM, on equivalent standing with organisational strategic initiatives at top management is a catalyst towards placing HRM policies as key components in supporting competitiveness. In the last two decades the importance and significance of knowledge, skills and abilities (KSAs) in achieving organization performance is now more recognized (J. A. Breaugh and Starke, 2000). Recruitment and selection has been labelled as traditional with its fundamentals embedded in psychometric model (Storey and Wright, 2001; Newell and Rice, 1999; as cited in Millmore, 2003). Essence of recruitment and selection has evolved and become more strategic (Millmore, 2003) where the emphasis is not merely the fit with job specific criteria but rather organisation characteristics (Bowen, Ledford Jr, and Nathan, 1991). Idea of strategic recruitment and selection is basically to demonstrate vertical integration with organisation strategy (Millmore, 2003). The element of strategic alignment of human resource theory and practice distinguishes itself from the traditional personnel management line of thought.

Strategic HRM definition by Wright and McMahan as “the planned human resource deployments and activities intended to enable the firm to achieve its goals” (1992, as cited in Wright and McMahan, 2011, p. 93), is consistent with the arguments put forward earlier. To substantiate this further the human resource domain is described as the “determinants of decisions about human resource practices, the composition of human capital resource pool, the specification of the required human resource behaviours, and the effectiveness of these decisions given various business and /or competitive situations” (Wright and McMahan, 1992, as cited in Wright and McMahan, 2011, p. 93). The definition emphasises the impact of human resource practices on human capital and Combs, Liu, Hall, *et al.*, (2006) argues the consistent relationship between firm performance and human resource practices.

Organisations competitiveness is dependent on the staffing process whereby the right talent which is valuable, rare, hard to imitate and have no substitutes becomes its source of advantage (Barney, 1991). Drawing on research focusing on SHRM (Barney and Wright, 1998; Boudreau, 1998; Lepak and Liao, 2006; Lengnick-Hall, Lengnick-Hall, Andrade, *et al.*, 2009) the relevance and importance of the fit between recruitment and the resource based view of firm is aptly reviewed based on five criteria by Taylor and Collins, (2000). First, recruitment adds value when the process contributes to higher labour efficiencies and/or it translates into customers’ view or perception of the product or service. Beyond this, it may also create indirect value by the attraction of talented applicants who have the calibre to enhance differentiation of organisation products or services. Second, strategic recruitment practices may facilitate to identify, attract or tap and retain the right talent. They possess rare and valuable skill sets or attributes which are not available to the competitors. Third, is the recruitment processes utilised in acquiring talent and complemented by various unique human resource “bundles” that competitors may find difficult to imitate or replicate. Fourth, the recruitment strategy is “non-substitutable”. In this instance, it is innovative, cutting-edge, unique and specific in the context of the organisation. Fifth, the recruitment strategy must horizontally integrate with other human resource practices. Human resource practices cannot function, as silos rather there must be a strategic alignment of all human resource practices to attain high levels of

performance. Employees in a firm are regarded as valuable and in combination with the processes employed in managing them, the human resource can be regarded as a source of competitive advantage (Mayson and Barrett, 2006).

Even though the staffing process involves identifying the right talent, the exhaustive review of recruitment theories by Chapman, Uggerslev, Carroll, *et al.*, (2005) identified six broad factors which were construed as "predictors of applicant attraction" (p. 929). These factors are the characteristics of the job and organisation, the recruiter characteristics, perceptions associated with the recruitment process, the perceived fit between person and job, and the person and organisation, the perceived substitutes – perception of marketability i.e. perception of attractive job alternatives and the hiring expectations – assessing the probability of being offered employment in the organisation.

The 'perceived fit' element when compared to the other factors points to the fact organisations would need to examine their recruitment and selection processes to determine whether it ascertains the relevant fit between the applicant (the person) and the organization or job, specifically PO fit and PJ fit. Bretz Jr and Judge, (1994) categorises four different conceptualisations of fit, i) the congruence between job requirements and individual knowledge, skill, and abilities, ii) the degree of fit between individual requirements and organisation structures, iii) the congruence between individual's value systems and organisational culture or value systems and iv) individual personality and the organisations' perceived image. The next section provides a more comprehensive review regarding the conceptualisation of fit.

A great part of research in the recruitment and selection practices and conceptualisations of fit draws on the US or Western background. Hence, would the differences in culture between the east and west affect the recruitment, selection, retention practices? (Allen and Vardaman 2017). The authors have categorised the need to consider cultural differences into four themes:

i) "the role of culture in the adoption and implementation of recruitment- and retention-related HRM practices and strategies,

ii) the role of culture in employee interpretations of and reactions to work and employment considerations,
iii) factors related to the relative importance of culture in various circumstances, and
iv) suggestions for future research strategies"

(Allen and Vardaman, 2017, p. 174).

In contextualising these themes, the first three themes are important considerations in recruitment, selection and dimensions of fit. Recruitment and selection practices adopted in the East, particularly in a SME in Malaysia may demonstrate practices and strategies that are unique and specific. There is a need to adopt micro-oriented recruitment and selection practices appropriate to the culture. An organisations' vision and values demonstrates this point. Incorporating these elements as part of the strategic recruitment and selection objective demonstrates the unique adaptation of the practices. Therefore, how an Asian organisation establishes and incorporates applicant fit between the job and organisation through the recruitment and selection process might differ from the West.

Allen and Vardaman, (2017) state most of the components that describe recruitment models and frameworks seem to also relate to other national cultures. Lack of micro and macro level research on HRM forces for example legalities of HRM practices, implementation in terms of time and money, cost implications and organisations rightfulness in the business environment demonstrates the dichotomy between human resource practitioner's expectations and what scholars focus (DeNisi, Wilson and Biteman, 2014). Scholars knowing of what are the prerequisites of HRM practice and presenting those ideas in an intelligible manner contrasts the practitioner's HRM understanding. Hence, the proposition is to bridge the gap between HRM research and practice, specifically focusing to adapt the recruitment and selection models to suit the local business needs.

2.6 Reviewing the concept of fit in the selection process

The success and effectiveness of a selection process demonstrates how the hiring process identifies and selects applicants who can fit well into the job and organisation. The discussions below address various thoughts and debates on the concept of fit.

2.6.1 The person-environment (PE) Fit

What would constitute the fundamental aspect of staffing in organisation? The concept of 'fit' is of growing interest and importance in recruitment and selection research primarily due to the fascination among both practitioners and scholars on the Person Environment (PE) fit. Up until April 2017, terms denoting 'fit' were evident in titles, abstract and keywords of 1083 publications derived from Scopus abstract and citation database (van Vianen, 2018). The range of PE fit research encompasses fields such as vocational psychology, personality theory, social psychology and personnel selection (Schneider, 2001). The concept of PE fit is derived from the interactionist theory of behaviour (Muchinsky and Monahan, 1987; Chatman, 1989); which has its roots in Lewin's (1951) research proposes that behaviour is a direct consequence of the environment and the person (Sekiguchi, 2004). The theory "asserts that neither the personal characteristics nor the situation itself can determine the differences in attitudinal and behavioural variables. In contrast it is the interaction of personal and situational variables that accounts for greatest variance" (Muchinsky and Monahan, 1987, p. 180; Sekiguchi, 2004, p. 268).

The influence of the PE fit construct is evident based on the various investigations specifically focusing on the various PE fit. The notion of PE fit is basically an individuals' compatibility with various systems in the work place (Kristof-Brown, Zimmerman and Johnson, 2005). In simple terms, it is bearing in mind the combined characteristics of the person and the environment. This definition describing the combination of these characteristics is the fit between applicant and the job. In the PE fit construct, the 'P' element is the "cognitive abilities, knowledge, skills, personality traits, characteristics, experience, education, values and goals" (Edwards, 1991; Van Vianen, 2000; Carless, 2005; Morley, 2007, p.10). The E element can include "organisational climate, work conditions, culture, values, systems, goals, job demands, reward systems and

collective attributes" (Kristoff-Brown and Guay, 2010, p. 3-4). The dimensions of research on PE fit developed further into relationship between person and behaviour, and Kristof (1996) looked at different forms of these fit, for example, person-job; person organisation; person-vocation; person-group; supplementary; complementary and others. Schneider (2001) argues that the PE concept is pervasive. It requires the need to think about the person and situation when you reflect on the cause of a particular set of behaviours. This is "a syndrome with many manifestations" (Schneider, 2001, p. 142). Since the concept of fit has evolved into various forms, there are a numerous debates emerging regarding the operationalization of fit, which is a pertinent issue (Edwards, 1994).

The concept of PE according to Schneider (2001) is made of two traditions which is the individual differences and organisational psychology traditions. The individual differences tradition consists of three approaches, personnel selection, vocational interests and personality. In the context of personnel selection, the important model is the implicit theory of fit. This model identifies a job based on knowledge, skills, abilities and other attributes (Schneider, 2001). The focus is on the requirements of the job, meaning the job attributes would remain constant and organisations would need to identify people who have knowledge, skills and abilities that can fit into this job attributes. The second approach is associated with Holland's (1997) work on vocation where it states that people experience job fulfilment and adjustment when their interests fit the environment where they work in. The third approach is on assessment of personality Mischel, (1968, as cited in Schneider, 2001) argued that it is the situation that produces the behaviour and not the personality. The organisational psychology tradition focuses on the environment variable and research in this area views the individual attribute as the moderator (Schneider, 2001).

Even though there is considerable amount of literature on the PE compatibility, it is still unclear on what actually represents the characteristics of a good fit (Muchinsky and Monahan 1987). Most would explain it as probably a good match between two elements or they complement each other. Drawing on literature on the PE fit there are two types of fit, which are the supplementary model of PE fit and complementary model of PE fit. The context of supplementary fit is when a person perceives that he

or she enhances, embellishes or possess features which are alike to others who also possess these similar characteristics in the environment; a model of person to person fit (Muchinsky and Monahan, 1987; Sekiguchi, 2004). Complementary fit is the persons making whole or adding to the environment, characteristics that are missing (Muchinsky and Monahan, 1987). Need-supplies fit is about organisations meeting the needs of the individual whereas demand abilities fit is when an individuals' competencies satisfies the expectations of the organisation (Morley 2007). The complementary fit forms the fundamental basis in most hiring practices which is about organisations satisfying the individual needs and individuals demonstrating abilities in fulfilling the demands of the job. One example would be the requirement in a job analysis for an accountant would be the emphasis on numerical or quantitative skills. Hence, this numerical or quantitative ability forms the selection criteria of the most suitable applicant. The variance between the complementary and supplementary types of fit is in the definition of environment. Muchinsky and Monahan, (1987) explains under the supplementary model the environment refers to people who reside in it whereas in the complementary model, the people are who reside in the environment is demarcated apart from its population. Among all these various forms of research on PE fit the widely researched is in the area of PJ fit and PO fit (Kristof 1996; Sekiguchi 2004; Sekiguchi 2007; Morley 2007).

2.6.2 The person - organisation fit and person – job fit

How does the PO and PJ fit complement the recruitment and selection practices? The PO fit is defined as the compatibility or the alignment between the characteristics of the person and the organisation or environment (Kristof, 1996; Sekiguchi, 2004). The origins of the PO concept can be traced back to the Attraction-Selection-Attrition (ASA) framework (Schneider, 1987) which establishes that there is a tendency for organisations to attract and select people who portray similarities with those who are employed in the organisation, and those who are unable fit in will eventually leave.

The ASA framework is derived from what Schneider proposed, the organisation has its distinct nature – "it is what it is" because of its people and the environment cannot be separated from the people (1987, p. 440). "Attraction" in this instance illustrates a prospective job applicant's attraction towards a specific career and this is the

personality and interests. This is consistent with conclusions in vocational psychology (Holland, 1985, as cited in Schneider, 1987). “Attrition” on the other hand describes that people who cannot adapt or fit in with an organisation will be likely to leave. This demonstrates that a good fit is the compatibility of what an individual expects and the life experiences gained in the organisations that leads to higher job satisfaction and lengthier tenure (Premack and Wanous, 1985, as cited in Schneider, 1987). The third component “selection” centres on competencies, goals and similarities. Organisations source for people who possess different sets of competencies to not only fulfil their organisational goals but who also portray homogenous characteristics with current organisation members (Schneider, 1987; Scheider, Goldstein and Smith, 1995; Slaughter, Stanton, Mohr, *et al.*, 2005).

Bretz Jr and Judge, (1994) indicates four different conceptualisations of fit, 1) the fit between job requirements and individual knowledge, skill, and abilities, 2) the degree of fit between individual requirements and organisation structures, 3) the fit between individual’s value systems and organisational culture or value systems and 4) the fit between individual personality and the organisations’ perceived image. PO fit is greatly desirable not only because of the encouraging work based outcomes but also its effect in “job seeking intentions, job and career satisfaction, psychological strain, organisational citizenship behaviours, knowledge acquisition and sharing, ethical conduct, organisation identification, job performance and turnover” (Morley, 2007, p. 111).

Numerous positive organisational outcomes relate to high degree PO fit. Hoffman and Woehr, (2006) argue that the PO fit correlation with job performance, organisational citizenship behaviour and turnover range from weak to moderate. Kristof-Brown *et al.*, (2005) points out the significance of PO fit and the strong correlations towards work related outcomes especially job satisfaction, organisation commitment and satisfaction. The findings however indicate there is low correlations with job and task performance. A vital dispute in the PO fit literature is the approach to operationalise this construct. Kristof-Brown *et al.,* (2005) emphasises congruence between individual and values as the crucial approach in operationalising the PO fit. Another approach used is the

congruence of goals. The debate on PJ fit is extensive and it refers to the matching of employees KSAs to perform precise job tasks in the work place.

The fundamental basis of determining the PJ fit is the job analysis or work analysis. Some scholars argue that work analysis is more inclusive and encompasses a wider scope of the job and organisation (Hough and Oswald, 2000; Sanchez and Levine, 2012; Frederick P. Morgeson and Levine, 2020). A job refers to the various content existing in that work which a person is required to perform, however it is used interchangeably but traditionally most people use job analysis (Frederick P. Morgeson and Levine, 2020). The job analysis as a human resource tool is significant as it has influence in all aspects of the HRM functions among others recruitment and selection, performance appraisals, compensation schemes and as feedback mechanisms. A detailed job analysis clearly outlines the specific job responsibilities, tasks, duties and expectations required in a job. García-Izquierdo, Vilela and Moscoso (2015, p. 11) explains that a task focused job analysis is purely "duties, functions and tasks" that is unconnected from worker characteristics while worker oriented analysis lays emphasis on the individual characteristics which is differentiated as "traits and competencies". Traits are aptitudes and personality whereas "competencies are core trainable behavioural characteristics that leads to success". Sanchez and Levine, (2012) in their article state that many organisation's human resource functions incorporate Competency Modelling more than job analysis. Competency Modelling is closely linked to strategic goals and it is less laborious than a "job analysis in regard to data collection, assessment of reliability, level of detail and documentation of research process" (Sanchez and Levine, 2012, p. 407). Initially understanding of competency was vague and point of debate due to the various interpretations. However, recently there has been some effort to reach a broad consensus on its definition. Three separate definitions stated below demonstrates a level of consensus that specifically demonstrates measurable outcomes expected out of an employee in their work.

i. "Competencies are defined as measurable, occupationally relevant, and behaviourally based characteristics or capabilities of people" (Jeffery S. Schippmann, 1999, p. 30)
ii. "any individual characteristic that can be measured or counted reliably and that can be shown to differentiate significantly between superior

and average performers" (Spencer *et al*. 1994, p. 4, cited in Sanchez and Levine, 2012, p. 407).

iii. "sets of behaviours that are instrumental in the delivery of desired results or outcomes" (D. Bartram, 2005, p. 1187).

Sanchez and Levine, (2012) suggests that main purpose of competency modelling is employees demonstrate a set of behaviours influencing the means in which jobs are performed so that they deliver strategic results. Whereas job analysis is to have better understanding and measure of work.

In relation to this, the PJ fit has strong correlations to job satisfaction, organisation commitment and satisfaction. This is similar with the PO fit dimension. Research in the area of PJ fit is from common themes apparent in industrial/organisational psychology and organisation behaviour research. The prominence is the congruence of person and job in predicting individual and organisational outcomes (Edwards, 1991). Illustrations on these commonalities are in Figure 2.2.

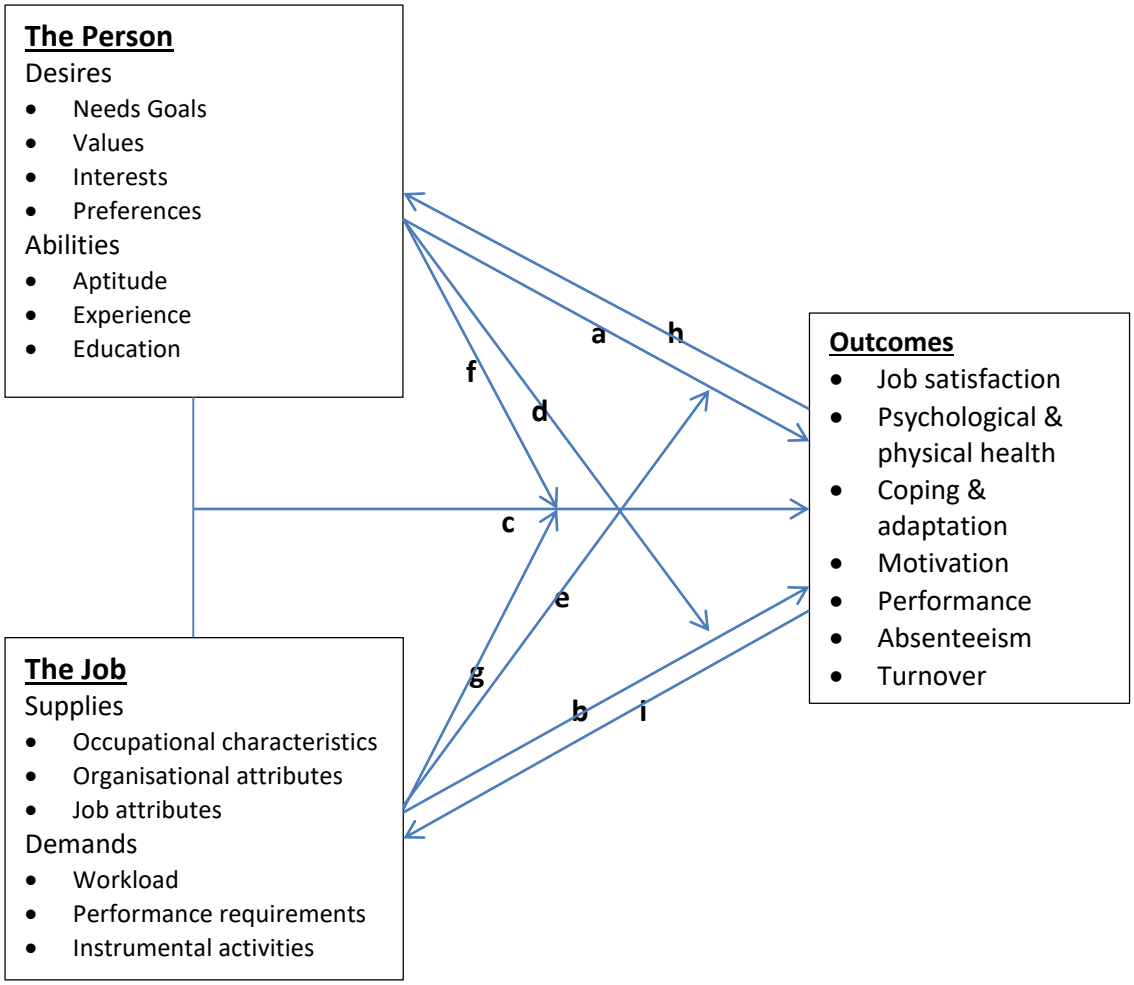
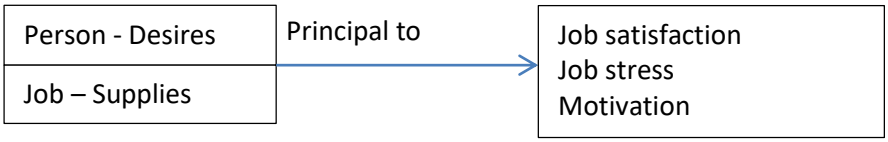


Figure 2.2: PJ fit outcomes
Source: Edwards (1991, pg. 285)

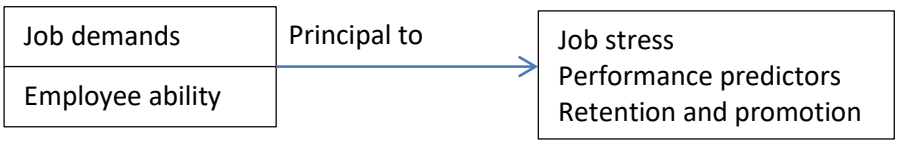
A close review of Edwards, (1991) model as seen in Figure 2.2, basically illustrates four themes which are evident in the conceptual model on PJ fit. These themes when presented in a fragmented approach would appear in the following form.

1. **Theme one**

Category A: Congruence between person and job paradigms



Category B: Congruence between job demands and employee ability (*in this context the capability to fulfil these demands*)



2. **Theme two**

The second theme is "the importance of commensurate measurement of person and job constructs" (Edwards, 1991, p. 286). An example is the proportion of bonus anticipated by the employee and the amount of bonus received. This PJ fit measurement is obvious in research connected to job satisfaction, job stress and job vocation because it determines the fit index even though there are methodological issues (Edwards, 1991).

3. **Theme three**

When both the person and the job are complementary fit, the outcome is a transformation that is prevalent in theories related to job satisfaction and job stress. Complementary fit between the person and job is fundamental in the process of hiring. Arrows (a) and (b) represents PJ fit that directly has an impact on the outcomes as indicated in Figure 2.2. Another method is to see the moderating effects of the person on the relationship between the job and the outcomes as indicated by the arrow (d) and vice versa, the moderating effects of the job on the relationship

between the person and the outcomes, which is the arrow (e). Arrows (f) and (g) indicate the influence of either the job or the person on the combined relationship between the job, person and outcomes.

4. Theme four

The final theme is the consequences of outcomes on the job and the person as illustrated by the arrows (h) and (i). The model illustrates various possible scenarios and the corresponding effects of the PJ fit dimension on a host of issues such as "job satisfaction…, coping, adapting, psychological and physical health…, motivation, performance, commitment, absenteeism, turnover, and vocational choice" (Edwards, 1991, p. 287).

The various PJ fit permutations as discussed by Edwards, (1991) in literature is not only significant but adds authority and credibility in its function. In the context of the overall recruitment and selection process, the relevance of both PO and PJ fit is undoubtedly a crucial aspect. According to van Vianen (2018), satisfaction towards the job and career, and occupational commitment relates most deeply to PJ fit whereas organisational commitment and identification, and perceived support relates most deeply to PO fit. The PO and PJ fit impacts both employee motivation and organisational effectiveness in relation to job expertise, worker retention rates and employee attitudes (Werbel and Johnson 2001). When the compatibility between employee and job and organisation is weak, it translates to higher turnover.

2.7 Review of recruitment and selection models as a strategic dimension

How different is strategic recruitment from conventional ideas of recruitment? "Strategic recruitment refers to practices that are connected across levels of analysis and aligned with firm goals, strategies, context, and characteristics" (Phillips and Gully, 2015, p. 2). It explicitly connects firm strategy and context to firm recruitment practices, activities, and outcomes. The idea of a vertical strategic link between recruitment and selection is to align the workforce to organisation strategy. The strategic integration of recruitment and selection with organisation strategy is a key facet of the HRM function, as it must match with the organisation needs and constant changes in the environment. Strategic recruitment is the interconnection of four

important areas of study; resource-based theory (RBT); SHRM; human capital resources (HCR) and multi-levels of analysis (Barney and Wright, 1998; Becker and Huselid, 2006; Mathieu and Chen, 2011; Ployhart, Nyberg, Reilly, *et al.*, 2013; Phillips and Gully, 2015). The relationship between RBT, SHRM and HCR demonstrates a multi-level analysis linking HRM functions with each other and organisations overall strategic business plans. The multi-level analysis and alignment of the HRM functions is the catalyst towards the organisations' competitiveness. Performance is affected when recruitment is not strategic. Being strategic is about executing plans and processes to recruit and select an appropriate sum of people who demonstrate competencies fitting the job and organisation. When recruitment and selection are ineffective regardless the business strategy is outstanding, the probability of the organisation failing is higher.

Drawing from the previous arguments, two aspects of the organisations' strategic integration with recruitment and selection can be identified. The integration is through the organisations' business strategy formulation and its implementation. Hence the recruitment and selection processes indicates vertical alignment with the business strategy (Millmore, 2003; Chanda, Bansal and Chanda, 2010). Business strategy formulation is key towards the strategic integration with recruitment and selection. It incorporates the representation of human resource in the board, the presence of human resource departments and expertise, developing human resource strategies with systematic human resource planning and a comprehensive staffing policy. Business strategy implementation is ensuring timely sourcing and supply of qualified applicants, developing comprehensive job descriptions and specifications, effective selection criteria and process and participation of line managers in the staffing process.

The integration of strategy and HRM although extensively discussed but according to Phillips and Gully (2015) the importance of recruitment practices within the human resource architecture and its impact to the organisation draw attention to several gaps. The research gaps according to the authors are:

i. The lack of understanding demonstrating the relationship between macro and meso—level recruitment practices, and the macro and meso-level outcomes,

ii. Inability to source talent in a targeted approach hence failing to understand its importance in the recruitment process. Failure to proactively identify and find the required talent specifically 'whom to recruit and where to find them'.

iii. Not paying attention to whether recruitment practices are effective across different units, and

iv. Not focusing on finding an association between recruitment practices and other HRM practices in the organisation.

The authors then proposed a strategic recruitment framework incorporating a multi-level input-process-outcome as in Figure 2.3. The purpose is to produce "recruiting systems, policies, and practices that best supports the firm, individual, and team performance" (Phillips and Gully, 2015, p. 3). A multi-level input-process-outcome is the planned configuration of goals, strategies and organisation characteristics. This configuration involves the allocation of resources, developing recruitment policies and systems aligned with the organisation objectives.

Phillips and Gully (2015) state two aspects, first, the framework demonstrates a vertical integration of organisation, team and individual at the vertical strategic level. Vertical alignment is the link between HRM strategies and practices to the broader strategic management process. Vertical strategic recruitment is the connection of the recruitment system subcomponents (inputs, practices, outcomes) with the micro-, meso-, and macro levels. A clear alignment of recruitment strategies, goals and resources, across the organisation levels which is consistent with the organisation, team and individual strategy. Processes used should be consistent across the organisation to ensure the recruitment outcome produces organisational effectiveness. Second, horizontal alignment is the integration of all HRM practices including recruitment, a sub-component of the human resource architecture that functions to facilitate the implementation and execution of all other related HRM functions. Recruiters who reinforce positive messages of the organisations' climate promote the attractiveness of organisation characteristics hence the desirability of the

job to potential applicants. Horizontal strategic recruitment is to configure the recruitment process as an integrating component of the human resource architecture establishing consistent practices across all levels in the organisation.

Information and knowledge of talent requirements are vital factors for strategic execution and alignment of recruitment practices at all levels (Phillips and Gully, 2015). The authors also reiterate that “recruitment systems, policies, and practices” at lower levels are resulting from higher-level “organisation resources, strategies and decisions” (p. 9).

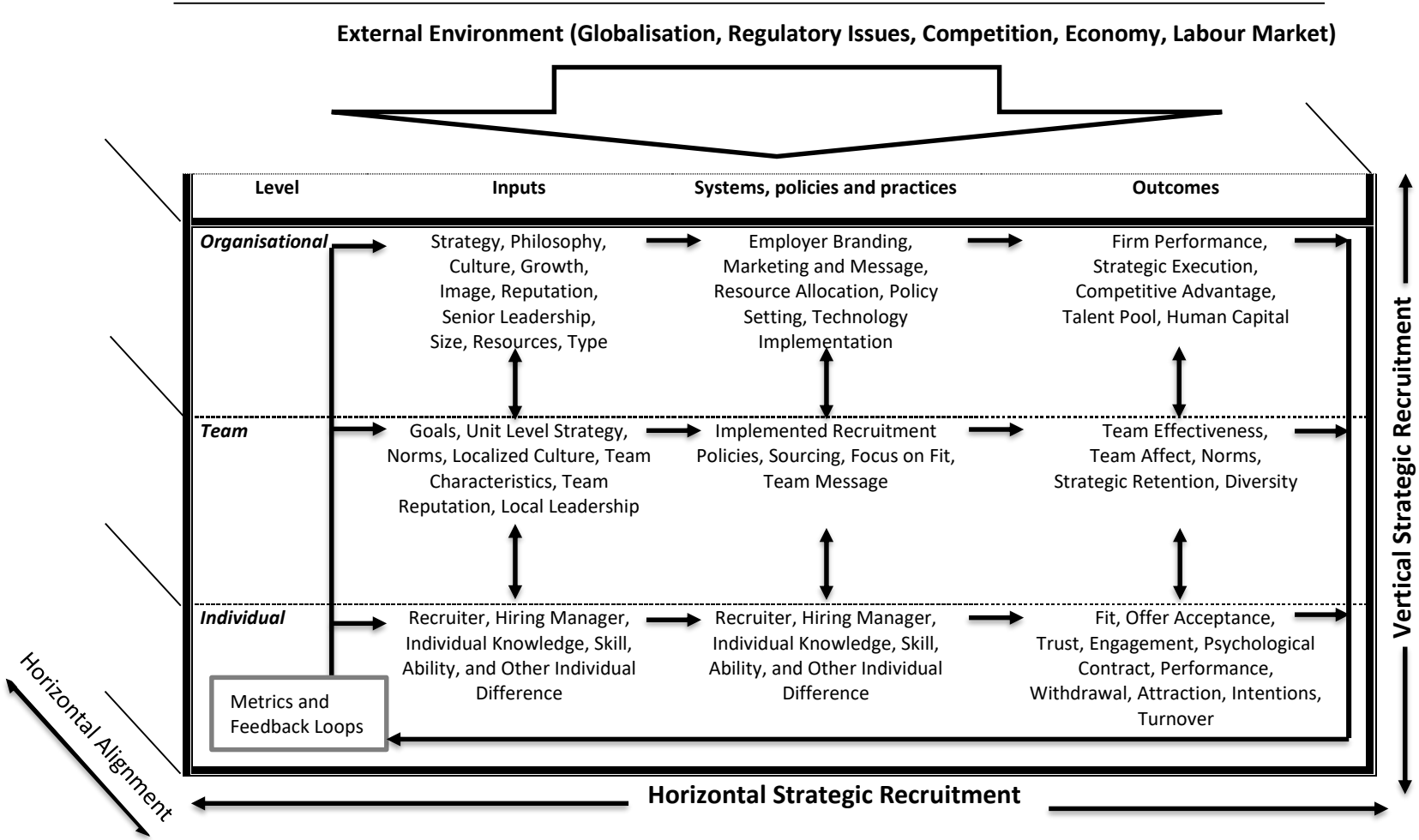


Figure 2.3: Multi-level strategic recruitment framework
Source: Phillips and Gully, (2015)

Strategic recruiting is the fundamental function in attracting, selecting, developing and deploying human capital with related KSAs to undertake job functions. The integration between HRM systems and high-performance work practices are key SHRM factors in gaining competitive advantage. In tandem with the SHRM perspective, the strategic recruitment model demonstrates the execution of recruitment strategies aligned across different levels. Phillips and Gully (2015) caution recruitment that is not strategic ultimately affects organisation performance. They reiterate, organisation's competitiveness is fundamentally the human capital competencies, if not available or sufficient can lead to extreme losses and possibly closure regardless of its business strategies.

Millmore (2003) defines strategic recruitment and selection as "the translation of mission statements and/or strategic plans into those employee attributes which are seen to be critical to their successful attainment" (p. 91). According to Millmore (2003), the positioning of recruitment and selection as a strategic practice can be based on three integrated and interdependent factors.

1. Strategic integration, which is the alignment between corporate strategy and employee behaviour. In this instance, employees demonstrate critical characteristics that translate organisations mission statements and strategic plans into successful accomplishment.
2. Long-term focus is the development of recruitment and selection practice into a critical human resource function with portrays qualities that can identify the right talent who can manage the firm effectively in the long term.
3. Converting strategic expectations into suitable recruitment and selection requirements. Essentially corporate plans translate into human resource practices and implemented organisation-wide. The central element here would be a formalised human resource planning function that can bridge these two factors when managing the staffing process.

In reviewing the recruitment and selection process, Figure 2.4 represents a model of recruitment within the human resource architecture that organisations' could in general apply. The task here is to determine if the model indicates a strategic logical

link of recruitment as being an SHRM initiative in a organisations' quest to be competitive. As illustrated in the model the strategic relationship in this process is the associated link between five different elements. First is the understanding of specific recruitment objectives and the strategy being developed before the actual recruitment activity. Clear justifications are important in establishing reasons for hiring and this will include other associated factors affecting the recruitment objectives. In this instance the decision to recruit is impacted by past recruitment results. Historical recruitment data and outcomes are relevant inputs towards determining the best approach in the recruitment process. Hence the importance and relevance of human resource planning, job descriptions and job specifications, evaluating the recruitment data specifically hiring costs, number of applicants, diversity of applications, offer ratios, acceptance rates and others are factors useful when determining the objectives. The second step in the recruitment process requires developing strategies in sourcing and attracting potential applicants to put in an application. The type of recruitment message transmitted by the organisation influences the application decision of potential applicants. Disseminating the right message attracts potential talent to make an application. Messages are signals promoting the organisation as a place of opportunity in terms of career development, job enrichment, satisfaction and equity-based recognition. The third step is determining the appropriate recruitment activities especially choosing the right recruitment methods. Using cost-effective methods expedites the hiring process. Between recruitment activities and recruitment results, the mediating element is the job applicant variables. When assessing whether the process is effective and efficient, recruiters need to compare results, in this instance the job applicant variables that affect the recruitment outcomes/results against the original aims. Job applicant variables are specific job-related criteria derived from the job description and job specification. These criteria determine whether the applicant fits the job and compatible with the organisation. Recruitment outcomes determine the success of the overall recruitment process.

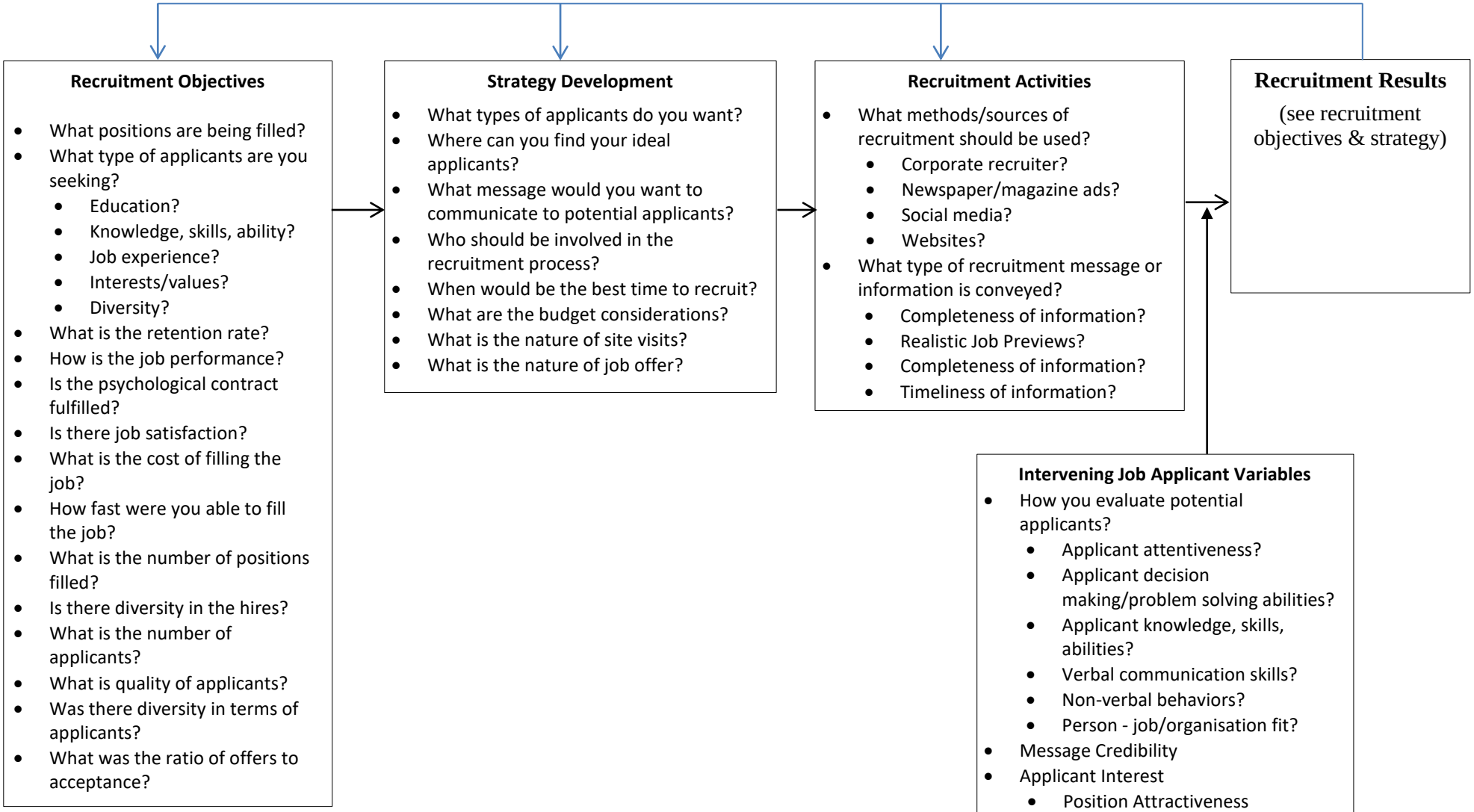


Figure 2.4: Model of the organisational recruitment and selection process
Source: Adapted from Breaugh and Starke, (2000, p. 408); Breaugh (2008, p. 104)

The framework of the recruitment process as proposed by Dineen and Soltis (2010) (Appendix 7) integrates recruitment models by Barber, (1998); Breaugh (2008); and Rynes and Cable, (2003). As the integrated model suggests there are three stages in the recruitment process. Dineen and Soltis (2010) explain the recruitment stages in the following manner, in Stage 1 it indicates that prospective job applicants make decisions to apply for a job when organisations put the effort in generating viable candidates. Two strategies used in this stage emphasise targeting and messaging. Targeting strategies focus on timing and types of prospective candidates sourced whereas the messaging strategy looks at the various sources used to recruit, in this instance the web, social media and providing information about the organisation for the purpose of person-environment fit. Stage 2 requires the need to maintain the status of potential applicants. The important consideration at this stage is now the perception towards fairness and the timeliness of the selection process. Interaction between job applicants and recruiters become an important element of the recruitment process. The effect recruiters have on the job applicant, prior and post-application is a notable component of the overall process. Enquiries, site visits and information disseminated to job applicant could influence the applicant decision choice. Stage 3 is the post-offer closure when the applicant now has a job offer and the decision to accept is dependent on the timing of the offer and the competing offers by other competitors. The integrating processes for the three stages shows that the process variables are significant at each stage as it involves several aspects that would assist in identifying potential applicants. Hiring talent at the right time requires recruiters to be up to date using social networking, communication and signalling, building rapport with potential applicants and execute negotiations to influence applicants in their job choice decision making. The broad overarching consideration over the recruitment process is the environmental and contextual elements. What this means is at any stage of the recruitment process, firm-level characteristics, vacancy and labour market aspects need to be accounted.

Traditionally managers assume the important outcome of the selection process and job performance is the link between KSAs and critical requirements of the tasks (Bowen, Ledford Jr and Nathan, 1991). This refers to the person-job fit. Therefore drawing on the selection model that establishes a PO fit, specifically the personality

and culture/climate relationship the proposed framework by Bowen *et al.,* (1991) may assist managers to rigorously rethink the traditional approach. The key elements in the hiring process for PO fit adapted from Bowen *et al.,* (1991, p. 37) encompass:

i. Assess the overall work environment which comprises the job and organisational analysis. This step involves finding a fit between the successful employee and organisation in terms of both the context and content of the job. Several instruments such as job analysis, position analysis, critical incidents, task inventories and organisational analysis (a diagnosis of subsystems, example; individuals, tasks, organisational arrangements, informalities).

ii. Infer the type of person required based on technical knowledge, skills and abilities, social skills, personal needs, values and interests, and personality traits. This step is more than the conventional KSA assessments. It is examining the employees' personality (values, needs, interests) and social skill. The selection challenge is to find a balance between technical skill and personality to ensure an appropriate fit.

iii. Design rites of passage for organisation entry that allows both the organisation and the applicant to assess their fit. This consists of tests of cognitive, motor and interpersonal abilities, interviews conducted by potential co-workers and others, implementing personality tests and realistic job previews that including work samples. Using multiple tests to ascertain the applicant suitability in this instance PJ fit and PO fit. The positive effect is the better-informed job acceptance, decision choice for applicants.

iv. The reinforcement of PO fit at work comprising of two elements, first, reinforcement of skills and knowledge through task design and training. Second, reinforcement of personal orientations through organisational design. The integration with various other human resource practises invokes effective team function and involvement. It is a reinforcement of characteristics and behaviours identified when hiring and expected to represent in the workplace.

The applicants' 'perception of recruitment –selection process' is a factor in determining their decision to accept a job and join the organisation (Ryan and Ployhart 2000). Chapman, Uggerslev, Carroll, *et al.*, (2005) in their meta-analytic research on "Applicant Attraction to Organization and Job Choice", identifies four variables that are useful to measure recruiting outcomes: -

i. ‘Job pursuit intentions’ reviews the intention of applicants to pursue a job, the desire to apply and attend interviews.
ii. ‘Job organisation attraction’ whereby applicants’ overall evaluation of the attractiveness of the job and the organization. The second point is further reflected based on three aspects;
    (i) is the job attractive to the applicant
    (ii) is there a desire to work in the organisation and
    (iii) the perceived view of the company as the best place to work.
iii. ‘Acceptance intentions’ is the likelihood of an applicant accepting the job offer. An example illustrating this point is ‘how likely are you to accept a job offer from the company’.
iv. ‘Job choice’ is when the applicant decides whether to accept an offer or decline an offer, when or if, the job offer is made. In their findings, the fourth variable explains the issue “proved to be the strongest predictors of the attitudinal attraction outcomes” (Chapman *et al.,* 2005, p. 938). This means how applicants view the fit between their KSA’s and organizational needs is not only significant but an important consideration.

A recent study on employee recruitment and job search demonstrate a multi-level integration between the organisation and individual levels (Acikgoz, 2018). The study presents six prepositions but out of these, four prepositions have an integrated significance demonstrating the relationship between the recruitment activity and perceptions of fit.

i. “Job characteristics and the organization influence the content and form of recruitment activities.
ii. Applicant characteristics influence the type of job search activities.
iii. Congruence between job search and organizational recruitment activities for job awareness is a pre-requisite of perceptions of fit.
iv. Intention to pursue a job can change after an application when the perception of fit is updated”.

(Acikgoz, 2018, p. 7)

The recruitment activity proposed by Acikgoz, (2018) is formulated from the job and organisational characteristics. The message communicated through the recruitment activity is to create awareness. The job awareness message becomes an attraction to an applicant when the organisation and applicant's characteristics demonstrate congruence. Hence indicating the realism of the job in the message increases the likelihood of meeting the applicants' job expectations (Breaugh, 2013). This congruence is the job-organisation attraction that leads to the perceptions of fit. The perceptions of fit can change after an application is made hence an applicant's intention to seek a job can become altered. The effectiveness of the recruitment activity and the applicant's recruitment attraction is demonstrated by the characteristics of the applicant, the job and organisation characteristics, and perceptions of fit (Barney and Wright, 1998; Kanfer, Wanberg, Kantrowitz, *et al.*, 2001; Chapman, Uggerslev, Carroll, *et al.*, 2005; Uggerslev, Fassina and Kraichy, 2012; Acikgoz, 2018) Applicants demonstrate potential fit way before they decide to join. They show evidence of 'authentic behaviour' and 'self-motivation' which is a process of 'self-selection' (J. A. Breaugh, 2013; Russell and Brannan, 2016). The attraction demonstrates the similarity between the applicants' personality and values with that of the organisations' culture.

The choice of recruitment sources is a factor in attracting an applicant to a job. Hence job vacancies that are positioned at higher levels in the organisation solicit attraction when mediums such as executive search organisation. Professional networking sites, for example, Linked-in or advertisements in reputable magazines are used. An organisations' size and business influence its choice and type of recruitment used.

Section B

2:8 Overview of Small and Medium Enterprises

SMEs have been recognised as a key catalyst in directing a nation's economic and technological growth in various countries across the globe. SMEs consists of three categories of enterprises. They are micro, small and medium enterprises. In Europe for example, the Micro and SMEs play a central role in the European Economy. In the United States, SMEs are the backbone of the economy and they are a major source of

"entrepreneurial skills, innovation and employment…" and "…make significant contributions to the U.S. economy in terms of employment, job creation, entrepreneurship, and U.S. economic activity…" (Hammer, Jabara, Cardenas, *et al.*, 2010, p. 2-2). There are some 30.2 million SMEs that provide about 58.9 million jobs and represent 99.9 per cent of all enterprises (U.S. Small Business Administration, 2018). In the European Union of 28 countries (EU-28), 99.8 per cent of enterprises are SMEs. The value-added of all these non-financial SMEs is €4.16 trillion which is 56.8 per cent of the total value added (Muller, Mattes, Klitou, *et al.*, 2018).

In Asia, over 98 per cent of organisations in these countries comprise of SMEs and 50 per cent of the employed workforce are in this sector. In the Philippines, SMEs constitute 95 per cent of all organisations (De La Pena, 1995, cited in Lin, 1998). In Taiwan, SMEs constitute 97.63 per cent of all business enterprises and employs 77.85 per cent of the total workforce. Whereas in Japan, SMEs account for 99.7 per cent of all business enterprises employing 66.2 per cent of the overall workforce and in Korea, 98.9 per cent of business enterprises are SMEs employing 71 per cent of the overall workforce (Wang, Lin and Stewart, 2012). In China, 99 per cent of business enterprises are SMEs (Cunningham and Rowley 2007). In the United States, about half of the 120 million non-farm private-sector employees are employed in SMEs and they contribute significantly towards employment and innovation (Hammer, Jabara, Cardenas, *et al.*, 2010).

2.8.1 Definition of SMEs

Four fundamental indicators are the basis when assessing SMEs economic importance for a country:

i) the total number of enterprises
ii) employment
iii) domestic output and
iv) exports

(Asian Development Bank Institute, 2016).

There has not been any common or universal definition for SMEs. Countries across the globe have specific criteria used to define SMEs primarily due to the different nature of these SMEs. These definitions change sporadically mainly to gain government-funded support (Asian Development Bank Institute, 2016).

Most countries use number of employees as the main criteria whereas others use an organisation's assets and revenue as the additional criteria. In the Asia Pacific region, Singapore, Brunei and Vietnam for example, do not categorise SMEs into micro, manufacturing, wholesale and/or services, rather all are categorised as SMEs based on only employee numbers and revenue. In the United States, the basic definition is all enterprises with less than 500 employees. The European Commission categorises SMEs into three: medium-sized, small and micro and defines SMEs using employment, turnover and annual balance sheet. China, for example, has changed its SME definitions in 2003 and in 2011 which now has specific definitions for 15 different sectors (Nguyen, 2017). These differences explain the difficulty in establishing a common definition. Researchers have been calling for a common definition but there has been no effort among governments until now. Only the European Union has adopted a common definition across all its member nations. This is indeed the right step towards developing a common definition framework for SMEs that would assist in the analysis, interpretation and reporting of SME data. A compilation indicating definitions of SMEs by various agencies, major developed countries and countries in the Asia Pacific region is presented in Appendix 8.

2.9 Profile of Malaysian SMEs

Malaysia's focus as an upper-middle-income economy is towards developing SMEs as an engine of economic growth. "Small is the new big"; a statement made by the Chief Executive of SME Corporation of Malaysia is a clear indication of how SMEs are deemed as the backbone of the economy. The Chief Executive's aspires to see SMEs as "employment providers and not employment seekers". Even though SMEs contribution is significant but there is inadequate research exploring HRM practices in SMEs (Heneman, Tansky and Camp, 2000; Marlow, 2006; Gilman and Edwards, 2008). Ongoing research to date shows evidence of SMEs trying to put in place specific human resource practices that differentiates itself from large organisations (Sheehan, 2014). It is established that implementing specific human resource practices in SMEs would lead to positive impact in performance (Patel and Cardon 2010; Sheehan 2014). The contradiction is between informal human resource

practices in SMEs and the sophisticated formal systems in large organisations. The initial comprehensive focus in developing SMEs in Malaysia started in 1996 with the formation of Small and Medium Industries Corporation (SMIDEC) under the Ministry of International Trade and Industry (MITI). The Small and Medium Industries (SMI) Development Plan was introduced under SMIDEC with the "aim to develop capable and resilient Malaysian SMEs" (SME Corporation Malaysia, n.d). In understanding the need for a more comprehensive focus towards the development of SMEs in Malaysia, the National SME Development Council was established in 2004 under two national policy papers, consisting of the Ninth Malaysia Plan and Third Industrial Master Plan. This highest policy-making body was formed to set the strategic direction and formulate policies towards the development of SMEs. One of the key actions was to draw up a blueprint for the development of SMEs in Malaysia in 2007 (see Appendix 9).

The main objective of the Government was to support and enhance the development of SMEs as a key economic contributor. As part of this focus, SMIDEC was rebranded as the Small and Medium Enterprises Corporation Malaysia (SME Corp Malaysia). It became the central coordinating agency for the overall development of SMEs in Malaysia. SME Corporation charts the overall policy direction and implementation of the SME Master Plan (2012 – 2020). The agency "endeavours to empower the critical mass of SMEs with efficient processes, robust business models, access to financial resources, smart partnerships, market-entry strategies and sustainable growth solutions, through various platforms and programmes for SME development..." and "…provides business advisory services and information to SMEs in Malaysia through its One Referral Centre (ORC)" (SME Corporation Malaysia, 2017). Realising the growth potential of SMEs the Malaysian Government refocused their economic growth plan with the development of the SME Master Plan (2012 - 2020) (Ahmed, Wahab and Mahmood, 2011).

The SME Master Plan identifies six areas of growth and one of the key focus areas is human capital development. This is consistent with one of the strategic thrusts of the SME Blueprint 2007 that is building capacity and capability. It was established that the productivity level of workers in SMEs is only one-third when compared to the larger

companies (Bernama, 2012). The 7.2 per cent growth rate (2017) and resilience of the Malaysian SMEs despite the challenging economic conditions underscores two important elements, first, the importance of domestic demand and second the Government policies that encourage growth (SME Corporation Malaysia, 2018, SME Annual Report 2017/18). In the Malaysian National Economic Policy and Development Plans two important features are stressed for SMEs, which are, producing high-quality product and services, and increasing productivity using contemporary technology and management for competitiveness (Chelliah and Sulaiman, 2010). The importance of using modern management reflects the need to focus and put in place effective human resource frameworks to achieve competitiveness. The government in achieving its targets emphasises on the importance of human capital development in SMEs, the second-highest number of planned programmes by focus area. The financial expenditure committed for human capital development is RM 300.3 million for 42 programmes (SME Corporation Malaysia 2018, SME Annual Report 2017/18). Two criteria used to define SMEs in Malaysia are the annual sales turnover or the number of full-time employees in the respective sectors as seen in Table 2.2.

Category of SMEs	**By Full-time Employees**	
	Sector	
	Manufacturing	Services and Other Sectors (Primary Agriculture, Construction, Mining and Quarrying)
Micro	< 5	< 5
Small	5 < 75	5 < 30
Medium	75 ≤ 200	30 ≤ 75
	By Annual Turnover (RM)	
Micro	< 300,000	< 300,000
Small	300,000 < 15,000,000	300,000 < 3,000,000
Medium	15,000,000 ≤ 50,000,000	3,000,000 ≤ 20,000,000

Table 2.2: Definition of SMEs in Malaysia by full-time employees and annual sales turnover

Source: SME Corporation Malaysia, (2018), SME Annual Report 2017/18

Profile of SMEs in Malaysia reported in SME Annual Report 2017/18 shows 907,065 SMEs which is 98.5 per cent of the 920,624 total enterprises in the country. As indicated in Table 2.3, micro SMEs constitute 76.5 per cent of the total number of

SMEs. This is noteworthy, as their importance is undoubtedly significant in a developing economy like Malaysia.

Category of SMEs	Number of SMEs	Percentage (%)
Micro enterprises	693,670	76.5
Small enterprises	192,783	21.3
Medium enterprises	20,612	2.3
Total	**907,065**	

Table 2.3: Number of SMEs in Malaysia
Source: SME Corporation Malaysia (2018), SME Annual Report 2017/18

Statistics also indicate that majority of the SMEs are in the services, manufacturing and construction sectors. Table 2.4 further specifies that majority of the micro-based enterprises are in the services sector in comparison to the sectors.

	Sectors		
Category of SMEs	**Services**	**Manufacturing**	**Construction/Agriculture /Mining/Quarrying**
Micro enterprises	649,186 (80.2%)	22,083 (46.3%)	22,401
Small enterprises	148,078 (18.3%)	23,096 (48.4%)	21,609
Medium enterprises	11,862 (1.5%)	2,519 (5.3%)	6,231
TOTAL	**809,126**	**47,698**	**50,241**

Table 2.4: SMEs in Malaysia by size and major sectors
Source: SME Corporation Malaysia (2018), SME Annual Report 2017/18

Data from the SMEs Annual Report indicates a significant percentage, 45.3 per cent of the SMEs are in Selangor, Wilayah Persekutuan Kuala Lumpur and Johor. These three states when combined form a large majority of SMEs. SME organisations located in the Klang Valley constitute more than one-third of the total SME population. 61.2 per cent of SMEs are individual proprietorship; 6.7 per cent are partnerships and 28.5 per cent are a private limited company. The technical definition of individual proprietorship is a business owned and managed by a single owner for profits. Whereas a partnership is about a business owned by a group of individuals who agree to manage and operate to make profits.

SMEs employ in total 5.7 million workers. This represents about 66 per cent of the total employed workforce of 8.7 million. The total number of workers employed in SMEs in each economic sector are; service sector 3,807,600 (66.8 percent), manufacturing 1,048,800 (18.4 percent), construction 632,700 (11.1 percent) and

other sectors 210,900 (3.7 per cent) workers (see Appendix 10 in table format). Based on the definition for SMEs, the number of employees in micro enterprises are normally less than five employees. Micro enterprises have a small number of employees hence are excluded from this research. Data from micro organisations will not produce any significant information on the recruitment and selection process.

Data from the Department of Statistics, Malaysia as cited in SME Annual Report 2017/18 indicates that employment growth in SMEs in general is positive (see chart in Appendix 11). The average employment growth over a five-year period (2012-2017) was 7.3 per cent. In comparison employment growth in larger organisations experienced negative growth especially between 2014 – 2017. Negative growth seen in larger organisations is an indication of the employment potential of SMEs. The combined employment data of SMEs and large organisations in Malaysia generally experienced positive growth. The highest recorded growth performance was 10.9 per cent in 2014, driven by the 23.1 per cent employment performance growth in SMEs.

Scholars have pointed out that there is a lack of consistent studies on the relevance and importance of HRM in SMEs (Harney and Nolan, 2014; Dundon and Wilkinson, 2009; Barrett and Mayson, 2007). Research on HRM practices in SMEs is beginning to gain traction but more comprehensive research and exploration are required to understand the adoption of HRM within the internal intricacies of SMEs (Sheehan, 2014). In a developing economy like Malaysia, this point is even more important as statistics show SMEs significant contribution to the national GDP and employment percentages. Hence, research signifying the effect of HRM practices, specifically recruitment and selection in SMEs overall development and contribution needs in-depth exploration. The next section is an overview of HRM practices in SMEs, questioning its relevance, its evolution and its current form. This review sets the framework for HRM's overall strategic significance in organisations, in general, and more specifically in SMEs. The discussion then slants towards the strategic significance of recruitment and selection, how the conceptualisations of 'fit' is an important criterion for selection.

2.10 Human resource management practices in SMEs

In understanding the perspectives on HRM practices in Malaysian SMEs it is first essential to review relevant theory and research in this domain. Two approaches differentiate the understanding of HRM practices, the universalistic and contextual based approach.

The universalistic theory advocates that HRM practices adopted in large organisations irrespective of the type of organisation can fit and benefit SMEs. Contextual based theory, in contrast, evaluates specific characteristics of SMEs. Institutional and cultural context and its characteristics become part of the human resource practices of the SMEs operations. The universalistic argument advocates the role of HRM and its effect on performance irrespective of firm size (Huselid, 1995; Way, 2002). Drawing on this point Harney and Nolan (2014) argues that the universalistic approach is due to SMEs heterogeneous and complex characteristics. Hence, large organisation embrace sophisticated HRM practices. The context-based approach is the acknowledgement of 'specificity' in SMEs according to Torrès and Julien (2005), leading to unique challenges and practices in HR suited to SMEs. Harney and Nolan (2014) argue that formal HRM practices as in large organisations are not practical or necessary in SMEs. SME employees are more directly involved and have some degree of work discretion hence HRM functional administration is specific and focused. HRM practices in SMEs might also be perceived as 'deficit or equivalence model' (Behrends, 2007). Behrends, (2007) states the deficit model perceives SMEs as facing severe management deficit due to the lack of standardised HRM tools and systems. Hence, assumed as unprofessional and incomplete. In contrast, the equivalence model views HRM as flexible, no 'one best way' in handling the HRM challenges. Idea is to put in place an HRM system that fulfils the functionalities of the SMEs environment. There is no one specific structured HRM formula rather it is adapted against the backdrop of the eco-system in SMEs. Using structured systems as in large organisations is not a feasible approach.

Are the traditional HRM practices applicable and practical in SMEs? Evidence shows, especially high growth SMEs place less importance in adopting traditional HRM practices; rather it is more important to identify and hire the person with the right fit for the job (Heneman, Tansky and Camp, 2000; Marlow, 2006). SMEs demonstrate

distinctive characteristics that include closely controlled ownership, close interactions with external stakeholders, tight structures with close relationships between employee and management and high informality (Harney and Nolan 2014). The notion is SMEs are small and they promote more personal working relationships, with less bureaucracy, more intrinsic fulfilment and job enrichment. The characteristics pointed out is fittingly encapsulated by a quote in a web article published by Personnel Today (2006).

> "Overall they [SMEs] are more advanced in people management than many believe ... Techniques such as culture-change programmes, employee-involvement schemes, team-working and devolved control systems are all evident" (Sparrow, 2006 cited in Personnel Today)

On the contrary, according to Harney and Nolan (2014), the flexibility and informality portrayed may also be construed as situations of uncertainty and volatility for an SME. Harney and Nolan (2014) explain further that workers may experience authoritarian leadership styles, with job insecurity, unattractive salary, poor work conditions and possible manipulation. Despite these over-simplistic notions about the work environment, HRM practices in SMEs whether formal or informal are moulded based on factors such as strategy, sector and the labour market (Lai, Saridakis and Johnstone, 2017). Would SMEs perform better by putting in place more formal and well-structured human resource practices? Sheehan (2014) contends there are no clear findings to establish a strong correlation between HRM practices and performance in SMEs primarily due to insufficient research and methodological difficulties. The external influences on SMEs greatly affect its operational capabilities. SMEs need to constantly adapt and be competitive hence; formalised structures may hold back the swift response necessary for a quick change.

2.11 A review of HRM practices in Malaysian SMEs

Several studies focus on HRM practices in Malaysian SMEs, but they are limited (see Appendix 12). Out of the twelve research articles reviewed, three are qualitative based conceptual papers. Nine other articles are quantitative. Three research articles focus on training and development that shows a relationship to human capital development, employee satisfaction, innovation and firm performance. Two research

articles interestingly discuss how knowledge transferring capabilities and learning can turn human resource into catalysts for SMEs effectiveness. Only one article indicates the significance of competency and PJ fit towards achieving higher job performance in SMEs. Several human resource themes were identified in these papers indicating the focus of research in Malaysian SMEs.

i. Lack of commitment and concern towards training and development of human capital is an important theme. The papers demonstrate SMEs that provide training opportunities for their employees experience better chances of retention. The enhanced competencies and skills enable SMEs to experience better performance. Higher performance indirectly would mean there is a good person-job fit. A good fit leads to stronger innovation capabilities. Hence, SMEs need to appreciate the benefits and discard the negative perception that training and development is costly.
ii. Less emphasis towards creating a human resource unit to coordinate and consolidate all human resource functions. The lack of proper human resource structure, generally viewed as a marginal function, negatively affects employee satisfaction levels. The perception of human resource as a conventional function at the periphery compared to other administrative functions necessitates a change in mind-set among SMEs.
iii. SMEs are perceived as places to gain experience, enhance skill sets and use as a stepping stone for better employment opportunities in larger organisations primarily for better compensation packages and benefits. Although job security is not a major concern but the benefits of long-term financial security in larger organisations impacts employee decisions whether to remain or leave.
iv. Research focuses more on general HRM practices that cover areas affecting job satisfaction, organisation performance, labour productivity, quality-assurance and e-HRM.

These studies indicate the inadequate range of research on HRM practices. The extent of HRM research in Malaysian SMEs is at an embryonic stage. The limited range of studies points to the need to develop comprehensive and targeted HRM research in

local SMEs. In particular, specific human resource practices that might have a significant impact on the overall functions of the organisations such as recruitment and selection, compensation and training and development. Research demonstrates a certain level of proximity with recruitment and selection is the relationship between competencies, PJ fit and job performance. The number of available research on recruitment and selection in Malaysian SMEs as a specific HRM practice is non-existent. The themes explored above point out the rationale in conducting specific research that focuses on various human resource functions. Hence, exploring the significance of fit as an important process in the strategic staffing function.

2.12 Adopting the strategic recruitment and selection perspective in SMEs

The extent of research specifically on strategic recruitment and selection is very limited in SMEs. Although there is some focus on recruitment and selection literature, several authors believe that growing organisations lack three important factors. The first factor is the poor strategic planning and focus, second, the competition with large organisations for human resource and lastly, growing organisations are not the first choice of applicants (Heneman and Tansky, 2002; Mayson and Barrett, 2006). Even though SMEs exhibit or face limitations such as these, it is also essential to review SMEs perception of an ideal candidate in the recruitment and selection process. In a qualitative research report published by Department of Work and Pensions, UK on recruitment decisions in SMEs, the factors considered as key elements for recruitment include flexibility, competence, reliability, stability, proximity to work (location), attitude towards work, personality and honesty (Davidson, 2011, p. 2-3). In the context of recruitment and selection these range of eight factors is vital, as it relates to the necessities and business requirements of the SMEs. These identified factors in an employer's recruitment decision are from two components, the recruitment stages and the employer considerations. The illustration is in Figure 2.5.

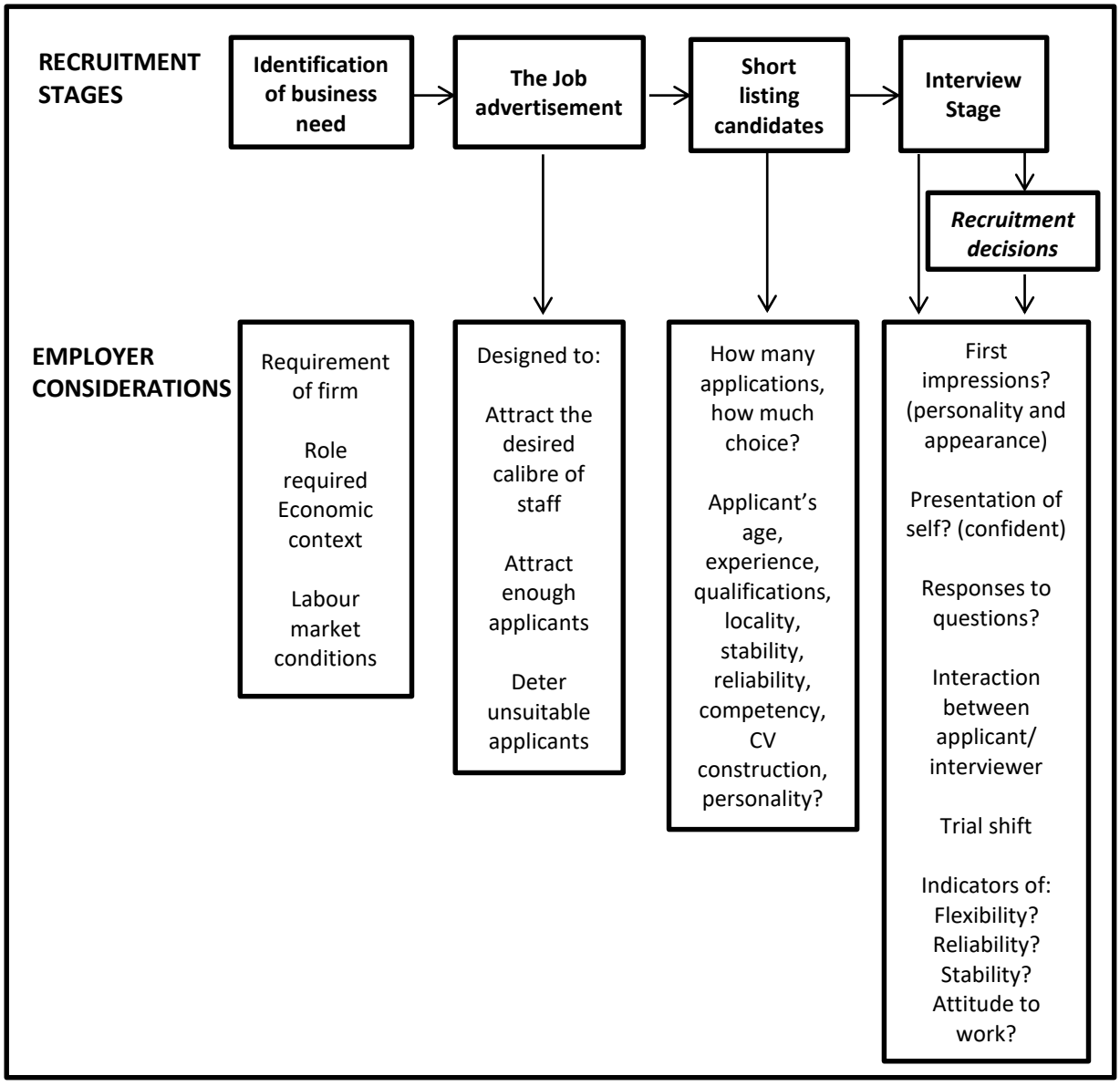


Figure 2.5: Employer's recruitment decisions
Source: Davidson (2011, p. 22)

Employers consider vacant positions as important and crucial for their business. Hence, their concern is to ensure successful candidates can perform their jobs effectively. Effective hiring decisions mean fulfilling three criteria, methodical and thorough scrutiny of knowledge, skills and experiences necessary for accomplishing jobs, using a precise mix of pre-employment tests, behavioural interviews and realistic job previews that are effective (Boatman and Eker, 2012). Recruitment in general consists of four stages: a review on the necessity to hire and fill a vacant post, a job analysis, the creation of a person specification and job description (Carroll, Marchington, Earnshaw, *et al.*, 1999). In small organisations, one person who

determines the relevant job factors and requirements manages the process. The recruitment and selection stages and processes may not be systematic and highly sophisticated rather the approach would be at best, rudimentary and modest. This may lead to several hiring blunders such as selection processes that are disorganised, limited information of applicants, discounting information, fooled by applicants overpromises and hiring staff's assessment are fully trusted (Boatman and Eker, 2012). In SMEs, the strategic recruitment and selection perspective is to determine the appropriate strategy. According to Windolf (1986), the choice of a recruitment strategy is dependent on two variables (see Figure 2.6):

1. "E*nvironmental constraints".* Whether the firm faces constraints in its choice of the recruitment strategy is dependent on its power and position in the market to offer terms and conditions that is attractive to applicants. Represented here as "labour market power" in Figure 2.6.
2. The *"internal resources of the organisation"*(p. 238). The internal resources referred here is the "organisational intelligence" (indicated as the horizontal line in Figure 2.6), demonstrates the firm's ability to tap on professional knowledge that influences the recruitment strategy.

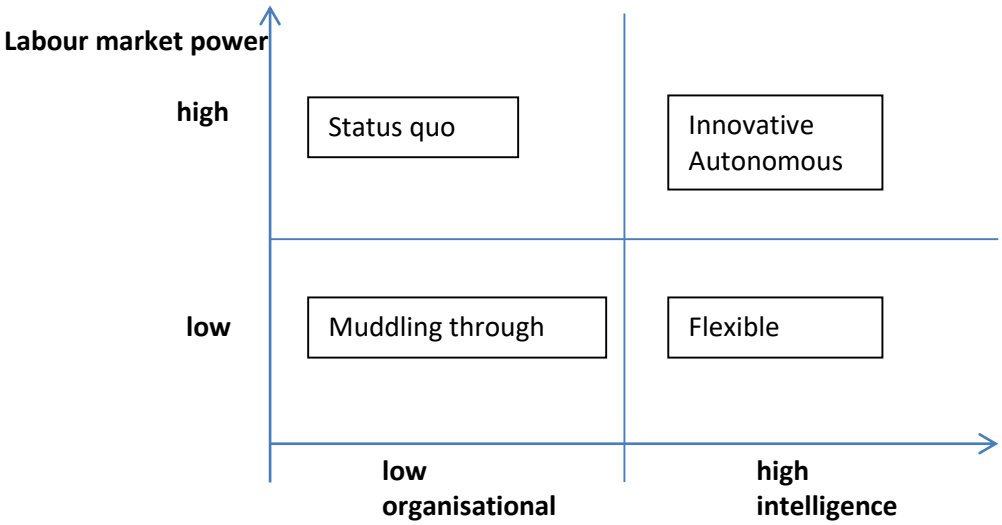


Figure 2.6: Windolf's typology of recruitment strategies
Source: Windolf (1986, p. 239)

Windolf's typology of recruitment strategies in Figure 2.6 demonstrates the choice of recruitment strategies based on these variables. The typology shows four dimensions

of a recruitment strategy that organisations could adopt. The innovative recruitment strategy uses various recruitment sources to attract a diverse and as many innovative and creative candidates possible (Windolf, 1986). Within the same quadrant, the autonomous recruitment strategy uses specific recruitment channels and the ideal candidate is defined based on age, sex and skills (Windolf, 1986; Boxall, Purcell, Wright, *et al.*, 2007) The status quo recruitment strategy is conservative, traditional and attracts only similar pool of applicants by using referrals and networking. The flexible recruitment strategy is normally used when the organisations' market position is weak, therefore it needs to adapt and respond to the changing environment (Boxall, Purcell, Wright, *et al.*, 2007). The "muddling through" strategy exemplifies weak strategic thinking and professional expertise, unsophisticated recruitment and selection practices which is typical in many SMEs (Windolf, 1986; Boxall, Purcell, Wright, *et al.*, 2007).

It is established in literature that SMEs, in general, have informal, unstructured, unsophisticated and weak HRM practices without any strategic element (Dundon and Wilkinson 2009; Windolf 1986). SMEs that are family owned fail to realise the importance of hiring professional managers. Instead, the emphasis is on family relationship, thus forming latent situations of nepotism and possibly rent seeking. Family or very close associates, therefore, hold key positions in the organisation. Managers in a family-owned business face great challenges in hiring and firing when staff members are your family and any firing could damage family relationships (Reid, Morrow, Kelly, *et al.*, 2002). Quality recruitment and selection is not stressed rather a more informal method is used in recruitment. It is rare to find professional HRM practices adopted in these businesses, therefore, employ HR experts in SMEs to ensure dimensions of 'fit' is applied effectively and not disregarded.

2.13 Constructing the conceptual framework

The conceptual framework is to determine the relevance and significance of PJ fit and PO fit in the overall strategic recruitment and selection process, and its impact on Malaysian SMEs performance. The conceptual framework establishes that SMEs should incorporate both the PO and PJ fit dimension when forming a structured and

strategic recruitment and selection process. The framework developed by drawing on several theoretical models depicts the recruitment and selection process. Table 2.5 consolidates the various models and theories on strategy, strategic HRM, recruitment and selection, and dimensions of fit to demonstrate the theoretical underpinnings. Drawing on these theories the Conceptual Framework as depicted in Figure 2.7 shows three integrated and complementary functions has a significant impact on the overall recruitment and selection process. The framework consists of three interconnected processes and the final process is evaluating the outcome/results from the first three processes.

i. Strategic level factors

The Initial process begins by reviewing SMEs Strategic Level Factors based on the organisation's vision, mission and strategy. These factors directly influence strategic recruitment plans for example, labour market supply and demand, employer branding strategies, target applicants and focus. It connects strategy, people and the HRM processes. Table 2.5 exhibits specific theories that have a direct influence on HRM by its position and role at the strategic level, for example, strategic HRM and strategic recruitment and selection.

ii. Recruitment and selection objectives

Key strategic factors drawn from the strategic level directly contributes towards stated recruitment and selection objectives, strategy, activities, applicant attraction strategies, job position messaging, establishing job criteria (job descriptions and specifications) and using appropriate selection methods.

iii. PO and PJ fit

Applicant suitability is determined by conceptualising the PO and PJ fit dimensions. Both fit dimensions have a substantial effect on selection decisions. Job criteria used as an input component in the recruitment strategy and activity becomes a decisive factor in shaping applicant suitability for the job and organisation. Criteria established to determine congruence between the person and job and person and organisation

such as KSAs, cultural fit, values, attitude, personality, interpersonal skills, analytical capabilities, articulation abilities and various other elements are evaluated to establish the PJ and PO fit. Hence, PJ fit is demonstrating fit between a person's competencies with the features of a specific job. It is about the person demonstrating a match between his or her knowledge, skills, abilities, attitude, needs and preferences against the specific demands of the job encompassing tasks, duties and responsibilities. PO fit is the match between a person's characteristics with the organisation and its environment. PO fit is about the person's values, beliefs, aspirations and norms that are parallel and demonstrates a positive connection with the vision, mission and core values of the organisation. Table 2.5 demonstrates the link with PO and PJ theories and Figure 2.7 shows how the PJ and PO fit forms the core component that affects directly the overall recruitment and selection process. Treating PO and PJ fit as inconsequential during selection has significant overall long-term implications to the organisation.

iv. Recruitment and selection outcomes/results

The outcome is an important consideration when determining the success of recruitment and selection activities. Hence, there are two parts when evaluating the effectiveness and efficiency of the overall process. First, are the human behavioural outcomes, intrinsic factors such as job performance attitude, job satisfaction, intrinsic recognition, citizenship behaviour, creativity and, commitment and retention. Second, are quantifiable extrinsic factors, financial elements such as compensation package, incentives, and overall recruitment and selection activity costs; incurred from the starting stage up until completion of employee performance evaluation. In this instance, measuring the employee output level possibly translated to dollar value. The overall cost of hiring and employee output levels determines if the organisation has employed an applicant with the right fit for the job and organisation. Retaining employees is a challenge hence if resignation takes place quite soon after the completion of the hiring process this will then add to the overall hiring cost and turnover ratio.

PJ fit and PO fit is a crucial determinant towards talent retention and SME competitiveness. Literature shows evidence of disconnected research in recruitment and selection. It is however, deemed and treated as a crucial complementary function in relation to the context of its application. The setting of the proposed strategic recruitment and selection framework for SMEs is the visible incorporation of PJ and PO fit dimension linked directly at a strategic level. The outcome of an integrated and strategic recruitment and selection process is the hiring of highly competent individuals contributing to SMEs overall growth. Ability to hire highly and retain competent applicants is a challenge for SMEs due to problems of turnover. Frequent employee turnover translates to higher costs. SMEs are at a disadvantage when turnover costs increases. Selection based on accurate fit criteria is an important strategy towards retaining employees in SMEs. When the PJ and PO fit criteria assessments are not coherent, SMEs specifically are at a disadvantage. The conceptual framework as proposed in Table 2.5 and Figure 2.7 is the researcher's version of a map depicting the terrain that is being explored (Miles and Huberman, 1994).

Integrated Conceptual Framework ***Models/Theories of recruitment and selection demonstrating link between strategy and PO/PJ fit***	**Strategic Level Factors**	**Recruitment and Selection Objectives**	**PO and PJ Fit**	**Recruitment and Selection Results and Outcomes**
❖ Resource Based View (RBV) *(Barney, 1991)* ❖ Human Capital Theory (HCT) ❖ Social Exchange Theory (SCT) ❖ Michigan Model of HRM *(Appendix 2: Fombrun, Tichy and Devanna, 1984)* ❖ Harvard Model of HRM *(Appendix 3: Beer, Spector, Lawrence, Mills, and Walton, 1985)* ❖ Cascio and Boudreau SHRM Model (2012) – *Appendix 4.* ❖ Paauwe, Guest and Wright Model (2013) – *Appendix 5.*	➢ RBV argues that firms acquire continued competitive advantage by executing strategies that take advantage of their internal strengths and can respond to opportunities, while nullifying external pressures and evading internal weaknesses. ➢ All four SHRM/HRM models show decisions always begins from the top. ➢ All figures demonstrate the crucial positioning, i.e. the middle, of HRM as a core component in the organisations operations. HRM positioned below the mission and strategy, and Human Resource policy choices as an integrating component.	➢ RBV states resources as being valuable, rare, inimitable, and not substitutable. Competence is recognized as the knowledge, skills, abilities (KSAs) pooled with experience, education and training forming drivers of strategy and performance. ➢ Human resource practices and outcomes directly affecting employees, organisation climate and rewards. ➢ Human resource metrics drives the decisions on how SHRM contributes to the overall organisations performance.	➢ HCT is when job performance is about purpose, motivation and desire to achieve task goals. Employee characteristics i.e. KSA's may fit the job but the motivation and work habits demonstrated is about the person's fit to the organisation.	➢ SCT is employees who experience positive social relationship in organisations might reciprocate by demonstrating affective commitment, increased efforts and better work behaviour.

Integrated Conceptual Framework ***Models/Theories of recruitment and selection demonstrating link between strategy and PO/PJ fit***	**Strategic Level Factors**	**Recruitment and Selection Objectives**	**PO and PJ Fit**	**Recruitment and Selection Results and Outcomes**
❖ Multi-level strategic recruitment framework. *(Figure 2.3: Phillips and Gully, 2015)*	➢ Organisation strategy, its philosophy, growth strategy, image and reputation, leadership approach, organisation size, availability of resources and type of organisation are inputs towards developing recruitment objectives.	➢ Strategic relationship that demonstrates the link between the recruitment objectives and the organisation strategy developed prior to actual recruitment activity. ➢ Organisation recruitment branding, marketing and message, allocated resources, policy, technology and implementation.	➢ Strategic implementation of recruitment and selection policies, right sourcing, focusing on PJ/PO Fit.	➢ Evaluating firm performance, review strategic recruitment and selection execution, organisations competitive advantage drawn from talent pool. ➢ When measuring the effectiveness and efficiency of the process: • Offer and acceptance ratios, attraction, • PO fit - trust, engagement, psychological contract, • PJ fit - performance, • Retention – withdrawal, turnover.
❖ Model of the organisational recruitment and selection process. *(Figure 2.4: Breaugh*	➢ Recruitment message published reflects organisation mission and values emphasising the type of applicant required.	➢ Developing comprehensive recruitment strategies by integrating specific recruitment objectives suited to the	➢ Intervening Job Applicant Variables • How you evaluate potential applicants? PJ/PO fit	➢ Evaluating recruitment activity results by reviewing: • Job performance

Integrated Conceptual Framework ***Models/Theories of recruitment and selection demonstrating link between strategy and PO/PJ fit***	**Strategic Level Factors**	**Recruitment and Selection Objectives**	**PO and PJ Fit**	**Recruitment and Selection Results and Outcomes**
and Starke, 2000; Breaugh, 2008).		nature of the organisation. For example: • Whom to recruit? • Where to recruit? • What recruitment methods/sources to use? • What message to communicate to potential applicants? • When to recruit? • What are budget considerations?	➢ Applicant Interest – job/organisational attractiveness ➢ Message credibility describing fit criteria ➢ Applicant's self-evaluation of fit - expectations	• Psychological contract fulfilled • Job satisfaction • Number of positions filled • Speed of recruitment • Quality of applicants.
❖ Framework of the recruitment process. PE = person-environment; ELM = Elaboration likelihood model. *(Appendix 7: Dineen and Soltis, 2010)*	➢ Environmental/Contextual Factors • Organisation brand and personality • Labour market – demand/supply	➢ Generating Viable Candidates • Targeting and messaging strategies	➢ Screening considerations • Fair selection based on fit criteria	➢ Quality decisions and negotiations in job offer

Integrated Conceptual Framework ***Models/Theories of recruitment and selection demonstrating link between strategy and PO/PJ fit***	**Strategic Level Factors**	**Recruitment and Selection Objectives**	**PO and PJ Fit**	**Recruitment and Selection Results and Outcomes**
❖ Hiring process for person organisation fit. *(Table 2:8: Bowen et al., 1991)*	➢ Organisation Human resource plans linked to strategic direction • Job analysis • Organisation analysis	➢ Type of person required • Recruitment strategy/message emphasising required KSAs.	➢ Selection process for organisation entry allowing organisation and applicant to assess their fit. • Using multiple tests to ascertain applicant suitability, i.e. PJ fit and PO fit. Effect is better-informed job acceptance, decision choice for applicants.	➢ Reinforce PO fit at work • Task design promotes job satisfaction • Organisation design inspires/fits personal orientations
❖ Employer's recruitment decisions. *(Figure 2.5: Davidson 2011)*	➢ Employer considerations • Labour market and economic context ➢ Identify business need.	➢ The Job advertisement. ➢ Short listing candidates.	➢ Interview for the purposes of determining PO/PJ fit.	
❖ Windolf's typology of recruitment strategies. *(Figure 2.6: Windolf, 1986)*	➢ Environmental constraints • Organisations power and position in the market that attracts applicants. ➢ Internal resource of organisation • Able to harness the professional knowledge because of organisation values/strategy.	➢ Determining the choice of recruitment strategies for instance status quo, innovative/autonomous, flexible or muddle-through.	➢ Using innovative/ autonomous selection process for purposes of PJ/PO fit. • Process of pre-selection based on application forms and educational attainment. • Conducting tests and various modes of self-presentation.	➢ Reduces uncertainty of recruitment process ➢ Universalistic standards raise costs of recruitment. Particularism focused recruitment and selection is cheaper.

Integrated Conceptual Framework ***Models/Theories of recruitment and selection demonstrating link between strategy and PO/PJ fit***	**Strategic Level Factors**	**Recruitment and Selection Objectives**	**PO and PJ Fit**	**Recruitment and Selection Results and Outcomes**
❖ Meta-analytic "Applicant Attraction to Organization and Job Choice" *(Chapman, Uggerslev, Carroll, et al., 2005)*	➢ Significance of organisation values/mission to the applicant - Job organization attraction. • Applicants' overall evaluation of the attractiveness of the job and the organisation.	➢ Job pursuit intentions • Applicants to pursue a job, the desire to apply and attend interviews.	➢ Job choice • How applicant views the fit between KSA's and organisational needs – not just significant but an important consideration.	➢ Acceptance intentions • The likelihood of applicant accepting the job offer.
❖ Multi-level integration of organisation and individual levels. *(Acikgoz, 2018)* ❖ Recruitment and Selection as a strategic practice *(Millmore, 2003)*	➢ Characteristics of the organisation and the job influence recruitment (values, mission, and strategy). ➢ Strategic integration - alignment between corporate strategy and employee behaviour.	➢ Job awareness specifically congruence between job search and organisational recruitment activities is a pre-requisite of perceptions of fit. ➢ Developing recruitment and selection practice into a critical long-term human resource function. ➢ Corporate plans translated into human resource practices and implemented organisation wide.	➢ Applicant characteristics influence the type of job search activities. • Applicant's search effort interest implies greater probability of PJ/PO fit.	➢ Applicant intention to pursue a job can change after an application when the perception of fit changes.
❖ Attraction-Selection-Attrition (ASA) framework. *(Schneider, 1987)*		➢ "Attraction" – illustrates prospective job applicant's attraction towards a specific career based on personality and interests.	➢ "Selection" centres on competencies, goals and similarities. Organisations source for people who possess different sets of competencies to fulfil organisational goals and who portray homogenous	➢ "Attrition" – people who cannot adapt or fit in with an organisation will be likely to leave.

Integrated Conceptual Framework ***Models/Theories of recruitment and selection demonstrating link between strategy and PO/PJ fit***	**Strategic Level Factors**	**Recruitment and Selection Objectives**	**PO and PJ Fit**	**Recruitment and Selection Results and Outcomes**
❖ PJ fit outcomes. *(Figure 2.2: Edwards, 1991)* ❖ Conceptualisations of fit *(Bretz Jr and Judge, 1994)*			characteristics with current organisation members. ➢ FIT between person and job paradigms; FIT between job demands and employee ability. ➢ PJ fit - between job requirements and individual KSAs ➢ PO of fit - congruence between: • individual requirements and organisation structures. • individual's value systems and organisational culture or value systems. • individual personality and the organisations' perceived image.	➢ Outcomes - Job satisfaction; psychological and physical health; coping and adaptation; motivation; performance; low absenteeism; low turnover. ➢ Fit leads to higher levels of extrinsic and intrinsic motivation. ➢ Fit leads to long-term positive benefits.

Table 2.5: Recruitment and selection theories establishing linkages with strategy and PO/PJ fit.

Conceptual Framework

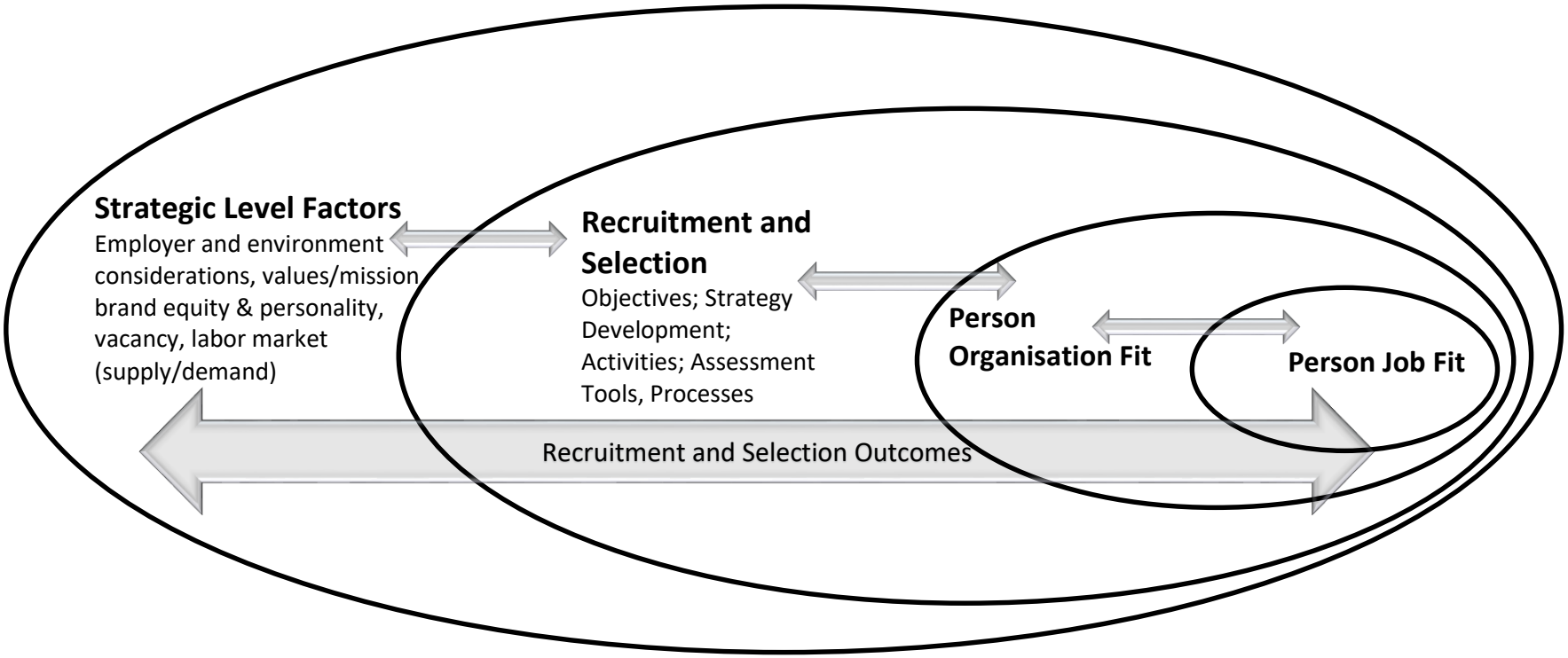


Figure 2.7: A conceptual framework of strategic recruitment and selection function integrating the PO fit and PJ fit for SMEs
Source: Adapted from (Bowen, Ledford Jr and Nathan, 1991; Edwards, 1991; Scheider, Goldstein and Smith, 1995; Kristof, 1996; Breaugh and Starke, 2000; Sekiguchi, 2004, 2007; Kristof-Brown, Zimmerman and Johnson, 2005; Morley, 2007; J. Breaugh, 2008; Dineen and Soltis, 2010; Kristoff-Brown and Guay, 2010; Davidson, 2011).

2.14 Summary

In the overall SHRM domain, there is a shortage of research on the functional role of strategic recruitment and selection in SMEs. SMEs role and contribution to the Malaysian economy is not only critical but is destined to be the future growth engine of the country. HRM's role, in particular, the strategic linkage between organisation vision, mission and strategy to the recruitment and selection process demonstrates the changing nature and role of HRM. Normally research conducted on the functionalities of SHRM is in large organisations with the assumption that small and medium organisations just adapt accordingly. SMEs operate on entirely different circumstances facing various difficult challenges in terms of the business environment, financing, organisation size, structure, operational systems and its human capital. Hence finding the right PJ and PO fit strategically through sourcing, identification, assessment and selection is a matter of great importance. The literature analysis in this chapter gives a wide-ranging view of HRM, how it evolved into strategic relevance and importance and positioning recruitment and selection as a strategic function in organisations. Qualitative research demonstrating the impact of fit dimension on the recruitment and selection process in Malaysian SMEs is an area, not fully explored. Although there are several research articles on HRM practices in Malaysian SMEs these do not encapsulate the quintessence of hiring practices in SMEs. Based on this narrative, the research focus is to determine the relevance and significance of PJ and PO fit as an integral component of strategic recruitment and selection specifically SMEs in Malaysia.

Chapter 3
Methodology

3.1 Introduction

Research is a scientific process that involves a thoughtful design process and its acceptance is established on academic rigour. The process of designing research is not as simple as it involves several interrelated stages (Creswell, 2007, 2013; Denzin and Lincoln, 2018). Most importantly, it should not be a rushed process of explaining the research methodology or methods without considering the philosophical bedrock of the research. In this instance, the rationale for the choice of the research paradigm is crucial.

Qualitative research is an arena of inquiry encompassing various fields, disciplines and themes (Denzin and Lincoln, 2018). The qualitative research methodology is "characterised as inductive, emerging and shaped by the researcher's experience in collecting and analysing the data" (Creswell, 2013, p. 22). In the context of qualitative research, methodology is defined as a "way of thinking about and studying social phenomena" (Corbin and Strauss, 2008, p. 1). Qualitative research is the shaping of assumptions that reflects the position taken by the researcher and this inquiry is the paradigm or worldview (Creswell, 2013). The term 'paradigm' is defined as "a basic set of beliefs that guide action" (Guba, 1990, p. 18, cited in Creswell, 2013).

This chapter explains the context and approach of the research design. It is the setting of the research tone by examining the philosophical assumptions that the researcher would adopt. The understanding of the philosophical assumptions is important, as the research strategy adopted is retroductive. The stance adopted is a subjectivist ontological stance with facts produced through an interpretivist epistemology since it is the interpretations of findings. The interpretation of these findings, supplemented by the research questions and conceptual framework, functions as a signpost. The researcher's own work experience and background in this field shape the interpretation of the findings.

The chapter will include an account of the research methodology encompassing the data collection methods, pre-testing, pilot study, the development of the in-depth interview questions and a-priori themes using the research questions and theoretical framework as a signpost. Besides, discussions and analysis of the findings will incorporate the template analysis method. The discussion will include issues relating to ethics involving consent, confidentiality and anonymity.

3.2 A review of qualitative research

In broad terms, research can be categorised as quantitative, qualitative or a mixed-method approach. In quantitative research, data collected is analysed using statistical tools to explain a phenomenon. Quantitative methods can be used to measure the efficacy of recruitment and selection practices in SMEs. However, the purpose of using the qualitative approach is to appreciate the individuals' experience and make sense of the context of this situation to create knowledge. This means how research is executed is through the lens of the researcher and the intention is to study some characteristics of the social world. The researcher is transforming information into knowledge hence the active connectedness with the world in question.

According to Creswell (2013) researchers are normally perplexed and find it difficult in determining which may be the best approach with the numerous choices of qualitative approaches given. With so many options what would be the most suitable possibility? The choice of methodology is influenced by the assumptions adopted by the researcher (Creswell, 2013). There are four elements outlined in the research process, which may answer the question on the choice of methodology: -

> "1. What methods do we propose to use?
> 2. What methodology governs our choice and use of methods?
> 3. What theoretical perspective lies behind the methodology in question?
> 4. What epistemology informs this theoretical perspective?"
> (Crotty, 2003, p. 2)

Figure 3.1 illustrates Crotty's model that depicts the research design process.

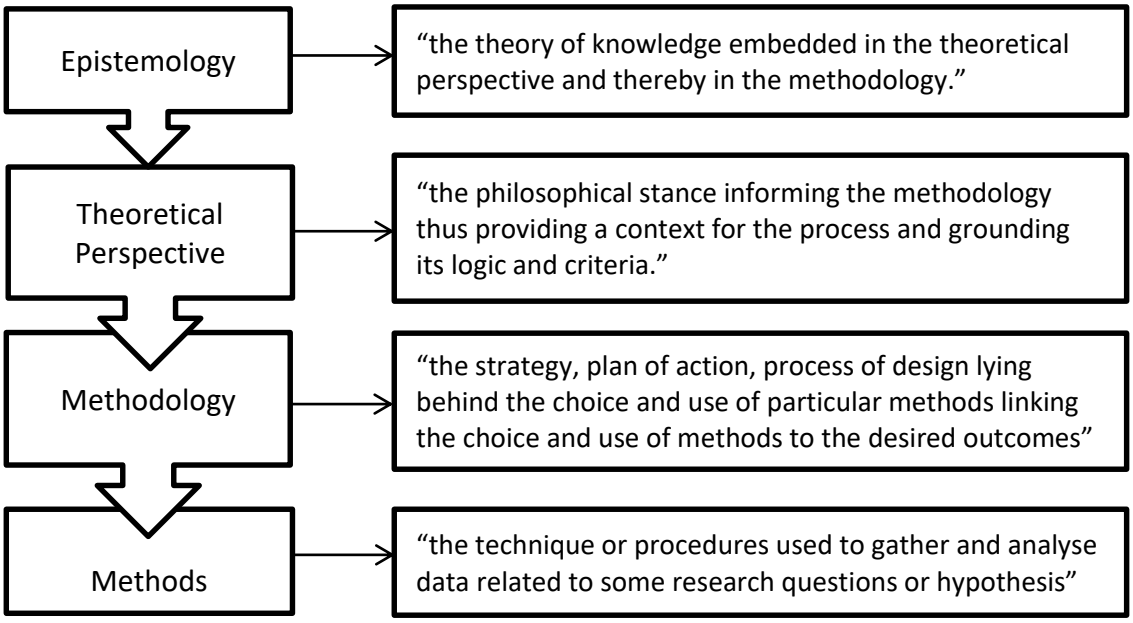


Figure 3.1: Crotty's model of research design selection
Source: Adapted from Crotty (2003, p. 9)

Studies about organisations' is not confined to one methodology but is derived from a range of academic origins such as economics, politics, sociology, psychology and anthropology. Qualitative research is about understanding the formation of meaning, inner experiences, discovering variables – it is bringing one's self into the process (Corbin and Strauss, 2008, p. 12-13). The fundamental purpose of using the qualitative research method is to interpret the participants' opinions and practices. As Flick (2002), explains:

> "Qualitative methods take the researcher's communication with the field and its members as an explicit part of knowledge production instead of excluding it as far as possible as an intervening variable. The subjectivities of the researcher and of those studied are part of the research process. Researchers' reflections on their actions and observations in the field, their impressions, irritations, feelings and so on, become data in their own right, forming part of the interpretation, and are documented in research diaries or context protocols". (p. 6)

Drawing on Flick (2002), one can contextualise the nuances associated with the qualitative approach. All subjective characteristics of the research become components that reflect the nature of the study. The research process involving immersion and discovery are key factors affecting the manner one approaches qualitative studies. These elements become the source of data that are interpreted

and documented. The perspective one has about that particular research using the qualitative method is far different from what a quantitative method results produce. Qualitative research examines the research objectives in an open-ended manner. In this instance, the researcher can explore in detail the dimension of 'fit' in the recruitment and selection practices in SMEs. This phenomenon is of interest as it can help answer issues, which were unclear before the start of the research.

3.3 The philosophical underpinning of research position

The importance of a research paradigm and deciding on the choice of a research paradigm cannot be understated. Guba and Lincoln (1994), state that no researcher should conduct research without knowing or understanding paradigms. King and Horrocks (2010: p. 6) inquire 'To what extent can methodology and methods adopted be justified concerning the purpose/rationale for the research?', and this question echoes with the purpose of this chapter. The questions posed, and the research objectives are strong reasons to evaluate "a host of issues that need to be carefully worked through, examining our philosophical assumptions about reality and associated theoretical perspective(s)" (King and Horrocks, 2010: p. 6).

The challenge in designing the research questions is predicting whether there is an answer. It is not primarily the methods used in collecting and analysing data but the strategy; the logical process involved in producing new knowledge. The research strategy adopted determines whether the research problem and questions are answerable. It is best to define specific terms that would describe the research stance and how to perform the research and direction of the proposed research.

1. Research strategy or logic of enquiry provides ways to answer the research questions. The four strategies are:
    a. Inductive logic is researching before theory. This is theory building using the bottom-up approach where knowledge is constructed from what is witnessed in the world (Ritchie, Lewis, Nicholls, *et al.*, 2013b).
    b. Deductive logic is the theory before research. In this case, research tests theories. Hypotheses are constructed from theories and it is "applied to what is observed of the world" (Ritchie, Lewis, Nicholls, *et al.*, 2013b, p. 7).

Confirmed or exclusion of theories is by testing these hypotheses. This supports the validity of the theories.

c. Retroductive logic is about the theory that comes before research. It reviews whether a system, process functions according to what the theory suggests, "locating the real underlying structure(s) or mechanism(s) that is(are) responsible for producing an observed regularity" (Blaikie, 2007, p. 9). It is to identify and determine patterns in the data and try different models for 'fit' (Ritchie, Lewis, Nicholls, *et al.*, 2013b).

d. Abductive logic is about the research is performed before theory. But it begins from the social world of the research subject – 'actant' – "participants' accounts of everyday activities, ideas or beliefs"(Ritchie, Lewis, Nicholls, *et al.*, 2013b, p. 7).

2. Paradigm refers to the strategies used in research that are part of the wide-ranging framework of philosophical or theoretical viewpoints (Blaikie, 2007). Within the context of paradigm, the philosophical positioning in research is dependent on two dimensions, which is ontological and epistemological assumptions.

3. Ontology is the nature of social reality. It is the "science or study of being (our emphasis)" (Blaikie, 1993, p. 6, cited in King and Horrocks, 2010, p. 16) and it is further explained as "the claims or assumptions that a particular approach to social enquiry makes about the nature of social reality" (Blaikie, 1993, p. 6, cited in King and Horrocks, 2010, p. 16). It is the nature of social reality seen by the researcher for the study. The ontological position is either idealist or realist. An idealist theory views the external world as mental constructs. What we see and experience in society for instance values and beliefs, they are non-independent phenomenon but just appearances shaped by the human mind. The realist views the world as "objects and structures that have identifiable cause and effect relationship" (King and Horrocks, 2010, p. 17). In the 20th century, the realist view was deemed as unworthy but this disparaging view has changed and it is now seen as a dominant and important ontology (Blaikie, 2007). In social science, the most notable variation of realism is "critical

realism", associated with the critically acclaimed work, "A Realist Theory of Science" 1975 by Ram Roy Bhaskar. Recently there are distinctions made between realist and relativist ontology. Relativist views the world as more unstructured and diverse which is "consistent with the social practices and interactive explanation of how people exist and live in their world" (King and Horrocks, 2010, p. 17).

4. Epistemology is ways to gain knowledge (Merriam, 2009). It can be defined as the philosophical theory of knowledge (King and Horrocks 2010). It is "…how we know what we know… provides a philosophical grounding for establishing what kinds of knowledge are possible" (Blaikie, 2007, p. 18). According to Crotty (2003, p. 9), it is "the theory of knowledge embedded in the theoretical perspective and thereby in the methodology". Blaikie (2007) explains further that the foundations of knowledge are composed of two elements, which are reason and experience. Reason is the ability to differentiate between right and wrong, true or false. It is a critical process of making judgements. The question is whether these judgements are decisions made with conviction. Human experience therefore, would complement reason to ensure the certainty of knowledge. Knowledge becomes certain when the evidence obtained you can see, feel and hear through our human senses. As a researcher, this is viewed as a relationship between researcher and the "things" that he/she wish to know about i.e. knowledge about the relevance of fit in the recruitment and selection process in SMEs. As researchers', how we interpret and view these "things" can be considered in different ways. The view and interpretation or meanings given to the concept of recruitment and selection in SMEs will be different compared to another observer. When one gives meanings to "things", the interpretation can be in three ways, objectivism (empiricism), subjectivism (rationalism) or constructionism. According to Blaikie (2007, p. 18-19):

   i. "Objectivism views 'things' as having intrinsic meanings. The researcher's role is to discover the meaning that already resides in them…The thing takes precedence over the observer…all observers should discover the same meaning, the same truths…"

ii. "Subjectivism is, "things make no contribution to their meaning; the observer imposes it…the thing plays no part in the meaning that the observer gives to it…different meanings by different observers."

iii. Constructionism is, "when meaning is not discovered; it is constructed, and the observer plays an active role in its creation". In this context, the "meaning is the observer's engagement with them…" Constructionism is connected to the idealist ontology and it is about how people make sense of the outcome of their meetings with other people and the physical world (Blaikie, 2007). The constructionism dimension is further split into constructivism and social constructivism. The former is "the meaning-making activity of the individual mind'" (Crotty, 2003, p. 58). The latter means "individuals seek understanding of the world in which they live and work" (Creswell, 2013, p. 24). It is basically to seek an understanding of their world and developing own particular meanings which are not entirely innate within each individual but formed through interaction with others, the collective generation (i.e. social) of meaning- giving (Lee, 2012; Creswell, 2013).

3.4 Conceptual framework and theory building - methodological fit for HRM research

Qualitative research is seen as multidimensional and pluralistic with multiple methodologies and research practices. Many researchers are embarking on research that study on "real people, real problems and real organisations" (Edmondson and Mcmanus, 2007, p. 1155). The qualitative research design is to focus on a smaller number of cases with more rich details rather than analysing large numbers of respondents. Here the precise details are the exploration of people's understanding and interactions.

The description of methodological fit is as follows:

i. Model

Models offer a framework of how we view and perceive reality. It articulates three facts, first "what reality is", second, the basic components (ontology) it encompasses,

and third, “the nature and status of knowledge (epistemology)” (Silverman, 2010, p. 109). Known also as **PARADIGM.** How does this research relate to the PARADIGM? The researcher’s work experience is in HRM. As a human resource specialist, the researcher explores the functional process of recruitment and selection in SMEs and its relationship with the “fit dimension. The search is for facts on recruitment and selection practices in SMEs and the element of ‘fit’ in organisations. The researcher’s ontological positioning as a realist is to review the general recruitment and selection practices in organisations and SMEs based on the researcher’s understanding and work experience.

ii. Concepts

Concepts are specified ideas drawn from a specific model. It is the means of looking at the world. This is a key factor in defining the research problem. Drawing on the concepts of recruitment and selection the researcher can construct a view of the process in SMEs. In this context, the investigation is on the role and relevance accorded to “the fit” dimension in the recruitment and selection practices.

iii. Theory

Theories are an arrangement of sets of concepts to define and explain some phenomenon. It looks at probable relationships between concepts and groups of concepts (Corbin and Strauss, 2008). A theory provides a framework for critical understanding of a phenomenon. Explanations given can now be for certain phenomenon with the sets of concepts, specifically the probable relationship between the concepts. This leads to the framework, which can critically review the phenomenon. It is a basis for organising what is unknown. Without theory, there is nothing to research.

Theory development for the conceptual framework requires a methodological fit comprising of elements that represent key aspects of the field research. Four key elements of a field research project according to Edmondson and Mcmanus (2007, p. 1158) are:

i. The research questions which gives focus to the study. A focused study narrows the topic area to a meaningful and manageable size. It addresses issues of

theoretical and practical significance. This leads towards a viable research project which the research question can answer.

ii. Prior literature contributes towards the development of the conceptual framework. A study of the state of literature where the researcher critically evaluates existing theoretical and empirical research papers that pertain to the topic of the current study. The analysis aids in identifying unanswered questions, unexplored areas, relevant constructs and areas of low agreement.

iii. The research design contributes towards the outcome that validates the conceptual framework. Hence, factors to consider encompass the type of data to be collected, data collection tools and procedures, types of analysis planned and finding/selection of sites for collecting data.

iv. The outcome of the study then influences the development of theory. New ideas that contest conventional wisdom, challenge prior assumptions, integrate prior streams of research to produce a new model or refine understanding of a phenomenon that contributes to literature. The researcher also may suggest any practical insights drawn from the findings.

These four key elements are not only congruent and mutually reinforcing, but also contribute towards internal research consistency. Each component not only relates and supports the other, but they match.

3.4.1 Relationship with prior work: the 'Theory' continuum

Theory can fall into a continuum ranging from mature, intermediate or nascent (Edmondson and McManus 2007). Hence the importance and context of literature, existing theoretical and empirical papers concerning the research topic. The emphasis is exploring the unexplored areas, dimensions that are unanswered and lacks majority consensus. In understanding this 'theory' continuum Edmondson and Mcmanus (2007) have a fitting explanation in Table 3.1.

Theory Continuum	Significant features	Connections with prior work (research)
Mature theory	• Well-developed constructs and models. • Long term studies by many scholars.	• Extensively researched topic with precise models. • Past literature used to categorise critical variables specifically

	• Body of work agreed broadly contributing to cumulative knowledge gain.	independent, dependent and control variables. • Explains mechanisms underlying the phenomenon and refining knowledge the area of knowledge. • Questions tend to clarify, elaborate and challenge existing theories. • Specific models supported by quantitative data, which are features of effective field research in mature theories.
Intermediate theory	• Interim accounts of phenomena. • Introducing new constructs. • Suggesting associations between established and new constructs.	• New studies drawing from prior separate bodies of studies or literature. • It can be a blend of both quantitative studies that involve hypotheses testing and unexpected insights from qualitative data. • Helps to support provisional theoretical models. • Hybrid strategy where quantitative methods tests associations with variables whereas to explain unique constructs and relationships qualitative data is used.
Nascent theory	• Answers are tentative for questions of how and why • Proposes new relationships among phenomena. • Exploratory natured interviews	• Limited research • Lesser-known topics are prone to more open-ended research questions. • Data collected require methods that may shape the understanding of the phenomena. • Content analyses produce themes and repetitive issues would need to further exploration. • Theoretical categories emerge and is resultant of comprehensible stories of experience and sense-making processes. • Sensitizing concepts means being led by and open to emerging themes and issues in data.

Table 3.1: Features of 'Theory Continuum'
Source: adapted from Edmondson and McManus, (2007); Ridder and Hoon, (2011)

Theory can also be viewed as practical rationality where first "the aim is to capture the logic of practice" and second "the temporary breakdown…non-routine situations stimulating practitioners to detach from their routines, reflect and revise taken for granted assumptions" (Suddaby, Hardy, and Huy, 2011, p. 243). The context of theory

is also viewed as practical utility, reiterating the fact that "theory can be directly applied to the problems of the practising managers…focus on prescriptions for structuring and organising around a phenomenon and less on how science can delineate or understand the phenomenon" (Corley and Gioia, 2011, p. 18).

When the theory is put into context, specifically practical utility, it can also be reviewed in the context of entwinement, "we are never separated but always already entwined with others and things in specific socio-material practice worlds" (Sandberg and Tsoukas, 2011, p. 343) deemed as logic of practice. The combination of entwinement (practical rationality) and utility is very significant in this research. The problems of practising managers encompassing work interactions, the job purpose and intentions, how they connect to various other actions that happen over time help to understand the phenomenon. Practitioners have the opportunity to reflect on their work routines, the processes and put these functions into context. The researcher's experience in HRM adds contextual richness to the research findings together with connections among events across time.

3.4.2 Categorising the relationship between theory and the research

This research could be categorised within the domain of a nascent theory. Various scholars have proposed theories on recruitment and selection, but none specifically tailored to suit the SMEs. These are generic theories applicable to both large and small organisations. The literature review convincingly shows evidence that recruitment and selection in SMEs is an area, which is under-researched. Although some may argue that, there cannot be significantly major differences but there are important features, which are specific and unique to SMEs, which in larger organisations are less important or is not a critical feature.

The important feature of developing the research questions, theory analysis and constructing the conceptual framework is to use existing theories. Then reconstruct them to reflect how managers perform their tasks and are relevant to practice. The five key strategies used in determining and integrating prior work and practical rationality are therefore useful in this context. The five strategies are:

1. The entwinement of the practitioners and tools.

2. The focus is on what people truly do and not entirely about people only.
3. Focusing on how to complete the activity using various tools and body.
4. Looking at the standards set and what constitutes success and failure. The uniqueness of the practice that gives it an identity.
5. Exploring the resources needed and how finding it for the practice facilitates the understanding of the links and options.

(Sandberg and Tsoukas, 2011, p. 346)

3.5 An analysis of the 'retroductive' research strategy

The premise of retroductive research strategy is to bring assumptions to the research. Retroductive research strategy is not trying to prove the hypotheses or theory. According to Meyer and Lunnay (2013, p. 3), 'retroduction is a means of knowing the conditions fundamental to the existence of the phenomena'. The attempt here is to know the conditions, which are central to the existence of the phenomena, which in this case is the significance of 'fit' in the recruitment and selection process in SMEs. The 'a priori' knowledge forms the basis or conditions for "a priori assumptions or theoretical frameworks" and it can be utilised using three relevant strategies (Meyer and Lunnay, 2013, p. 3-4):

1. Counterfactual Thinking - using our "stored knowledge and experience of social reality to explore questions...It requires us to identify the constitutive factors under which concepts exist, and to differentiate between constitutive factors and accidental circumstances."
2. Social and thought experiments – "to identify the constitutive factors of everyday conversations that focus on social interactions and conversations."
3. Comparison of different cases – "determining what (X) is and the mechanisms that must be in place for it to occur". In this scenario, you compare and examine the different quality and structures involved in different situations.

The illustration is as follows:

> 'The researcher's fundamental purpose is to explore the recruitment and selection process in SMEs as strategic and determine whether the concept of 'fit' is deemed as a strategic component of the process. Hence, the question to be asked is what are the conditions in which the recruitment and selection happen? What makes recruitment and selection possible? Do managers contemplate the 'fit' component in

the process? Would a strategic recruitment and selection process translate to better outcomes? The conceptual framework is the initial point from which the retroductive strategy is used.'

3.6 An analysis of constructivist research

Constructivist research analyses meanings rooted in verbal conversations, text and narratives obtained from interviews. It is a process of sense-making, giving meaning and identifying factors, which is normally not from statistics or metrics. How do we make sense of meaning? As humans, our distinctive character is how we comprehend and make sense of our lives and experiences (Krauss, 2005). Meaning is the primary inspiration for how we act and think. It also affects how we interpret and relate knowledge. People can attribute meaning to events and experiences in varying forms. Learning is an integral part of the meaning-making process. How one relates meaning to an event or experience can be either unique or common. A unique meaning to one person may be something common to the other. This is down to how one constructs the meaning process, possibly influenced by our understanding of culture, norms, beliefs, values, worldviews or philosophy. Hence, in the capacity as a researcher, it is to understand the human experience of the participant – interpreting the point of view of the other.

Language is an important feature of this aspect. It is a combination of context and content. The language here is not merely meant to report and describe but the content needs to be re-contextualised and used to create (Boje, Oswick and Ford, 2004). Discourse analysis is the study of talk and text in social settings. It is about how individuals use language in social settings. However, this is not the method used for this research. According to Boje *et al.*, (2004) researchers focusing on management research should understand the characteristics and intricacies of organisations through language instead of understanding language through organisations. A semi-structured interview will play a part in connecting the language and construction of data to help understand the features and intricacies of SMEs recruitment and selection processes through language. The intention here is to propose a recruitment and selection framework for SMEs that serves both the scholarly domain and has practical features benefitting practitioners.

3.7 Research design

The purpose of the earlier discussions is to demonstrate the approach undertaken towards this research. In qualitative research, it is important to position the research within the right context to ensure credibility in the overall research direction. Exploration of fundamental elements such as the philosophical positioning, the fit between theory development and conceptual framework, the research strategy and the influence of the researcher's work experience in human resource aims to provide a clear purpose.

3.7.1 The research stance

The choice and influence of this research are due to the researcher's graduate and post-graduate training in HRM. The researcher's early career training was in HRM with very strong hands-on involvement in the recruitment and selection process in a medium-size organisation. Later there was a career shift into academia teaching modules in Human Resource and Organisation Behaviour. This experience in the practice of recruitment and selection and managing human behaviour, in combination with the teaching reinforces the ontological stance. Chenail and Maione, (1997) argue there is a distinct difference between how a practitioner-researcher conducts qualitative research in the field and when a new researcher does similar research. The choice of methodology as a new researcher, with no related work experience or practical knowledge in that research area, will probably reflect a desire to reveal what is unknown. On the contrary, the practitioner-researcher task focuses on "sense-making" and this "sense-making" process can be categorised into three components:

1. "sense-making from experience" which means to challenge a priori knowledge,
2. "sense-making challenged" which means to deconstruct ideas learned from the past and
3. "sense-making remade" which means working towards the recreation of new knowledge.

(Chenail and Maione, 1997, p. 1)

How one comes to terms with the assumptions and biases brought into this study is influenced by the 'practitioner-researcher sense-making' factors. The retroductive

research strategy is the combination of the terms, definitions and debates discussed that links to the research problem. In principle, the conceptual framework is the guide – '*a priori* model', which will be the research direction. The ontological stance as a researcher, therefore, is as a relativist with social constructivism as the dominant epistemological position. Figure 3.2 illustrates the proposed research positioning and methods.

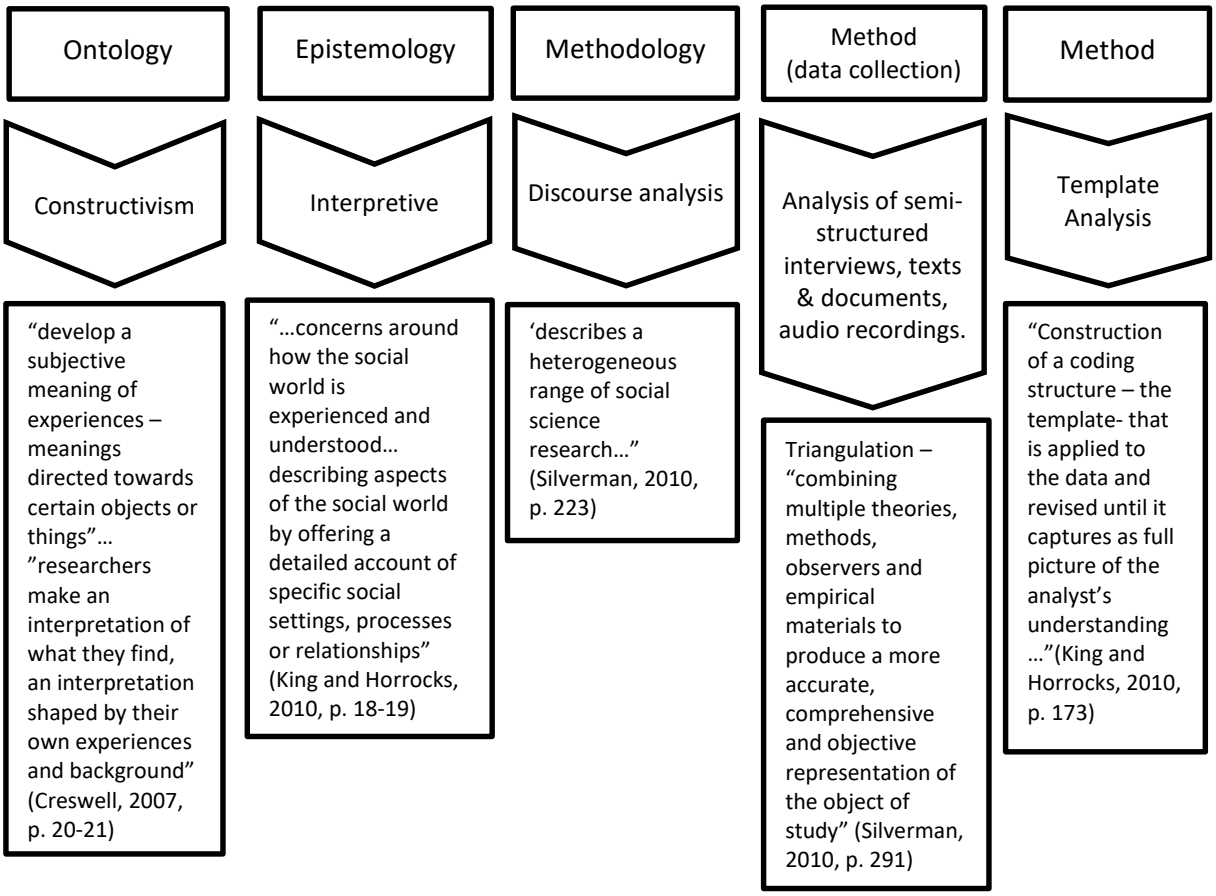


Figure 3.2: Research positioning and methods
Source: Creswell, (2007); King and Horrocks, (2010); Silverman, (2010)

The research positioning, stance and methods are based on an interpretivist approach described as 'idiographic', meaning the researcher, "makes an interpretation of what they find, an interpretation shaped by their own experiences and background" (Creswell, 2007, p. 21). Generation of knowledge is through the interpretation of interactions and understanding the subjective meanings taking place between the various social actors. It is an attempt to make sense and understand the meanings behind a phenomenon.

3.7.2 Sampling strategy and methods

The proposed sampling strategy to use is 'purposive', established by drawing on the research questions, objectives and research strategy.

> "The logic and power of purposeful sampling lie in selecting information-rich cases for study in depth. Information-rich cases are those from which one can learn a great deal about issues of central importance to the purpose of the inquiry, thus the term purposeful sampling. Studying information-rich cases yields insights and in-depth understanding rather than empirical generalizations" (Patton, 2002; p. 230).

The researcher chooses "individuals and sites for study because they can purposefully inform an understanding of the research problem and central phenomenon" (Creswell, 2007, p. 125). The purpose of choosing the sample units is to enable key themes and conundrums to be explored and understood in detail (Ritchie, Lewis, Nicholls, *et al.*, 2013b). The choice of using purposive sampling is drawn from the notion of 'criterion sampling' where the logic is to evaluate and study all cases that meet a fixed set of criteria (Patton, 2002). In qualitative research, the process of examining a phenomenon should be in a systematic manner, with clear criteria in mind therefore, the sampling strategy is not random.

In the context of the sampling size of SMEs in Malaysia, there are three sectors, which are services, manufacturing and construction, which constitutes the majority of the SMEs. However, with the new definition on SMEs announced in 2014 the sectors are now two categories, which are manufacturing and services, and others instead of the previous three. The sample size for the in-depth interviews will be between 10-25 participants. According to King and Horrocks, (2010) template analysis is a suitable method for research projects that have a sample size of 20-25 participants consisting of interviews lasting about an hour. It is effective when you wish to compare two or more separate groups within the data set. The template method allows for some themes to be defined in advance – this is known as *a priori* themes, which may relate to theoretical concepts that are based on the objectives of the study (King and Horrocks, 2010). Data collected should be triangulated in the form of observations,

interviews, documents and audio-visual materials (Creswell, 2007). Table 3.2 presents the sampling size in terms of the sectors and the total number of workers.

Categories of SMEs	**Number of Employees**		**Total Sample Size**
	Manufacturing	**Services and Others**	
Micro		< 5	*1*
Small	5 < 75	5 < 30	
Sample Size	*6*	*10*	*16*
Medium	75 ≤ 200	30 ≤ 75	
Sample Size	*5*	*17*	*22*
Total			*39*

Key Criteria for sampling purposes:

i. Sampling Strategy - Purposive Sampling approach using Criterion Sampling.
ii. Goal - Sampling of participants in a focused manner which is relevant to the research questions
iii. Sample Size/People selected are based on the relevance of research. Hence, it is a non-random sampling.

Table 3.2: Sample size and criteria for sampling based on categories and number of employees in Malaysian SMEs

Although the target was about 20 participants, the interviews completed was thirty-nine, this comprises thirty-two in-depth interviews and in-depth focus group discussion comprising of seven participants. Prior to this, an initial focus group discussion conducted with sixteen participants was primarily to review the preliminary *a priori* themes. This was not included in the overall sample count as it was just the preliminary phase.

3.8 What is template analysis?

Template analysis has its roots in thematic analysis but highly adaptable to the requirements of a particular research and used quite extensively in "organisational and management research" (Brooks, McCluskey, Turley and King, 2015, p. 203). Does template analysis relate to any other forms of thematic analysis? A good comparison will be Braun and Clarke's (2006) version of thematic analysis and the framework analysis by Richie and Spencer (1994). The key characteristics seen in a template analysis adapted from Ritchie and Spencer (1994); Braun and Clarke (2006); Brooks *et al*. (2015) are:

i. The flexibility of the approach and the use of hierarchical coding structure. Similar flexibility is also evident in thematic analysis and framework analysis.
ii. Using a code book approach incorporating an initial version of template that is based on a mixture of a priori themes and data subset. The framework analysis approach also uses a similar approach but not under thematic analysis.
iii. Theme definition at initial template stage to guide coding and template development is primarily for template analysis and is not used in the other approaches.
iv. The use of four or more levels to capture data which is more detailed and richer. There is detailed guidance on developing a coding structure with depth in coding. These steps are not utilised in both thematic analysis and framework analysis.
v. Beneficial for organisational research

The differences in the use of thematic analysis compared to template analysis is how the data is coded at the beginning, then the themes and creation of coding structure commences. Themes are produced at a late process with no limits to the number of levels of coding – normally only one or two levels of subthemes. Framework analysis does not incorporate any of these steps and on the other hand reduces data through charting and patterns by mapping and generally used in the health policy research context.

The choice of using template analysis is governed by the strategy and ontological position adopted in this research. Template Analysis is a method that requires the thematic organising and analysis of qualitative data. According to King and Horrocks, (2010), the method is the "construction of a coding structure – the template- that is applied to the data and revised until it captures as full picture of the analyst's understanding…" (p. 173). The key factor in using template analysis is the flexibility accorded towards how the research develops and evolves according to the data collected. This flexibility allows it to be used in a range of epistemological positions and not specific to any one particular epistemology (Brooks, McCluskey, Turley, *et al.*, 2015). It uses fewer procedures, therefore, could be customised to the needs of this research. This customisation allows for the probing of subjective elements of the social phenomenon.

3.8.1 How template analysis is used?

The method involves producing broad central codes directly relevant to the analysis and subsequently using these codes as a "coding template" to analyse the data collected. These central codes are labelled as '*a priori* themes.' Themes developed are based broadly on data sets from the participant's experiences or perception. The researcher also could develop these themes based on the conceptual framework or work experiences. These themes are tentative, not fixed, and they evolve based on the data set collected and must relate to the research questions. There will be a continuous process of inclusion and exclusion. Coding is the identification of themes and attaching codes or labels as part of the index. The process then is to narrow the search for more specific themes that can be categorised into these earlier identified broad codes (Miles and Huberman, 1994; King and Horrocks, 2010). The narrower codes which are organised into a template would then provide deeper insights and meaning in understanding the relationship with the central '*a priori* themes'. Template analysis is used quite frequently in the field of psychological and medical research.

This method interestingly is used together with the critical incident technique in a research about the violation of psychological contract from the employers perspective, rather than employee as the victim (Nadin and Williams, (2011). The participants are asked to narrate and recall incidents using a semi-structured interview. Accounts of their experiences are illustrations of 'sense-making' which typically means 'just making sense'. The participants' responses are centred around key questions that prompts themes that link back to their experiences and personal reflection of incidents which forms the template.

Hence, a similar approach was adopted as a guide in the overall direction of this particular research.

3.8.2 Defining a *priori* themes

The abstract nature of themes is a form of expression produced in different forms and shapes. It can be textual, images, sounds or objects. These various expressions should have some degree of inter-connectivity with these abstract themes. There are two ways to develop the themes from either the data (inductive) or retroductive strategy.

In this study, a retroductive strategy will be used, which is an understanding of past theory that forms the basis of the phenomenon being studied (Blaikie, 2007). In this instance, '*a priori* themes' are derived from the characteristics of the phenomenon that is studied – theoretical sensitivity.

1. Literature analysis process and elements presented in the conceptual framework.
2. Derived from theories on recruitment and selection practices and also the element of 'fit'
3. HRM functions that affect the overall recruitment and selection practice.
4. The researcher's common sense constructs based on professional work and personal experience in the HRM field.

Theoretical sensitivity is the researcher's ability in using personal and professional experiences, knowledge of methodology and evaluating data in an abstract manner that best reflects reality towards theory development (Hallberg, 2006).

There is some degree of discourse analysis evident in the process of inclusion and exclusion of 'a priori' themes as developed in the initial stage. Features such as key repetitive words; specific terms referring to recruitment and selection or 'fit' elements; metaphors or analogies; similarities and differences identified from texts or missing data are considered. The emergent themes which are identified, coded and examined should portray a true depiction of the dataset (Ritchie and Spencer 1994). It must be emphasised that template analysis is flexible in its application.

3.8.3 Application of template analysis

Drawing from the beginning of this research, the purpose is to explore the recruitment and selection process in SMEs as strategic and determine whether the concept of 'fit' is deemed as a significant component of the process. Hence, the focus of this research project is examining the constructs relevant to recruitment and selection. Studying specific complexities faced by SMEs in the recruitment and selection functions, understanding the relationships between human resource functions, roles and identities of owner-managers in human resource. The philosophical assumptions, in principle, emphasise that "professional roles and identities are not fixed aspects of social structures, but are defined through how individual professionals interact with

the social world they inhabit" (Brooks *et al*., 2015, p. 207). The *a-priori* codes were developed based on the aims of this research through preliminary interviews and focus group discussions. The initial template was drawn from prior literature research and preliminary interviews with participants. The initial template consisted of four major *a-priori* themes. The final template consists of 5 top-level themes, but it emphasises depth rather than breadth. Initial observations of the template may seem that there may be less themes. In reality, for the process of coding, the top-level themes defined in depth had a higher number of low-level coding. The researcher approaches the data with no personal biases and assumptions in this stance. The modification process involved adding, deleting and altering various higher-order and low-order themes. The reclassification and reorganisation of themes is a portion of the overall process of developing the hierarchical themes in the template.

The reasons for using this method are due to the theoretical and philosophical positioning for this research. As explained the main question is to examine the strategic recruitment and selection dimension in Malaysian SMEs and determine whether there is a fit between person-job and person-organisation. In this aspect, the data collected and analysed using template analysis allows research to evolve continuously. Template analysis does not follow any specific rules or procedures but allows data to emerge on its own. The research is guided by a preliminary structure, which is highly flexible and adaptable. The task is to examine the subjective element of the social phenomena, in particular, the significance of the recruitment and selection process and the element of fit in SMEs. The data gathered from the responses conducted via focus group and interviews can be categorised according to hierarchical levels through a coding process. The coding process is flexible and unbiased. Other methods, on the other hand, tend to follow a restrictive and prescribed set of rules when using the data. Template Analysis is a method, which is gaining popularity for not just its flexibility and depth of analysis but also past research in SMEs tend to be quantitative without exploring the intrinsic nature of the social phenomena in SMEs.

Based on this justification, Table 3.3 indicates the emerging preliminary *a priori* template drawn from the conceptual framework and initial focus group.

Category A	**1.0 Recruitment**
Subcategory	1.1. Company recruitment objectives 1.2. Recruitment Strategy -creative/generic 1.3. Recruitment Process 1.4. Disruptions in recruitment
Category B	**2.0 Selection**
Subcategory	2.1 Selection tools used 2.2 Assessing selection work environment
Category C	**3.0 Organisation-Applicant indicator**
Subcategory	3.1 Right fit 3.2 P-O Fit 3.3 P-J fit
Category D	**4.0 External factors – strategic considerations**
Subcategory	1.1. Type of position 1.2. Organisation name 1.3. Labour source

Table 3.3: Initial construction of *A Priori* template

3.9 The data collection methods

The qualitative data is collected using methods like secondary sources, pilot studies, focus group discussion and semi-structured in-depth interviews.

3.9.1 Pilot studies

Pilot study or feasibility studies designed and conducted in small-scale using methods that can form as part of the original study. The study classified as a testing mechanism where methods and instruments like interviews, focus groups or questionnaires, tested to ascertain possible problems when collecting data. The purpose is to lessen the risk of inconsistent or flawed data. The studies help identify whether the method used is appropriate or too difficult. It suggests that pilot interviews help to establish if:

1. Questions are understood
2. If words and ideas are suitable
3. If questions need to be rephrased
4. If questions are logically structured
5. If the research question can be answered, objective can be met
6. If the interview guide is of suitable length

Hennick *et al*. (2011, p. 120, cited in Harding, 2013)

3.9.2 Focus group discussion

Focus group originally associated in applied and academic research settings, is widely used in market research and opinion survey has now become popular in social research in the past twenty years (Ritchie, Lewis, Nicholls, *et al.*, 2013b). The focus group can be categorised into two which are; the structured approach or a less rigid and structured approach (Liamputtong, 2011). In social research, the less rigid and structured approach advocates the purpose of stimulating discussion among participants to understand meanings and interpretations. A focus group encompasses the discourse of a specific topic among a group of selected participants. It is a collective conversation examining a specific topic. Focus groups are useful as it is a quick way of collecting data from several people at one time. The researcher needs to determine whether the focus should be online, teleconferencing or face-to-face. Here the researcher asks a question and the participants respond by giving their thoughts, exchanging ideas, asking questions, debating issues and emphasising or disagreeing points. This method's strength is when you explore the participants' experience and knowledge. It opens the opportunity for debate where participants can explore and clarify their thoughts on recruitment and selection issues that are part of their daily work activity. An interesting observation during the focus group was the description of various methods used in recruiting and selecting talent in SMEs. It can be a revelation for some of the other participants and a source of knowledge. Focus group discussions using open-ended questions allow participants the freedom to express ideas on the challenges SMEs face in finding potential talents who fit the organisation's needs. Focus groups can vary from the informal to formal structure depending on the research objectives (King and Horrocks, 2010). The aim of focus group discussion is not about consent or unanimity rather a platform to "provide rich and detailed information about feelings, thoughts, understandings, perceptions and impressions of people in their own words" (Liamputtong, 2011, p. 6).

How would the social constructionist approach assist in data generation and processing using the focus group method? A good example of how focus group is utilised is described explicitly by Cassell and Symon, (2004) in their Qualitative Methods text. The study on "Consulting for growth and innovation in SMEs" was a

three-year research project with the aim of "understanding the quality of the relationship between consultants and SME leaders in the light of the possibilities of consulting firms and the needs of the SMEs" (p. 144). The focus group process guide illustrated consists of four stages, "preparation, application, analysis and integration of the group interview" (p. 144). The process explanation is below:

1. Preparation involves two components, which are determining the size of the group. In this instance, it can be between six and ten persons. Second, is to determine the moderators who should be involved in conducting the focus group discussion. Ideally, two would be good but they should be familiar with the content and understand each other's style of interview.
2. Application denotes how the moderators undertake their roles without any ambiguity. Preferably, one focuses on the content and the other on the procedures and process of the discussion. The moderators must learn to complement each other. When one asks questions and as participants respond with answers, opinions or thoughts, the other ensures the discussions are continuously stimulated and steered in the right direction. Elements such as equal participation, avoiding one person's dominant views, encouraging other participants' thoughts and views, preventing too many voices at the same time, reinvigorating debates when participants run out of ideas, identifying the silent participant, and encouraging and giving the opportunity to them to speak.
3. Analysis in this research is the usage of 'content analysis' of transcribed conversations and discussions captured through audio recording.
4. Integration is the process of reviewing the data together with previously collected data and determining commonalities, differences and emerging new themes.

(Cassell and Symon, 2004, p. 144-146)

3.9.3 Participant Interview

The interview is a common method of gathering data. It can be as unstructured or semi-structured. The type of questions asked during interviews can determine whether the responses obtained from participants are rich with data. Unstructured interviews are a form of discourse between the interviewer and interviewee. The unstructured interview is useful in circumstances where the researcher is identifying

key themes in the early part of the research (Harding, 2013). It takes some degree of understanding on how to conduct interviews and the previous experience in human resource and in conducting recruitment interviews to hire applicants for jobs in the organisation has its benefits. So how the interview shapes out depend on the techniques used to elicit the right answers. The construction of the sentence and its meaning shapes the response. The response is embedded with varying degrees of meaning from "the pauses, facial expressions and other verbal and non-verbal communications that occur between the respective parties" (Corbin and Strauss 2008).

In qualitative research, according to King and Horrocks, (2010) an interview guide is useful in conducting the interviews. The guide serves to outline the key issues that are to be explored. There are no strict sequences or phrasing to follow when asking these questions rather they are flexible. To identify the relevant research issues in the guide, it would be good to draw from three elements:

1. The personal work experience in HRM. The various activities, which was performed and people in the same field that the researcher interacted with would be some of the points in the guide.
2. Drawing on past literature, areas of inquiry and *a priori* themes can be developed. Although it must be noted that in some qualitative methodology this is not encouraged, for instance, grounded theory (Corbin and Strauss 2008).
3. To conduct some preliminary work by participating in SME related events to gauge the issues affecting the industry. It is also an opportunity to engage with people involved directly in SMEs to understand their recruitment and selection issues.

(King and Horrocks, 2010)

The challenge for researchers is to develop and establish a good rapport with the respondent. The purpose is to establish quality engagement where participants play a part in the act of "meaning-making". Even though building rapport is an important feature of the interview process, there is a danger of forming prejudice, therefore there is a need for some balance. Interviews are conversations not just merely a question and answer session, highly formal and structured in nature. Even more

crucial is for the researcher is to ask credible and relevant questions. Referring to the three points discussed above, it is easier for the respondents to explain and justify recruitment and selection processes in SMEs knowing very well the researcher is familiar with it and understands what meant. This encourages the use of probing questions.

So what are the questions? These questions can be categorised into six types:

1. Background/demographic questions – position level, years of experience, number of subordinates reporting to respondent, qualifications or professional certification.
2. Experience/behaviour questions – the respondents reacting to situations in SMEs when staff resigns at short notice. How do they respond and overcome the sudden need for new staff?
3. Opinion/values – the opinions of respondents towards recruitment and selection function in SMEs, why is it a challenge to recruit and retain staff in SMEs is there a fit?
4. Feeling questions – questions are phrased carefully to avoid asking the same thing as the earlier point. These questions provoke feelings or some emotions affecting the respondent due to an experience (as per point number 2).
5. Knowledge questions – these are questions asking about facts, for instance, the process relating to recruitment and selection in SMEs. The process is undertaken to determine job-fit and person-fit.
6. Sensory questions – these are questions relating to what respondents see, hear, taste, touch, or smell. They can be an extension to experience questions but in this research context, it may not be relevant.

   (King and Horrocks, 2010, p. 44-45)

The unique feature of qualitative interviews is respondents talking without being interrupted and questions can be new, structured in alternative ways or unplanned based on what the respondent articulates (Harding, 2013). Knowing when to use unplanned questions is important, as this is a way to prompt for more information. Probing the respondent in one single way is inadequate. Researchers need to probe in various ways through follow-up questions to achieve a satisfactory level of

understanding and conduct an effective interview (Legard *et al*, 2003: p 152 - 153, cited in Harding, 2013). The various types of probes comprise of,

1. Motivational probe – the interviewer is listening intently, therefore, encouraging the respondent to continue speaking
2. Amplification probe – encouraging more details
3. Exploratory probe – exploring feelings about an event
4. Explanatory probe – explaining opinions and, feelings or behaviour
5. Clarification probe – giving deeper explanations for better clarity about an event or for terms used.
   (Hennick *et al*, 2011: p. 129 - 130; Legard *et al*, 2003: p 150 - 152, cited in Harding, 2013)

Constructionists see interview participants as creating meaning, that is to say, "documenting the way in which accounts are part of the world they describe" (Silverman, 2010, p.129). Silverman (2010) cautions the narrowness of interview data and how important it is to obtain interview data using the "how and what questions" (p. 131).

Although there are debates about the effectiveness of in-depth interviews and focus groups, the combination of both methods would be useful in soliciting rich data. It triangulates the data collected giving evidence to validity and reliability in the process of the data collection. Table 3.4 below illustrates the distinct yet complementary features of both in-depth interviews and focus groups describing when to use and what type of data is gathered.

Focus group discussion versus In-depth Interview	
Use Focus Group Discussions	**Use In-depth Interviews**
• To capture a range of views and experiences	• To seek individual perspectives
• To discuss or explain issues	• To identify individual narratives
• To explore new issues	• To seek personal and sensitive information
• To identify social and community norms	• To collect detailed in-depth information
• To seek broad community level information	• To describe complex issues or processes
• To observe group interaction	• For geographically dispersed participants

Table 3.4: Focus group discussion versus in-depth interview
Source: Hennick (2014, p. 28)

3.10 Integrating the research question, conceptual framework, *a priori* themes and interview questions

At this stage, it is appropriate to revisit the main research question for this study, which is to examine the strategic recruitment and selection dimension in Malaysian SMEs and determine whether the element of fit between person-job and person-organisation is evident during the recruitment process. Within this context, the systematic review of literature (theory building) gives a clear direction for the development of a conceptual framework for recruitment and selection encompassing 'fit' in SMEs.

The conceptual framework is the current mapping that incorporates theories that may answer the research question. The *a priori* themes are then developed based on the constructs used to develop the conceptual framework and preliminary focus group discussions. It must be reiterated that the *a priori* themes are meant as a guide, not as a definite template. The interview questions are then developed based on these two components. With the research question as the fundamental guide, the conceptual framework drawn from literature (see Figure 2.7) is an integration of five fundamental elements on recruitment and selection affecting SMEs.

1. Recruitment - objectives, strategy either creative or generic, the process and disruptions are explored. According to Breaugh (2008), it is understanding the type

of employees required for the job. What strategies would organisations use in attracting the right applicant? In this, instance organisations need to determine key questions like whom, when, time frames, targets, message and sources of recruitment. These points are specific recruitment processes that organisations need to execute to discover the right fit between applicant and employer.

2. Selection – the selection tools and process used and their reliability in assessing whether an applicant fits the job and work environment. According to Wyatt, Pathak, and Zibarras (2010), SMEs do not conduct a proper job analysis, fail to use effective selection tools and the process are not validated.
3. The outcomes of recruitment and selection indicating the achievement of the recruitment and selection objectives, getting the right applicant with the right fit (the reinforcement of the process), fulfilment of psychological contract and job satisfaction with low turnover rates.
4. The success of the above three elements is moderated by the PJ and PO fit. To achieve the outcomes stated in point number three, the applicant hired must indicate a fit (knowledge, skills and abilities) to the SMEs job requirements and organisation needs (philosophy, culture and expectations). Organisation-applicant indicator – exploring the right fit specifically PO fit, PJ fit. According to Kristof-Brown *et al*., (2005) PJ fit has a strong influence over job satisfaction and PO fits impacts the commitment level of employees.
5. The fifth element is the effect of external factors on the overall recruitment and selection in SMEs. Factors such as the employer name (brand), whether the recruitment and selection are for a core or peripheral post and the source of the labour supply– enticements to gain a bigger pool of applicants would affect the overall process. Also, the type of position, organisation name/image and signalling are explored. According to Uggerslev, Fassina and Kraichy (2012), during the process of recruitment and selection the applicant experiences, the information obtained on job tasks, duties and responsibilities, the organisations characteristics and recruiter relationship signals the perceived fit for the job.

The interview guide/questions drawn from the research question, literature and conceptual framework is the preliminary template of questions that assists the

researcher to probe whether the interview questions can elicit the answers relevant to the research questions and conceptual framework. Drawing from these fundamental elements is then the mapping of the interview questions and developing *a priori* template. The use of the template analysis method is to construct a preliminary set of overarching *a priori* themes. The preliminary *a priori* template consisting of FOUR main categories comprising of recruitment, selection, organisation-applicant indicator and external factors each with respective subcategories are depicted in Table 3.5. The below table illustrates the connection between all the key factors in the research. These set of themes are very fundamental and broad in nature. It will evolve in tandem with the data that is collected hence they are all tentative. Themes that are not relevant and not fitting the research criteria are not considered.

Research Question (RQ)	**Background Interview Questions**		
The main research question is to explore, what is the significance and impact of PJ fit and PO fit in the strategic recruitment and selection process on Malaysian SMEs and its effect on performance?	• What position or title do you hold currently? Are you the owner of this company? • When was this company formed? How long have you worked for this company? (How long has the present Owner/CEO been in his/her role?) • Which SME sector do you belong to? Is this a small or medium enterprise? • What is the number of staff employed in your company? • How many staff did your company employ in the last three years? • How many staff do you expect to hire within the next three years? • Does your company have a human resource manager? • Do you have a Human Resource department? If yes, how many staffs work in the department?		
	Initial construction of *'A Priori* Template'		**Interview questions drawn from Research Questions, Literature and Conceptual framework**
Sub-research questions	**Category A**	**1.0 Recruitment**	**Exploratory Questions**
• What is the current recruitment and selection practices adopted in the SMEs? • Do SMEs view the PJ fit and PO fit as a strategic and integral function of the recruitment and selection process? • How does a strategic recruitment and selection process effectively contribute towards SMEs employee retention competitiveness?	***Sub category***	1.1 Company recruitment objectives 1.2 Recruitment Strategy - creative/generic 1.3 Recruitment Process 1.4 Disruptions in recruitment	• How do you establish recruitment objectives in the company? • What specific assessment methods are used in identifying talent needs in your company? • How do you attract potential talent? • Explain the recruitment process that you have in place. • What do you like about the recruitment process in your company? • Explain factors in the environment that can affect your overall recruitment. • What are the three most critical recruitment issues that your company regularly faces? • How does the company manage these issues? • How does this issue affect your company's ability to manage its finances successful? • What mechanism is used to calculate the retention rate? • In your capacity, are you a primary participant in the overall strategy formulation of the company?

			• Are you able to link recruitment strategy with the company's business strategy? • How do you measure whether your organization is successful in the recruitment process? • What financial measures are most important for your company when you evaluate the recruitment process?
	Category B	**2.0 Selection**	**Exploratory Questions**
	Sub category	2.1 Selection tools used 2.2 Assessing selection work environment	• Explain the selection method/tools used to select applicants • Why did you choose this method/tool? • Explain factors within the work environment that can affect your selection process. • What steps would you take to improve the process of selection?
	Category C	**3.0 Organisation – Applicant indicator**	**Exploratory Questions**
	Sub category	3.1 Right fit 3.2 P-O Fit 3.3 P-J fit	What mechanism or technique helps you identify the following; • Determining what are the criteria or factors for "FIT". • Whether there is a FIT between the person and job. • Whether there is FIT between person and environment.
	Category D	**4.0 External factors**	**Exploratory Questions**
	Sub category	4.1 Type of position 4.2 Organisation name 4.3 Labour source	• What do you consider as key positions? Do top management/ CEO share the same views? • How many key staff has left the organization in the past year? Why do you think this happened? • How many key staff has your company hired in the past year? • How does the company name and image affect recruitment and selection? • What challenges do you face when you do recruitment and selection? • How does your company find the right talent knowing there are competitors in the marketplace?

Table 3.5: The initial framework integrating research question, research objectives, *a priori* themes and interview questions

3.11 Data collection phases

The discussion below outlines and examines the initial steps taken for the overall study. The overall data collection process consists of three major phases. Table 3.6 below illustrates the process:

Phase 1	**Secondary Research Activity**		
	SME Conferences	Attending SME conferences to gain understanding of operational issues.	2015 - 2017
	Recruitment and selection dimension	Review of literature and reports on hiring practices in SMEs.	
	SME and FMM Business Directories and Reports	Review of reports and directory to identify and classify SMEs for data collection.	
	Interview planning	Invitations to targeted participants for interviews and focus group discussions via emails and telephone.	
Phase 2	**Pilot Studies**		
Project 1	Focus group discussions	*Group 1:* Target Recruitment n=20 Actual Recruitment n=15	2015
Project 2	Preliminary interview	Target recruitment n=8 Actual recruitment n=6	2016
Phase 3			
Project 3	In-depth Focus Group	*Group 2* Target Recruitment n=10 Actual Recruitment n=7	2017
Project 4	In-depth Interviews	Target recruitment n=40 Actual recruitment n=28	

Table 3.6: Data Collection Phases

3.11.1 Phase 1- Secondary research

In addition to primary research, other sources namely government publications, journals, newspapers and SME and FMM Business Directories and reports were reviewed. The SME Annual Reports, SME Master Plan 2012-2020 and The Ninth Malaysia Masterplan highlighted the direction of the SMEs in Malaysia, and the human resource challenges affecting this sector. The government published reports provides

a framework that indicates the aspirations towards the mission of SMEs in economic development and job creation but is this achievable, is another matter. To determine whether there is measurement bias in these reports it would be good to triangulate the data with other sources. Hence, the secondary sources used to validate the current research come from other sources as a method for crosschecking. An example is to examine efforts carried out by government agencies in fulfilling these aims. The National Human Resource Centre is an example of what the government has done to address talent management issues in SMEs. Besides, what SME Corporation does to fulfil the government's aspirations in developing SMEs is also examined.

The business directories from SME and FMM were used primarily to identify businesses for the pilot studies and interviews. This was a challenging task as the directories although are 2016-17 editions, many of the listed businesses have invalid addresses or contact numbers. It took a lot of effort and time to get SMEs to agree to the focus group discussions and interviews.

3.11.2 Phase 2: Pilot study

Phase two of this study consist of the pilot study comprising two projects. These two projects are the focus group and preliminary interviews.

i. Project 1 - Focus group

As part of the pilot study, specific processes followed are to establish the validity and reliability of data collected. Hence, this was completed as two projects involving one focus group discussions and one round of preliminary interviews. In Phase 2 of the research, the pilot study conducted using the focus group interview method involving 16 participants are either managers or owners of various SMEs in the Klang Valley. Prior to this focus group interviews, the researcher had participated in two SMEs conferences which established a good understanding of talent-related issues in SMEs. The purpose of the pilot study involving focus group interviews is to gauge two aspects, which are, first the HRM issues affecting the SME sector and second to evaluate the recruitment and selection process affecting SMEs talent needs. This pilot test was conducted at the Hotel UiTM (University Technology Mara, Shah Alam on December 2015. There were three moderators involved in this session. Two of the

moderators were involved in asking the relevant questions. The third moderator documented the participant's feedback and comments manually. The roles of the two moderators involved in asking questions were complementary. The participants filled an open-ended questionnaire. Sixteen participants completed the questionnaire and attended the focus group interview sessions. The details of the participants are in Table 3.7.

Participants	Business Types	No of Employees
P1	Malaysian Traditional Food	4
P2	Health and Beauty Products	n/d
P3	Foods Manufacturer (Cookies)	12
P4	Foods and Culinary Academy	5
P5	Foods Manufacturer (Pau)	5
P6	Automotive	60
P7	Material Supplier	3
P8	Oil and Gas services	47
P9	Event planner	n/d
P10	Logistics	10
P11	Marketing services	n/d
P12	Printing and packaging	15
P13	Printing and packaging	15
P14	Cable support system manufacturer	18
P15	Food and Beverages	n/d
P16	Apparels	n/d

Note: Manufacturing: 2; Service-based: 14; n/d: not disclosed
Table 3.7: List of preliminary focus group interview participants

ii. Findings and analysis (focus group)

Data and findings from the focus group formed the framework for Research Project 1. The original purpose was to conduct a pilot study comprising of a focus group and a preliminary interview. However, the rich data and findings were suitable to produce a small-scale research categorised as Project 1. Data from the focus group was more appropriate in producing this study. Findings from the preliminary interviews, however, were incorporated into the main body of the research due to over-lapping findings with the main body of research.

Drawing on the size of the organisations, the human resource functions in the smaller organisations are very rudimentary. The responses in Table 3.8 are in verbatim with some minor language editing for clarity. The purpose is to understand the context and

essence of their answers. The attempt here is to know the conditions central to the existence of the phenomena, in this case, it is the significance of fit in the recruitment and selection process in SMEs.

a. Role of owner-manager

Table 3.8 indicates evidence of owners or more senior staff who undertake the human resource (HR) role and its responsibility.

Pilot Focus Group (FG) Participants	Responses
P3	*'HR work is shared among all managers and staff'.*
P4	*'Talent management is not exclusively by the HR Manager. It's everybody's job to make it happen and retain talent'.*
P5	*'As the owner, I am responsible and involved in attracting and retaining talent in my own organisation because we are a small organisation.*
P11	*'HR manager is responsible because they know the behaviours of applicant'.*

Table 3.8: Responses on role of human resource manager

The response from P3 and P4 indicates the recruitment and selection function as a collective responsibility among managers. Whereas P5 emphasises that in a small organisation the owner is ultimately responsible for this function. P11 continues to add that human resource managers should be responsible because they know human behaviour.

b. Focused staff recruitment methods

Some of the group discussion participants highlighted that referrals and internships are the best ways to obtain the right employees. Referrals are important for owners as they are a reliable method to get trustworthy employees. Table 3.9 states some of these responses. It is a two-pronged approach, first to offer career opportunities for internal talent and second, to encourage staff to refer known potential candidates for the vacancies.

Participants	Responses
P3	*'Walk-in- referrals. Many of them are people who they know or their relatives. So, in this case the current workers will look after the new workers'.*

P5	'*We all select. Either a walk in staff or/and employee referral. I chose workers who can be a machine operator and will work for more than 8 hours'.*
P6	*'I created another company for training – "Akademi Intan Matang" – (Specific department on training, registered with "Jabatan Pembangunan Kemahiran" (Department of Skills Development) and for certification)'.*
P8	*'We start by engaging internships, during which we monitor and evaluate their attitude. Those with right/positive attitude, will later be hired as permanent staff. So far, this is the best method for us'.*

Table 3.9: Responses on staff recruitment

In addition to using the internship and referral methods, some of these SMEs further enriches the process by establishing human resource development plans. The responses from P6 and P8 evaluate the method by considering two factors comprising of training and attitude. P6, for instance, explains that a training company is established to upskill the workers. This training company is set-up to retain talent through opportunities for talent development. They hoped that talent would not leave rather appreciates the training which adds value to their skills. It is a form of indirect yet subtle retention strategy towards encouraging employees to remain. P8 in this instance highlights the importance of the right attitude. Good working habits are evaluated as a basis for job permanency.

c. Challenges in attracting the right applicant: P-J Fit

Four key challenges that SMEs face in attracting the right applicant, as presented in Table 3.10, are, communication competency, discovering a 'fit', Gen Y preferring substantial extrinsic rewards and an inspiring leader-member relationship.

Participants	Responses
P1	*'salesperson must be able to speak English. In my industry, no need for high education. Turnover tends to be high, however giving more salary and to be more flexible employer, can retain them to work in the company but not for the long run. Employer plays the biggest role'.*
P4	*'challenges: it's hard to find suitable staff that fit with the organisation'.*
P9	*'To get talented staff and skilled staff is not easy especially the Gen Y where they like it easy, to enjoy and have big salary'.*
P14	*'good leadership, that is very much liked by workers, create chemistry atmosphere, inspire'.*

Table 3.10: Responses on challenges to attract applicant

P1 emphasises the importance of communication competency due to the nature of the job in their firm. Staff turnover is high and rewarding them with good

compensation is essential. P9 echoes this and goes on to add that the Gen Y expects high extrinsic rewards. Retaining talented and skilled staff is challenging-not an easy task, it necessitates SMEs to find the right balance between intrinsic and extrinsic rewards. Intrinsically the leader-member relationship as indicated by P14 would also be a driving force towards establishing a conducive work environment that retains staff. Therefore, drawing on the four key factors and in reference to the point put forward by P4 in finding staff with the right fit, the below could be postulated:

(1) For a perfect fit between the person and job; the challenge for SMEs is to recruit people with good communication skills and to provide value-added intrinsic rewards.

(2) For a perfect fit between person and organisation; the challenge for SMEs is to construct an intrinsic work culture that stimulates inspirational leadership, good leader-member empathy and flexibility.

d. Selection process – P-J and P-O Fit

Interviews are the primary selection method but several SMEs do use employment tools to assess the behavioural/personality traits. On completion of selecting the suitable applicant, a probationary period ranging from 3 – 6 months is the norm in these SMEs. The responses from the participants are in Table 3.11.

Participants	Responses
P1	*'interview – how long they have an experience in this line. I look at the person'.*
P3	*'6 months test, first impression and from the question we ask them and how they answer'.*
P5	*'because we are small so the process is so simple. Just doing an operator task, making dough and no probation period'.*
P8	*'normal interview whereby I normally pay special attention on the candidate's personal traits. Those who accepted will be put under probation. And we don't normally revise salary during confirmation but a few months later'.*
P15	*'probation period – I month, through date of birth, time attending (punctuality) during interview, suit with organisation culture, behaviour'.*

Table 3.11: Responses on selection – finding the fit

There are several key factors noted in some of the responses given, example 'first impressions', 'assessing their personality' and 'punctuality'. These assessments are rather ambiguous, short of a clear guide on how to structure the selection process.

Besides, the significance of a job description for both the selection and recruitment processes are rather vague. The job description is an essential tool to determine the knowledge, skills and attributes pertinent for a vacant job. It is almost absent in the selection process except for two organisations which use them as a reference point. Interestingly one of the participants, P15 emphasised cultural fit. This demonstrates SMEs recognise that applicants should be considered also based on PO fit. In the context of the organisation and job fit the culture and norms of the firm should be considered as part of the selection consideration. Hence, the importance of training SME managers to ask questions that can elicit answers that indicates the PO fit.

The idea of fit is driven by specific criteria in PO and PJ fit. Fit therefore is based on the value system in the company. Their idea of fit is applicants who can conform and accept the cultural values without too much questions.

This leads back to the choice of methods used, as discussed above in recruiting appropriate candidates specifically internship and referrals. Undoubtedly, this represents the nature of SMEs selection process which needs to be carefully developed to suit their needs. It is ill-advised to implement sophisticated selection methods using various selection tools. The response indicates there needs to be a simple process that tells the owner/manager whether the applicant is suitable and fits the job and firm. The selection process introduced should be free from procedures that are cumbersome and time-consuming. It may make more sense to introduce further sophisticated selection tools as the firm grows in size.

e. Firm attraction and value association

This particular element is to determine whether factors such as company size, reputation, sort of rewards and the kind of position have any effect towards recruiting and selecting the right candidate. This is in Table 3.12.

Participants	Responses
P1	*'honesty is very important – I also look for a good looking person too, to attract customer'.*
P4	*'technical expertise, through training, giving incentives and extra allowances if there's extra working hour'*

P5	*'no need for expertise – more of honesty, commitment, simple job'.*
P6	*'I have a big sized company, company reputation, guided by experienced technical expert, coaching and good salary'.*
P8	*'positive attitude, willingness to learn and accept responsibility'.*
P9	*'employee feels like family'.*

Table 3.12: Responses on firm attraction and value association – PO Fit

The responses can be categorised into three key features describing the context of PO fit:

Work environment - The participants emphasise a work environment that stresses on the significance of upholding values of positive attitude among potential applicants, example "honesty, commitment" as verbalized by P5 and P1. Also, P8 describes the importance of making certain potential applicants show a confident attitude and can learn and accept responsibility. Another key highlight by P9 is the notion of propagating a family atmosphere in the work environment.

Generation Y finds appeal in a flexible work environment and some organisations may position this as an attraction but the reality maybe the opposite. These responses are construed as key factors in attracting potential applicants. A firm that creates an environment where employees feel their intrinsic aspects are being fulfilled through personality and character development may be a key point in recruitment attraction for SMEs.

Training - P1 and P6 highlight the emphasis on training. The business they operate emphasises the importance of developing technical skills. Coaching as mentioned by P6 is an alternative point to consider. SMEs could institute coaching methods to not only develop character but at the same time technical skills. The principles of coaching incorporate a process of "exploration of needs, motivations, desires, skills and thought processes to assist the individual in making real, lasting change" (Coaching and Mentoring Network, 2015) which is a more holistic learning and development method.

Rewards - It is undeniable that rewards are a crucial part of attracting the right candidate as mentioned by P4 and P6. However, it is not the sole factor considering that SMEs will find it difficult to match larger organisations when it involves wages,

bonuses, increments or other incentives. Even though, for example, P6 emphasises on "good salary" but the rest of the participants speak on the importance of providing a good work environment and training.

Connection between retention, PO fit and PJ fit

The biggest challenge for SMEs is to retain their talent. Even though factors like attractive work environment, training and rewards are key elements towards talent attraction, it will still not be enough to prevent staff in SMEs from leaving. The opportunity to enhance one's career and assume greater challenging roles in larger organisations will remain the primary motive. Thus reviewing the retention practices, presented in Table 3.13, may provide some insights into factors deemed as connectors towards P-O fit and P-J fit.

Participants	Responses
P1	*'speak to them often – brief how to improve business. Ask what are their problems"*
P2	*"trust, engage with them'.*
P3	*'accommodation, trust them, engage with them'.*
P4	*'give more training, share recipes, promising future for them, engaging with staff, no-stress environment, smart engagement with no conflict, meeting with staff and discuss company's direction once a month'.*
P5	*'every day we do a briefing and give them motivation, hearing their problems"*
P8	*"personal engagement with staff. Provide conducive working environment. Sense of belonging. Make them feel confident they have a future with us'.*
P9	*'we share ideas and accept their ideas to improve the revenue'.*
P11	*'accommodation, often engagement, small group meeting, leadership by example, empowering'.*
P13	*'from time to time ask them about the job and their life, daily allowance, advance salary, make them self- belonging/ sharing'.*
P15	*'engagement with the staff, reverse psychology'.*
P16	*'engagement with the staff, personal coaching'*

Table 3.13: Connection between retention, PO fit and PJ fit

A key repetitive point emerging among the respondents specifically P2, P3, P4, P8, P11, P15 and P16 responses is "engagement". It is interesting to note SME owners/managers are very aware of the need to communicate and engage effectively. The fit in this context is the conducive work environment that the employee finds to be a motivator towards good performance. The responses by P1 – *'speak to them often',* P4 and P8 – *'they have a future; promising future for them',* P9 – *'share idea and accept idea'* and P16 – *'personal coaching',* are very clear pieces of evidences of

how significant is the need to engage with staff which forms as a strategic catalyst for retention. Hence, the PJ fit and PO fit relates to how the person's desires and abilities, together with the job demands, directly influence performance outcomes. Therefore, the significance and effect of PJ and PO fit on elements such as job satisfaction, psychological and physical health, coping and adaptation, and motivation and turnover are essential. SMEs can retain staff when the PO fit and PJ fit aspects are attained through the engagement-retention strategy.

ii. Project 2 – Preliminary interviews

The preliminary interview findings are the basis for the initial *a priori* template. The findings in project two also contribute to the overall findings in Phase 3 of this research involving in-depth interviews.

a. Summary of findings

The participants selected for the preliminary interview pilot studies were by using the purposive sampling method. The source was from the SME business directory published by the SME Corporation and Federation of Malaysian Manufacturers. Telephone calls and emails were sent to the SME CEO-managers seeking permission to conduct these interviews. Contacts were made with twenty participants via email and telephone for this pilot study but only nine responded and agreed for the interview. At the last moment, three participants withdrew.

Four SMEs participants are from the services industry and two from manufacturing. SME P1, P3 and P6 had a section in their firm handling human resource functions. The job functions of the staff are not specifically focusing on human resource but also other administrative functions. Participants P4 and P5 did not have a specific HR section or staff managing this function. Rather the Managing Director together with their administrative staff manages the HR functions. Five staff manage the HR functions according to P2 while P1, P6 has three staff and P2 has only one staff. The SMEs with the lowest number of employees is four and the highest is 150. The definition of SME P4 is a micro firm hence its appropriateness and contribution to this research is relevant only for certain elements. Since this is a pilot study, the researcher

used the participant as a reference point in determining the suitability and accuracy of the interview questions. The responses were generally useful in reviewing the interview questions. Table 3.14 states the details of the six participants.

Participant (P) No	Interview Dates	Year Established	Total Employees	Industry/Business
P1	22 July 2016	2011	25	Services: Logistic services focusing on cars and oil and gas tanks
P2	22 July 2016	2003	33	Manufacturing: Cable support system
P3	22 July 2016	2011	15	Services: Credit card terminal machines and card readers
P4	28 July 2016	2010	4	Services: Souvenir and attires
P5	9 Nov 2016	1982	70	Services: Heavy industry in handling bulk material
P6	9 Dec 2016	2000	150	Manufacturing: Printer and publisher of yellow pages and company directory

Table 3.14: Description of SMEs for pilot study – preliminary interviews

Analysis of the focus group and participant interview responses produced initial themes (see Table 3.15) that aided in the overall direction of the next stage of the data collection process.

3.12 Summary of preliminary findings

Drawing on all responses and discussion from the pilot studies above, observe the emergence of some preliminary themes presented in Table 3.15.

	Initial Themes drawn from literature	Preliminary Themes drawn from pilot studies
Category A	**Recruitment** →	**Focused recruitment**
Sub category	• Company recruitment objectives • Recruitment Strategy -creative/generic • Recruitment Process • Disruptions in recruitment	➢ Internship ➢ Referrals ➢ HR role appreciation
Category B	**Selection** →	**Focused selection tool**
Sub category	• Selection tools used • Assessing selection work environment	➢ Interviews
Category C	**Organisation-Applicant indicator** =	**Organisation-Applicant indicator**
Sub category	• Right fit • P-O Fit • P-J fit	➢ Intrinsic work culture ➢ Communication skills
Category D	**External factors** →	**Outward attraction and value association**
Sub category	• Type of position • Organisation name • Labour source	➢ Work environment ➢ Training/coaching ➢ Worthy Rewards ➢

Table 3.15: Preliminary themes drawn from focus group and interviews

3.13 Reflection and review of interview and focus groups

Drawing from the experience of conducting the interview and focus groups, it was evident as the interviewer there were several challenges:

i. It was a challenge to follow a structured sequence of questions.
ii. Some of the questions were not relevant and applicable to SMEs.
iii. Some participants did not truly understand some of the questions, hence more time needed to explain the rationale.
iv. Some of the responses to the questions were unclear. Although the researcher tried to explain the context, it did not elicit appropriate answers.
v. Some participants get distracted and speak on issues, which are not relevant, and it is a challenge to direct them back to the main relevant issues.
vi. Some participants felt the questions were more academic rather than being practical.
vii. Interview time varied from between 30 minutes up to 1.5 hours. The aim was to have the interviews between 45 minutes to an hour, but this was difficult.

The researcher then reviewed the questions and simplified it to get the best possible answers, which relates to the research objectives and conceptual framework. Table

3.16 below indicates a revised version of the questions in comparison to the initial question template in Table 3.5.

A. Background Questions • What position or title do you hold currently? Are you the owner of this company? • When was this company formed? How long have you worked for this company? (How long has the present CEO been in his/her role?) • Which SME sector do you belong to? • How many staff does your organization employ? • Does your organization have a human resource manager? • Do you have a human resource department? If yes, how many staffs work in the department?
B. Recruitment • How do you establish recruitment objectives in the company? • What specific assessment methods are used in identifying talent needs in your organisation? • How do you attract potential talent? • Explain the recruitment process that you have in place. • What do you like about the recruitment process in the company? • Explain factors in the environment that can affect your overall recruitment. • What are the three most critical recruitment issues that your company faces? • How does the company manage these issues? • How does this issue affect your company's ability to manage its finances successful? • In your capacity, are you a primary participant in the overall strategy formulation of the company? • Are you able to link recruitment with strategy as part of the company's business strategy? • How do you measure whether your organization is successful in the recruitment process?
C. Selection • Explain the selection method/tools used to select applicants • Why did you choose this method/tool? • Explain factors within the work environment that can affect your selection process. • How would you improve the selection process?
D. Organisation –Applicant indicator • What mechanism or technique helps you to; • What are the criteria or factors for "FIT"? • Determine whether there is a FIT between the person and job. • Determine whether there is FIT between person and organisation. • Demonstrate unique ways of establishing FIT in the organisation.
E. **External factors** • How many key employees have left the company in the past year? Why do you think this happened? • How do you retain your staff? • How does the company name and image affect recruitment and selection? • What challenges do you face when you do recruitment and selection? • How does your company find the right talent knowing there are competitors in the marketplace?

Table 3.16: Revised interview questions based on findings of pilot studies

3.14 Phase 3 - In-depth Interviews

As explained previously the SME and FMM directories are the researcher's point of reference to identify the relevant SMEs. Over 380 calls were made to identify the appropriate SMEs for this research. The selection of participants for the interview was based on the definition and criteria of SMEs in Malaysia. Hence, the target was to get between 25 – 30 SMEs specifically small enterprises of between 5 – 75 employees and medium-sized enterprises of employees between 75 – 200 employees. The initial plan was to get 15 of each SMEs but this was not possible due to the challenges faced in getting SMEs to agree to participate. Finally, the total number of participants who agreed for the in-depth interviews are 28 participants. Table 3.17 shows the details of all the participants. However, two participants' data were not included namely P33 and P34. The participant list begins with number seven as data considered relevant from the preliminary interviews conducted with the six participants (see Table 3.14) are also included as part of the findings.

This was not an easy process due to the reluctance of many SMEs to participate in the interviews. These SMEs were contacted through telephone and emails. Several questions were asked before selecting the most appropriate SMEs especially the number of employees and if they had a Human Resource section. The whole process took about eight months to complete inclusive of preliminary pilot interviews and the second focus group. The attached Appendix 13, at the end of this thesis, is the written consent obtained from participants. The document provides information regarding the purpose, the context of research, details of interviewers', interview process, audio recording permission, how the data and analysis findings will be used and complaints procedure in the event the participants wish to make any complaints regarding the interview.

3.14.1 In-depth interview: Focus Group 2

In the third phase, a second focus group discussion consisting of seven participants agreed to participate through random sampling. This focus group discussion was held sometime in May 2017. The collective exchanges between the focus group

participants drawing from the research objectives provided another perspective on the relevance of fit in the recruitment and selection process. The responses although in principle did not deviate much from the in-depth interview data but the expressions shared during the discussion is an important indicator in gauging feelings and emotions of the participants based on the research objectives. The researcher observed the strong interest of participants in sharing their thoughts and concerns about the issues raised. It was an engaging session with very strong viewpoints, which further supported the findings. The focus group discussion lasted about 2.5 hours. Table 3.18 indicates demographic details of participants from the in-depth focus group discussion.

Participant (P) No	Interview Date	Year Established	Total Employees	Industry/Business	Participant Age	Qualifications
P7	14-Feb-17	1996	40+	Services: IT System Integrator - card access, time attendance, CCTV	47	BSc Accounting & Law
P8	16-Feb-17	1993	71	Manufacturing: Rack System	37	Degree
P9	16-Feb-17	1979	95 - 100	Manufacturing: Sauces	34	BBA
P10	20-Feb-17	1989	25	Manufacturing: Laboratory furniture products	49	BSc Electrical Engineering
P11	21-Feb-17	2000	10	Services: Internet Marketing	34	ACCA
P12	21-Feb-17	2007	80	Services: Event Management, web developer, education group	31	Diploma
P13	23-Feb-17	1994	15	Services: Architecture	44	Dip in Accountancy/ ACCA
P14	23-Feb-17	2000	20	Services: Fiber optic telecommunication and training	35	Degree
P15	24-Feb-17	1992	40-42	Services: Animal veterinary, clinics and animal pharmaceutical products	34	Diploma in Public Admin & Law
P16	7-Mar-17	1992	60	Services: Architecture Consultancy	54	Bachelor of Architecture
P17	16-Mar-17	2000	48	Manufacturing: Food Snacks – Various chips	40	Degree

Participant (P) No	Interview Date	Year Established	Total Employees	Industry/Business	Participant Age	Qualifications
P18	17-Mar-17	1987	188	Manufacturing: Furniture	29	MBA
P19	17-Mar-17	2006	170	Services: Aerospace	40	PhD
P20	20-Mar-17	2006	35	Services: Provide system to insurance companies	30	Degree
P21	21-Mar-17	2004	20	Services: Marine products	30	Degree
P22	23-Mar-17	1977	40	Services: Architecture	52	Degree
P23	23-Mar-17	2000	50	Services: Trading and Warehouse	45	B. Commerce
P24	27-Mar-17	1994	48	Services: Electrical servicing for Petronas	38	Degree
P25	3-Apr-17	2002	30	Services: Security Guards & Systems	44	Diploma in IT
P26	3-Apr-17	1994	100+	Services: Event Management, Consultancy	36	MSc IT
P27	4-Apr-17	1995	60+ / 30 onsite	Manufacturing: Electronic Parts	58	B. Science
P28	11-Apr-17	1974	45 - 50	Forwarding Industry / Logistics	50	Degree
P29	18-Apr-17	2002	75 - 80	Manufacturing: Premium souvenier items	47	Degree
P30	20-Apr-17	1998	60	Services: Event Management, Rental Services	27	Degree

Participant (P) No	Interview Date	Year Established	Total Employees	Industry/Business	Participant Age	Qualifications
P31	27-Apr-17	1994	30	Services: Telecommunication	39	Diploma
P32	2-May-17	1981	30	Services: Travel and Tours	64	n/a
P33	21-Mar-17	n/d	n/d	Services: Oil and gas	n/d	n/d
P34	10-Apr-17	n/d	n/d	Manufacturing: Industrial Gases	n/d	n/d

Table 3.17: Company and participant demographic details of in-depth interview

Focus Group Participant	Year Established	Total Employees	Industry/Business	Participants Designation	Age of Participant	Qualifications
FGP1	1997	60	Services: Pharmaceutical	Associate Learning & Development Manager	46	BBA
FGP2	2015	20	Services: Property Application	Administration & HR Manager	32	B. Finance
FGP3	2007	48	Manufacturing: Street Lights	Head of Department (HR)	45	B. HRM
FGP4	1977	25	Manufacturing: Machine Automation	Administration & HR Manager	50	Diploma IT & Business
FGP5	2012	65	Services: Optical	HR Manager	34	Optometrist degree
FGP6	2002	18	Services: Team Building Events	Head of Department (HR)	38	MBA
FGP7	2004	10	Services: Legal Firm	Administration & HR Manager	46	B. Economics

Table 3.18: Focus group discussion participant demographic details

This process of identifying, contacting, explaining the purpose and convincing prospective participants to agree to the interview was tedious and challenging due to several factors. These include:

1. A significant number of SMEs details in the directories were not current hence not contactable. An example is their contact number, addresses or emails.
2. Numerous contactable SMEs refused to participate in the research due to:
    a. suspicion that this was an indirect government agency check.
    b. had genuinely no time to spare or no interest.
    c. the person responsible was on long leave or away due to business needs.
    d. the circumstance and timing are not appropriate.
    e. closing of accounts, training or auditing is taking place hence key persons are unavailable.
3. The SMEs requested emails to be sent first before deciding whether to participate. Those who agreed to participate and ones who declined were equal in numbers.
4. A few kept postponing their interviews and some decided not to participate at the last minute. This too created problems as the researcher had to find other SMEs who were willing to participate.
5. One of the participants (P33) decided to withdraw after conducting the interview and a transcript of the interview was sent for verification. The participant, as an afterthought, felt that the information shared during the interview was not appropriate for publication in any form. In conforming to the ethics of research, the researcher respected this decision and assured the participant that the recorded information is omitted and kept confidential.
6. One of the SMEs (P34) turned out to have about 300 employees hence it did not fall under the SMEs definition. The researcher was made aware of this only during the interview at the company's premises. The participant may have misunderstood the conversation over the telephone before the interview. Hence, this revelation then reduced the pool of SMEs available for an interview.

3.14.2 Triangulation of data sources

The process of data collection for this thesis as mentioned earlier consists of three separate phases:

i. Phase 1: Secondary research activity involving the study of SME and FMM Business Directories and Reports, and participating in SME conferences.

ii. Phase 2: The second phase consists of pilot studies comprising of two projects. Project 1 is a Focus Group Discussion and Project 2 is the Preliminary Interview.

iii. Phase 3: The final third phase was the In-depth Focus Group and In-depth Interviews.

The three phases of the data collection process are to ensure data robustness through the triangulation process. The cross verification of data using a combination of data collection processes and sources validates the information collected. The researcher intends to obtain a rich, substantive and complete understanding of the relationship between the theoretical concepts and collected data. Hence, each of the three phases is a step towards integrating data from different perspectives or views that leads towards a common phenomenon.

3.15 Data analysis process

All interviews are recorded using a voice recorder. The recordings are done after obtaining consent from the participants. The voice recordings are then transcribed verbatim. The verbatim transcriptions are reviewed to ensure there is context and clarity. The verbatim conversations were emailed to participants for comments or feedback. Some of the participants gave their feedback for further corrections but most of them did not reply.

The transcriptions and recordings were then uploaded into the Qualitative Data Analysis Software. The programme used for this purpose was the NVivo qualitative analysis software. The process of data analysis involved firstly the understanding and making sense of the data collected. This is construed as engaging with the data to reflect on the context of the conversations. Even though it was an in-depth interview but the way the interview is conducted is more of a conversation to elicit the appropriate answers. The volume of data is a mix of rich and irrelevant information.

The process of analysis is to sieve and identify data relevant to the objectives of the research. According to de Vos *et al*., (2005) the research requires data to be converted by creating a systematic order, with a specific structure and meaning. The analytical process:

> "does not proceed tidily or in a linear fashion but is more of a spiral process; it entails reducing the volume of the information, sorting out significant from irrelevant facts, identifying patterns and trends, and constructing a framework for communicating the essence of what was revealed by the data" (de Vos *et al.*, 2005, p. 333).

Data collection and data analysis are an inseparable relationship that is 'joined at the hip'. This differentiates qualitative research from traditional research and is one of the main features (de Vos, Strydom, Fouche, *et al.*, 2005). The key task for the researcher is making sense of the data through the process of interpreting and explaining. During the process of transcribing the data, the researcher begins to identify certain patterns. Research questions are not answered solely by the data analysis but rather they are found by interpreting the analysed data, hence the 'making sense of data'. The process of interpretation and analysis are closely interlinked, hence, it is a continuous engagement process. This combination of data collection and analysis becomes the basis in developing a "plausible and coherent" interpretation (de Vos *et al.*, 2005, p. 335). To establish order out of the different irrelevant and rich interview data, the NVivo software is utilised for the coding process.

3.15.1 The appropriate coding method

In qualitative inquiry, the analytical approach used for each qualitative study is unique in its way (Patton, 2002). The nature of the study determines the best way hence there is no one best way. King and Horrocks, (2010) suggests that the coding process is a basic system of thematic analysis based on a series of stages. It does not follow a strict sequential process rather moves back and forth so as to interpret and engage with the overarching themes. A general process of thematic analysis and coding may encompass three stages involving descriptive coding, interpretive coding and overarching themes (King and Horrocks, 2010).

Hence, to capture the intricate procedure and phenomena of the data, it could be just one coding method or possibly two or more (Saldaña, 2013). The perspectives on coding decisions are diverse. Several researcher's viewpoints on these coding decisions are reviewed and cited by Saldaña, (2013, p. 60) as indicated below:

1. The belief that data should be read several times carefully as the subconscious and you gain insights about the data (DeWalt and DeWalt, 2011).
2. Explore the use of more than one coding method and two analytical approaches for depth and breadth of data (Coffey and Atkinson, 1996; Leech and Onwuegbuzie, 2005; Mello, 2002).
3. Discourse analysis, as an example, may not use coding but "uses detailed transcription notation and extensive analytical memos" (Gee et al., 1992).
4. Relying on the phenomenological interpretation namely themes and meaning in texts instead of coding (van Manen, 1990; Wertz et al., 2011).
5. Coding is deemed undesirable and not compatible with newer interpretive qualitative research (Hendry, 2007; Lawrence-Lightfoot and Davis, 1997).
6. A prescribed method of coding contradicts 'meaning-making', is mechanistic, futile, and has no purpose. (Dey, 1999; Packer, 2011)
7. Those who believe in 'pragmatic eclecticism' – keeping oneself open during the preliminary stages of data collection and review with a view on the necessity and payoff of substantive analysis.

In determining the appropriate coding method, Saldaña, (2013) states the research questions give direction towards the approach adopted. Epistemological research questions that start with "How does…" or "What factors…." are about the theory of knowing and understanding the phenomena. Hence the coding methods can include, "Descriptive, Process, Emotion, Values or Focused Coding and Themeing the Data" (p. 61). Drawing on the argument of 'pragmatic eclecticism', and using this as a guide in applying coding methods Saldaña, (2013) suggests a generic method:

3.15.2 The first cycle coding method

a. Attribute coding (a technique for data management)

The first step of the coding process is Attribute Coding; basic and general compilation of information of the data. In this instance, compiling of some of the key elements. This will include:

i. fieldwork setting – company name and location, primarily in Klang Valley.
ii. participant demographics – position, age, qualifications.
iii. firm background information – industry, type of business, staff population
iv. data format – audio recordings and transcriptions. Each of the transcribed participant narratives, that is, the conversation between the researcher and participant is written in a form of question and response. This enables a clearer presentation of data when quotations in the final written analysis are supported by the description of themes.
v. time frame – a period of data collection from 2015 - 2017.

b. *Structural coding or Holistic coding (data as an overview)*

The second step is Structural or Holistic Coding using a 'content-based or conceptual-phrase that represents a topic of inquiry'. It is useful when the research involves "multiple participants, standardized or semi-structured data-gathering protocols or exploratory investigations to gather…major themes" (p.84). The process is to analyse the data and comprehend the basic theme or issues holistically rather than line by line. This involves focused filters. Focus filters are used to review the mass then followed through by coding cycles. In this case, it is a primary data analysis approach in qualitative studies.

c. *Descriptive coding (field notes, SME reports and articles as an inventory)*

It is appropriate for all qualitative studies although widely used in an ethnographic study. The principle guide is to ask the reflective question "What is this study about?" Data is categorised at the basic level to give the researcher a grasp of the overall study.

d. *In Vivo coding. Initial coding and/or Values coding (attuning to the interview transcripts, perspectives, views and thoughts).*

The process is labelled as literal, verbatim, or inductive coding. The original or root meaning of In Vivo is "in that which is alive" hence the priority and focus is the participant's voice. In this, instance the practitioner research. In Vivo Codes capture "behaviours or processes which will explain to the analyst how the basic

problem of the actors is resolved or processed" (Strauss, 1987, p. 33) and "help us to preserve participants' meanings of their views and actions in the coding itself" (Charmaz, 2006, p. 55).

3.15.3 Second cycle coding method

a. *Eclectic Coding (refining First cycle choices)*

   It combines two or more methods of first cycle coding. It is useful as an exploratory procedure when "a variety of processes or phenomena is to be determined from the data" (Saldaña, 2013, p. 189). It will aid the research question and purpose of the study when combined with the first cycle coding method. The first cycle coding method is the first draft of themes and then transitions onto to the second draft based on the first draft knowledge. This learning from first to the second draft is a synthesis of the data towards the next step.

b. Pattern Coding and/or Focused Coding (categorizing coded data as an initial analytic strategy)'. The process is to organize the enormous array of data into a meaningful pattern. The pattern is grouped into smaller sets, themes or constructs (Miles and Huberman, 1994, p. 69)

3.16 Ethical issues

Research that incorporates human subjects to generate new knowledge or extend the current understanding of a phenomenon would require ethics approval. The fundamental principles accepted for research ethics according to the Belmont Report (1979) are:

1. Respect for persons encompasses two points, first, autonomy for participants, whereby due respect and consideration is given to their views. The researcher should not impose their values or opinions. Second, to provide appropriate protection for participants who are in vulnerable positions especially those who may need some of the protection specifically those with diminished autonomy.

2. Beneficence refers to the obligation of not harming any participants. It is maximising benefits and reducing possible harm. Portraying acts of kindness and charity to ensure the well-being of participants.
3. Justice is the commitment towards the benefit of the research not only to the researcher but also to the participant. The research participants should also gain from the research by learning new knowledge in HRM practices for their personal and organisation benefit.

(source: Belmont Report, National Commission for the Protection of Human Subjects of Biomedical and Behavioural Research, 1979)

The merits, demerits, dilemmas and approach towards ethical practice in qualitative research can also be reflected through the different theoretical perspectives. The different approaches are discussed below (Ritchie, Lewis, Nicholls, *et al.*, 2013a).

1. The universalism perspective emphasises that ethical principles and rules should be adhered and not be broken. It is the moral duty and obligation of the researcher to uphold the ethical rules and principles.
2. The utilitarian approach reflects on the problems and benefits of a course of action. It is to determine whether the course of action produces the best outcome or specific harm to the researcher, participant and stakeholders associated with the research. Another viewpoint is to reflect on the virtue or moral personality of the researcher. In the context of research, it would mean, does the researcher have the moral capacity to make the right ethical judgement in particular situations.
3. The situational or principled relativism is to advocate and apply ethical principles on a selective or cases-to-case basis. The researcher's approach is to distinguish and consider the ethical aspects of the research circumstances and make informed decisions that are honest rather than adopting a rule and principle-based decision ethics.

(Ritchie, Lewis, Nicholls, *et al.*, 2013b)

Human research involves interviews of participants either face-to-face or through various forms of technology tools, focus group discussions and questionnaires. Interviews and focus group discussions may involve audio recording.

This research is planned by following the guidelines and procedures of the University of Nottingham Malaysia Research Policy. As part of the research ethics approval process, relevant research ethics documents consisting of interview questions, consent forms and sample letters of agreement for interviewing participants were submitted for approval to the Nottingham University Business School research ethics committee before any primary research is undertaken. The purpose is to ensure ethics- related concerns are carefully considered and addressed namely before, during and after the process of conducting research. The School Research Ethics committee approved the above forms and the research project was deemed appropriate to be conducted.

The research ethics approval is important due to several factors:

1. Data collected through interviews and focus groups may be sensitive. Information regarding company strategy, policies and processes can be deemed as confidential. Raw data should be carefully managed. The process of obtaining informed consent is to ensure participants are aware that the research data is used responsibly.
2. Participants of interviews may wish to remain anonymous and the researcher must respect this. Data presented from these interviews will have to be carefully presented to ensure the participant's privacy is respected. This is to ensure that any information or thoughts expressed by the participant found to be critical of the organisation should be handled carefully to ensure their interests are protected (Dicicco-Bloom and Crabtree, 2006). The researcher would need to remain objective and not be drawn into the participant's views, which may be emotionally driven. It is important to be focused and sieve through the data rationally without being prejudiced or influenced.
3. Interviews should not be for personal gain. They should be managed skilfully and not by exploiting the participants (Dicicco-Bloom and Crabtree, 2006).
4. Research data may be presented as research findings for academic-related publications and conferences.
5. Research data may also be presented as reports to government agencies to establish SME related policies on HRM development and enhancement at the national or agency levels.

6. The importance of managing raw data responsibly and carefully is to ensure organisation name and reputation is not tarnished in any way. The data analysed may reveal information or policies, which could be deemed as bad practices, which contradict best practices in literature or research reports.

The following are steps used to manage data with the utmost confidentiality:

1. All forms of data collected are stored electronically in password-protected files. Hard copies of documents for example written transcripts or semi-structured questionnaires are stored safely.
2. Participants who request anonymity will have their details coded for example organisation name, with a pseudonym, for example, P1, P2, P3 and so on for names.

The challenge in qualitative research is to secure informed consent from the participants. Disclosing in detail the purpose of the study in advance would reduce the hesitancy in participating in this research. When the preliminary focus group studies were conducted, many of the participants were agreeable to participate in interview sessions. It was clearly stated that their participation is voluntary, and they have the option to withdraw at any point in time.

The bigger challenge is to audio-record the interview session. This is a concern for some as they are uncomfortable expressing their views and thoughts in an audio-recorded form. The way forward is to disclose and explain the process of transcription and to show the transcribed data to the participants for their review and verification. This measure to some extent may reduce the degree of uncertainty and concern among the participants. It also is a process of ensuring data transcribed is reliable and valid. Trust between researcher and participant is then established. This is a form of reassurance for the participants when they could view and read the transcribed data, i.e. interview conversations.

It is not merely obtaining approval from a research committee on research ethics rather there should be an emphasis on research quality and integrity. Accordingly, to Wiles and Janet (2013) research ethics embraces fundamental ethical considerations throughout the research process. This is to ensure every step and decision undertaken

throughout the research is given due ethical consideration. It is not just an exercise of obtaining approvals. It is a well-thought-out understanding of the research process and the stakeholders involved, which are essential factors that need to be deliberated in the overall research.

3.17 Standards for reliability and validity

In qualitative research, some questions constantly linger in a researcher's mind. Did I do it right? Are the findings an accurate description? Is it ever possible to get accurate answers? The debate surrounding this is explored quite extensively by Creswell (2013). In his writings, he posits various perspectives by various authors and some key aspects identified are the terms and the rationale in proposing them by these authors. as indicated in Table 3.19 below.

Study	Terms	Rationale
LeCompte and Goetz (1982)	➢ Internal Validity ➢ External Validity ➢ Reliability ➢ Objectivity	• Qualitative research has been criticized for its failure to follow the tenets of reliability and validation.

Lincoln and Guba (1985)	➢ Credibility
	➢ Transferability
	➢ Dependability
	➢ Confirmability
		• An alternative to quantitative terms on validity.
		• It is not suitable to use qualitative terminologies in the quantitative sense.
		• So, the key factors operationalised and considered here are:
		  • Engagement in the field
		  • Triangulation of data
		  • Methods and investigators establishing credibility
		  • Necessity of thick description
		  • Data is subject to change and instability therefore it is deemed as dependability and confirmability

Eisner (1991)	➢ Structural corroboration ➢ Consensual validation ➢ Referential adequacy	• Evidence should be persuasive. • Multiple data are used to support or contradict data. • Evidence is compiled from bits and pieces and constructed into a whole. • Opinion and agreement of others are important. • Criticisms are central towards enlightenment of understanding and perception.

Study	Terms	Rationale

Lather (1993)	➢ Ironic validity
	➢ Paralogic validity
	➢ Rhizomatic validity
	➢ Situated/embedded: Voluptuous validity
		• Suggests re-thinking of validation using new techniques to avoid 'paradigmatic uncertainty'.
		• This rethinking involves:
		  • Presenting truth as a problem
		  • Not to theorise things but provide avenues for other voices without interference.
		  • The questioning of overlaps, ideas, nomenclatures that show no evidence of deep-rooted links or structures.

Wolcott (1994b)	➢ Understanding better than validity	• The term understanding is more relevant than validation. • Does not prescribe to the notion of validation as it is meant to convince rather than understand. • Validation distracts and fails to capture the essence of what is sought.

Angen (2000)	➢ Ethical and substantive	• The judgement accorded to the research is important i.e. 'trustworthiness and goodness' of the research.
		• Validation is not the absolute or final deliberation.
		• The research agenda questions:
		  • Moral conventions
		  • Political and ethical consequences
		  • Different voices being treated fairly
		  • Demonstrating value in the research i.e. practical answers to questions, raising new possibilities, new questions and stimulating new dialogue.
		• Knowing one's own research – a process of self-reflection, understanding and giving substance to the inquiry from past research.

Whittemore, Chase and Mandle (2001)	➢ "Primary criteria: credibility; authenticity; criticality and integrity" ➢ Secondary criteria: explicitness, vividness, creativity; thoroughness; congruence; and sensitivity"	• A shift towards 'interpretive lens of qualitative research. • Highlighting on reflexivity and asking questions about ideas established in the course of the research.
Richardson and St Pierre (2005);	➢ "Crystals: grow, change, alter, reflect	• The framing of validation is based on equilibrium of opinions, raising the

Study	Terms	Rationale
Lincoln, Lynham and Guba (2011)	externalities, refract within themselves" ➢ "Fairness representing views raised awareness, and action; hidden assumptions and repressions, the crystal that can be turned many ways; relationship with research participants"	level of awareness of participants and stakeholders

Table 3.19: Perspectives on reliability and standards
Adapted from Creswell (2013; p. 244-249)

Upon reflecting on the various debates on validity and reliability, the research stance embraces the research agenda, data collection and process. The reporting of the findings is influenced by Creswell's (2013) research stance. The key viewpoints on validity and standards are stated below:

i. Accuracy of findings best described by researcher and participants
ii. Research report presented is a representation by author
iii. Validation Strategies
iv. Prolonged and persistent observation
v. A detailed and thick description
vi. Closeness of the researcher to participants
vii. Peer review and debriefing
viii. Negative case analysis
ix. Clarifying researcher bias
x. External audits
xi. Member checking

Creswell (2013) proposes qualitative researchers utilise at least two of the above-mentioned validation strategies in any study. Drawing from the above, the validation and standards for this research work fulfils and exceeds the minimum two. In this instance, accuracy of findings, the research report, triangulation (validation strategies), a detailed and thick description, closeness of the researcher to participants are examples of factors that fulfil the stated criteria.

3.18 Benchmarks governing quality of qualitative research

How do we ensure qualitative research fulfils the quality standards of research? The criterion proposed by Tracy (2010) is an apt yet practical description of what constitutes as quality qualitative research. She has argued that there are two schools of thoughts governing quality. Firstly, some qualitative scholars oppose any form of specific inflexible quality standards, which is viewed as regulatory in nature. Second, even though there are criticisms, yet qualitative scholars do propose some standards as described below:

1. "Framing new quality standards that are flexible and context specific.
2. Are useful.
3. Sets the values and a pathway towards expertise.
4. Outlining work as structured and systematic.
5. Funding opportunities.
6. Feedback that enriches and improves the work".

Adapted from Tracy, 2010 (p. 838)

Tracy's (2010) thoughts on governing quality research together with eight end goal criteria for quality demonstrate the means, practices and methods through which a researcher achieves the quality benchmarks. The following criteria comprising; a worthy topic, rich rigour, sincerity, credibility, resonance, significant contribution, ethics and meaningful coherence are key tenets for quality research.

Criteria for quality (end goal)	**Various means, practices, and methods through which to achieve benchmarks of quality**
Worthy topic	The topic of the research is ➢ Relevant ➢ Timely ➢ Significant ➢ Interesting
Rich rigor	The study uses sufficient, abundant, appropriate, and complex ➢ Theoretical constructs ➢ Data and time in the field ➢ Sample(s) ➢ Context(s) ➢ Data collection and analysis processes
Sincerity	The study is characterized by ➢ Self-reflexivity about subjective values, biases, and inclinations of the researcher(s) ➢ Transparency about the methods and challenges
Credibility	The research is marked by

Criteria for quality (end goal)	Various means, practices, and methods through which to achieve benchmarks of quality
	➢ Thick description, concrete detail, explication of tacit (non-textual) knowledge, and showing rather than telling ➢ Triangulation or crystallization ➢ Multivocality ➢ Member reflections
Resonance	The research influences, affects, or moves particular readers or a variety of audiences through ➢ Aesthetic, evocative representation ➢ Naturalistic generalizations ➢ Transferable findings
Significant contribution	The research provides a significant contribution ➢ Conceptually/theoretically ➢ Practically ➢ Morally ➢ Methodologically ➢ Heuristically
Ethical	The research considers ➢ Procedural ethics (such as human subjects) ➢ Situational and culturally specific ethics ➢ Relational ethics ➢ Exiting ethics (leaving the scene and sharing the research)
Meaningful coherence	The study ➢ Achieves what it purports to be about ➢ Uses methods and procedures that fit its stated goals ➢ Meaningfully interconnects literature, research questions/foci, findings, and interpretations with each other

Table 3.20: Eight criteria for excellent qualitative research
Source: Tracy, 2010 (p. 840)

3.19 Summary

This chapter emphasises the rationale of qualitative research and the philosophical assumptions. The research strategy and position are grounded based on the categorisation of the relationship between theory and research. This relationship is essentially the integration of prior work experience and practical rationality. Hence the research stance is influenced by the practitioner-researcher sense-making factors specifically entwinement. The retroductive research strategy, with the constructivism ontological stance and interpretivist approach, is the principal guide in the overall design and data collection process. A key component of the research is the integration of the research questions, literature, and conceptual framework in developing the initial *a-priori* template. The sampling strategy, interview guide design, and data collection are important aspects to consider when conducting interviews. The discussion

also includes details on the coding of the interview data. In addition, how these findings are categorised according to themes using the template-analysis method. The final section discusses issues on ethics followed by reviews on research quality. The focus is on the criteria for quality research with emphasis on reliability and validity. The chapter captures the thought processes in determining the research direction, decision-making, and with various views on the methodology and methods. It is a description of the research journey undertaken, demonstrating the 'bridge' between the intended research and the actual events that transpired. It is an amalgamation of current theoretical underpinnings and desired practical outcomes.

Chapter 4
Findings and Analysis

4.1 Introduction

The chapter aims to assess the application of fit' in the strategic recruitment and selection practices in Malaysian SMEs as experienced by key personnel directly involved in the process. The challenges SMEs face in determining applicant 'fit' in the context of recruitment and selection in terms of the objectives, strategy formulation, evidence of 'fit' and implementation will be explored and examined through this analysis. This first section of this chapter is an ephemeral recap of how the template is developed. The next section will be the presentation of the final template based on the analysis of the complete data set. A comprehensive thematic analysis and discussion as identified through the template will be presented in reference to the general aim and sub-components of this research.

4.2 Template development

The process of template development began with two stages; first, the initial template extracted from the conceptual framework as illustrated in Chapter 3, Table 3.3**.** The pre-defined categories emerged from key themes from the literature review, derived from the theories and conceptual framework. The *a priori* themes echo the theories on recruitment and selection and elements of 'fit' (Bowen, Ledford Jr and Nathan, 1991; Edwards, 1991; Scheider, Goldstein and Smith, 1995; Kristof, 1996; Breaugh and Starke, 2000; Sekiguchi, 2004, 2007; Kristof-Brown, Zimmerman and Johnson, 2005; Morley, 2007; Breaugh, 2008; Dineen and Soltis, 2010; Kristoff-Brown and Guay, 2010; Davidson, 2011). This process is the point of reference in framing both the research questions as well as the interview questions (Table 3.5). The initial template consists of four *a priori* themes and twelve sub-themes. This is expected to change when data is collected and analysed. The initial four a priori themes are categorised into recruitment, selection, organisation-applicant indicator and external environment. This is in reference to the conceptual framework, which identifies the recruitment, and selection as two separate functions but complementary and seamless when implemented as a functional process. The overall outcome effectiveness of this

process is evaluated through the organisation fit indicators, which are the PO, and PJ fit component. Second, drawing from literature and the conceptual framework from the initial template the initial focus group discussion and preliminary interviews were conducted. With the initial findings, a second updated template that is inclusive of the emerging preliminary themes were developed (see Chapter 3, Table 3.15). The four *a priori* first level categories remained. These initial findings were used as a base in moving forward with the in-depth interviews and focus group discussions.

4.3 Consolidated findings

The findings section consists of analysis from all interview data collected from Phase 2 and 3 comprising Projects 1, 2, 3 and 4. These comprise the preliminary focus group and interviews, in-depth individual interview and targeted focus group interview respectively. The combination of these methods in presenting the results is to demonstrate that the *a priori* themes are not separate or individual elements but congruent characteristics that transcends across all methods. They are not specific to a particular method. As explained previously, the process of forming the preliminary themes from literature and the preliminary focus group is to develop the initial template with *a priori* themes. The results clearly show the interlink of themes even though the data collection incorporates three separate methods. The integration of methods and findings serves two purposes, first they triangulate for validity and reliability, and second the *a priori* themes are hard and sensible issues affecting recruitment and selection in SMEs. Hence, no matter how hard one may try to isolate and analyse the results according to a specific data collection method, the results will still show connecting and consistent similarities. The results reaffirm the principle of practical rationality (entwinement) and utility. It is about placing and consolidating theory and data into context, to illustrate the logic of practice, stimulating reflection towards human resource practices and routines, with the purpose of providing remedies to problems for human resource scholars and practitioners'. Even though three separate methods are used, the overall findings indicate important collective concerns about the significance of fit and issues affecting recruitment and selection in SMEs.

4.3.1 Description of SME samples

Table 4.1 indicates an overall descriptive statistic about the sample size of the SMEs from the services and manufacturing sectors. It also states the number of participants for each sector including participants for each of the focus groups and interviews stages.

SMEs	**Total** ***(inclusive pilot studies participants)***	**Percentage**
Services		
Focus Groups	19	41.3%
Interviews	25	54.3%
Sub-Total	44	***77.2%***
Manufacturing		
Focus Groups	4	30.8%
Interviews	9	69.2%
Sub-Total	13	***22.8%***
Total	***57***	

Table 4.1: Statistics of SME samples

The table shows that fifty-seven SMEs participated in both the focus group discussions and interviews for this study. The majority, 44 or 77.2 per cent, of the participants, are from the service-based SMEs and 13 or 22.8 per cent are from the manufacturing sector. The sample size for the focus groups discussions were twenty-three participants, from which nineteen SMEs are from the services sectors and four are from manufacturing. The total number of interview participants who fulfilled the researcher's requirements were thirty-two from which twenty-five SME participants are from the services sector and nine from the manufacturing sector. In principle based on the breakdown of the number of SMEs, it is evident that the service-based SMEs is the largest sector.

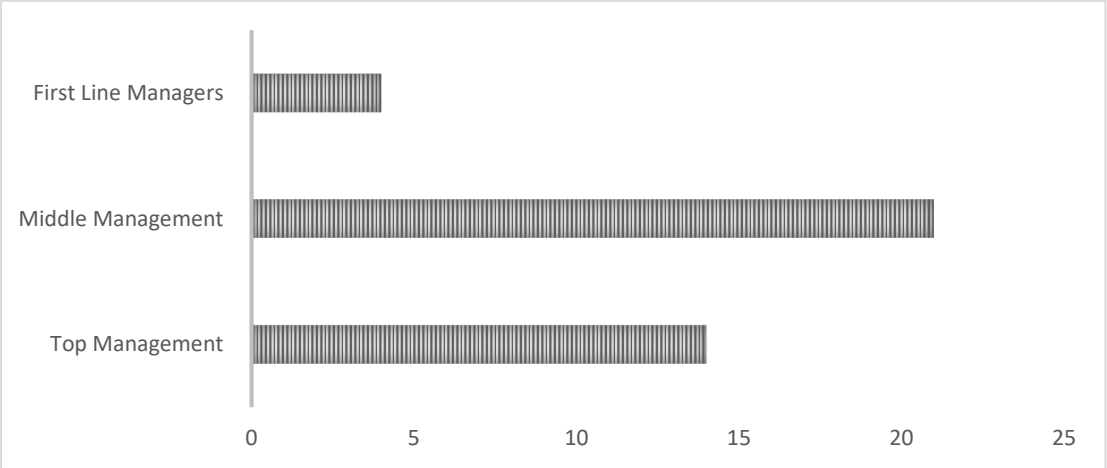


Figure 4.1: Interview participant managerial levels

When the pilot study involving the first focus group and preliminary interviews were conducted the majority of the participants were either owners or senior personnel in their organisations. In the in-depth interviews and focused discussions, there was a mix of owners and specific human resource staff. The participants for the interviews are categorised into three levels, top management level, middle management and first-line managers. At the top management level, the participants are the SMEs founders who hold designations like Chairman, Managing Directors, Executive Director, Chief Executive Officer or Chief Operating Officer. There are also senior management staff at this level example Finance and Admin Director or Director of Operations. At the middle management level, the designations include Human Resource Manager, Human Resource, Administration and Accounts Manager, Administration and Accounts Manager, Operations Manager, or Senior Executive Recruitment cum Talent Operation. The first line management includes positions such as Human Resource Executive or Human Resource Secretary. The aim was to interview key decision-makers in respect of human resource decisions and policies in their respective organisations. This did not turn out to be a problem as all those interviewed satisfied the criteria. The interviews conducted were over two phases the preliminary interviews, the in-depth interviews and second focus group discussions. Hence, 14 or 35.9 per cent of the sample size were founders or top-level decision-makers, 21 or 53.9 per cent were middle-level managers and 4 or 10.2 per cent were first-line managers (see Figure 4.1).

Figure 4.2 presents the total number of employees in each of the SMEs who participated in the preliminary, in-depth interviews and the second focus group discussion. In the services sector, twenty-five SME firms have between 1 – 80 employees. The employee numbers are spread-out in the manufacturing sectors. Four manufacturing SMEs have between 21 – 40 employees and five other SMEs have between 41 – 100 employees.

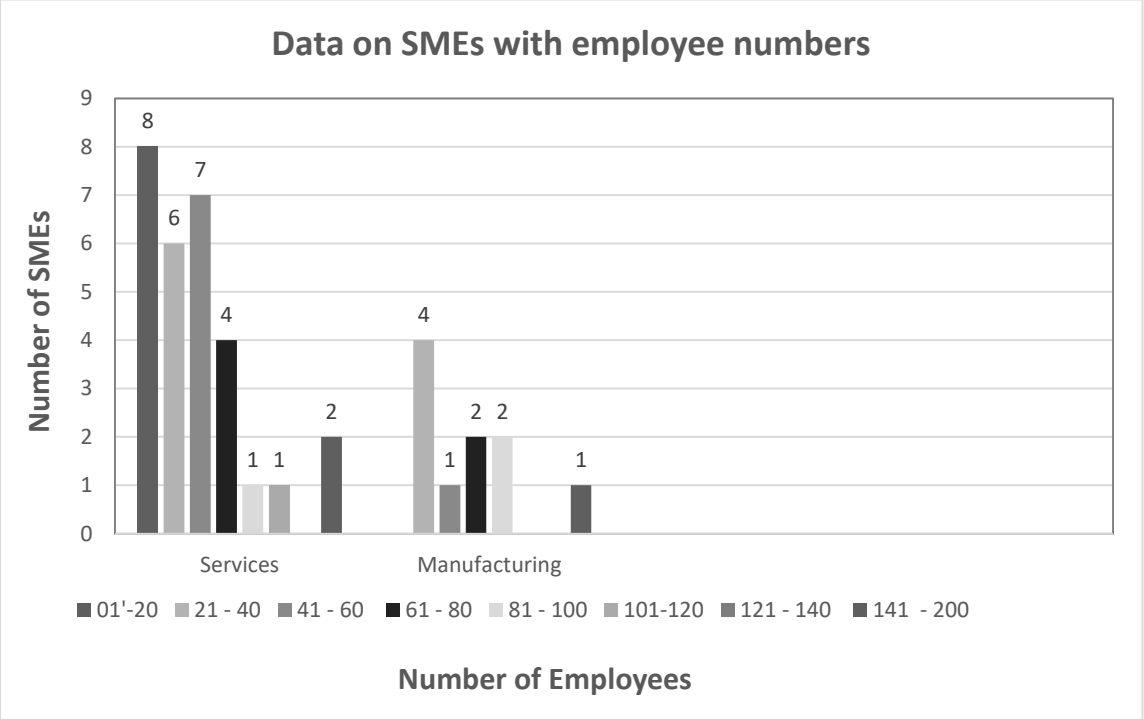


Figure 4.2: Total employees in SMEs

4.3.2 Number of human resource departments or units

Out of the total thirty-two participants, twenty-eight of them stated there was a human resource department or unit specifically handling human resource functions. Also from the seven focus group discussion participants, six had either a human resource unit or an administrator handling human resource functions except one. The staff in these departments report directly to the CEO or founder. At the same time, they not only handle human resource functions but are also responsible for other general administrative functions including in some cases finance and accounts. The number of staffs managing human resource activities are between one to five employees.

4.3.3 Role significance of human resource management

The first background point analysed is the responsibility in conducting the recruitment and selection function. They are directly involved in the management of all HRM related functions including recruitment and selection. There were some subtle differences in terms of how some participants viewed their role. Interestingly this question was meant as a background question to determine if there is a human resource department or human resource manager in the respective SMEs. It is quite evident the owners or more senior staff assumes the human resource (HR) role and its responsibility.

- '*Ada. Kita ada admin department & HR department. HR Department memang saya control' (P1) (Yes. We have admin and HR department. Indeed, I am the one who controls the HR Department).*

The participant obviously indicates the decision-making on human resource functions is under the control of the owner. This is also clearly reiterated by two other participants,

- '*we are sharing admin and finance. So everything is under me' (P29);*
- *'in terms of actually employing someone or getting the right person, it's all down to me' (P23);*
- *'I do it myself' (P26)*.

Dimensions of HRM role authority	**Total**
Full Control	*27*
Cross-functional	*7*
Flexible structure	*5*

Twenty-seven of the SMEs demonstrated the element of 'full control' in HRM functions especially the recruitment and selection. Drawing on the context of the conversation there seems to be a sense that the participant is demonstrating the extent of power they have in how HRM operations are managed in the organisation. In SMEs, this specific factor is nothing extraordinary but seen as a distinctive character of the SMEs decision-makers due to the nature and size of the firm. They depend on one person to manage these functions.

- '*HR I am alone' (P21); 'yes, there is but only one person' (P13); I am the only one (P14)*

The *Word Cloud* below shows five words indicated with a high rate of recurrence '*one, admin, accounts and finance'* that indicates human resource functions are typically managed by one person but there are others within the department but executing other functions. The position is as an administrative function under the administrative or accounts and finance department. This undoubtedly demonstrates the secondary functional role of human resource.

Word Cloud



They are managed by one person either the SME owner or one of the staff.

- '*I'm doing this on my own (P4)'* or
- *'we are just a small company, and as a founder and the owner of the company I have to wear different hats. I cannot afford to and get one proper HR manager' (P2)*

As stated by P2 SMEs face the challenge of getting a qualified HR Manager simply because of the costs. Investing in skill-specific human resources directly responsible for product or service output purposes far outweighs the cost of hiring a manager specifically to manage HRM functions. It remains a struggle but logically organisation size does matter when it comes to hiring human resource managers.

In seven SMEs, the HRM operations are cross-functional and another five have very flexible structures. Hence, evidence shows SMEs do not have a structured system of HRM functions. Most SMEs operate without any dedicated human resource units, '

- *'We do not have a formal HR department because our turnover rate is not that high' (P5).*
- *'I am the admin exec and we don't have anyone for HR, so most of the time when it comes to HR training, I am a part of it' (P30)*

SMEs that use the cross-functional human resource operations normally combine human resource with other departmental functions such as accounts or administration.

- '*Not specific usually the accounts people will take care of the HR issues' (P28).*
- *'I have people in charge of HR and another one in charge of admin and another one is in charge of accounts finance. I am overseeing all 3' (P7).*
- *'It's not very big, to be honest. Technically, we have about four but we have a lot of crisscrossing (inter-department usage) (P19).*
- *'It is actually sub-task from accounts department. Very little work to do' (P27).*
- *'No, we don't' (P30).*
- *'My company we don't call HR, we call administration, consist of HR, admin, finance; accounting. All in. So total we have 4; multi-tasking. All 4 are actually involved in the exact HR function. We are all multi-skilled and tasking' (FGP6).*

The responses from the above statements demonstrate the wide-ranging scope of responsibilities undertaken by staff responsible for HR functions. The multitasking aspect is emphasised by FGP5 who proudly states multi-tasking develops multi-skills in a person. Hence, it should be perceived as a strength in developing capabilities.

Obviously, SMEs are generally unclear of the role of human resource department and human resource manager. They seem to have a myopic view that anybody can perform the function. This resonates with literature's view on why SMEs human resource functions are secondary. Then we must also be cognisance of the size of SMEs, which in this instance are micro or medium and the number of employees is very small.

4.3.4 Recruitment practices

The main task in this section is to explore the research question of '*examining the current recruitment and selection practices adopted in the SMEs'.* The findings encompass methods used and the challenges faced by SMEs when sourcing for the

right applicant. The research question is analysed in two parts, the recruitment component and in the other section focusing on selection. The HRM practice is to view these functions as inter-related and inter-dependent which means they complement each other.

4.3.4.1 Methods

Most SMEs do not have proper procedures in place for recruitment and selection. The CEO-managers maintain they do have standard operating procedures. Based on the fundamental understanding of human resource practices there is no clear systems or procedures in place.

Referrals: A review of the recruitment methods indicates referrals as a direct method of employment directly benefiting the organisation. P26 and P10 mention how the relationships formed with clients or suppliers turns out to be a source for recruitment. Recruitment becomes easier for these smaller organisations as they can tap on their clients and suppliers to recommend applicants with the right competencies for vacant positions in their organisations. Cost-saving for the small organisation and satisfying for the stakeholders that provided the referrals. A perfect symbiotic relationship that benefits both parties.

- '*When a truck driver resigns due to offer from larger firms, we overcome it by these drivers recommending their friends for the now vacant job' (P1).*
- *'And then referral, most of the referrals are useful' (P20).*
- *'We have a lot through recommendations, especially from COO, managing directors of companies whom we have done events for them (P26).*
- *'And then we use word of mouth. Actually, word of mouth is quite effective for the CAD technicians, and 3D visualizers (P22).*
- *'Normally we seldom, very seldom we advertise job vacancies on the newspapers, normally we base on peers' recommendation because we are close with consultants, with the contractors, with the ministry. Very seldom we advertise in the newspaper (P10).*

Online Advertisements: Another very popular method used is the online recruitment advertisement. Job Street is the choice for many of the SMEs.

- *'We will put onto Job Street or advertisement' (P5);*

- *Normally if we are looking for production or Architect, we will advertise on Job Street (P13).*

The emphasis by two of the participants is that everybody knows Job Street hence that would be the most visited site for job opportunities,

- '*I can say basic will be online. Everyone knows Job Street, so we have the data, Job Street always come first, compared to the others. Other methods include referral, social media etc.' (P6);*
- '*Job Street because I find that all the job seekers went there (P20).*

The convenience and reasonable cost of placing the on-line advertisement encourage these SMEs to utilise these methods quite extensively. Despite the cheaper costs, one of the complaints of the focus group participant is about the quality of applicants they receive.

- *Normally I would post in Job Street but currently find that the quality is not so good. I take the expensive package in Job Street and they give me like top 50 candidates, after I look through, I can honestly say I am only satisfied with 1 and the others; I don't think they are related to the jobs also (FGP2).*

Even though Job Street is the cheaper and convenient option, the participant expresses his frustration of receiving applications lacking the right competencies for the job. As mentioned in the response the applicant short-listed has only the closest and not the precise competencies for the job. SMEs face budgetary constraints in using better and more "*bang for the buck*" recruiting methods to obtain better quality applicants. Using multiple methods is a challenge due to the costs hence the reliance of SMEs on cheaper alternatives.

One of the participants uses online recruitment with a twist,

- *'I always do with mudah.com. It is really easy, they just email the resume and I call, and they come for interview' (P14).*

The job advertisement posted is not exactly on an on-line recruitment website but rather a digital platform that facilitates buying and selling of various kinds of items through classified advertisements. It is a very low-priced job advertisement option for this participant. It may be a cheaper option, but establishing and reinforcing ones' credibility and standards is an important feature in building a firm's reputation.

Professional sites: Alternate ways of recruiting applicants includes professional networking sites such as Linked-In. In this instance, participants firmly believe in using only this specific site for recruitment,

- '*I would look through Linked-in first, I rarely would advertise at Job Street and all that' (P23).*
- *'Linked-in is more professional' (FGP3)*

The sentiment about using a focused recruitment option of the *Linked-in platform*, however, is not viewed favourably by two participants. Interestingly the discussion by P22 below centred on how advertisements with visual appeal have better attraction compared to job descriptors seen in Linked-In. This possibly relates to the principles of signalling theory emphasising the significance of positioning and branding.

- *'Linked-in, not so good. We've gone to The Star, we noticed that if you put a very big visual, there is a bigger pull than just to put sort of a descriptor (P22).*
- *'We do have Linked-In but it seems useless'(P20).*

Normally many registered users of *Linked-in* are currently employed and may not be active job hunters. The participants, however, believed that it is a more reliable method of enquiring from the targeted Linked-in user if they have an interest in a job. The candidate targeted through the focused recruitment, according to the participant, is normally those with 4 – 5 years' work experience,

- *'If they have been working there for 4-5 years then that's ok, that is the time to move on, pretty much I think' (P23).*

The participant evaluates and assesses the targeted candidates work experience and achievements to determine their suitability for the vacant post.

- '*I personally write to them an e-mail and I will ask if they would like to come for an interview because there is an opening here' (P23).*

Discreet contact is made and if the potential candidate is interested then further discussions take place.

- *'If they don't want then that's fine, you carry on and look for another suitable candidate' (P23).*

Internship: The same participant mentions that he is currently employing interns to determine if they are capable to perform relevant tasks,

- '*I also get interns via the Malaysian French Commerce because what I find is sometimes interns work harder than the normal employees because at the end of the 6 months' stint, you need to write a report of their performance, how they did with the internship and you have to send it back to the respective universities' (P23).*

Another participant also shares this similar sentiment of using interns or trainees

- '*…we do take trainees, sometimes if you find that they are good, then we will offer them the permanent positions' (P7).*

Social media: The importance of social media is obvious as stated by the following participant *'Most of the applicants, they apply through Facebook' (P19).* The participant mentions how this helps in keeping recruitment costs low and at the same time, it reaches out to a large group of social media users. It is interesting to note SMEs also use digital platforms extensively in the recruitment process. These platforms have truly opened vast possibilities for SMEs in planning, strategizing and executing effective recruitment attraction plans.

Walk-ins: Another SME believes walk-ins is a cost-effective and reliable method to recruit.

- '*I feel walk-in much easier because they come in by word of mouth, so they already have some knowledge about the company or what they actually looking at, so when we do an interview, they already have the view about what they want or what they could deliver. So, it is much easier and there is no fast or must that we have to hire them' (P9).*

In this instance, the justification of relying on this method is how word-of-mouth influences them to apply to the SME. The impression of the owner is if applicants choose to walk-in then they would have gathered information about the firm. Hence, they have an impression and make a conscious decision about where to apply based on what they hear of the firm. One of the participants, however, cautioned on the possible dangers of the walk-in method. He narrated how in this case the walk-in method of recruitment turned out to be a disaster and a huge loss to the organisation.

- *'…you do get a lot of walk-ins but sometimes it is a disaster. …he was recommended by another staff for the post of assistant storekeeper. He came in and within a month he left, and shortly after 2 months there was a break-in and this guy is a pro. They took one of our lorries with customer goods and disappeared. And, of course, we short listed a few*

people and that guy only came in for a month so his name was there. Police traced him and he admitted that he actually fed information to the thieves' (P28).

Recruitment Agencies/Executive Search (head-hunters): SMEs do use recruitment agencies or executive search when recruiting applicants for jobs that require relevant experience and specific skill sets. As one of the participant states these skill sets are 'niche'.

- *'…jobs like accountants, work administrators, these things are more niche. We need to really think how to find these people. Sometimes even Job Street cannot help you. Because the people with the skillset is very difficult to find. That's why sometimes we need to liaise with the head-hunters' (P06).*
- *'If there is requirement, 1st we go to recruitment agency'(P07).*

University/TVETS: Several participants use educational or technical or vocational institutions as a source for recruitment.

- *'Pernah saya terfikir terutamanya badan-badan seperti sekolah, vocational, institute kemahiran dan juga dari jabatan tenaga pekerja (I have thought specifically about vocational schools, trades institutes and also labour department)' (P1).*
- *'…for admin staff we normally contact higher institution for example like UiTM. They will provide us with the names of graduates and we will contact them for an interview' (P13).*
- *'We worked with MARA to actually select young Malaysian to be sent for courses or qualifications that will fill our human capital needs' (P19).*
- *'For example, technicians, mechanic for heavy vehicles, we work with colleges that offer these courses. We offer opportunity for students for practical training' (P1)*.

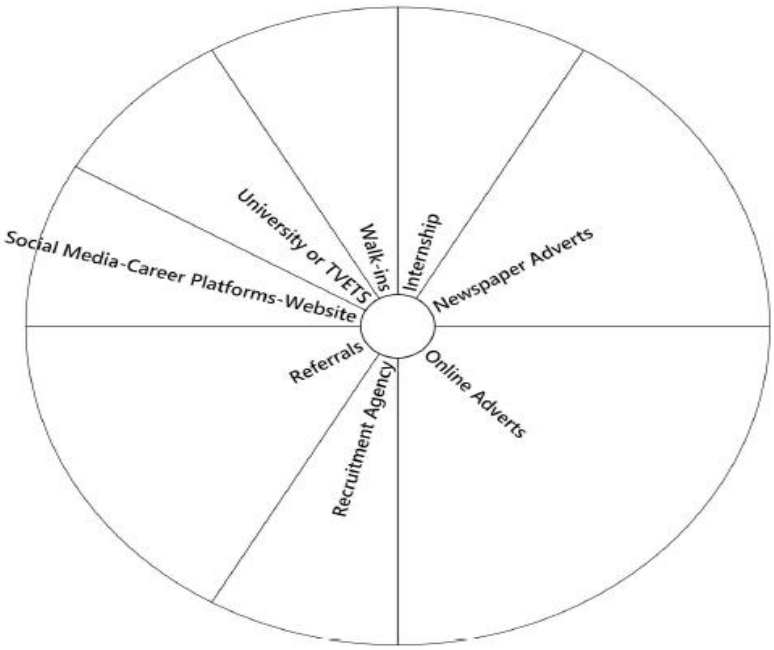
Drawing on the responses of the participants a *Tree Map Analysis* below supports the importance of University or TVETS becoming the source for recruitment purposes. The tree map analysis demonstrates several SMEs rely upon University Teknologi Mara (1st column), a local public university to source for applicants. SMEs also establish relationships with polytechnics when sourcing applicants especially for technology based jobs.

Tree Map Analysis

mara	universiti	business	deal	higher	internship	many	normally	office
		career	department	hire	invite	politekniks	recruitment	select
students								
	actually	college	employability	institution	malaya	portal	staff	worked
uitm								
	admin	contact	focuses	interested	malaysian	post	website	young

The major recruitment methods SMEs generally use are Online Advertisements, Referrals and Recruitment Agencies. These methods presented below as a *Hierarchy Chart* and a Table demonstrates the mix of recruitment methods used by the SMEs. The Hierarchy Chart demonstrates the emphasis and importance of the three mentioned methods. Table 4.2 provides a more detailed breakdown of the various recruitment methods used by SMEs in sourcing for applicants in the most cost effective manner.

Hierarchy Chart



The SMEs CEO-Managers' recruitment preference is a mix of methods from word-of-mouth recommendations, agencies and on-line postings.

Participant	On-line Recruitment Website	Referrals/ word of mouth	Advertisements print and web-based media	Professional Network – Linked-in/FB	Trainees/ interns	Trades/Vocational Schools/HEI - Fresh graduates	Recruitment Agency	Walk-ins
P1		✓	✓					
P2			✓					
P3					✓	✓		
P4					✓	✓		
P5			✓					
P6			✓	✓			✓	
P7							✓	
P8			✓					
P9		✓	✓					✓
P10		✓						
P11								
P12								
P13	✓					✓		
P14	✓							
P15	✓		✓				✓	
P16	✓	✓						
P17			✓					
P18	✓		✓					
P19						✓		

Participant	On-line Recruitment Website	Referrals/ word of mouth	Advertisements print and web-based media	Professional Network – Linked-in/FB	Trainees/ interns	Trades/Vocational Schools/HEI - Fresh graduates	Recruitment Agency	Walk-ins
P20	✓							
P21		✓		✓				
P22	✓	✓				✓		
P23				✓	✓			
P24	✓							
P25	✓		✓					
P26	✓	✓						
P27							✓	
P28	✓		✓					
P29	✓							
P30	✓						✓	
P31	✓		✓					
P32					✓	✓		

Table 4.2: Recruitment methods

4.3.4.2 Recruitment challenges

The context of this question is to determine the difficulties SMEs face in trying to attract the right applicants for the vacant positions. Hence the findings below will address the issues relating to what challenges are faced in the recruitment and selection function. This is an important aspect of the main research question as discussed in the previous section. It relates to the recruitment practices adopted which has an impact on determining the right methods and its implications on costs. As mentioned previously the findings discussed are as two separate parts specifically recruitment and followed in another section focusing on selection. There are several issues highlighted by these SMEs.

Skill sets: One of the participants spoke about the concerns they have on the skill and competency level of applicants.

- '*not many people are capable, the challenge for us is that we are very entrepreneurial. A profit-oriented company. So sometimes, people with high qualification doesn't generate good profit for us' (P2).*

The emphasis undoubtedly was about whether the applicant can perform and generate profits to the firm. Another participant shares similar sentiments specifically the inability of selected applicants to produce good work output. A participant from the focus group highlights concerns about recruiting applicants with right qualities, unfortunately, is a rather difficult task.

- *'They are so inexperienced, they don't have commercial sense, they are very used to being very academic. Let's say*, y*ou ask them to design flyers, they have no idea how to design' (P11).*
- *'Getting the right candidate. Quality' (FGP2).*

In contrast, one participant feels the applicants' level of competency is not a major issue. Good leadership and guidance help overcome any weakness in competency levels. The participant essentially emphasises that training help develop their competency and they have the capacity and capability to learn.

- *'I don't worry so much on their intelligence. I can lead them and guide them. So far, I think in Malaysia to get a right candidate, I have no issue with their quality' (P27).*

When an applicant has the right skill-sets for a job, it becomes a challenge to manage the expectations of the current staff. If the right applicant were given the job, it would mean they would be paid possibly higher, matching that specific skill sets.

- *'So when coming into this kind of family run…and all that, that's where we find it difficult, we feel that they are the right person, but by recruiting them, we will have issues with current staffs: "how come she is new and she can get such a privileges probably she gets less hour or more leaves and all that." So, managing that one person…is a one tough thing' (P9).*

The difficulty is to ensure equity between the new and current staff. SMEs will face tough situations when existing staffs' skill sets are not given due financial recognition, but new applicants are given better financial packages.

Firm size: The attraction among applicants in applying to larger, stable and more reputable organisations is a challenge for most SMEs. The statements below indicate how organisation size has implications when attempting to attract potential applicants.

- '*…mainly is that they would rather join bigger company because the name is there, people don't want to take a chance, joining a start-up, because there's not much stability there so they rather join Maxis and Petronas and all…the main challenge for small company like us, those who we want to employ, they rather go for stable companies' (P23).*
- *'we know our limitations. We cannot have the best because we cannot compete with Petronas or Maybank…We keep trying again and again. It's like going to a fishing trip. You do not go fishing and hope to catch a big fish in the first trip. We know it's a long search' (P09).*

The point raised by the participants demonstrates the difficulty SMEs face when trying to attract candidates. SMEs, when compared to large organisations such as Petronas, Maxis or Maybank, as highlighted by P09 and P23 obviously are the focus of applicants. It is always the perception that SMEs offer less attractive job scope and challenges compared to larger organisations. Applicants perceive large organisations offer better job stability and growth. The perception is SME businesses have a higher percentage of failure hence much riskier and lacks opportunities. As P09 aptly explains, SMEs have limitations but they keep trying knowing very well the search for the right applicant is

a very long process. The fishing analogy by P09 is a fitting description of how SMEs size becomes a challenge in attracting better applicants.

Financial Benefits: The preference among applicants for job stability in large organisations and having better work environment and financial packages.

- *'It is quite difficult, because financially we are not that sound, we cannot employ experienced programmers' (P7).*

Financial capability of SMEs in rewarding employees have direct relationship to the size of the organisations. Bigger organisations have better opportunities for applicants in terms of salary and benefit packages,

- '*the challenges that we face would be short-term workers. They work with us for a while then they leave because they have better offer' (P24).*

One of the participants from an architecture firm state,

- *'it also depends whether they are going around to find a better portfolio or expecting that you will give them a better price' (P22).*

Potential applicants seem to shop around in terms of a jobs' nature of the tasks and responsibility. Jobs that do not meet their expectations, will not attract but it looks like a trade-off between the jobs' nature and the salary offered. If the salary is attractive, applicants are willing to make some sacrifices about job expectations.

Firm reputation and name: Interestingly although it may be difficult to get good applicants some participants consider firm reputation and name makes a difference in attracting candidates.

- '*Sometimes it's about price, sometimes it's about prestige, sometimes it's about the type of work (P22).*

The prestige and kind of work the potential applicant undertakes in the SMEs influences their job decision choice, specifically either to accept or reject the job offer.

- *'Mainly is that they would rather join bigger company because the name is there, people don't want to take a chance, joining a start-up, because there's not much stability there so they rather join Maxis, Petronas and all' (P23)*.

When the firm is a start-up, it becomes challenging to attract potential candidates,

- ‘*to get a good candidate for this company is quite tough. First, candidate don't know about our company’ (P20)*.

This statement was further affirmed by another SME,

- ‘*Because website, they do not know about ISM. We have to educate them on ISM (P20).*

The participant was stating that how would applicants apply for a job if they did not know the existence of an organisation. This SME had difficulties in making themselves known publicly. Placing job vacancies in their website will not create visibility and bring in applications. Hence, it resonates with the overall point on why having a recognisable brand name creates attraction.

Firm attraction - signalling and branding SMEs do realise that they are unable to compete with large organisations in terms of financial rewards and benefits, recognition, career progression opportunities and job learning curve. Hence, some of the SME participants, P5’s statement below for example, explored ways to position their firms as means of signalling and branding through recruitment.

- ‘*First of all, we do it differently where we introduce our company in the ad. We invite them to look into the website. We are very particular with our website.’ (P5).*

Participant (P20) statement below clearly realises the challenge of attracting applicants to apply to the organisation. As mentioned above, and relates to the below statement, branding and awareness is an important part of the signalling process. Without people knowing who you are there will not be any attraction in applying for a position. The participant was trying to illustrate that trying to attract applicants to apply and simultaneously creating awareness and branding of the organisation is a juggling act. The participant goes on mention using social media is important but the organisation has yet to adopt it.

- *‘We need to do branding first. And then later the candidate will come in. To create branding and awareness, it is like juggling!’(P20).*

Posting job vacancies in company websites is the first step towards creating attention and attraction to the organisation.

- ‘*In case I do any of the job postings, the title itself is very important. What we did for Google (team), we have a team to run campaigns for*

Google. Instead of calling the post Content Management, which sounds boring. We changed it to Ninja. We used that name, so there were a lot of applicants. They will be like "What is Ninja?". So, this is the way how we attract people, using titles to attract more people to apply' (P6).

In this instance, the participant (P6) elaborates, attracting potential applicants to have the interest to apply for a job in SMEs requires creativity. Instead of using conventional job titles, the use of unusual job titles creates a form of signalling and curiosity.

Status Quo: Some SMEs feel there are no major challenges as they can recruit people without much difficulty. Three participant statements below share these similar sentiments.

- '*I wouldn't say it's a challenge. Because I don't see any challenge' (P25).*
- *'…no major challenges in terms of recruitment' (P21).*
- *'I think we don't have actually' (P30).*

Even if the employees leave suddenly, they are still able to recruit rather quickly as indicated by P8. Even though incidents such as these might be a challenge but P27 for instance confidently states it is not a major problem as long as they can attract and recruit qualified applicants.

- *'normally like competitors we don't have that kind of problem. Sometimes only 1 week, sometimes only 1 month. Some of them only half an hour and then they go. Yes' (P8).*
- *'…as long as we get the staff we require. Hiring and recruitment should not be a big issue' (P27).*

Imagine your staff just walking out after half-an-hour of work. The example given by P27 below, in this instance, applies to production staff in the factory. As a low paying job, if they feel it is not up to their expectation, they just leave without notice. The SME in this case can find a replacement rather quickly.

- *'The big issue is the laborers. Because the locals they can find job everywhere, they can jump here and there. OT they don't want. So long as we get the staff we require, hiring and recruitment should not be a big issue' (P27).*

It is clear that the lower paying jobs normally have a higher turnover hence SMEs feel when there is a sufficient pool of applicants for recruitment, and then it is not an issue.

4.3.5 Integrating organisations' strategy with recruitment and selection

In this section, the objective is *'to explore whether SMEs view the recruitment and selection process as an integral and strategic function towards achieving the person-job fit and person-organisation fit'.* In principle, the recruitment challenges faced by the SME employees responsible for HRM functions demonstrate if they have the understanding and capacity to link an organisation's strategy to their recruitment and selection.

Recruitment and selection process begins when vacant positions are made available. The availability is due to various factors such as business expansion, resignations, promotions, retirements and transfers. The organisations' strategy is an act of setting the priorities and utilising resources efficiently where employees and various stakeholders work towards a common goal as a team. The process of achieving the intended results requires effective human resource planning and time-based strategies.

Strategic partner: In the focus group discussion, two of the participants understood the importance of linking organisation strategy and recruitment and selection. They are able to distinguish the role of HRM as a strategic or business partner to the top management. Hence the participants state they have some degree of influence and opinion together with top management on HR issues when strategic business plans are put in place or executed.

- *'We "should" be serving as a business partner to them' (FGP1).*
- *'Strategic partner. We do propose in making decisions. We do influence them' (FGP3).*

The above situation is not the norm in most SMEs rather an exception. Most SMEs HRM policies are ad-hoc and not strategically driven. The top management's decisions are the focal point on how human resource functions are operationalised.

Top management decision: SMEs idea of linking strategy and recruitment of human resource is more of ad-hoc, primarily based on need.

- '*we plan but for now it is more on ad-hoc basis. It goes back to the economy today. Decided by the MD, it is a one-man show. We just support whatever plans the MD has' (P7).*

This particular response points out that SMEs typically rely on their CEO's or owners to determine its human resource direction.

- *'That is not under my capacity. That would be under my Executive Director and Managing Director. They would know what they want' (P13).*

Similarly, this response demonstrates human resources requirements decisions are by the top without much input from the other stakeholders. Human resource planning requires input from various stakeholder within the firm.

- *'If we are looking for a particular position, we will discuss among our department heads. We draft out a requirement for this position. We do this through email, where everyone can just add or delete through email, then we will come out with a requirement (P5)*.

As part of the integration between firm strategy and recruitment and selection activity, inputs from the stakeholders, in this instance department heads, help identify the human resource needs. The planning process requires an understanding of the internal needs not just limited to people but also the facilities to support the increase in the workforce.

- *'This is more of demand meets supply. Because at our current situation, we are having constraint in space and also labour and all that' (P9)'.*

Hence, would it be fair to make conclusions that SMEs view strategy, recruitment, and selection as two separate functions without any integration? The answers from other participants seem to indicate that this may not be true. Even if the true essence of integrating a firm's strategy with the recruitment and selection function may be ambiguous but there are glimpses of an attempt towards this integration.

Vision: A positive affirmation in the strategic use of organisation vision as a basis for recruitment and selection is strongly reiterated by one of the participants (P21),

- *'Most definitely. The vision of the company we want to be more than just an SME company in the marine engineering industry, so far it is looking at that direction… If the company visualizes to become bigger, then that means the staff has to grow bigger' (P21).*

Another participant (P29) states their company organises annual meetings with staff to discuss their plans,

- '*Despite these challenges some of the SMEs have made efforts to integrate these. 'We will tell them our vision and what we want to achieve every year' (P29).*

Participant P25 further emphasises the alignment of a firm's business strategy with human resource,

- *'…it is very much aligned. It has to be aligned. That is the core. My business is selling services to client, I don't sell product. I sell manpower. And when you talk about manpower, it goes back to HR. It is very much 100% aligned to HR. Which is very related. HR is the most important department for me, for this industry. I need to hire the right people, the right attitude, right mentality, discipline for me to service my client. I don't sell products; I sell manpower' (P25).*

This affirms that SMEs do see the importance of aligning a firm's strategy and human resource functions. The participant's very clear and strong emphasis validates this point. Another strong endorsement by the participant (P25) is stressing how HRM is an important department. Hiring the right people with the right attitude, mentality and discipline refers back to the first line in this thesis, "The People Make the Place". Clearly, this demonstrates when recruitment and selection functions are effectively executed, organisations will find applicants with the right fit.

Engagement: Further endorsement of this integration is the effort undertaken by this SME participant's (P20) CEO to engage with their employees on determining human resources needs,

- *'…here we have town hall. From town hall we gather all the suggestions and opinions. We collect everything and discuss with the management, but I cannot say it is 100% from the top management because we also gather opinions from the staff. Every quarter we must have the town hall. We need to know what other staff wants' (P20).*

It is rather uncommon to hear that SMEs engage their staff when determining human resource needs. The participant further explained that during the town hall meeting the CEO presents the SMEs vision, direction and revenue in a transparent manner. These plans show the integration between the firm's vision and strategy, and recruitment and selection of potential applicants in the short-term and long-term. One of the participants (P21) talked about the significance of human resource input into the firm's vision,

- '*so, as HR representative I believe that my input does affect a lot in the vision as well' (P21).*

Demand and supply: Another viewpoint that shows the integration is using the principle of demand and supply. This component is an element of the human resource planning process hence it has strong co-relation with a firm' strategy.

- '*For example, we expect last two years to be down, those who go, we don't rehire, especially in production side. Now find that the market is actually moving up, we need to hire. That is somehow how we link, between demand and supply. Because, I think our vision is right, our decision is right. We look at our market demand, we work this way, we find that it is quite successful' (P27).*

In this instance, the SME (P27) incorporates and integrates market demand of product with recruitment and selection activity. Another participant (P9) also talks about demand and supply which determines their recruitment strategy,

- *'this is more of demand meets supply…we are in the midst of moving to a new plant. So, foreseeing that, we have the plans of recruiting more staffs, admin staffs especially, and also production has to be increased…'(P9).*

Understandably, that most SMEs operate in a highly competitive environment where many decisions are ad-hoc in nature. The constraints in terms of human resource planning is evident when there is a high turnover, inability to offer high salaries and benefits, and lack of career growth. Hence, market forces determine the hiring of new employees.

Economic factors: The country's economic situation affects SMEs businesses. The introduction of GST has had an impact on cost and revenue hence the challenges in sustaining the business. One of the participants (P13) reiterates,

- '*I think you are totally aware of our economic situation now. So last year when there are few staffs had decided to leave, so my bosses had decided not to hire new staff (P13)'*

Another participant (P7) however laments that the competitive nature of their business environment hinders any proper planning hence their strategy is project-based,

- '*We used to but now our activities; our business is project based so for now, frankly speaking, we do not have any new business coming in. No new projection, we cannot do any (planning)' (P7).*

In this tough economic condition, being efficient in operations is crucial,

- *'We try to be efficient because now the economy actually is very tough. For example, if we could get 10% profit in the past, now less than 10%' (P17)*

SMEs generally face tougher business operating conditions in comparison to larger organisations. Due to the lack of sufficient resources, highly competitive labour market and ever-changing market conditions, SMEs need to adapt and evolve constantly.

4.3.6 Selection

In this section, research objective is to *'examine the current recruitment and selection practices adopted in the SMEs'*. Hence the focus is on the second part of this objective namely selection. The findings encompass elements on the methods used and the challenges faced by SMEs when sourcing for the right applicant. SMEs use selection methods that suit their needs. The methods used seem unstructured and lack clear processes. There are also issues of applicants pulling out of the application process or quitting after the probation period, which contributes to the difficulty in hiring a replacement. The selection methods do not encompass, any sophisticated techniques. Perceptions formed by the interviewer towards the prospective applicant is deemed as the best judge of fit. The three common methods relevant for the selection process are the interviews, tests, job description (JD) and specification (JS), and occasionally reference checks.

4.3.6.1 Interviews

Interviews are the primary selection method utilised by all of the SMEs. A sample of SME several participants statement below indicates interviews in SMEs are also unstructured and flexible. The interview can go on until the interview objectives are achieved.

- *'Kita ada borang dan temuduga' [We have forms and interview] (P1).*
- *'It is basically just interview' (P5).*

- *'…out of 20 people we called for interview, maybe 10 show up' (P12).*
- *'I will call them and get them to come for interview' (P11).*

Participant (P15) below states that before the interview a preliminary screening is conducted to gauge the applicant's demeanour over the phone. The participant adds that it is an informal aspect of the interview process to understand the applicant's nature. Judging an applicants' personality through phone conversation is a tall order but the participant stresses it is a good approach to adopt. It has worked for them, hence, they are happy to use this method.

- *'Before the interview, we will do a phone screen. From the tone of answering or manners, you can know what kind of person you are inviting. Formal conversation is very rigid and difficult to understand someone. So we will use informal conversation to find out or recognize the personality' (P15).*

An interesting interview process is when the applicant attends together with parents. This is a very unusual phenomenon when parents or one parent essentially accompanies the child and attends the interview.

- *'…can you believe it, we have a fresh graduate who had come here, and the father and mother come along with the interviewee' (P11)*.

In a particular case, the mother had actually negotiated the salary on behalf of the child,

- *'…when we offer, the mother will say oh my daughter wants this amount. Mother will negotiate' (P11)*.

Even to the extent how long the child works in the office is dictated by the mother,

- '*…at 6pm sharp the mother will call and 'ask why are you still in office'? It's so irritating ok. We work from 9 until 6, but 6.05pm the mother comes and says, 'you still in office'? You are wasting your time you know' (P11).*

This particular SME had more twists and turns when it was revealed, in another incident a father actually sat in the interview with the daughter. He invited himself in.

- '*I interviewed one, father and daughter, whole interview the father answered, the girl just kept quiet' (P11).*

The researcher questioned the reasons for choosing such applicants when the child is still dependent. The SME participant said they were just being polite but normally they

do not hire such applicants. The parent will also keep calling after the interview, to determine if the child got the job. If they are not satisfied, they will want to know the reasons, hence it can be exasperating,

- *'…after the interview the father kept calling me and asked how the status was, 'how was my girl, did she pass or did she not?'… Sometimes I am not very direct in rejecting them in the interview. That's why after the interview, after an hour, the father called me 'How? You confirm my daughter or not?' (P11).*

The researcher did not correct the sentence structure here intentionally. The purpose is to capture the spirit of the conversation. As an example, stating 'How'' means a combination of several meanings that expresses a questioning or inquiring state of mind of 'what is the outcome?', what do you think?', 'have you decided'? The next sentence 'you confirm my daughter or not?', the part of the sentence which has been underlined, implies 'could you confirm, has my daughter been offered the job?'. The context of the above conversation is the nature of spoken Malaysian English, which has the strong influence of sentence structures of local spoken languages and dialects specifically Malay, Chinese and Tamil languages.

SMEs who use recruitment agencies normally have the pre-screening interview done by the agencies. Hence, only the qualified applicants are sent to the SME for the next round of interviews.

- '*I go through recruitment agents. Especially for higher end positions, I try to go through recruiters, because it is easier in terms of the candidates has already been screened and interviewed. Therefore, the candidates are more tailored to what I'm looking for. Because it is their job to find me the right one' (P12).*

Among the FG participants, six of the SMEs utilise on-line recruitment portals. The main job portal is Job Street and Linked-in. One of participant does not advertise but uses the internship method in the selection process. The selection process approach is generally a standard method used by most organisations but the participant from the firm offering team building programmes offers an interesting point,

- *Resume wise (it is) hopeless. We set criteria. Based on our experience, if they send through email, frankly speaking we don't open all the email. …my company don't want to get those who are too smart, don't want them to teach us. Fresh grads are wasting our money' (FGP5).*

The intention of not hiring a smart applicant is strange. Whether the approach is correct or wrong, is open for debate. The participant (FGP5) reiterates it is a decision that has worked for their organisation and they will continue to do so. The participant was asked why not hire the best applicant based on their qualifications and how they perform during the selection process. The selected applicant could be a high scoring undergraduate possibly with first-class results or an applicant who may have obtained a second-class qualification. Ultimately, the selection decision assessment is not solely by the exam results but also the applicant's ability in demonstrating qualities fitting the job during the selection process.

The interview process defers according to the type of job. There are two stages of interview, preliminary and followed by the in-depth. An illustration of this is participant P9. Normally lower level posts only require a first stage interview and higher-level posts require a second stage interview involving the SME owner. It is also evident that even if it is a lower level position the final approval decision has to be by the SME owner/manager. For lower-levels posts, the SME owners do not personally conduct the interviews but delegate to their designated staff. The overall selection process is straightforward without the use of any sophisticated interview techniques. It is fulfilling expectations at both ends, determining if the applicants' desires match what the SME can offer. Finding the fit not just in terms of the job but also the expectations an applicant would have towards the job.

> *…we will have first round of interview seeing what are they here for, firstly because usually if they walk in, they just come in and see if there is any vacancy that can be filled up. So that will be a very general interview. So when there is an interview, …we see what's their demand and what's ours, if is OK, …they will fit, then we take it to the boss, we will pass the proposal seeing the skill, salary and everything. If he finds OK, if it's for first level, we usually can approve, if this person is OK, so that person's interview will be done. If it's for like executive level or higher, then we will call a second interview with the boss, then he decides' (P9).*

In contrast, one of the participant (P22) states only one interview is required. The nature of the business in architecture only requires the company directors to select applicants with specific architecture drawing skills. Portfolio of work produced by the

applicant are the criteria used during interviews to determine suitability of applicants. The only exception is for administrative posts requiring two interviews.

> *'…we are looking for something very, very particular. We never spend more than one interview. Unless I'm looking for an accounts exec, then it is something else' (P22).*

Interviews, as expected, are the common method but whether they are effectively executed is a point for reflection. It is challenging to determine the suitability of an applicant by just relying on interviews. As pointed out in the statement below, during the interview some applicants are able to demonstrate qualities to impress the interviewer but in reality, they may be the opposite. In the actual job environment, however, the applicant fails to perform based on the impression and observation noted during the interview.

> *'But based on the first impression, definitely it is very hard to say. You can talk very much on the first impression but later in front of people you are quiet. So we try our best in interviewing a person, but actually it is very subjective' (P16).*

The interview is a predictive selection tool. As a predictive tool, its functions are to assist interviewers to make predictive judgements about an applicant's suitability to a job in terms of their knowledge, skills, abilities and others. The probability of finding the right applicant and making correct judgements increases when the interview administration techniques are effective. Interview techniques encompassing interview format/methods, type of questions and observations are important input criteria towards quality selection decision.

Evidence shows that interviews and technical based tests are important and commonly used methods in SMEs. Thirty-two SMEs use interviews and seven use technical based tests. Four other SMEs use behavioural or personality based tests however only one SME uses an IQ based test. Also interesting to note that four SMEs have an informal pre-interview 'getting to know session' with the participants (see Appendix 14 for depicting a table of common selection methods utilised by SMEs)

4.3.6.2 Job tests

The type of tests used vary according to the needs of the SMEs. Many of these tests are basic and attempts to determine suitability of the applicant.

- *'First, before they interview, we have normal form to fill up. We have quizzes. Mathematical quiz, attitude quiz (P20).*

They are normally technical or job specific based questions.

- '*We have technical questionnaires for the programmers and electronics… most of our candidates are from electronics; electrical background. So, there is a set of questionnaires for them' (P7).*
- *'Our company we send strengths-finder link and they do assessment for us from there. After that… this assessment shows the character of this person, like profiling. If they are suitable then we will get them to come in and do the interview' (FGP4)*

Interestingly, SMEs do have tests before interviews. FGP4 for example emails a 'personality assessment tool' web-link to its applicants to complete. The decision to call for an interview is based on the outcome of the personality profile. Even though these tests are not the sophisticated behavioural-based assessments, but as a modest testing tool, it delivers the intended result for the interviewer. However, one of the SMEs does not believe in tests,

- *'so far I don't have any tests because in the travel industry it is more towards service. We are in service industry, not on the paperwork. Not through questions and answers on papers' (P32).*

SMEs not having tests prior to an interview or even appointment is not a surprise; rather SMEs that have these tests in place indicate their efforts to be more professional. One such example,

- *'My chairman is NLP (neuro linguistic programming) qualified. He goes for training and imparts knowledge to us and we have character test, personality test. That at least helps to judge or know the candidate a little bit more before we sit down and go through the interview' (P12).*

The SME participant P12 explains *'most of the time',* the personality-based tests have to a large extent '80-90 per cent' proven its reliability when the applicant demonstrates, performance characteristics identified in the tests. Another FG

participant echoes similar sentiment, using a behavioural interview technique as a means to gauge the suitability of the applicant to not only the job but also the core values and culture of the firm.

- *We have created a sample questionnaire for our managers, on what kind of questions to ask based on our core values. Yes, actually we ask them to describe instances … because integrity is important because we are in pharma you see so we got all the pharma quotes you know. So we ask things like 'have you been in situation where your doctor ask for certain things…' so we also incorporate our core values into the questions' (FGP1).*

The scope of the interview is in-depth probing on the past job experience. The objective is to gauge an applicant's ability to present his/her achievements clearly and concisely that demonstrates a core understanding of the job. Hence, this method weeds out applicants who talk without substantial knowledge of the tasks, duties and responsibilities of the job. The focus is on eliciting specific quality responses from applicants. The participant explains, to achieve this, managers are put through 'role play' training that prepares them to use and conduct the behavioural interview technique.

- *'So we rephrase a lot of the questions and this is something that we do a lot of, as role play with our managers, to train them to use the BEI technique…' (FGP1)*.

4.3.6.3 Selection issues

The findings below will address the research question on the current recruitment and selection practices adopted in SMEs with specific emphasis on 'the challenges faced in the recruitment and selection function?' As mentioned previously, the focus will be on the second part, which is selection. The objective is to explore why SMEs face difficulty in selecting the right applicant.

It is unusual for one of the participants to state applicant's qualifications can be a problem for them, either to hire a high achiever or someone with weaker results.

- *'Yes, but we do not want too high qualification too. It makes us worried. Low qualification also makes us worried. Hence, the qualification must meet the criteria we want' (P2).*

The participant is more concerned about the applicant's ability to perform in their tasks and it is not about the results of one's qualification. Understandably, SMEs who end up hiring highly qualified applicants face the high probability of them leaving sooner than later. These applicants learn and gain as much as possible relevant experience before embarking on a new career. Hiring lesser-qualified applicants may be a safer bet but the level of performance may not be up to the expectations. Hence, this is the dilemma faced by SMEs in retaining qualified employees as the ambition and aspirations for career opportunities are more favourable in larger organisations.

A concern highlighted by P12 is the almost perfect resumes received by them.

- *'Some of them, their resume looks really fantastic, fluent English, perfect writer and then the test is like 15/40 or 13/40. Something is wrong. …genuine copy and paste. I feel these days it is hard to judge based on paper submission anymore. That's why we have those tests at least it gives me a little bit of judgement. Some of my head of departments actually do phone interviews'.*

In this case, the P12 SME practices a very structured recruitment and selection process. The use of various steps in the selection helps reduce ambiguity and applicants with the right competencies are selected. In another case the FGP5 highlights that *'body language'*…, *'the way he talks, walks and postures, the way he answers'* can determine if the applicant is suitable for the job. Also, the participant adds this decision can be made in five minutes. This point is also discussed further as part of the 'fit' dimension. It is a concern, however, when a participant considers this as an assessment decision used to hire an applicant. The challenge is to find the optimal hiring decision process. What best techniques and approaches could be used to make these decisions? Another challenge highlighted by a FG participant is the type of questions asked by newcomers which reflects on the focus and priority of these applicants,

- *'…nowadays the newcomers will come in and ask, what is the working hours, how many off days. Some even come in for interview and bring parents also.'(FGP4)*

The questions are legitimate, but the participant feels applicants must show interest in the essence of the job, not merely the benefits. Hence, the perception formed by SME participants on young graduates is rather negative. The character and personality

are doubted when the applicant is seen as dependent. One of FG participant explains that her firm uses behaviour-based interviews, which ensures the selection process is more robust and precise. The challenge of pointing out to SMEs those using ambiguous and untested selection methods fails to produce the intended results.

Another view describing the selection challenge by a focus group participant is about the challenges of training and developing fresh graduates.

- *'We also cut down on fresh grads, it takes too much of time training and teaching and they leave, they won't stay long' (FGP1)*

The participant feels that the employment life-cycle of young graduates are short and the person development investments go to waste when these newly hired employees leave for better prospects. When SMEs face these types of challenges, they are reluctant to employ fresh graduates hence job opportunities for them are limited. The participant laments about the attitude of these graduates who lacks any loyalty to the organisation. The participant feels new graduates take the first step into SMEs as the training ground and then takes a big leap as a progression into large organisations.

4.3.7 Relevance of fit

In this section, the research objective is to explore if *'SMEs view the person-job fit and person-organisation fit as a strategic and integral function of the recruitment and selection process?'* Based on this fundamental research objective the questions explored encompass i) do SMEs attract and select the right talent based on the PJ fit and PO Fit, ii) how do they determine the 'fit' criteria and iii) are there innovative PJ and PO fit based recruitment and selection practices among the SMEs?

The process of fit starts with knowing what constitutes the criteria for the vacant position. Here the job description and specification provide key specifics in determining the applicant's suitability for the job. Factors such as occupational characteristics, firm attributes, job attributes, workload, performance expectations and key activities are components relevant to the description. Whereas specifications incorporate components of aptitude, experience, education, values, interests and preferences. Selection decisions are influenced by these components of fit.

4.3.7.1 Job descriptions and specifications

Eleven SMEs indicate they have a description and specification of the job. The other SMEs however state these are just a general guide on the criteria required for the job.

- '*Yes, everybody has their own job description' (P13)*.
- '*Yes, we have a job description' (P30)*.

Other organisations also share the emphasis that all the jobs have their job description. One of the participants explains and emphasise, it is a requirement under ISO hence the need to comply with this.

- '*Yes, we are under ISO whereby this is part of the resource management (JD) that we have to comply (P16).*

The department heads and human resource write the job description,

- '*we have a list of job description and we will base on that. Both HR and head of department does the JD' (P10).*

In this instance, the job and position descriptions are prepared by two parties, which is illustrated by one of the participants,

- '*JD is done by the respective department' (P12)* whereas another participant explains
- '*HR prepares the JD' (P31)*.

There are three different responses on who is responsible for preparing the description and specification. Generally, the human resource and the respective departments work together in writing the key criteria and expectations of a particular job. The purpose of this effort is to ensure the description and specification comprehensively. Hence, the human resource staff has the knowledge and experience in capturing the job description tasks, duties and responsibilities, and job specification knowledge, skills and abilities accurately since this has an overall impact on other human resource functions. An example of its relevance and importance is during the recruitment process,

- *'We will put the description of the job in the advertisement itself. We will put our requirements in the advertisement itself' (P29).*

In some SMEs, the job description and specification are not available,

- *'We don't have official documents yet – JD' (P21)* or it is available only for specific positions,

- ‘*Only production has a job description’ (P27).*

In this instance, the SME did not think it was important to have for all the other positions. This is not a surprise, as small organisations normally do not have many processes hence the informality of its human resource functions. However, one other SME participant explained, upon her appointment to manage human resource in the organisation, she emphasised the need for descriptions. She then engaged with key stakeholders in the firm to develop these descriptions,

- ‘*Previously, this company has no JD, so once I come in here, I told my boss this cannot be like this. So, we come out with a JD. So, when I come in, from then on, we have JD. We created our own JD, I will sit down with the Operation Manager; what kind of staff; do what kind of stuff, because they are the immediate supervisor. So, then we will write down. So clearly in the interview we tell the staff this is what you need to do and all’ (P18).*

Another participant (P22) mentions about the need to develop new job descriptions and review existing ones since they have not conducted this exercise for a long time. The realisation of job descriptions importance is a good indicator of how SMEs understand the implications of hiring without proper competency criteria. As an architectural SME, the participant emphasises the creative nature of their business hence the awareness to have job descriptions that state the creative process and requirements.

- *‘I’m trying to develop the new job description for the admin accounts. Because it has been held on for such a long time, it’s not been revaluated’ (P22).*

Participant (P27) goes on to add that job descriptions do not change much. Due to ISO requirements, a review takes place and job descriptions are developed only when new posts are created. This demonstrates audits tend to put pressure on organisations to keep relevant documents updated. Frequent review of job descriptions and specifications with consultations of job-related stakeholders are important inputs towards ensuring the documenting of specific job and person requirements. In response to the question on the frequency of updating specifications, participant (P10) explains they conduct a review every 2 years. This is a good practice and in terms of input for description or specification, it is evident that job knowledge provides specific information hence adding value.

- *'Because we are ISO company, every year we need to review but normally we don't change much unless we create a new position' (P27).*
- *'Basically, I am from the technical background. I use that knowledge as an added value to that job description. It depends actually. But normally every 2 years' (P10).*

How are the job descriptions and specifications developed? Not all human resource staff in SMEs have all the information at hand when preparing these documents. As one of the participants explains quite aptly Google it. Information on job descriptions and specifications for various jobs are widely available on the web. Hence, it is not a difficult task when one utilises available web-based tools for this purpose.

- *'You can Google and many examples of different JD; you just pick and choose what are the things that suitable to us. We are in this era, we should use the tools, the tools are supposed to help us. Not make us more confused' (P29).*

4.3.7.2 Person-job (PJ) fit

The challenges SMEs face in attracting the right applicant include communication competency, attitude and personality, Gen Y preferring substantial extrinsic rewards and an inspiring leader-member relationship. The factors listed and discussed below seem to be the basis of towards the perception of fit.

Capability to communicate: In this instance, the response shows that no specific selection tool is used to evaluate the degree or level of competency of the applicant.

- '*So far no. We don't have any tools; it's more of verbal and how they share experience and what they know about that particular function' (P9).*

The response emphasises the ability of the applicant to communicate his or her experience effectively for a particular job. The role and importance of communication as a component of PJ fit is not to be down-played,

- '*I will usually take 30 minutes to about 1 hour to just talk to each other. Because I do not want to know how good you are in your portfolio and, experiences with high rises, resorts and what not. But it also comes down to the point, where, when you can't communicate with people, always having quarrels (P16).*

This particular point resonates with the SME participant since the architecture firm deals with construction projects and clients with very high expectations. Hence the focus on good communication skills.

Interact and convince: An applicant who is capable to convince with an excellent command of a language could easily influence interviewer perceptions,

- '*… primarily I would look at how the person would interact with me, interaction counts in my case, whether you can converse in a way where it is not only business but also sidestep from the main topic, and also come back to the actual topic of business. So that is what I look for…' (P23).*

This SME participant reiterates the point about the ability to interact and communicate effectively hence demonstrating the capability of the applicant.

Communicate and relate: The following participant highlights the relationship between communication and human relations.

- *'During my personal interview, communication and how they react on their human relation is important. But, based on the first impression, definitely, it is very hard to say. You can talk very much on the first impression but later in front of people, you are quiet. So, we try our best interviewing a person, actually it is very subjective' (P16).*

Hence, the participant admits that it is difficult to judge based on first impressions, in fact, acknowledges that even interviews are subjective. A big part of the interviewer's task is to identify the facts of the matter and ignore the hyperbole statements of the applicants. Communication is not just the ability to speak well but also the applicant's ability to work together with others, developing camaraderie,

- '*If the person can speak but doesn't gel with the team then no point also. No man is an island' (P23).*

Applicant Character – the task of evaluating and constructing an opinion on an applicant's character is quite subjective and difficult. During the selection process, interviewers need to be mindful of making biased conclusions regarding one's character.

Attitude and personality*:* The methods used to judge attitude and character of an applicant is purely on perception and observation. The three participants below

demonstrate the subjective judgement used to evaluate attitude and personality. Conclusions made based on eye contacts or chemistry are vague and is not the best way to determine the suitability of an applicant for the job. Forming perceptions about an applicant's personality solely by this approach is flawed and unreliable.

- *'We will look at the attitude. Attitude comes first. Appearance. Before the interview, we will do a phone screen. From the tone of answering or manners, you can know what kind of person you are inviting' (P15).*
- *'his personality that we can judge through the eye to eye contact' (P05).*
- *'…we look at their eye contact, whether we have a chemistry with the person (P04)*

Even if the SME receives highly skilled applicants, the ultimate decider is the attitude.

- *'So, attitude is very important, even excellent staff (in terms of skills,) but if their attitude is not there (good attitude), (that is) also not good' (P11).*

A high performing staff with a poor attitude will not bring benefits to the firm as this personality affects the dynamics of the work environment.

Discipline and expertise: The manners portrayed by an applicant is closely associated with his or her discipline. This particular SME believes employees who have disciplined work ethics demonstrate it through the skilled outputs.

- '*Lebih fokus kepada kemahiran dan disiplin. Dua ini sahaja. Ertinya bila temuduga itu berlangsung, soalan berkaitan dengan discipline dan tentang kemahiran yang kita akan berlega-lega' (Main focus is on expertise and discipline. During the interview most of the questions relates to expertise and discipline) (P1).*

Informal conversation – tone of voice; appearance: Interestingly the participant highlights that informal discussions are a crucial element of identifying an applicant's personality.

- '*There are some questions for you to trigger all kinds of pattern. Basically, it is an informal conversation. Formal conversation is very rigid and difficult to understand someone. So, we will use informal conversation to find out or recognize the personality' (P15).*

When asked about the questions that can trigger the ability to recognise personality, the participant feels the tone of voice, manners and appearance are factors relevant to judge character. When the interviewer relies on 'tone of voice or manners' as a factor in their judgement, this reflects the flaw in the selection decision process. It is very subjective and an unreliable verdict which seems more likely to be a convenient step towards fast decisions.

Goodness: Another participant feels that an applicant can be effective if the personality is good.

- '*It depends on the situation as well, like if the candidate is good, good personality and they give performance then we think it's effective. Sometimes maybe there is some problem with them' (P8).*

The argument that good personality and performance during the interview can be a basis to judge the effectiveness of an applicant is a rather strange statement. When asked how this could be possible, the idea that during the interview if the personality is not up to the expectation then that could be a problem. One of the participants highlighted applicants '*Have to be honest, responsible and patient' (P17).* These traits demonstrate qualities of a personality who may be trust-worthy and show interest in learning.

Positivity vs timidity – gut feeling inference: another SME participant also mentioned this point,

- '*First attitude and knowledge. If you are a fresh graduate then we understand, if let's say your attitude is positive, my CEO wants a positive person. If let's say you are very timid, that one (is) also a criterion for us' (P20).*

In this instance, attitude evaluation is by the positivity or timidity of the applicant. Perceptions of an individual's attitude are purely judgemental – possibly a gut-feeling inference.

- *From their answers, we will know' (P2).*

Making assumptions about one's attitude or personality purely on the sixth sense is a moot point.

Eagerness to learn and hardworking: Demonstrating one's attitude of eagerness and intention to learn are perceived as positive aspects of a hardworking individual.

- '*The most important thing is your eagerness and intention. Do you want to learn? Are you hardworking? Do you really want to learn? It is more about mind-set and character. That is the most important thing (P6)*.
- *'SPM leavers that seem eager and really wants to work. And willing to do the job. That would be the difference' (P12).*

This relates to the conduct of the applicant during the interview specifically forming perceptions based on the personality and expression of thoughts. Participant P12 highlights that applicants with SPM qualifications (local high school exams equivalent to 'O' levels qualifications) tend to demonstrate a strong desire to learn and show hard work. Desire to learn and improve is an important measure of fit when evaluating applicants as this demonstrates the individuals' interest towards the continuous elevation of their KSAs.

Experience – the accumulation of years of job-related knowledge, capability and skills in various work environments are crucial points of inputs.

Past work experience: When determining the suitability of an applicant, an important factor to consider is to review their past work experience.

- '*If you are hiring an experienced person, you look for what they have done in marketing and so forth. '…whether their personality would fit into the job description…' (P23)*.

The applicant's past work experience is a fundamental component in identifying whether the person fits the job. Another SME participant, expressing the importance of experience, shares a similar sentiment,

- *'first thing, we will look for experienced people. Sometimes these people do not have any experience, but they say that they want to learn. We can give them the opportunity, as we can determine whether the candidate is experienced or not (P4).*

The SME gives the opportunity to both the experienced and those wanting to gain experience through proper exposure.

Multi-tasking: The type of work done previously either a specific or multi-tasking work is matched against the job description.

- '*Firstly, is looking back to the history of the work, what kind of work they have done. So, based on that if they are multi-tasking meaning first job is admin clerk, the second job is purchasing, and then the third one comes with a different one (P9).*

The SME participant felt this multi-tasking experience is a useful gauge in shaping perceptions.

- '*So, we usually ask why you go for a different kind of job. So, some are very adventurous, they said: "I don't want to do the same job", so that could be one thing that it will be good for us, they are able to take it' (P9).*

The participant explains when an applicant has this multi-skilled experience; he or she brings new ideas and approaches that are valuable to an SME. The ability to manage various tasks and responsibilities quite independently creates more job flexibility.

Competency and skills: One key component to assessing PJ fit is the level of competency and skills. During the recruitment phase, the described details regarding the required skill sets are part of the job description and specification. These specified tasks, duties and responsibilities in addition to the knowledge, skills and abilities form the basis in determining the suitability of the applicant. Hence, for PJ fit these factors are one of the key criteria,

- '*We go more on the skills. Your capability, your abilities. And the skills that you have. Someone that can multitask, proactive, they have the mind-set to learn and not guided by the book. If something goes wrong, their routine studies. They can't move, they are stuck' (P15).*

The participant explains the relevance of skills, capability and abilities in addition to the positive attitude as success factors for PJ fit.

Probation assessment: Even though experience is important in determining the fit criteria, using probation to assess PJ fit is another option,

- *'first criteria, is of course, the working experience. If you plan to have that staff on a permanent basis; then maybe after 6 months, after the probation we will look at the education background, working experience, and also the attitude (P10)*.

The firm feels probations are a useful method to gauge the PJ fit. Hence, evaluation of experience, qualifications and attitudes are only at the end of the probation period. In

this instance, prejudiced perceptions, ambiguous decisions, or sixth-sense decisions affecting one's decision criteria might diminish. At the end of the probation, the SME firm decides whether to employ the applicant on a permanent basis. This is not the conventional method of hiring, rather it gives an opportunity to an applicant to prove to the employer why he or she should be hired.

Job trial as PO fit: Using job trials as an approach to determine PO fit is one of the steps taken by the SMEs. One of the participants highlights that,

- *'During the walk-in interview, you already know face to face this person. The value that this person might bring. …we also open an on the job training period during the first week. So, during this period, you already know that this person is able to fit in the organization. How fast they can fit, and whether they can fit…' (P15).*
- *'I'll give them one-week trial. For me, first session is important and we have to be willing to take the risk' (P3).*

Trials, as stated by P3, indicates whether the applicant has the right capability for the job. They would need to showcase their talent and competency. Hence, the one-week trial is an example of steps put in place by the SME to determine the suitability of the applicant. Another participant mentions a trial period as a basis to determine fit.

- '*So, in terms of job fit, we normally arrange a trial period. About 3-5 days, to see if he or she is able to adapt' (P7).*

Even though the participants' highlight that job trials are useful methods to determine PJ fit, it may be more sensible to categorise this point as a component of PO fit. The issue in this instance is the understanding of PO fit and PJ fit among the participants. Most seem to think both these elements are the same hence the simplistic assumption of the characteristics as similar. The responses do not truly provide a clear representation of how attitude or personality is a contributing factor towards fit.

4.3.7.3 Person-organisation (PO) fit

The discussion about PO fit in this section involves six factors that are, core values, integrity and loyalty, culture, religion and faith, learning orientation and impressions. Based on the analysis of the findings, these factors could be the fundamental elements SMEs can consider as part of the recruitment and selection process.

Core values: The understanding and expectations of fit in SMEs are somewhat diverse. The responses in some instances are specific and, in some cases, vague. The elements of fit championed by the participants tend to be expectations determined by the founders or interviewer, driven by their personal beliefs and values. One of the FG participants describes quite aptly the challenges of fit,

- *'…whether they can fit into the culture and all that, that is the tricky part…'(FGP1)*

It is tricky because the judgements one makes on the suitability of an applicant to adapt to the firms' core values is always a risk. The participant explains further that their firm has a specific questionnaire used by managers during interviews to gauge an applicant's core values,

- '*We have created a sample questionnaire for our managers, on what kind of questions to ask based on our core values. Yes, actually we ask them to describe instances … because integrity is important because we are in pharma you see so we got all the pharma quotes you know. so we ask things like 'have you been in a situation where your doctor asks for certain things…' so we also incorporate our core values into the questions' (FGP1)*

Considering that SMEs are small, and number of the employees is not large, it is important to make the right decision. Instances of misfit will affect the overall operations of the firm as multi-tasking is a core element in most SMEs. Contributions from every employee in the firm are very crucial due to the multi-tasking nature of the jobs they perform.

Integrity and loyalty: Two key aspects highlighted in this instance are integrity and loyalty. The participant believes for the firm's growth and survival an applicant must demonstrate integrity and loyalty. Integrity is the key element that demonstrates fit to the organisation as mentioned by participant P1;

- '*…pertama, kita perlukan integriti dan loyalty yang tinggi kepada syarikat. Terutamanya integriti kerana dia tidak akan sama-sama untuk terus maju dan survive dalam zaman yang penuh dengan cabaran ini' (P1). [first, we need high levels of integrity and loyalty to the company. Specifically, integrity because in times of great challenge it is important for survival and development}*

In a similar tone, another participant (P9) below spoke about applicants who 'spill the beans' on their former employers. The emotional manner of discrediting their former

employer indicates the failure to fit in their previous firm. Applicants complaining in such ways may give signals of the possibility of having the same problem in a new organisation. In this case, the participant feels these applicants may demonstrate the same behaviour hence their integrity and loyalty are questionable,

- *'…when sometimes we ask questions and the way they explain, and some get emotional about past employers and all that, so that also trigger us like "OK, if anything goes wrong here this will repeat somewhere else". So, we do not usually take people who complains too much of past employers, previous employers and all that' (P9).*

The participant adds that normally they do not select job applicants who demonstrate such behaviours.

Culture: Culture is a combination of various aspects, which is both covert and overt. The Iceberg reference is a good way to understand that only one-third of an organisations' culture is visible whereas two-thirds are hidden. These invisible elements of an organisations' culture determine if a person can fit into the organization or otherwise. As explained by a participant,

- '…*the culture. This is very important. That is why I said during the interview. I will tell them about the culture and such. Then they will tell you that they have no problem. Some of them joined for one or two days, and the next day they disappeared. It depends on the individual. It is very subjective. For the candidates who can stay on and adapt to the environment that is the one that we are looking for' (P19).*

Adapting to the new work environment's specific ways of communication, building relationships, engagement and work ethics can become a challenge. Applicants who come with certain ingrained expectations, which is not compatible with the new firm's 'way of doing things' can become frustrated.

One of the participant highlights that the answer given by an applicant during the interview is a strong indicator in judging whether the applicant can fit the organisation and job,

- *'Basically, in an interview, you would be able to judge that. But depending on how they respond during the interviews, we see, here we have a very soft culture, very polite to each other, so if somebody is coming in very strict, I am like this, I am like that, I am very systematic like that, so we will feel like actually, he will be able to catch up with*

the flow here, sometimes we have very relaxed mode, sometimes we have high mode, so depends…' (P9).

In this case, the participant speaks about the personality of an applicant during the interview that gives the interviewer clues on whether he/she can fit into the organisation. One of the FG participants explains how several factors are analysed as a means to determine the PO fit. The criteria used to gauge applicant suitability is not entirely proper.

- *'We look at the body language. Quite difficult… the way they answer the questions, the way they handle the conversations, the communication skills are very important. You can make a decision within 5 minutes if you want to hire him or not. The way he walks, talks, postures, the way he answers; because I have been doing this interview for more than 15 years. 45% only. But like what she said, it is based on luck. Some flaw in my system because we got no time. Because some of them can pretend to be somebody during the interview. That is the research conducted by UKM, I read the report. For number 1 job fit is ok, organisation fit is difficult. You can even ask an HR expert also. We also use NLP for culture. But we modify. Whether they can get along with us or not'(FGP5).*

Analysis and evaluation of the response interestingly produced several factors perceived as part of the 'fit'. First is the unusual assessment of 'body language' and 'the way he talks, walks, postures…' This form of judgement is indeed 'based on luck'. The possibility of making an informed and quality selection decision becomes flawed. It is not the ideal approach to make PO fit decisions in five minutes by observing the physical movement and traits of an applicant. Identifying whether the applicant can adapt to the firm's culture by utilising the NLP method might be an acceptable method to determine fit. Even though the participant justifies the 15-year's interview experience but judgements on PO fit using valid and reliable selection tools should be carefully structured and evaluated. Subjective judgements will always contribute in part when determining PO fit, but it should not be the primary reference instead it should be complementary hence the 15 year's interview experience is an asset.

Another aspect deemed as an innovative approach in determining PO fit in the recruitment and selection process is identifying the applicant's social media interaction as a potential indicator of fit.

- *'…we ask them who do you hang out with, who you actually go to get data/info? Where do you hang out and with whom? This will generate questions. This is a part of social network methodology' (P19).*

Analysing the social media habits of applicants in Facebook, Twitter and Linked–In provides information and data that is useful in determining the PO fit. In this case, the SME uses a social network analysis software to analyse the social habits of applicants. This information allows the SME to not only do reference and background checks of the applicant but also their social networks. The applicant's social media activity gives clues towards determining the PO fit suitability. The particular organisation does the social network data analysis only if the applicant grants permission. This process of identifying PO fit is quite remarkable, especially for an SME. However, the SME concerned is in a high-tech industry providing engineering and testing services for airbus aeroplane components hence the purpose for using this method. The participant believes utilising this tool assists in identifying the right fit as they prefer to hire applicants, who fit their expectations, values and culture.

One of the elements of culture highlighted is the feeling of a family environment in the workplace,

- '*here it is like working in a family… but based on the organization culture, only after working we know if the staff is fit or not. Maybe our culture is to be punctual at 9 am – 6 pm, maybe their previous organisation is flexible so if they suddenly come here, they cannot be flexible, so they cannot fit in' (P18).*

The statement given seems to indicate more of expectations but the sense here is if staff are treated like a family, they tend to be disciplined and committed to the firm. The participant adds there are clear explanations during the interviews and monitored during the new staff's probation period.

Religion and faith: The role of religion in establishing PO fit is an uncommon phenomenon. This is an innovative PO fit approach in the recruitment and selection process. This is a rather specific and unique approach. It makes sense when the organisation has applicants and employees who are of the same religious faith. The faith-based principle adopted here is the Islamic faith as a binding force that glues the person to the organisation.

- *'We have established our core values and the <u>most important thing is the Islamic belief because most of our staff is Islamic'</u> (P10).*

Would it be appropriate that PO fit is associated with religion and its beliefs? Religion becomes the fundamental element of the organisations' culture, which inculcates religious values and practices as part of the firm. Hence, an applicant is selected based on these values and they are encouraged to always be sensitive to the tenets of the Islamic faith in their work ethics. The faith-based work ethics also extends beyond the work environment to the employees' personal life. The organisation's values and aims are to develop not only PO fit but also duty and responsibility towards ones' family. Similarly, another participant shares,

- '*…fit into the organization is based on your core values, where you talk about UMII, where you use that as a basis, to see if they fit the organization. So, I presume that is the way'… (P14).*

This is another element of the Islamic values used as a basis to establish fit. UMII means <u>'U' - *Ubudiyah*</u> to God, which is believing and submitting to God; <u>'M' – *Masyuwlia*</u> is responsibility, which is all that we do is for God; <u>'I' - *Islah*</u> means something related to innovation or to improve and be better; <u>'I'- *Ikthan*</u> refers to aspects of effort. Hence, the participant reiterates that the concept of UMII is a key part of the SMEs values and philosophy.

Learning orientation: PO fit is not necessarily limited to culture or values, the inclination to learn is an aspect to explore. The participant mentions that patience is the key to learning and the applicant must be inclined to learn,

- '*They have to be patient because they have to learn, for example, if they know nothing about computer, we will teach them here. <u>Want to work, interested to work, want to learn</u>, these are important factors, others are not a big problem…' (P17).*

The underlined choice of words used by the participant emphasising learning demonstrates PO fit is not only about values or 'the way things are done', but also includes inquisitiveness, the desire for knowledge and curiosity. The participant believes an applicant who demonstrates the curiosity trait can fit the organisation without problems. Learning is achieved when there is a passion for the job. One of the SME participants elaborates that learning happens through the daily routines and practices conducted and adopted by the organisation.

- *'When it comes to training, we do training in a slightly different way. We do training every day. For instance, in the morning, we start at 8.30am with something we call a morning circle. For each production unit, they have their morning circle. For office staffs, we have our morning circle. It takes about 15 - 30 minutes. So we will have some materials so that people will be learning every day' (PO2).*

Labelling the activity stated above as a form of training has an entirely different connotation. It is not the kind of training normally conducted. In this context, the participant is trying to emphasise that learning is a process, a situation where the staff experiences a form of learning. Morning circles are routines that performed as a medium to disseminate organisation information collectively. It can be management-biased information and at the same time, be a platform to motivate and instil loyalty among staff. Motivational speeches, setting expectations, delivering key messages are some of the elements seen in these morning circles.

Impressions: It is rather difficult to measure impressions as it is a feeling, opinion of someone based on general assumptions that are not purely evidenced-based. It can range from courtesy, politeness, attire, grooming, personality, articulation and language competency.

- *'They have to look tidy, the first impression, even though they are for production staff, I really need them to come in a good condition, well dressed, clean and disciplined as well' (P8).*

These are some possible identifiable factors deemed as elements in establishing impressions. It is more of a gut feeling which tells the interviewer that a person suits the job.

- '*I cannot judge. Once you come in then we will know. Sometimes it's like that. It is a risk that we need to take' (P20).*

The participant highlights that impressions are always a gamble, some are lucky strikes, and some are not; you may have found an excellent candidate and sometimes your sixth sense just fails. As humans, we do make errors in judgements hence impressions are an element of the interviewers' non-evidenced opinions or judgement. Would this be a fair basis of judging the capability of an applicant?

- *'Through my experience and number of years, we can know that this is the right person' (P32).*

In fairly most instances, these judgements are honed through years of interview experiences, key facts of the job and interactions with superiors and staff-performing tasks in the firm indirectly shape your thoughts and understanding of what constitutes a fitting applicant. The researcher also enquired what would happen if a new employee were unable to fit and one of the participants says,

- *'I don't know. I don't remember having that problem where staff doesn't fit in. Here, we have a lot of programmers, their characters are more or less the same, and we don't have office politics… (P7).*

Ultimately, one of the participants aptly describes fit,

- '*If you work in a company where you feel like not going to work, then it's not a good sign' (P6)*.

When people lose passion for what they do, it will have an impact on their overall performance. A sense of negativity permeates in the workplace. The negativity leads to low morale subsequently affects their output levels.

4.3.8 Linkage between the fit dimension and retention

In this section, the research objective is *'to evaluate if the recruitment and selection process can effectively contribute towards SMEs employee retention competitiveness'*.

The biggest challenge for SMEs is to retain their talent. Although factors like attractive work environment, training and rewards are key elements towards talent attraction, it will still not be enough to stop employees in SMEs from leaving. A primary motive is the opportunity to assume roles with more challenges in larger organisations to enhance one's career. Thus, reviewing the retention practices of SMEs who manage to retain employees may provide insights on the relationship with PO fit and PJ fit. The relationship between retention and PO and PJ fit is from the notion that employees prefer to remain long in the firm due to the pleasing and satisfactory fit experience towards the job and the organisation. During the first preliminary phase of the study, sixteen participants from group-based interview had stated key phrases as indicated below which demonstrates the linkage between the dimension of fit and retention.

The preliminary group responses are primarily on intrinsic retention factors. In the in-depth interview, the key factor highlighted is the impact of both extrinsic and intrinsic rewards affecting firms' efforts to retain employees. The following are the key factors for retention:

Key Retention Factors	Total SMEs
Extrinsic	
Financial recognition and benefits	11
Intrinsic	
Conducive work environment • *Respect* • *Sense of belonging* • *Welfare* • *Open policy - communication*	10
Training	2
Job challenge	2
Workload equity	1
Career progression	1

4.3.9 Extrinsic recognition appeal

SMEs recognise that financial reward systems are important elements for motivation and retention. It is quite impossible to compare and compete against larger organisations in terms of the types of extrinsic rewards. Understandably, SMEs are disadvantaged in this aspect but at the same time, they also realise it is important to offer a fair compensation package.

4.3.9.1 Financial and benefits

Ten SMEs highlight the importance of providing good financial recognition and benefits in retaining their staff. One of the SME participants explains about the financial recognition,

- '*For those who worked for more than 5 years, we give them like loyalty reward" (P29).*

The reward in this instance is a RM5, 000 gold investment for staff with 5 years of service. Those with 3 years of service are entitled to a unit trust investment. Staff with one year of service have a private retirement scheme (PRS) of up to 15 per cent each year awarded to subject to them completing 3 years of service. The reward scheme

here is comparable to a large firm, in fact, could be better. The other participants share similar sentiments,

- '*We have bonuses and increments… other benefits like insurance and other sorts of standard things…' (P13). '…you get additional bonuses, you get perks, like cars, additional money for forms etc. You get the benefits (P22).*

SME participants notice that turnover rates are rather low, *'I think because of the benefits they (choose to) stay here'* (P20). The eleven participants believe that extrinsic recognition although in general may not be as attractive as or greater than larger firms but staff appreciate it since the employees can comfortably fit into the job and the organisation.

4.3.9.2 Intrinsic appeal - job and firm environment

The intrinsic appeal of the job and work environment also affects retention in SMEs. Five major factors contribute to this notion. These factors are specific themes after the completion of coding and consolidation of the interview data. When dissecting the PJ and PO fit, it is quite evident that human resource explores the ability for new employees to fit in based on the firms' practices.

Conducive work environment: The key emphasis is a conducive work environment *'I think it is more on the environment* (P25). Based on the participant's response there is a wider context to this point. It incorporates four factors, which encompasses the overall nature of a conducive work atmosphere:

a. Employee welfare. One of the participants highlights the importance of recognising employee welfare solely due to the effort put in by the employees,

   - '*…yang paling penting kebajikan. Maksud di sini, apa yang staff beri kepada syarikat, tentu syarikat yang beri balik kepada staff' (P1) [most important is welfare, staff with good work effort, will surely be reciprocated by organisation].*

   The welfare of employees is not just recognising their effort but also supporting them when they face difficulties,

   - '*If they are in difficulty, they know where to go… So, the most important is to care for the welfare' (P32)*.

It further extends to other activities, that are non-financial but offers employees options of a more flexible work environment, '*We have flexi working hour' (P20).*

b. Respect and dignity. Giving due to respect to your employees earns you their respect. Hence the workplace dignity accorded to your employees influences their decisions to remain in the organisation,

   - *'So sometimes they can simply say they have the respect because I respect them' (P32)*.

   Workplace dignity built on respectful relationships emphasises strong engagement. Managers who listen and encourage, are considerate and understanding, courteous and polite and work towards coaching you to be better and effective in your job inspire higher prospect of retention.

c. Sense of belonging. The inclusiveness and camaraderie present in the workplace are facilitators in retaining employees. As one of the participants talks about the '*friendly family environment' (P16),* the same sentiment is shared by another participant who talks about the

   - *'…feel-good atmosphere and environment. This is what I always tell my staff… have the feeling of ownership and the drive that is your company, your organization. It's a company with a family bonded relationship' (P25).*

   The motivating work atmosphere drives the sense of belonging and family-oriented feeling. The care and compassion shown by the managers to employees are factors that motivate them to remain rather than use the SMEs as a stepping-stone. The lure of better prospects in larger organisations will always be there as the nature of the market conditions determine whether SMEs can retain their employees,

   - '*…rather if we give a lower salary but give additional…used to have a family day, family trips when business was good and when we had more staff. Nowadays, we just go for food together' (P4).*

   An important element highlighted by one of the FGP5 is the way they treat their staff. The approach taken demonstrates the camaraderie and brotherly/sisterly environment advocated by the firm. The flexibility is a catalyst in building a sense of belonging in the firm. Their approach to counter offer staff who intends to resign

due to better offers elsewhere is not a common practice in most SMEs but it emphasises their intention to retain their staff.

- *'There is a career path for them the moment they come in. We know they have a good offer and we counter-offer them and see how we go. We treat the staff like brothers; we don't call each other Encik or Puan, just call by their name' (FGP5)*

Engaging employees by providing various non-tangible elements to create a sense of ownership among employees are steps to retain employees.

d. Open communication policy. When the work environment promotes a culture of openness, barriers are broken hence; employees are not constrained due to power or politics. Since most SMEs have a small number of employees, the line of authority and communication among employees is less bureaucratic. Management levels and hierarchy may be non-existent hence problems can be discussed with top management openly,

- '*if they need to, if they have certain issues, they can come to us and talk to us about it. Basically, the doors; although we have top management, middle management and junior management, the door is always open to everyone' (P21)*.

This culture of openness gains the trust of employees and sharing of problems is much easier, '*…ask them if there is any problem' (P8)* which then encourages retention. One of the FG participants gives an example of the aspiration her firm's Managing Director hopes,

- *'…my MD likes that Google environment… because according to him, that is what appeals to the Gen Y; they like the openness. (FGP1)*

Training: Employee development opportunities through training is seen as a good retention mechanism. Upskilling employee competency levels through soft and technical skills training is a strong statement towards retention encouragement. A participant affirms this,

- *'workshops which have something to do with the work itself is for retaining staff (P23)'*.

Training costs can be exorbitant hence some SMEs conduct in-house training to provide specific or soft skills-based training, *'We have training, do a lot of in-house*

training (P12). In principle, all training costs associated with the Human Resource Development Fund (HRDF) approved training programmes are claimable under the HRDF. Firms with 10 or more staff are required to register and contribute a 1 per cent levy per worker every month to the fund. Firms with 5-9 staff have the option to decide if they wish to register for the fund.

Job Challenge: Jobs that give employees the opportunity to use their creative and technical capabilities motivates and possibly enhances retention,

- *'we offer job challenges. It's interesting. Make it easier, we actually offer job opportunities to retain people' (P19)*.

Ultimately, it is job satisfaction. The multi-tasking learning experience and independent efforts promote a sense of achievement as the job challenges you to be creative as you operate in highlight resource-constrained environment. As one of the participant highlights,

- *'Basically, our task here is a lot of multi-tasking...Some of them want to challenge themselves without experiencing it' (P15).*

Workload equity: Equity in the workplace is not just about rewards systems but also fairness in the distribution of tasks and responsibilities. Role overload interpretation is about the employee undertaking more than what is required. Role incompatibility is about a mismatch between skills and job. In either circumstance there is inequity hence workload becomes a challenge. This may create feelings of unhappiness and frustration. One of the participants' points out that workload equity is important to ensure there is evidence of fairness among the workforce,

- '*…think in terms of the workloads, I think we spread it out, so they are quite comfortable. I think that is one of the main reasons why they are still with us all these while (P28)*.

This then reduces employee turnover rates.

Career progression: Growth in one's career is a strong motivator for a job change. SMEs in this instance need to provide growth opportunities as part of the attraction to retain staff. As a participant affirms,

- *'…career advancement here is good…there is no restrictions which say you need to stay for two years before you become senior. There's no such thing' (P6).*

In this case, the SME has opportunities for progression but in general, many have limited capacity for expansion. Hence, there may be limits to an employee's career progression opportunity or might be non-existent in comparison to large firms.

4.4 Summary

This chapter reports the findings from 57 participants from SMEs across two sectors specifically services and manufacturing. The data collected from interviews and focus group discussions with SME participants are either owner-managers or staff responsible for human resource functions. The findings suggest five key themes that signify the relevance and importance of PJ fit and PO fit in the recruitment and selection process. The data collection and findings guide two key components of this research specifically conceptual framework and the initial template. The initial template had four broad key themes. The findings demonstrate various 'fit' characteristics and factors that have a bearing in the recruitment and selection process. Drawing from the research objectives the dimension of fit in SMEs differs in some ways compared to larger organisations. Literature indicates key 'fit' factors, but they do not demonstrate its relevance when used as an 'input element' in the recruitment and selection process in SMEs. Hence, the findings provide SMEs with a unique perspective of possible 'fit' elements when making effective hiring decisions.

Chapter 5
Discussion, Recommendations and Conclusion

5.1 Introduction

This chapter assesses the findings based on the central theme, which is to explore the significance and impact of PJ fit and PO fit in the strategic recruitment and selection process on Malaysian SMEs and its effect on performance. The task is to determine whether the concept of 'fit' is a strategic component of the process. The key purpose is to draw on the findings and demonstrate integration with the conceptual framework supported by relevant literature. The findings presented in Chapter 4 are discussions concerning the literature reviewed in Chapter 2. This chapter also demonstrates whether the research findings have either relevance or association with the literature review. This research provides two significant contributions, firstly the theoretical underpinnings that establish the relevance of fit to the strategic recruitment and selection in SMEs and a framework for professional practice in recruiting and selecting employees in SMEs. Second is the development of a template that illustrates the principles of strategic recruitment and selection and the relevance of fit.

As part of the findings in Chapter 4, the review is about themes categorised from the initial template. The analysis of the findings presented in Chapter 5 is discussed according to the five major categories, i) strategic considerations in recruitment and selection, ii) recruitment practices, iii) selection practices, iv) dimensions of fit and v) link between fit and retention. Central to this study is the conceptual framework. It is framed based on the recruitment and selection models, Model of Recruitment and Selection (Breaugh, 2008, 2013), Framework of the recruitment process (Dineen and Soltis, 2010), ASA framework (Scheider, Goldstein and Smith, 1995), PE fit theory (Edwards *et al.* 1998; Kristoff-Brown and Guay 2010; Edwards, 1991; Edwards, 2008) and searching the right fit (Swider, Zimmerman and Barrick, 2015). Table 5.1 presents the thematic findings categorised as five dimensions.

The discussion is categorised into five dimensions namely strategic considerations; recruitment practices; selection; fit dimension; link between fit and retention.

Categories	Key Thematic Findings	Literature and Conceptual Framework Considerations
Strategic Considerations • *Role of human resource*	Dimensions of HRM role authority ➢ Full Control ➢ Cross functional ➢ Flexible structure	❖ The proposed Micro HRM domain relates to specific HR practices and functions. (Boxall, Purcell and Wright, 2007) ❖ The human resource themes focusing on the third theme specifically human resource system components and structure. (Lengnick-Hall, Lengnick-Hall, Andrade, *et al.*, 2009) ❖ Resource Based View (RBV) *(Barney, 1991)* ❖ Human Capital Theory (HCT) ❖ Social Exchange Theory (SCT) ❖ Michigan Model of HRM *(Figure 2.2: Fombrun, Tichy and Devanna, 1984)* ❖ Harvard Model of HRM *(Figure 2.3: Beer, Spector, Lawrence, Mills, and Walton, 1985)* ❖ Cascio and Boudreau SHRM Model (2012) – *Figure 2.4.* ❖ Paauwe, Guest and Wright Model (2013) – *Figure 2.5*
Recruitment Practices • *integration with firm's strategy* • *methods and preferences*	➢ Top management decision ➢ Vision ➢ Engagement ➢ Demand and supply ➢ Economic factors ➢ Web based job postings	❖ Multi-level strategic recruitment framework. *(Figure 2.10: Phillips and Gully, 2015)* ❖ Model of the organisational recruitment and selection process. *(Figure 2.11: Breaugh and Starke, 2000; Breaugh, 2008)* ❖ Framework of the recruitment process. PE = person-environment; ELM = Elaboration likelihood model. *(Figure 2.12: Dineen and Soltis, 2010)* ❖ Employer's recruitment decisions. *(Figure 2.13: Davidson 2011)* ❖ Windolf's typology of recruitment strategies. *(Figure 2.14: Windolf, 1986)*

Categories	Key Thematic Findings	Literature and Conceptual Framework Considerations
• *challenges*	➢ Referrals (known persons) and word of mouth ➢ Skill levels ➢ Firm size ➢ Financial benefits ➢ Reputation/attraction – signalling and branding ➢ No impact to the SMEs	
Selection		
• *methods* • *selection issues*	➢ Interviews ➢ Tests ➢ Applicant ambiguity	
The 'Fit' Dimension *Person – organisation fit* *Person – job fit*	➢ Job Description and Job Specification ➢ Communication ability ➢ interact and convince ➢ communicate and relate ➢ Character ➢ Attitude/personality ➢ Discipline/expertise ➢ conversation tone/appearance ➢ goodness ➢ Positivity and timidity – gut feelings ➢ Eagerness to learn and hardworking	❖ Realistic Job Previews (Carless, 2005) ❖ PE fit theory (Edwards *et al.* 1998; Kristoff-Brown and Guay 2010; Edwards, 1991; Edwards, 2008) ❖ Searching the right fit (Swider, Zimmerman and Barrick, 2015) ❖ Hiring process for person organisation fit. *(Table 2:8: Bowen et al., 1991)*

Categories	Key Thematic Findings	Literature and Conceptual Framework Considerations
	➢ experience ➢ Past experience ➢ Multi-tasking ➢ Competency and skills ➢ Probation assessment ➢ Job trial as PO fit ➢ Integrity and loyalty ➢ Culture ➢ Religion, spirituality and faith ➢ Learning orientation ➢ Impressions	
Link between Fit and Retention		
Extrinsic recognition appeal	➢ Financial/benefits ➢ Intrinsic appeal - conducive work environment - respect/dignity - sense of belonging ➢ Welfare - Open policy ➢ Training ➢ Job challenge ➢ Workload equity ➢ Career progression	

Table 5.1: Categories and thematic findings

5.2 Dimensions of human resource role authority

The biggest challenge for SMEs is to justify the need for an HRM department or unit. Would it be a management deficit by not having an HRM department? According to Behrends, (2007) depending on the organisations' size, when organisations do not have a structured HRM process and systems it is a 'management deficit'. In contrast, the 'equivalence model' suggests there are flexible and different ways to handle HRM functions rather than a fixed and systematic approach. It is important to determine whether the position of human resource activities is the central point when managing people in the firm. Human resource departments or units should be significant. SMEs tend to see human resource as rudimentary piece-meal based functions managed by one or two persons. Rather, HRM should be strategic. Scholars such as Lengnick-Hall, Lengnick-Hall, Andrade, *et al.*, (2009) and Schuler (1992) reiterates the importance of structures and components which encompasses the human resource philosophy, policies, programmes, practices and processes. Understandably SMEs will not have a full suite of human resource activities but Barrett and Mayson (2007), suggests that it is necessary for SMEs with high growth trajectory to adopt formal HRM policies and practices to manage with the rise in complexity. This point is also emphasised by Boxall, Purcell and Wright, (2007) who argue about the Micro HRM functions scope and significance.

Hence, the SME owners' control over human resource planning, staffing, training, compensation and retention has its implications on finding applicants with the right fit. In some cases, as findings suggest the human resource functions are placed under or together with a larger department specifically accounts or administrative departments. Hence, when there is a human resource department with one person handling only human resource functions, it seems out of place. This issue may seem trivial, but it gives context to the need to have a sensible and purpose-driven structure. Overlooking SMEs is not an option as they are the backbone of the economy. SMEs must take every possible effort to ensure HRM functions are not ignored, neglected and deemed as inconsequential.

Findings suggest that the SME proprietors who hold the CEO or Managing Director positions primarily determine the human resource functions. The rationale to set up a specific human resource unit is debatable since the argument is always that employee numbers are small, and the functions are a piecemeal basis. Hence, is there a need to have a human resource unit? This leads to the point by Heneman, Tansky and Camp (2000) that SME CEO's or founders who are oriented towards growth are not concerned with traditional HRM practices. Findings indicate that the human resource role authority remains with the firm's owners. More importantly are the Owner CEOs or Managing Directors familiar with a strategic, planned and structured HR system. The thematic findings show that role authority for human resource functions could be categorised as full control, cross-functional or a flexible structure. SME owners generally have full control of all human resource decisions. This also includes the other cross-functional controls that include various other firm activities ranging from sales and marketing, finance and accounts and manufacturing. The flexible structure acts as an inclusive approach solely to engage employees with the intention to share the direction and growth of the firm. The evidence points to selective human resource practices that suit the SMEs needs rather than a very structured and coherent strategy. The business climate and characteristics of the SMEs influences the 'pick and mix' of human resource functions which normally tends to gravitate to recruitment and selection, training, compensation and planning (Cassell, Nadin, Gray, *et al.*, 2002)

Findings demonstrate that the controls are supported by the leadership styles of the SME owners. As suggested by Liu *et al.*, (2003) the human resource leadership architecture can be categorised into four styles; "contracting, job-based, alliance/partnership, and knowledge-based" (p. 130). The first (contracting) is a directive leadership personifying full control, emphasising command and direction, given goals, and possible punishments. The second is a job-based approach that involves transactional leadership, in which leader–employee interactions are based on a sequence of dialogues or deals between leaders and the employees. The third leadership human resource architecture is the alliance/partnership approach when leaders inspire employees to go beyond their self-interests for a greater united vision,

mission or purpose. This is transformational leadership. The fourth is the knowledge-based approach, which is about empowering leadership. Employees cultivate self-control, participate in decision-making, innovate and are independent. The findings in principle characterise the human resource cross-functional and flexible structure controls closely resembling the alliance/partnership, transformational and empowering leadership. Ultimately, SME owners' leadership controls impacts the overall human resource functions as they exert a strong influence in hiring decisions, establishing criteria for fit and employee retention.

5.3 Recruitment

The challenge for most SMEs is to establish a well-designed recruitment system structured to suit the specific needs of the organisation. A well-planned recruitment system is beneficial as the acquisition costs are efficient and decisions made have higher success rates.

5.3.1 Integration with firm's objective

The first step in the recruitment function is to search and communicate (Acikgoz, 2018). The steps taken to recruit new staff begins with the objective of the hiring. It is a question of what position will be filled and the scope of work. Findings show that SME owner-managers makes this decision primarily based on needs. These needs are the demand and supply of the product or services. The recruitment activity is established based on the identification of business needs and market forces (Davidson, 2011). Due to tight resource availability among SMEs, the decision to hire is a challenge. It is a competition among SMEs to attract and get the right applicant to apply for a vacant position.

When compared to large organisations the debate is SMEs have less interaction with the external labour market, as proposed by Atkinson and Meager (1994) "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"(p. 34 as cited in Carroll, Marchington, Earnshaw, *et al.*, 1999). The task of HRM is to utilise a legitimate system of managing people in a viable and cost-effective manner. As argued by Boxall,

(2007) human resource systems should be adapted according to the growth of the firm. Hence, factors such as vision and strategy, organisation size are key inputs in the HRM process. Flexibility and informality are hallmarks of a small growing organisation. Boxall, Purcell and Wright, (2007) reiterates that an organisation's competitive strategies and human resource practices plans should be strategic to mutually strengthen and improve business performance. The SMEs typically fit human resource strategy to their cost-driven competitive strategies and generally pay wages that observe minimal requirements of labour laws. Hence, this means restricted opportunities for 'human resource advantage'. The exception is the creation and sustaining of premium brands. This suggests that it is valuable for practitioners to actively observe and evaluate the effect of changes in the external environment, which affects HRM processes. An understanding of such matters may enable realistic opportunities in implementing the most appropriate HRM policies and practices, which is relevant to an organisation. Hence ascertaining the causes that outline HRM are important for SME human resource practitioners because the HRM approach needs to fit the organisation based on its unique context. The research findings highlight the importance of taking into account the broader societal and environmental influences that can guide HRM decisions in SME. Hence, an organisations' objective is ultimately profit-oriented. The profit maxim however is governed by environmental factors influencing the operations of SMEs. The role assumed by SME Corporation for example, in assisting SMEs to develop their capacity and capability is a catalyst for a productive contribution towards the economy.

5.3.2 Methods and preferences

Some of the SMEs indicate the difficulty in getting the right applicant and this resonates with literature. Invariably the challenge is attracting applicants who have the right personalities. The applicants today lack the ability to communicate confidently and fluently. When many are unable to string proper sentences, in English for example, SME owner-managers lament the introverted nature of applicants who have great difficulty in articulating their thoughts effectively.

The ASA framework by Scheider, Goldstein and Smith (1995) articulates that attraction, selection and attrition function "results in organisations having people with

distinct personalities" (p. 749), responsible for various internal organisational functions. The process of staffing in SMEs indicates a tendency for these organisations to use common and reliable methods (tried and trusted) such as word of mouth and hiring known persons (Carroll, Marchington, Earnshaw, *et al.*, 1999).

In a recruitment process, the fundamental aspect is to publicise the job opening to potential individuals hence the "concept of goal-directed attention" (Breaugh, 2013, p. 393). The findings illustrates that the use of specific recruitment methods by SMEs can be assessed in the context of Breaugh's (2013) analysis of three separate psychological theories, namely Hovland's (1953) Model of Persuasion; McGuire's (1968) Information Processing Model and Petty and Cacioppo's (1986) Elaboration Likelihood Model (ELM). He argues that the recruitment process is "an attitude formation/change process that involves individuals forming an impression of what working for an organization would be like" (p. 392). An applicant's attraction to the job and organisation is dependent on the effectiveness of the recruitment methods. Hence according to Acikgoz, (2018) a potential job seeker's attributes include the values, needs, interests, and personality. Whereas the job and organizational characteristics comprise of specific job characteristics that "the applicants seek to obtain such as pay, benefits, working hours as well as organizational factors such as company image, size, work environment, and location" (Acikgoz, 2018, p. 5).

According to Breaugh (2013) referrals are the best way to get individuals with the right attributes as they "were found to be superior to non-referrals in terms of computer skills, language skills, education, and work experience" (p. 398). The referrals are to find potential people with right skills and experience to perform the job. In some of the SMEs, it is not a surprise to find referrals of existing employees family members as potential employees of the firm. This approach ultimately is all about the referred applicants' who are able to 'fit in'. The emphasis here is fitting into the firm's culture and the work environment. In a case study research conducted on small firms, Holliday, (1995) identified a mix of 'core' and 'transient' workers. The model states that the 'core/transient' workers can 'fit in' with the peculiar work methods and social interactions in a small firm tend to remain and those who are unable, leave in a very short time (Carroll, Marchington, Earnshaw, *et al.*, 1999).

Findings indicate that internet-based job advertisements using job portals and referrals is one of the most cost-effective and reliable methods that SMEs use in attracting potential candidates to a vacant position. Evidence from literature (Kirnan, Farley and Geisinger, 1989; Breaugh, Greising, Taggart, *et al.*, 2003) supports the view that applicants referred by current employees have better credentials than non-referrals. The advantage of using referrals is hired applicants are already aware of the job requirements, expectations and the environment they are operating in. Hence, the possibility of them leaving is much lower. Furthermore, the current employees who made these referrals will normally propose candidates who are reliable and competent. The reputation of the existing employee is at stake if the referred applicant's performance is poor. SMEs understand this, and referrals are options in tandem with the web-based advertisements. Internet-based recruitment advertisements have positive effects as applicants gain much better employer knowledge (Baum and Kabst, 2014).

Word Cloud



Analysis of the above word cloud demonstrates the importance of on-line based recruitment for SMEs. In Malaysia, it is evident in the reliance on Job-Street for recruitment purposes. The issues raised by the participants are the quality of

applicants received. The number of applications received can run into hundreds and the majority of them fail to meet the criteria required. It would be better for SMEs to focus on a reliable and proven method for better rates of success. A combination of several recruitment methods specifically referrals, internships, university or TVET are useful for SMEs. Undoubtedly, this would involve training and guidance since most of the applicants lack the experience. It might be easier to develop the applicants when they lack these qualities since they have the interest to learn. The challenge will be retaining the staff when they gain the required competencies. Considering SMEs are generally small and have various cost constraints, the mentioned methods might be the way forward.

According to Uggerslev, Fassina and Kraichy (2012, p. 599) two categories of applicant predictors are pertinent in the recruitment process. The recruiter behaviours and recruitment process characteristics are factors that recruiters in SMEs need to appreciate for improved recruitment effectiveness.

Uggerslev, Fassina and Kraichy, (2012, p. 599) highlights recruiter behaviours consists of recruiter competence, personableness, trustworthiness, informativeness and time spent on recruitment. On the other hand, recruitment process characteristics comprise:

i. the attractiveness and practicality of recruitment activities,
ii. recruiting messages are perceived as complete,
iii. realistic, timely, and credible,
iv. reactions to recruiting and selection procedures—typically focused on procedural justice,
v. applicant perceptions of job-relatedness, treatment, timeliness, consistency, and
vi. the opportunity to perform on selection tests

5.3.3 Challenges

According to the US Department of Labor, (2016) in the first year of operations close to 20 per cent of SMEs fail and by the five-year mark, up to 50 per cent tend to fail. The survival rate of SMEs with fewer than 20 employees for four years is 37 per cent and 9 per cent for ten years. These statistics indicate the precarious nature of SMEs

survival chance in a highly competitive and globalised environment. A media article from Malay Mail comments five reasons why SMEs in Malaysia fail, “leadership failure, lack of strategic planning, failing to effectively market online, failing to listen to core customers and poor financial management” (Perera, 2016). Despite these concerns, Malaysian SMEs overall performance is satisfactory. According to 2017 third-quarter survey by SME Corp (2018), only 20 per cent SMEs indicated business has worsened whereas 40 per cent says business remains the same and the other 40 per cent says business improved. The third quarter year-to-year comparison between 2016 and 2017 shows the percentage of SMEs whose business has declined fell from 29 per cent (2016) to 20 per cent (2017).

As Malaysia invests into the knowledge economy, there is a need for competent human capital. The findings show SMEs have a challenge in attracting competent talent. As discussed in the previous section the failures of SMEs are due to lack of competent talent. Hence issues such as management weaknesses, being reactive and fire-fighting approach, informal strategies, poor planning and flexible structures are evident (Gnizy, Baker and Grinstein, 2014). According to Lepak and Snell, (1999) the value of hired talent can be measured by the high prospect of them creating an advantage to the organisations’ competitiveness and competencies. When the hired talent is unable to meet the challenges of the changing global and knowledge-based economy SMEs find it difficult to sustain their business.

Recruiting skilled talent is problematic for the majority of SMEs. Findings, supported by literature, suggests that financial constraints limit the capacity of SMEs to offer attractive compensation packages, SMEs are not the preferred choice and employees assume multiple roles with unclear responsibilities (Cardon and Stevens 2004). Hence most SMEs are inclined to use the ‘flexible and muddling through strategy’ (Windolf, 1986). This strategy compounded by the many limitations SMEs face in attracting and recruiting talent limits the capacity to hire skilled talent.

5.3.4 Firm size

Findings suggest organisation size influences SMEs adoption of Strategic HRM plans and its related activities. According to Krishnan and Scullion (2017), the overall

approach towards HRM and its practices is entirely different when compared between a small and large firm. The WERS 2004 study, for example, shows that only 40 per cent of smaller firms have any plans compared to almost 90 per cent of large organizations (Forth, Bewley and Bryson, 2006). This means as the firm size grows; they tend to embrace a more formal strategic HRM practice encompassing strategic staffing plans. The focus of owner-managers' are towards growth and revenue hence having specific and structured human resource plans are least of their priorities. Studies that demonstrate human resource practices vary based on organisation size as stressed by Jackson and Schuler (1995)

Why does firm size affect HRM practices? Larger firms have a more refined process for staffing compared to SMEs, they have better financial rewards and career prospects, the performance appraisal systems are well structured, more money is spent on training and development, they spend less on hiring trained human resource experts and just focus on the administrative rather than strategic aspects (Krishnan and Scullion 2017). SMEs are businesses that continuously evolve hence they do not have highly formalised structures. Tasks, responsibilities and duties are multiple in nature and lack formal definition. Jobs grow, or decline based on business conditions hence the organisation has not reached a level of stability. Decisions are top-controlled by the owner-managers hence the organisations decision-making process is not constrained by levels of hierarchy. These organisation management factors demonstrated in SME symbolises the characteristics and nature of a firm with growing pains. As the firm grows larger these characteristics become more settled, with formal structures, standardised systems and processes, and fixed-job roles. This permanency evident in large organisations' permit for more formalised human resource systems compared to smaller growing organisations'.

5.3.5 Firm reputation/branding

Findings suggest that attracting competent potential applicants is a challenge for SMEs, however advocating an 'employer brand' based on the attributes and uniqueness of the firm can increase the pool of quality applicants. As described in the conceptual framework, Dineen and Soltis (2010) suggest brand equity, as a potential

firm-level characteristic that generates a higher pool of candidates for recruitment and selection. Backhaus and Tikoo (2004, p. 502) define the term employer branding as "… the differentiation of a firms' characteristics as an employer from those of its competitors. The employment brand highlights the unique aspects of the firm's employment offerings or environment". According to Barrow and Mosley (2005), employer branding is attracting the best applicant and retaining them. Hence, the attempt is to position the organization as an 'employer brand' to prospective candidates. Drawing on this context branding can be seen as a three-step process (Backhaus and Tikoo, 2004, p. 502-503):

1. The firm cultivates the "value proposition" which is exemplified in the brand. Findings indicate each SMEs have their unique intrinsic characteristics, especially the "culture, management style", attributes of employees, present "employment image, and impressions of product or service quality" derived from an idea of what specific value their company offers employees.
2. In an effort to attract the target population, the organisation promotes and targets the value proposition to potential applicants.
3. Internal marketing or branding because it conveys the brand 'promise' pledged to new recruits, which is integrated as part of the organisations' culture. The organisation aims to cultivate a labour force who are dedicated to the established set of values and goals.

The assumption about employer branding for SMEs is that talent brings value to the firm. SMEs can market their employment value proposition to improve the PO-PJ fit through the recruitment, selection and retention process and hence increase the value of their talent.

5.3.6 Financial factors

Compensation is a key factor affecting SMEs in terms of attracting potential highly competent applicants. Larger firms have the capacity to pay not only competitive wages but bundle it with various financial incentives/benefits that as a whole is more attractive. Compensation involves payment for work done and this will include "pay levels, pay mixes, pay structure, and pay raises" (Cardon and Stevens 2004). The

following describes specific compensation indicators and its descriptors regarding the compensation.

i. “Pay levels refer to whether the wage is comparable to the external market levels?”
ii. “Pay mixes refer to what is the proportion of wages, benefits and incentives in the total compensation package?”
iii. “Pay structure refer to what is the hierarchy of pay rates among jobs in the firm?”
iv. “Pay raises refer to what pay increment percentage is administered in the firm?”

(adapted from Cardon and Stevens, 2004, p. 306)

Findings show SMEs compensation packages are a mix of various unstructured financial bundles which is need-based. The table above shows a structured compensation process, which is useful for consistency and equity. Ad-hoc decisions on compensation packages lead to inequity in the reward system. This leads to issues of fit between the person and job when compensation is not comparable to the fit. When firms decide to hire a potential candidate, they see a fit between the job tasks, responsibility, duties and the candidates’ knowledge, skills, abilities and others. Hence, the amount of compensation is associated with this criterion of comparable fit. Understandably, SMEs face constraints in resources and cash but financial benefits with long-term impact have a better chance of retaining employees.

An applicant’s decision to join a firm is dependent on the firm’s characteristics. These characteristics as suggested by Uggerslev, Fassina and Kraichy, (2012) include the firm’s image, work environment, applicant familiarity with the firm, location and size. SMEs as a result will have to make efforts to present a convincing message in their recruitment activities about their firm’s attractiveness and uniqueness. An applicant’s attraction to a firm generally tends to slant towards large firm hence the challenge for SMEs is to reinforce and promote their attractiveness.

5.4 Selection

Selection involves developing accurate methods in measuring applicants KSAOs. First, is to identify accurately the KSAOs required for a job. Identifying critical KSAOs accurately is important as these criteria are used in the hiring decisions. Hence, why job descriptions and job specification are important complementary reference

products in the selection process. Third, effective selection systems lead to better job performance, higher organisational level output and competitive advantage (Ployhart, Schmitt, Tippins, *et al.*, 2017). Ultimately, whatever selection system used must be efficient, valid, accepted and fair, reflecting the employer's image, cost-effective and the investment provides attractive returns in terms of productivity.

5.4.1 Tests

Findings suggest that tests are a popular selection method. In determining the suitability of the candidate for the job, (PJ fit) SMEs are inclined to use tests. The tests used are to assess basic knowledge or skill for the job concerned. A senior member of staff or the owner-manager who understands the job requirements and expectations prepare these tests. The types of tests administered by an SME and a larger organisation will fundamentally be different in scope. Larger organisations are capable of investing in highly technical, cognitive, psychological or behaviour based tests designed and administered by professional bodies. According to various scholars, as suggested by Salgado, (2017), "general mental ability (GMA) and specific cognitive tests have been recognised as the most powerful predictors of overall job performance, task performance, academic performance and training proficiency" (p. 115). Salgado, (2017) also reasons that "cognitive ability tests" (p. 115) are an important element in the selection process. He highlights six key reasons:

i. "GMA tests have the highest validity and lowest application cost.
ii. The empirical evidence on the validity of GMA measures for predicting job performance is stronger than any other method.
iii. GMA is the best predictor of job-related learning. A reliable predictor of acquisition of job knowledge of the job and performance in job training programmes.
iv. The theoretical foundations of GMA are stronger than for any other personnel selection measure, and theories of intelligence have been developed and tested by psychologists for over 90 years.
v. The incremental contribution of specific abilities (defined as ability factors unrelated to the general factor, or g) to the prediction of performance or training outcomes may be minimal beyond g.
vi. The findings on the validity of GMA and cognitive tests are the major contribution of industrial, work and organizational (IWO) psychology to the study of GMA and its use in applied settings."

(Salgado, 2017, p. 115)

SMEs will find it difficult to invest into highly sophisticated types of tests due to their resource constraints hence the use of rudimentary basic testing methods. Evidence from literature and drawing on research findings, tests are still undoubtedly a common method used for selection. Tests other than interviews are a popular choice and organisations will continue to use them as part of their selection process in finding competent applicants who fit the job and organisation.

5.4.2 Interviews

Findings demonstrate interview as a common method used by all SMEs. In SMEs, the interview approach is rather straightforward and a common sense approach. Asking the applicants background, education, experience and contribution, skills sets and aspirations. SMEs tend to approach interviews without sufficient understanding of its significance and implications towards the whole hiring process. Interviews are to narrow down the applicant selection choice and find the one with the best fit. Evidence shows that "interviews predict applicants' technical skills, personality, interests, motivation, PJ fit, organization citizenship and various other factors" (Blackman, 2017, p. 183). Judging personality traits of an applicant is challenging, as it has to fit the job description and the organisations' work climate. Research suggests the when using the structured interview format the personality judgements outcome is less than desirable compared to unstructured interviews (Blackman, 2017). Whether it is a small or large firm, there will be doubts about the reliability and validity of the execution of the interviews. Would this line of questioning assure the interviewer an applicant could fit the job? How would one judge the suitability of an applicant to the job and the organization? In this instance, the first key construct is to understand the various approaches when conducting the interview. The first step is distinguishing between structured and unstructured interviews. SMEs do know this, but they have no clear understanding of the differences between the structured and unstructured interview method for better selection outcomes. According to Blackman, (2017) the structured interview is categorised as situational, experienced-based and general.

i. "A Situational Interview is based on critical incidents. The technique measures the applicant's future intentions hence their future behaviour. It typically taps into job

knowledge'. An example of the type of question would be: 'What would you do if…?' The interviewer has the advantage of being able to compare directly with another applicants' response hence increased reliability. Applicant is also still able to respond hypothetically even if they do not have direct relevant experience.

ii. An Experienced Based Interview assesses the applicant's past job performance behaviour. An illustration would be: 'What did you do when…?'. In this instance the advantage is the ability to reflects on previous job experience especially achievements and success. However, the interviewer is not able to use the experience based interview to make a direct comparison with another applicant's responses due to unrelated experiences. Hence, there are reliability and validity limitations.

iii. General-Structured Interview tends to reflect an applicant's personality and general knowledge or understanding of the job. Applicants prefer this type of interview due to its flexible and generalized nature".

(p.184)

Although SMEs tend to use a flexible and unstructured method of interview, literature suggests that there is some degree of reliability and validity in this method. The applicant is more relaxed and open about himself or herself. Hence, the casual nature of the interview conversation brings out more interesting aspects of the applicant's personality, character and job knowledge.

The challenge for the interviewer is to evaluate the accuracy of the applicant's responses. Findings suggest most of the SME interviewers' when considering the selection of a suitable applicant base their decisions purely on feelings and emotions. Hence, in this instance the reliability and validity of the decision judgement process of the interviewer is questionable. Based on this concern, the Realistic Accuracy Model (RAM) proposed by Funder (1995), could aid in developing a precise assessment of an applicant's response. Four moderator variables enables the interviewer to demonstrate accuracy in interpersonal judgements (Funder, 1995; Blackman, 2017).

i. 'Good Judge - The interviewer has better 'ability to perceive and use cues from the target correctly'. Tends to have an extraverted personality with a wide social setting experience. Hence choosing the right interviewer who fits the criteria is

important rather than just choosing a senior person who may not necessarily have this trait.

ii. Good trait - The interviewer must infer from verbal statements from the target or even more difficult, from distracted responses. Higher confidence in the accuracy of the ratings for highly visible traits such as the degree to which the individual is conscientious, agreeable or even dependable.

iii. Good information - The quantity and quality of information available to the judge of personality. At a basic level, the longer you have known or have experience with targets the more accurate you will be in assessing their traits and qualities. Unstructured interview, in which the candidate's behaviour is spontaneous, is generally more informative about personality than meeting the candidate in a very structured format where personality is less likely to vary.

iv. The Good target - Some individuals are easier to judge than others are. This ultimately increases the likelihood that candidates will be judged accurately. 'Judge-able people' are those found to be consistent in their actions, cognitions, words and deeds in different situations.'
(Funder, 1995; Blackman, 2017, p. 189-190)

5.4.3 Applicant ambiguity

The selection of applicants in these SMEs are based on the principle of best choice. Applicants who perform well in the interview are selected. However, what constitutes the best choice? Do the SMEs demonstrate the merits in selecting applicants objectively and impartially? There is some degree of ambiguity among the SMEs when the perception of applicant selection is the best choice option. It is a question of the probability of a person fitting the job and organisation. The classical secretary problem by Gardner (1960) in Chudjakow and Riedel (2013) is about Optimal Stopping. How do you decide when you have the best possible candidate? It is the question of how you know when to decide in your selection of a candidate. In putting a twist into the decision-making, 'it is the idea that every decision is a decision to stop what you are doing to make a decision'. The responses by P2 and P12 demonstrates the best choice option where a selection decision must be made in circumstances where criteria is unclear and at best rather fuzzy. Therefore, the fundamental abstract question when

selecting is not whether you have the best possible candidate but when you should stop looking.

Drawing on the above rationale the selection process then stops when the interviewer meets an applicant who fulfils all required criteria for the job. If for example eight applicants attend the interview and the first applicant has or fulfils all the required criteria to fit the job and firm, would the other seven interviews continue or be necessary? On probability, the eighth applicant has 1 in 8 (12.5 per cent) mathematical chance of fulfilling the PJ and PO fit criteria in comparison to the first applicant. Hence ambiguity in selection can be reduced when the criteria relevant for PJ and PO fit is defined and spelt accurately. A methodically written job description and specification help reduce applicant selection ambiguity and the best choice decision will be an optimal stopping decision.

In SMEs, the recruitment and selection cost is an important factor. Resources are tight and there must be a proper costing mechanism to ensure the elimination or lesser degree of selection ambiguity. SMEs that adopt recruitment and selection costing mechanisms can be more efficient in terms of hiring the person with the right fit. Findings indicate most SMEs recruit and select without proper costing mechanisms. As an ad-hoc and need-based activity, there is a lack of emphasis on the cost-effectiveness of recruitment and selection. Hence, SMEs are unable to validate the efficiency of the overall function. Methodical recruitment and selection costing system help SMEs make informed quality decisions on the effectiveness of each recruitment and selection activity. Hence a recruitment and selection costing model adapted from Boudreau and Rynes (1985) Staffing Utility Analysis and Florea's (2013) Cost-Benefit Analysis on Recruitment and Selection could be utilised as a structured and detailed costing mechanism guide. Table 5.8 exhibits the proposed costing model under the recommendations section. The proposed recruitment and selection costing provide SMEs with a systematic mechanism to evaluate and monitor related expenses in this HRM function.

When elements of ambiguity and confusion arise in a SMEs selection decision, applicants deem this as unattractive. Uggerslev, Fassina and Kraichy (2012) state two

applicant predictors that influence an applicant's decision to work in a firm. First, the perception of the probability of receiving a job offer will diminish due to poor selection decisions. They may assume SMEs with selection processes that lack professionalism demonstrates probably some deeper underlying issues within the firm. Second, it would not be surprising that if an applicant seeks alternative employment opportunities, hence the attraction to work in larger organisations.

5.5 Fit dimension

The fit dimension is a direct extension of the recruitment process affecting the job choices that applicants demonstrate. Recruiting as a dynamic function correlates with whether a possible fit is established when generating suitable applicants and maintaining applicant interest (Swider, Zimmerman and Barrick, 2015). The information presented, the website and feedback contribute towards applicants developing a positive fit perception. SMEs with the differentiator factor generates applicant interest, influencing job choice decisions and generates higher fit perceptions. Creating positive fit perceptions is to highlight aspects of the organisation that appeals to the applicant.

5.5.1 PO fit and PJ fit

The findings show that many of the SME participants have different understandings regarding fit. Literature clearly defines the roots and principles of fit, in particular, the concept of PO fit and PJ fit (Schneider, 1987; Edwards, 1991; Kristof, 1996; Kristof-Brown, Zimmerman and Johnson, 2005; Morley, 2007; Kristoff-Brown and Guay, 2010; Su, Murdock and Rounds, 2015). Fit is a crucial component when assessing the compatibility of an applicant to the organization and job. Job satisfaction has strong co-relations to PJ fit and PO fit as it strongly influences employee commitment to the firm (Kristof-Brown, Zimmerman and Johnson, 2005). SME participants although are unable to clearly articulate the differences between PJ fit and PO fit, but they understand key aspects of what is expected of an applicant in performing the job and adapting to the firm's goals and expectations. Participants demonstrate this understanding when they indicate key characteristics that are important for a PJ fit and PO fit.

5.5.2 Job description (JD) and job specification (JS)

The reference criteria for PJ fit and PO fit is primarily from the JD and JS. The SME participants have indicated that most jobs have a specific JD and JS. The JD and JS originate from a Job Analysis. Scholars are using the concept work analysis instead job analysis as it encompasses all aspects of what people are and do at work (Hough and Oswald, 2000; Sanchez and Levine, 2012; García-Izquierdo, Vilela and Moscoso, 2015). Criticism against the traditional job analysis is due to its inability to embrace the demands of today's organisation and static jobs (Hough and Oswald, 2000; Sanchez and Levine, 2012). On the other hand, work analysis echoes the boundary-less elements of constantly changing roles employees embrace in organisations (Sanchez and Levine, 2012). The differences scholars are highlighting between job analysis and work analysis does not significantly matter in SMEs due to the size and nature of jobs. However, upon close review, one might note that employees in SMEs are constantly multi-tasking which in some ways points towards the spirit of work analysis.

Generally, SMEs conduct a job analysis that consists of a structured process where information is collected on work activities and attributes a person would ideally require to not only perform the job, also meet the organisation objectives (García-Izquierdo, Vilela and Moscoso, 2015). Most of the JD and JS written are not methodical rather it is generally based on a senior staff's or the owner/CEO's job experience and knowledge. Hence, the JD and JS tend to be very general without clear and specific descriptions and explanations on tasks, duties and responsibilities. The specifications for the job are simple and encompasses education requirements, experience and a general statement on attitude – for example, 'having the right attitude', 'hardworking', 'team-player' etc. These descriptors lack clarity and focused expectations hence the general statements and requirements. The important aspect when conducting a job analysis is the accuracy of the information collected. SMEs do not spend resources and time to gather highly detailed information on JD and JS.

When the recruitment and selection activity is performed, the reference point is the JD and JS. These two products will be the key source of information in determining the PO and PJ fit. The connection and dependency between the by-products of a job

analysis specifically JD and JS, and, PO and PJ fit, is central towards ensuring the accuracy of the execution process of recruitment and selection.

The table below demonstrates a general view of the connection between the findings from the interview and JD and JS.

Job Analysis	**Linkage with PO and PJ fit Findings**	**Theoretical Linkage**
Job Description Task Duties Responsibilities	➢ Probation assessment ➢ Job trial as PO fit	Realistic Job Previews (Carless, 2005) PE fit theory (Edwards, 1991, 2008; Edwards, Caplan and Harrison, 1998; Kristoff-Brown and Guay, 2010) Searching the right fit (Swider, Zimmerman and Barrick, 2015)
Job Specification Knowledge Skills Abilities Others	➢ Past experience ➢ Communication ability ▪ interact and convince ▪ communicate and relate ➢ Discipline/expertise ▪ conversation tone/appearance ▪ goodness ➢ Multi-tasking ➢ Competency and skills ➢ Attitude/personality ➢ Positivity and timidity – gut feelings ➢ Character	

Table 5.2: Link between job analysis and findings

5.5.3 Fit characteristics

Scholars argue that organisations experience better recruitment outcomes when applicants perceive and respond positively to firms with values and norms that resonates with the applicant (Chapman, Uggerslev, Carroll, *et al.*, 2005; Kristof-Brown, Zimmerman and Johnson, 2005; Uggerslev, Fassina and Kraichy, 2012). Findings for the PO and PJ fit demonstrates strong correlations with Uggerslev, Fassina and Kraichy's (2012) applicant attraction predictors. To illustrate the relationship with the findings, the categories of applicant predictors consists of job characteristics and perceived fit. Job characteristics relates to work-related characteristics and compensation. Perceived fit is about applicant perceptions of how well their goals, values, and ideals suit the job (PJ fit) and organization (PO fit)

Findings indicate the use of probations and job trial by SMEs as methods in assessing whether the applicant demonstrates a proper fit to the job and organisation. According to literature realistic job previews (RJP) enables accurate and realistic job information in evaluating the degree of similarity between an applicants' KSA and the job requirements (Breaugh, 2013). Demonstrating the facts of the job, the positives and challenges would increase the probability of applicants' perception of fit between their KSA and the job requirements. This then leads to positive work outcomes specifically low turnover rates, higher job satisfaction, and enhanced capability in managing job expectations (Breaugh, 2013). Literature in this instance states RJP is to present the facts of the job in the recruitment message. Nevertheless, organisations do not normally adopt this form of messaging during the recruitment exercise. The use of short probations and job trial by the SMEs are the closest demonstration in presenting the capacity of applicants to fit with the realities of job and organization value systems.

The PJ fit dimension is conceptualized as demands-ability and supplies-values fit (Edwards, 1991). The demands-ability is the KSAOs that matches with requirements of the job. Whereas the supplies-values happens when the "employees' needs, desires, or preferences are met by the jobs that they perform" (Kristof-Brown, Zimmerman and Johnson, 2005, p. 285). This is the precise information that a job analysis should collect, verify and note when executed. The lack of a well-documented and comprehensive job specification and job description for the recruitment and selection process in SMEs will undoubtedly affect the fit between PJ and PO. Several SMEs determine the PJ and PO fit by probation focused assessment and job trials. The basis of adopting these methods is primarily to gauge the applicants' adaptableness. Hence, applicants' KSAOs, adaptability to the work environment, culture, people and personal character are points of observation and evaluation by the SMEs. The weakness is inadequate documenting of these activities but rather judging based on achieved accomplishments and gut feeling by the SME interviewer. Adapting to the work environment the person-environment (PE) fit is fundamental towards the PJ and PO fit since this process takes time. Hence, SMEs believe that the PJ and PO fit criteria

are a complementary process that nurtures and transforms positive work habits of applicants. The scholarly work by Edwards (2008) on PE fit demonstrates the various thoughts that justify the relevance of PE fit in organisations. Hence, the findings to a certain extent demonstrate the application and understanding of PE fit concept. Drawing on this concept it will have a direct influence and impact on the PJ and PO fit in SMEs. The PJ and PO fit is not entirely lost in its understanding when asked of its significance to the SME participants. The findings indicate that it is more of a jigsaw puzzle. It needs planning and organising, sharp eye for details and placing together the pieces in a methodical, organised and well-structured manner for clarity.

The findings also suggest two SMEs demonstrating that fit is more than just congruence between the employee's expectations and the values espoused by the organisation. It is the establishment of a faith-based work ethic, setting standards and behaviours deemed as acceptable in the religion. The specific spiritual practices become in-grained as the value systems in the organisations' culture. Both the SMEs consists of one ethnic race who professes the Islamic faith. The rationale and emphasis of spirituality and faith in the workplace are to bring meaningfulness and quality in the work and this also extends to the family life (Benefiel, Fry and Geigle, 2014). According to Benefiel *et al.* (2014), the studies on spirituality in the workplace dates back to the sixth century when St Benedict (c. 480 – 543) in his writings on monastic life 'emphasizes the combination of work and prayer' (p. 176). The study further adds that faith in the work place goes back to the 19th century in Europe and the United States influenced strongly by the Christian movement of Protestant work ethic. Although SMEs demonstrating faith-based cultural values are small but in an Asian culture where values, beliefs and behaviour are strongly shaped by religion and culture advocating spirituality and faith is seen as positive and welcoming. Using the spirituality and faith-based approach in emphasising the PJ and PO fit could be a unique differentiation against larger organisations in attracting potential applicants. The challenge in this instance is finding a common spiritual and religion-based value system that encompasses employees of a different faith. In Malaysia, the dominant religion is Islam and the others are Christianity, Hinduism, Buddhism, Taoism, Sikh and other minor religions. Hence drawing a common denominator across all the religions as part of the value system is daunting in a multi-cultural, multi-ethnic and multi-

religious country. The drawback is when organisations use the dominant mono-ethnic based religious values systems that may only attract applicants from one ethnic background hence discriminating against the other faiths.

5.6 Relationship between fit and retention

Allen's (2006) study found that recruitment through formal sources increases early turnover, as they may lack in individual job embeddedness however, the findings do not support this. It is not conclusive that formal sources of attracting and recruiting were not efficient in conveying that message to potential candidates except through personal sources and recommendations. The decision to hire or reject candidates are based on the interviewer or owner-managers' impression of the applicants. According to Meglino, Ravlin and DeNisi (2000), establishing proper recruitment and selection procedures will reduce early turnover rates. Candidates are also more likely to consider the organisation if they are well informed of their core competencies and job scope (Ortlieb and Sieben, 2014).

Scholarly research on retention and turnover has crossed 7,000 by 2014 (Grotto, Hyland, Caputo, *et al.*, 2017). The seminal studies on turnover and retention research comprise six influential turnover models as cited in Grotto *et al.*, (2017).

i) Rational turn-over decision-making (March and Simon, 1958)

   The employee believes his or her job inputs and outputs/performance far exceeds the financial recognition given. This perception of inequity leads to a fractured relationship between the employer and employee. Employee's desire to leave is strong and there is ease of movement into another job in another organisation. Job satisfaction and job availability variables are indicators that determine if when an employee experiences strong dissatisfaction he or she will move to other jobs if available.

ii) Intermediate linkages model (Mobley, 1977; Mobley, Griffeth, Hand and Meglino, 1979)

   When an employee begins to experience job dissatisfaction a series of behavioural and cognitive steps indicating withdrawal happens between the initial deterioration of job satisfaction and the definitive action of quitting. Withdrawal

cognitions refer to the psychological decisions taken by employee exhibiting the intention to quit, the primary factor for turnover. Other consequences of job dissatisfaction and factors affecting turnover encompass stress, burnout, perceptions of justice and organisational support, and impulsive choices.

iii) Expanded turnover model (Muchinsky and Morrow, 1980; Price and Mueller, 1981; 1986)

Conditions in the job market, labour market and organisation characteristics influences employee decision and intention to quit. Commitment to the job and organisation has implications towards job satisfaction and intention to leave. An employee who demonstrate turnover related attitudes and behaviour is impacted by the degree of job empowerment, pay and organisation support. Employees have higher levels of job satisfaction and commitment when they have a positive perception of the job.

iv) Turnover as an unfolding process (Lee and Mitchell, 1994).

The decision to quit is a direct influence of push and pull factors from market forces. This model studies the distinct psychological forces affecting employees' intention to leave. When organisation values and goals change due to various shocks in the system either market or internal factors, employees might reassess whether their values and goals fit the organisations' philosophy. Employees decide to quit when the organisation values and goals are no longer compatible with theirs due to extreme work-related changes, violation of psychological contracts and unfavourable human resource practices. These shocks might also be personal in nature, for instance, death in the family, divorce or serious ailments that impact people and therefore they decide to leave.

v) Job embeddedness (Mitchell *et al*., 2001)

Embeddedness is how much the employee is rooted in the job. The connectedness to the job is due to the work environment and community. The factors affecting embeddedness include links, fit and sacrifice. The relationship links built by employees either internally among other employees or in the community leads to lower turnover intentions. Other relational factors include the mentoring, social networks, positive leader-member relationship and support, satisfaction with co-workers and their support and positive leadership experience are important

elements that might encourage an employee to remain. The relational embeddedness experience would then lead to job and organisation fit. When employees leave, they will sacrifice various benefits ranging from financial and non-financial benefits and incentives, career development opportunities, and job enrichment and satisfaction. Employee turnover intentions are low when embeddedness level is high and satisfying.

vi) Turnover and control (Maertz and Griffeth, 2004)

An employees' inclination to remain or leave is due to various motivational forces. These motivational forces comprise:

- Affective forces – the emotional response to the organisation either positive or negative might be psychologically comfort or discomfort. Elements that demonstrate an emotional response towards remaining or leaving are positive or negative feelings towards job fit, job attitudes and sudden unexpected workplace occurrences.
- Calculative forces – rational evaluation of the probability if the future state of the organisation is favourable towards attaining the desired values and goals.
- Alternative forces – the strength of self-efficacy particularly high self-efficacy leads to the belief, the desirability and the certainty of obtaining a job alternative whereas low self-efficacy beliefs motivate an employee to remain.
- Moral/ethical forces – ethical thoughts on whether the intention to remain denotes persistence hence a virtue, whereas leaving implies giving-up or remaining hinders growth but changing jobs are beneficial.
- Constituent forces – employees' affection to the people and organisation. Attachment and motivation to either remain or leave depends on whether the perception of the relationships is good or bad. Turnover can be severe when relationships turn sour.
- Embedding HRM practices – HRM practices that motivate, develop, rewards, enrich, empowers and is inclusive encourages employees to remain. Practices that are poor and ineffective influences employees to leave.

Since SME can hardly compete with benefits packages offered by larger market players, the CEO-managers are sceptical on talent retention practices especially in

retaining employees who already want to leave. Based on the findings, Malaysian SME owners prefer to focus on providing support and encouragement to stay in the company rather than trying to retain them when they indicate intentions to leave the organisation. The main reason for talents to leave are due to better offers elsewhere. These SMEs are unable to compete. Nevertheless, participants agree that reasons for talents to remain in their organisations are mostly due to the organisational culture and values, influence and motivation from leaders and lastly competitive pay. The promotion opportunity is in itself a recognition gained by staff from being highly competent in an environment of high performance. This could suggest that the perception of having high job stress maybe compensated by the encouragement of having more freedom and autonomy in their job. Employees with substantial freedom and independence in their job value the outcomes of their efforts more highly and is motivated to continue ahead. According to a report by Work Institute from the US, 28.6 per cent of employees will leave their jobs in 2018 and go to work elsewhere and this will increase to 33 per cent by 2020. The report adds 77 per cent employees who resigned could have been retained (Work Institute, 2018). The top five most reasons people leave their job are career development, work-life balance, manager behaviour, well-being, and compensation and benefits issues. The report also states that these turnover reasons are preventable. Turnovers are disruptive and have significant cost implications especially for smaller organisations.

Effective talent acquisition starts with the implementation of clear processes for recruitment and selection. Creating job descriptions and specifications are core elements of the acquisition process and should not discount these two elements. Attracting candidates to apply for a job becomes less challenging when detailed and accurate core competencies and criteria are available. It creates curiosity and interest, as applicants can match their talent to the job. There is a stronger possibility to retain employees when systems are more structured. When unstructured acquisition systems are practised, the acquisition process is oriented towards individual impression, perception and judgement. Due to the benefits of speed and cost, some of the SMEs prefer the informal nature of talent acquisition. Research suggests that in many SMEs with simple recruitment practices, training arrangements or salary

adjustments assists in achieving the desired performance (Hendry, Arthur and Jones, 1995; Carroll, Marchington, Earnshaw, *et al.*, 1999; Brand and Bax, 2002)

Drawing from the above findings and discussion, the two significant contributions are the contribution to practice as presented in Figure 5.1 and second is the contribution to theory seen in Figure 5.2.

Figure 5.1: Final Template

1. Strategic considerations
- 1.1 role of HR department
- 1.2 dimensions of HRM role authority
  - 1.2.1 full control
  - 1.2.2 flexible structure

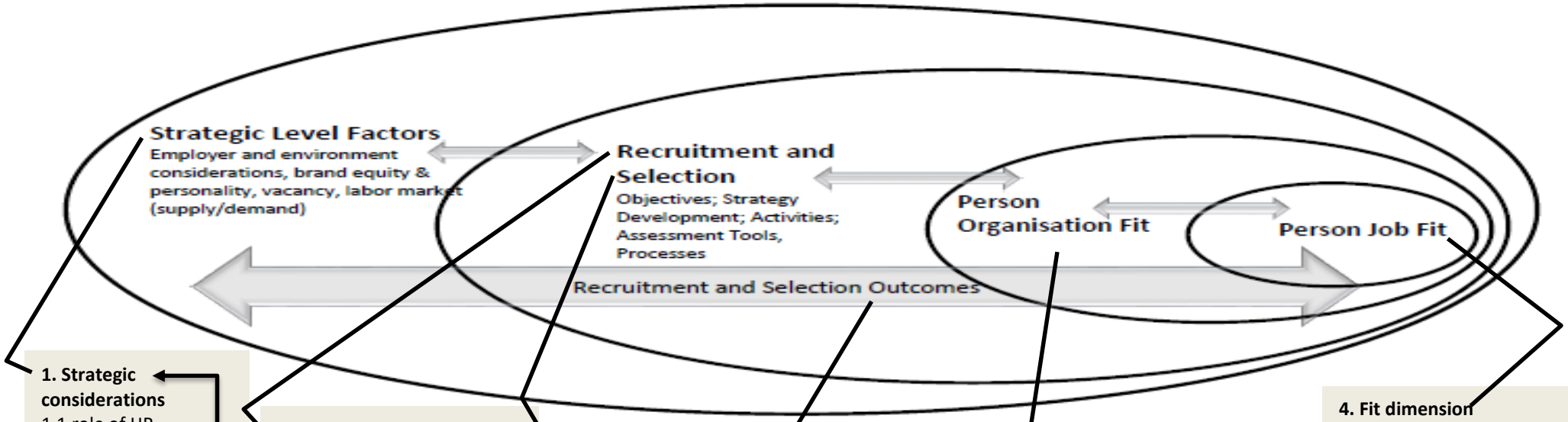
2. Recruitment practices
- 2.1 integration with firm's strategy
  - 2.1.1 top management decision
  - 2.1.2 vision
  - 2.2.3 engagement
  - 2.2.4 demand and supply
  - 2.2.5 economic factors
- 2.2 methods and preferences
  - 2.2.1 web-based job postings
  - 2.2.2 referrals and word of mouth
- 2.3 challenges
  - 2.3.1 skill levels
  - 2.3.2 firm size
  - 2.3.3 financial benefits
  - 2.3.4 reputation/attraction – signaling and branding

3. Selection
- 3.1 methods
  - 3.1.1 tests
  - 3.1.2 interview
    - 3.1.2.1 situational based
    - 3.1.2.2 experience based
    - 3.1.2.1 communication ability
- 3.2 selection issues
  - 3.2.1 applicant ambiguity

4. Fit dimension
- 4.1 Person organisation fit
  - 4.1.1 job trial- realistic job preview
    - 4.1.1.1 probation assessment
    - 4.1.1.2 interact and convince
    - 4.1.1.3 impressions
  - 4.1.2 multi-tasking
  - 4.1.3 culture
  - 4.1.4 integrity and loyalty
  - 4.1.5 religion, spirituality and faith
- 4.2 Person job fit
  - 4.2.1 job description
    - 4.2.1.1 experience
    - 4.2.1.2 past work experiences
    - 4.2.1.3 competency and skills
  - 4.2.2 Job specification
    - 4.2.2.1 communicate and relate
  - 4.2.3 attitude/personality
    - 4.2.3.1 character
      - 4.2.3.1.1 goodness
    - 4.2.3.2 discipline/expertise
    - 4.2.3.3 positivity and timidity- gut feelings
    - 4.2.2.4 eagerness to learn and hardworking
  - 4.2.4 conversation/tone
  - 4.2.5 learning orientation

5. Link between fit and retention
- 5.1 extrinsic recognition appeal
  - 5.1.1 financial and benefits
- 5.2 intrinsic appeal
  - 5.2.1 conducive work place
  - 5.2.2 respect dignity
  - 5.1.3 sense of belonging
  - 5.3.2 welfare
    - 5.3.1 open policy
- 5.3 training
- 5.4 job challenge
- 5.5 work load equity
- 5.6 career progression

Figure 5.2: Final integrated theoretical framework-incorporating findings from the template analysis.



1. Strategic considerations
1.1 role of HR department
1.2 dimensions of HRM role authority
1.2.1 full control
1.2.2 flexible structure

2. Recruitment practices
2.1 integration with firm's strategy
2.1.1 top management decision
2.1.2 vision
2.2.3 engagement
2.2.4 demand and supply
2.2.5 economic factors
2.2 methods and preferences
2.2.1 web-based job postings
2.2.2 referrals and word of mouth
2.3 challenges
2.3.1 skill levels
2.3.2 firm size
2.3.3 financial benefits
2.3.4 reputation/ attraction – signalling and branding

3. Selection
3.1 methods
3.1.1 tests
3.1.2 interview
3.1.2.1 situational based
3.1.2.2 experience based
3.1.2.1 communication ability
3.2 selection issues
3.2.1 applicant ambiguity

5. Link/outcome between fit and retention
5.1 extrinsic recognition appeal
5.1.1 financial and benefits
5.2 intrinsic appeal
5.2.1 conducive work place
5.2.2 respect dignity
5.1.3 sense of belonging
5.3.2 welfare
5.3.1 open policy
5.3 training
5.4 job challenge
5.5 work load equity
5.6 career progression

4. Fit dimension
4.1 Person organisation fit
4.1.1 job trial- realistic job preview
4.1.1.1 probation assessment
4.1.1.2 interact and convince
4.1.1.3 impressions
4.1.2 multi-tasking
4.1.3 culture
4.1.4 integrity and loyalty
4.1.5 religion, spirituality and faith

4. Fit dimension
4.2 Person job fit
4.2.1 job description
4.2.1.1 experience
4.2.1.2 past work experiences
4.2.1.3 competency and skills
4.2.2 Job specification
4.2.2.1 communicate and relate
4.2.3 attitude/personality
4.2.3.1 character
4.2.3.1.1 goodness
4.2.3.2 discipline/expertise
4.2.3.3 positivity and timidity- gut feelings
4.2.2.4 eagerness to learn and hardworking
4.2.4 conversation/tone
4.2.5 learning orientation

5.7 A review of the final integrated framework incorporating template analysis

The two figures namely Figure 5.1 and Figure 5.2 is a product of two elements that not only complement each other but also is crucial in the direction of the overall research. The research process commenced with the fundamental research objective of *exploring the significance and impact of person-job fit and person-organisation fit in the strategic recruitment and selection process on Malaysian SMEs and its effect on performance.* The integrated framework demonstrates the significance and impact of PJ fit and PO fit in the strategic recruitment and selection process on Malaysian SMEs and its effect on performance.

The research objective was the fundamental guide for literature on recruitment and selection, the fit dimension and HRM practices in SMEs. This then relates to the construction of the conceptual framework and adoption of the template analysis method. The conceptual framework and literature are also the basis for constructing the a *priori* themes initial template. The literature review focuses on three key dimensions:

1. An analysis and understanding of a strategic and focused recruitment and selection dimension in SMEs. Review of recruitment and selection theories illustrate why these activities are integral and integrated. Both the recruitment and selection activity complement each other and is a human resource process of strategic value for SMEs. The significance of the 'strategic' nomenclature in HRM practices in organisations is widely researched but in SMEs, it is at the fringes, in particular, recruitment and selection. Hence strategic recruitment and selection exhibit distinctive characteristics that are important in understanding its implication in SMEs.
2. The literature review on fit comprising PJ fit and PO fit is to determine what the commonly considered key 'fit' characteristics are. Various scholars interpret and view fit in organisations' as general fit characteristics. The task is to assess if these fit characteristics, as stated in the literature, are also applicable in the SMEs context.

3. Demonstrating the significance of incorporating the fit dimension as a key influencer in the recruitment and selection dimension in SMEs.

The template analysis method begins from the initial template, which is the literature and conceptual framework motivated by *a priori* themes. Subsequently, it evolves based on the preliminary findings, and finally, the completion of the final template is based on the overall findings and analysis. The findings reveal key PO and PJ fit elements that are relevant and significant for recruitment and selection function in SMEs. The final template presents five key categories of *a priori* which are the key contributions to the overall study in terms of practice and theory. Figure 5.2 as an integrated framework demonstrates relevant key factors that impacts SMEs when they adopt a strategically focused recruitment and selection activity.

5.8 Contribution to theory

Figure 5.2 advances and encapsulates knowledge and understanding of strategic recruitment and selection specific to Malaysian SMEs. Drawing from existing theories and various debates on SHRM, strategic recruitment and selection, PO and PJ fit and retention, the advancement and contribution to knowledge although is primarily in the context of Malaysian SMEs, many of the researched elements are relevant and beneficial in understanding the nuances in SMEs hiring functions.

5.8.1 Strategic considerations

When selecting applicants, the recruitment strategies influences the choice of applicants and the KSAOs required for job fit. The strategic considerations for an SME are dependent on the role of human resource unit or department. What kind of role authority does the human resource unit demonstrate in the firm? In SMEs, this could be a secondary natured power structure. Is there sufficient control of the role demonstrated by the role owner? Is there a flexible approach when putting in place human resource functions? The findings demonstrate that these factors have strategic considerations in SMEs.

The first level of theme shows integration with the conceptual framework in Figure 5.1. From the preliminary template, it is evident that strategic considerations as

indicated in the framework supports the findings from the template analysis. The initial framing of strategic considerations is as a business objective, a sub-category of the recruitment dimension in the template but findings indicate that it is a strategic factor in the overall recruitment and selection practice. Strategic level factors as demonstrated in the framework encapsulates the understanding of RBV theory. When executing strategies, the positioning of HRM in the overall organisations' strategic direction forms the basis towards achieving competitive advantage. Placing HRM as core when strategising organisations direction demonstrates the emphasis on human capital value. The theoretical views stressing how important people and their competencies are to the organisations is a crucial element for SMEs to be competitive. Establishing HRM at the core of top management's strategic formulation of organisation plans and direction demonstrates the understanding and importance of utilising people's core competencies. Hence recruitment objectives and plans are strategically driven. Organisation vision, mission and values are assimilated into the recruitment message underlining 'what the organisation is', 'why choose this organisation', 'what the organisation can offer' and 'how the organisation can meet aspirations'. Applicants may reflect on these important questions when considering whether to apply. SMEs face bigger challenges in attracting applicants as they generally prefer larger organisations. Positioning recruitment and selection as a strategically driven function provides SMEs better visibility, credibility and standing in the eyes of applicants. Thus higher application rates and better quality applicants.

5.8.2 Recruitment Practices

As stated above, strategic aspects in recruitment is initially a sub-component of the recruitment function. Figure 5.2 demonstrates both the strategic considerations, and recruitment and selection factors, although presented as separate elements in the conceptual framework but are inter-related (see the inter-linking arrow between first and second *a-priori* in the final template. The separation of the strategic aspect from the previous recruitment *a-priori* is necessary as the role and significance of human resource have a direct and strategic influence in the recruitment process. Organisation vision and engagement with stakeholders' influences recruitment decisions. Hence, the top management role is to demonstrate that human resource and its relevant functions are strategic partners. This inter-link further cascades to various other

recruitment-related decisions and activities as indicated in the second *a-priori* call-out box. Purpose of strategic hiring policies is to attract and hire applicants demonstrating high competency KSAOs. Indirectly this conveys signals to desired applicants a unified message indicating the strategic importance and value of high involvement recruitment and selection for quality applicants. Discussion in section 5.3 in this chapter presents a detailed analysis of not only the significance of strategic recruitment but also the other sub-components that affects the overall recruitment in SMEs. Strategic factors affecting the hiring process is also determined by the significance and role of the human resource department. The authority vested in the unit impact the direction and influence of strategic human resource practices.

5.8.3 Selection Practices

The selection process is the immediate extension of the recruitment function. In the framework, the link with recruitment depicts the nature of its complementary role. In the template, the separate listing of selection functions demonstrate the types of activities performed in SMEs. Discussions on the application of the selection function in SMEs can be found in section 5.4 of this chapter.

5.8.4 Fit Dimension

The framework shows that PJ fit as a sub-component of the PO fit. Both depict key factors in the recruitment and selection function. The template shows the fit dimension is categorised separately as PJ and PO fit. In the PJ fit analysis, the job description and job specification are important criteria used as descriptors of fit. In the PO fit discussions, several interesting results appear especially job-trials, multi-tasking capability and exposure, and the significance of spirituality/religion in the workplace. The faith-based findings are not prevalent in SMEs but is a peculiar element of PO fit. A comprehensive discussion on this point is in section 5.5.

5.8.5 Outcome/Link between fit and retention

The framework shows that implementing a seamless integration of the four components discussed above leads to outcomes that benefit SMEs. In this instance for SMEs, the biggest challenge is retaining employees. Hence, SMEs that demonstrate unified and cohesive recruitment and selection processes are adept at retaining

employees for longer periods. As discussed in Section 5.6 the fit dimensions and retention are strongly interlinked. A unified connection leads to better retention and performance.

The final framework, Figure 5.2, is an integrated conceptual model that incorporates the findings presented in the final template. SMEs could use the framework as a working template when planning and implementing a strategically structured recruitment and selection process.

5.9 Recommendations

The recommendations below are recruitment and selection processes or steps that SMEs could adopt to ensure a cost-effective and efficient administration. The proposals may assist SMEs to have a fast and simple but structured hiring system suited to the organisations' specific needs.

5.9.1 Adopting optimal stopping in selection

The idea of optimal stopping (Chudjakow and Riedel, 2013; Sumser, 2016) is when you conduct the job interview with the first candidate, it is assumed, in theory, this will be the best candidate you have seen so far. Hence, the second candidate is only 50 per cent likely to be the best. The third has a 1 in 3 chance of being the best candidate you have seen. When interviewing each new candidate, the probability that these are the best diminishes. Thus, the reducing probability is calculation in the following progression: 1/1, 1/2, 1/3, 1/n, 1/n+1. If there are 10 applicants for interview, hence the 10^{th} candidate, for example, has only a 1 in 10 (10 per cent) mathematical chance of having the right fit. This means every new candidate offers a diminishing probability.

Practical Implications - The purpose of optimal stopping in selection is to review the time taken to select an applicant. The interviewer should consider the combined implications of cost when conducting the recruitment and selection activity. The intention is to select an applicant as quickly as possible without spending much time on the process. As the saying goes 'time is money' hence as interviewers the time spent on conducting each test and interview for applicants translates to the overall

hiring cost. According to the HR Examiner, an on-line portal the suggested formula in terms of practical application is as follows:

1. Determine the time that you have for selection
2. Spend 37 per cent of that time to evaluate the applicants
3. After 37 per cent of the time, pick the first applicant that is better than what you have seen so far.

5.9.2 Using recruitment and selection costing

As discussed earlier, the purpose of optimal stopping is to optimise the time spent on selection activity. In relation to this point, SMEs also need to consider costs incurred for the recruitment and selection activities. Hence, the proposed model below assists in determining the time and money spent for this purpose.

Practical Implications - An illustration of the application of the costing mechanism uses the following example:

Assuming an SME has two vacancies. Hence, recruitment activities are administered and eight applicants are selected for the interview. The intention is to select two qualified applicants. Several assumptions formulated are for the recruitment and selection costing:

a) Three-stages costing which are Recruitment Cost, Pre-selection Cost and Selection Interview Cost.
b) Advertisement in two sources.
c) The number of applications received = 26 CVs.
d) Interviewer salary: RM3000 per month.
e) Purchase of test materials: RM800 per piece.
f) Medical cost: RM150 per test.
g) Time: allocation of proportionate hours for specific activities associated with the selection process

Hence, the total recruitment and selection cost for each selected applicant is RM1539.22. The breakdown of the overall cost is below:

- Average Recruitment Cost (ARC) = RM436.05
- Pre-selection Cost for per recruited (PC-r) = RM43.21
- Total Selection Cost for per recruited (TSC-r) = RM1059.96

Indicators	Formula	Note
RECRUITMENT		
Recruitment Sources Cost (RSC)	RSC = expenses **Example** RSC = RM700 (Jobstreet.com) = RM100 (mudah.com)	Direct expense for recruitment
Recruitment Administration Cost (RAC)	RAC = hours X hourly wage **Example** RAC = 5 X 14.42 RAC = RM72.10	Hourly wage: (3000/26)/8 = RM14.42
Total Recruitment Cost (TRC)	TRC = RSC + RAC **Example** TRC = 800 + 72.10 TRC = RM872.10	
Average Recruitment Cost (ARC)	ARC = TRC/n **Example** ARC = 872.10/2 ARC = RM436.05	n = number of recruitment sources
Recruitment Sources Cost/r (RSC/r)	RSC/r = expenses/r **Example** RSC/r = 800/2 RSC/r = RM400	r = number of hired persons
Recruitment Administration Cost/r (RAC/r)	RAC/r = hours X hourly wage/r **Example** RAC/r = 72.10/2 RAC/r = RM36.05	r = number of hired persons
SELECTION INTERVIEW and TEST		
Total Pre-selection Cost (TPC)	TPC = hours X hourly wage **Example** TPC = 6 X 14.42 TPC = RM86.42	time required for pre-screening analysis
Pre-selection Cost for per CV (PC-cv)	PC-cv= TPC/n **Example** PC-cv = 86.42/26 PC-cv = RM3.33	n = number of CVs (assumption)
Pre-selection Cost for per recruited	PC-r = TPC/r **Example** PC-r = 86.42/2 PC-r = RM43.21	r = number of hired persons
Interview Cost (IC)	IC = n X (preparation time + interview time + time for report writing) X hourly wage **Example** IC = 8 X (0.5hrs + 0.75hrs + 0.5hrs)] X (RM3000 per month/26 days)/8 hours IC = (8 X 1.75) X (115.38 per day/8 hrs.) IC = 14 X 14.42 per hour IC = RM201.88	n= number of interviews

Indicators	Formula	Note
Test Administration Cost (TAC)	TAC = (unit price of test X quantity bought) + (administering time X hourly wage) + (test evaluation time X hourly wage) **Example** TAC = (800 x 2) + (0.5 X 14.42) + (0.5 X 14.42) TAC = 1600 + 7.21 + 7.21 TAC = RM1614.42	
Assessment Centre Cost (ACC)	ACC = CP + CO + CE + CA Cost *(assumed not applicable for SMEs due to size of firm)*	CP = cost for preparation, CO = cost for organization, CE = cost of evaluation, CA = cost of administration.
Medical Examination Cost (MEC)	MEC = unit price X no. of examination **Example** MEC = 150 X 2 medical tests MEC = RM300	
Reference Checks Cost (RCC)	RCC = hours X hourly wage **Example** RCC = 0.25 X 14.42 RCC = RM3.61	
Total Cost of Selection (TCS)	TCS = IC + TAC + ~~*ACC*~~ + MEC + RCC **Example** TCS = 201.88 + 1614.42 + 300 + 3.61 TCS = RM2119.91	Assumption ACC is not relevant for SMEs
Total Selection Cost per recruited (TSC-r)	TSC-r = TCS/r **Example** TSC-r = 2119.91/2 recruited TSC-r = RM1059.96	r = number of hired person

Table 5.3: Recruitment and selection costing
(adapted from Boudreau and Rynes, 1985; Florea, 2013, p.277-278)

SMEs have several options in recruiting and selecting the right candidates. The themes demonstrate these facts. SMEs objectives are to achieve outcomes using methods that are simple and cost-effective. Based on the proposed costing mechanism it is evident that the actual cost of hiring an applicant is not very high utilizing the right hiring practices. The calculation formula for hiring whether using print or digital media or other hiring methods can be the benchmark in determining the viability of a specific hiring process.

5.9.3 Focused recruitment and selection approach

Using a focused recruitment and selection approach targeting applicants with specific trade-based skills from technical and vocational education and training (TVET)

institutions is advantageous. UNESCO defines TVET as “those aspects of the educational process involving, in addition to general education, the study of technologies and related sciences; acquisition of practical skills, and attitudes; and understanding and knowledge related to occupations in various sectors of economic and social life” (United Nations Educational Scientific and Cultural Organization, 2012, p. 28).

Recently a newspaper report stated more than 5,000 TVET courses and science courses are available and the take-up is poor. These courses are available in public universities however, since 2017, 1,251 courses were suspended or cancelled (The Star, 2019). Expectations by 2020 are, 3.3 million jobs will be generated in Malaysia. Forty-six per cent of these jobs would need vocational certificates and diploma. Why are students reluctant to register for TVET courses? It is a question of perception, whereby many perceive these TVET courses are for the academically weaker students. Only 10 per cent of secondary students in Malaysia are registered for TVET courses. In comparison, 40 per cent of secondary students are registered in Korea. Many however do not realise that graduates of TVET are equipped with skills that suit the needs of the market and organisation. The cost of hiring is low since it is a direct approach method. Other direct methods include linkage with colleges or universities for mid-level positions. Through internships or referrals, SMEs have practical options that fit into the simple and cost-effective recruitment process. The selection process is simple. Applicants undergo training and development with specific trade-based skills. Fresh graduates, on the other hand, would require SMEs to invest in time and effort in developing and training job-relevant skills. The link between SMEs and TVET institutions could be formalised with the support of SME Corporation. SME Corporation conducts various training programmes to enhance SME owners’ capability and competence in running a start-up. The skills and knowledge gained from these capacity-building initiatives could be extended to TVET institutions. This relationship between SME Corporation and TVET institutions could be formalised as part of capacity building initiatives, which contributes towards nations building and the economy.

An important element of this initiative is to overcome the negative perception associated with TVET institutions. Many perceive these institutions as inferior in comparison to mainstream schools. Hence developing collaborations between these two stakeholders helps position TVET institutions as pathways to assured employment opportunities. This is a win-win opportunity for three stakeholders specifically students who are assured of employment, SMEs need not struggle in sourcing for the right applicants and SME Corporation fulfils its role as a government agency promoting and strengthening the role of SMEs in the Malaysian economy.

Practical implications - TVET's are capable of producing a workforce with appropriate skills and entrepreneurial capabilities. The benefits derived from TVET education encompass improved productivity, efficiency and skills in operating capital-intensive types of machinery, adapting to changes in technology and the work organisation (Bakar, 2017). SMEs linkages with TVET institutions is for SMEs to have an uninterrupted supply of potential applicants for vacant positions. The trade skills these applicants or students from TVETS have is a direct fit for the job and the organisation. Achieving the PO and PJ fit factors would be without much difficulty. SMEs who establish direct contacts with vocational institutions are indirectly giving inputs towards these institutions on the type of applicants they desire for the vacant positions. SMEs then have lesser pressure in developing and conducting training for the new hires since most of these applicants would have some degree of trade-based knowledge and skills. The objective is to match the skills of TVET institution graduates with SMEs needs for capacity building. Hence SME Corporation together with the Ministry of Education should develop specific skill-based programmes for TVET students. Embed these programmes as a component of the TVET syllabus. These initiatives will then provide a ready pipeline of employment opportunities for TVET students as interns in SMEs. This approach will assure SMEs they have a pool of talent available for employment in their firms.

5.9.4 Firm attraction and retention

Drawing from the findings it is obvious that engagement and close interaction are important factors in developing an environment where the PO and PJ fit is possible. SMEs generally operate with a small number of staffs hence formalities, hierarchy or

division between top and lower levels are non-existent. Owner-managers who can demonstrate effective communication, close relationships and engage effectively with all levels could develop and sustain a culture promoting the concept of PO fit. This leads to lower staff turnover rates hence better retention.

SMEs should create an environment where potential applicants find value and attraction working in these firms. The relationships built with TVET institutions encourage these institutions to promote these firms as places to develop ones' skills. Hence, the firm's attractiveness and value increases. SMEs then need to take advantage of this signalling to put in place strategic rewards and recognition for retention purposes.

Practical implications - SMEs should explore the idea of employer branding. Engagement and interaction are not just an activity limited between employer and employee. The concept of branding is to establish a presence in the market place. In this context promoting a firm's value proposition that attracts potential applicants. The key message publicised is to position the firm as a favourable employment environment. Incorporate this narrative into the applicant attraction approaches. Hence, recruitment and selection activity is not an ordinary process but a branding exercise that generates a quality pool of candidates, finding the right 'fit' applicants and encourages better job retention rates. The firm's core values and culture become the narrative presented to stakeholders. The intention is to attract and generate appeal to the job, which is positioning it favourably to the applicants.

SMEs could develop and structure the recruitment and selection process by integrating the various factors presented in the findings in a simple instructive process as shown below. The integrated process begins by strategically linking organisation values and culture with the desired outcomes using the PO fit. This stage would be the initial organisational preparation before progressing to the next phase of the selection. In the next phase, three interrelated steps are developed. First, is to develop a value-based and culturally driven recruitment plan. The recruitment plan shall include objective and subjective measures which have an indirect and direct impact on PO fit. This is an important organisation level preparation phase as it displays how

the organisation ascertains its unique identity and employment value proposition. Values and culture are the organisational DNA. Recognising, appreciating and placing these attributes at the forefront of the hiring message creates awareness, interest, desire and attraction. An appealing recruitment message attracts talented applicants when the nuance matches their aspirations. Using these factors as a reference point, human resource designs interviews using the subjective measures of fit. Subjective measures of fit will comprise elements that determine the suitability and compatibility of the applicant to the job and organisation. Human resource recruiters are then trained to conduct interviews by understanding the context and nature of the fit elements according to the job. The interview outcome is measured by comparing the applicant's ability to demonstrate qualities during the interview that matches the pre-determined fit elements. The decision to offer an employment contract or reject the applicant is based on the findings and a review of the applicant's interview performance. Post-selection is the assessment to determine whether the selected applicant demonstrates criteria matching the PO and PJ fit. Any weaknesses identified through the assessment process becomes input towards modifying the recruitment and selection process. Parts of the integrated framework in Figure 5.3 form the basis of the proposed instructive recruitment and selection plan for an organisation as in Figure 5.3. The below plan is a practical approach SMEs could adopt in strategic hiring by incorporating the dimension of fit.

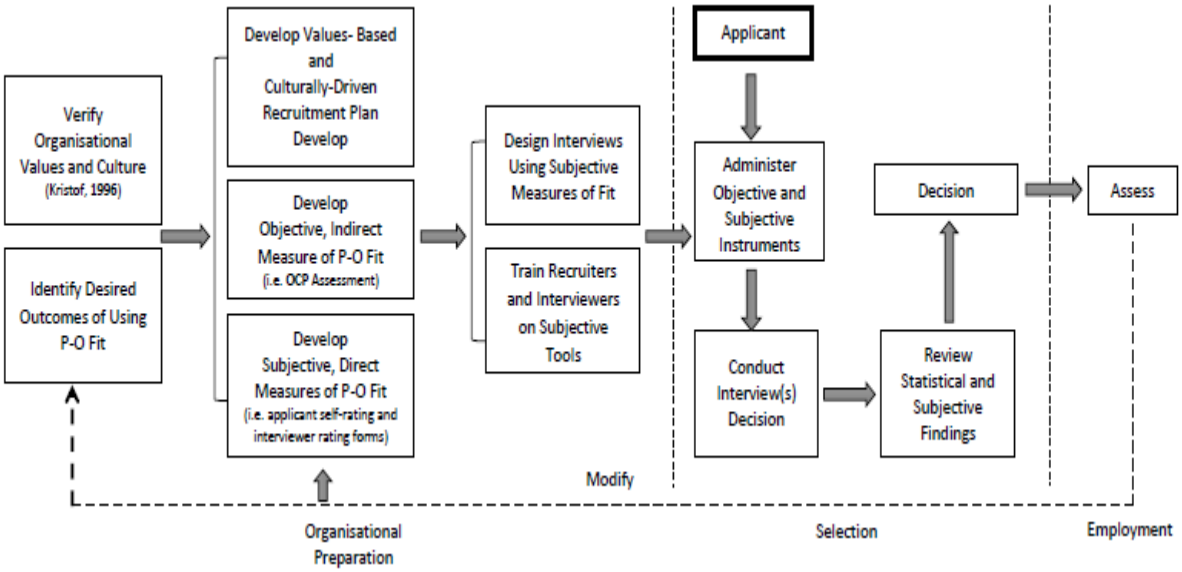


Figure 5.3: Integrative hiring plan
Source: Mercurio (2016)

5.9.5 Engagement and autonomy

Findings suggest organisational values and culture have a potential impact on employee decision to remain. SME owners must understand, nurture and motivate their talent at an interpersonal level. Elements like monetary rewards only contribute partly as an effective employee retention tool. A major aspect of talent retention revolves around supervisors or leaders giving personalised consideration for implicit aspects such as belongingness, communication and interpersonal relationships. Hence, SMEs can improve their retention practices by focusing on keeping their employees satisfied by fulfilling their emotional and social needs. SMEs should position organisational reputation in the industry as an opportunity to spread a positive employment brand image via its current word-of-mouth recruitment strategy.

Practical Implications - SMEs are characteristically associated for instance with informal workloads. Nonetheless, these same characteristics could also promote employee retention. Hence, leaders in SMEs should reassess the traditionally deemed 'negative' characteristics of their business from a positive viewpoint. For instance, employees in SMEs experience work training under high stress through multitasking between various job scopes due to loosely defined job descriptions. Instead of reinforcing the negativity, SMEs owner-managers may alternatively communicate the amount of control they have over certain organisational outcomes. They should emphasise the benefits of developing a variety of skill sets through empowerment. The diversification of roles and responsibility instead of routine and monotonous tasks instils commitment towards the job and retention.

5.9.6 Benchmarking

SMEs need to examine, what excellent performers inside and outside the industry are practising (Soto-Acosta, Colomo-Palacios and Popa, 2014). One possibility is to establish more inter-company relations between SMEs either within or even from different industries. SME owners may take the opportunity to discuss and share their short-term and long-term strategies on recruitment and selection, the challenges in attracting and acquiring the right talent and exchanging ideas or exploring solutions

to overcome these challenges. SMEs owner-managers may leverage on these networks and find much value in these forums as they exchange ideas on human resource practices and challenges. Establishing learning networks among sectorial-based SMEs in specific regions is likely to offer more targeted human resource tools and advice. The SME network linkages create avenues and opportunities to have a targeted and specific recruitment and selection process suited for SMEs instead of universal HRM solutions drawn exclusively from large organisations.

Practical implications - Recommending the option of establishing an online forum within the company as a platform for employers and employees to voice out concerns raise important issues or even seek advice on various issues they face. Employees should be encouraged to engage in the discussions as it builds onto employee's self-efficacy especially when the organisation appreciates their feedbacks.

Studies suggest that monetary reward may not be a long-term solution for retaining talents. When compensation and recognition are not perceived as fair, eventually it may lead to an adverse impact on employees' organisational commitment (Coetzer, Cameron, Lewis, *et al.*, 2007). Therefore, there should be a periodic revision of the reward and evaluation system. Rewards and benefits should be tailored to reflect the employees' skill, effort, experience (Kupperschmidt, 2000; Mayson and Barrett, 2006; Coetzer *et al.*, 2007) and economic conditions (Heneman and Berkley 1999). Employers should be aware of employees' short-term and long-term goals and have them in line with the organisation's reward and recognition policies. Employees tend to be more motivated towards higher achievement when there is no bias. SMEs could explore further methods of linking rewards to overall business performance, for example, long service rewards, retirement schemes and family-related benefits as a retention strategy.

5.10 Limitations and future research

Although the qualitative approach used in this study has its relevant strengths, the limitation in this instance is the inability to expand the scope of the study. Research encompassing SMEs in Malaysia is rather daunting. The major challenges can be

categorised in terms of logistical and data collection. Despite daunting challenges in getting SMEs as participants, there are opportunities in using the qualitative approach. Research using qualitative approach encompasses a much longer time. Patience is a key factor and additionally arranging an appropriate time for the interviews without interruptions is a challenge. The available data is rich but requires careful interpretation to ensure proper coding and categorisation of key facts and themes. The nuances and revelations garnered from the findings using the qualitative approach provide opportunities for a separate stream of HRM research.

Although the study looked at various SMEs across different sectors, it may be useful to explore the recruitment and selection practices according to specific sectors and SMEs with larger employee numbers. SME definition mentions two sectors manufacturing and services. Narrowing it down to specific sectors may produce different results. Although the differences may not be significant, studying SMEs in high growth sub-sectors with substantial capital-intensive investments may also produce different perspectives.

Second, SMEs are a crucial economic contributor to the Malaysian economy. The scope of research on SMEs focuses generally on non-HRM related dimensions. There should be more research on the impact of HRM practices in Malaysian SMEs. Exploring various HRM functions separately to gauge its effectiveness and relevance in SMEs operations. Malaysia as a country is multi-cultural, multi-ethnic and multi-religious. Recently the Centre for Governance and Political Studies produced a report on a study about *'Racism in Recruitment: A Study on Racial Bias for Entry Level Jobs in Malaysia' (2019)*. Their findings, metaphorically speaking 'opened a can of worms'. Three key findings were, i) Malays and Indians were discriminated against in terms of percentage of interview call-back opportunity, ii) employers stating 'mandarin' as a language requirement is merely a 'smoke-screen' and not an actual need, basically the employer prefers Chinese candidates, iii) a 'hijab' wearing Muslim female applicant has lesser chance of being called back for interview. This issue became political and many criticised the research as baseless, empirically unsound and not fit for publication. However, based on this fact it would be interesting to determine if SMEs portray any biased hiring tendency especially applicants from one ethnic group, depending on the

background of the business owner/founder. In most cases, the founder's family members hold senior positions in the organisations. Hence it may be interesting to examine operationalisation of HRM practices especially recruitment and selection of applicants based on the racial and religious background or philosophy of the founder. Are there any ethnic or religious biased preferences in the recruitment and selection process? In a country like Malaysia, race biased recruitment and selection has been an issue highlighted by the media. Although, organisations deny such practice but conducting either a qualitative or quantitative research on anecdotal observations indicating subtle recruitment and selection bias towards a particular race would be a possible research objective.

Third, determining whether there is any correlation between the recruitment and selection process and retention, specifically intention to remain? Exploring factors that affect employees' choice to remain in SMEs rather than make a career switch to larger organisations. In this case, exploring whether employee perception and expectations towards their jobs are according to what they had experienced throughout their hiring process. Has this experience and expectation changed specifically the psychological contract established during the hiring exercise? Does the psychological contract established or in a sense agreed during the hiring exercise support the intention to remain? Thus, leading to PO and PJ fit.

Fourth, research on fit can be further narrowed to the multidimensionality of fit using the qualitative approach. Exploring the diverse features of fit for instance beliefs or values and aims encompassing multiple facets of PE fit. Studying the multiple contents within each facet of fit adds further understanding on how SMEs could be effective in their recruitment and selection messaging. A qualitative multidimensionality fit approach would assist managers to identify distinct fit perceptions and characteristics in the hiring process. Specific fit characteristics might pinpoint mismatches and incompatibility between person and job, person and supervisor, person and team and person and organisation comprehensively. Issues encompassing incompatibility in terms of personality, leadership, work styles, relationships, role conflicts or ambiguity are areas managers can take action to increase congruence.

5.11 Conclusion

A review of the discussion, especially the report by NEAC on the strategic reform initiatives where one of the core initiatives under the Economic Transformation Programme in Malaysia is to inspire the workforce so that they can draw out their best. This indicates the need to match the job with the right workers rapidly. The primary objective of this thesis is to explore the significance and impact of person-job fit and person-organisation fit in the strategic recruitment and selection process on Malaysian SMEs and its effect on performance. The findings suggest SMEs should focus and apply HRM systems on five criteria; strategic level considerations, recruitment objectives, selection and fit criteria and the link-outcome between fit and retention. If SMEs are to recruit and select the right talent, factors such as highly focused recruitment and selection methods, speed in recruiting, the work culture and environment that promotes skill, character and personality development should be the primary focus. Scholars are then able to address issues on human resource practices in SMEs. These issues encompass generic, ad-hoc and informal human resource practices; limited labour pool; resource constraints; focus of human resource research in larger organisations; limited understanding of human resource practices and frameworks for SMEs, could then be addressed (Heneman, Tansky and Camp, 2000; Williamson, Cable and Aldrich, 2002; Huselid, 2003; Cardon and Stevens, 2004; T. Bartram, 2005; Mayson and Barrett, 2006; Guest, 2011). Establishing and maintaining strong links with SME Corporation and TVET institutions is the way forward in sourcing for the right applicants. The recruitment and selection function in SMEs is not an easy task when they need to compete with larger firms in finding the right pool of talents. SMEs who can position and publicise their recruitment message narrative in ways that attract competent applicants successfully achieve the PO and PJ fit.

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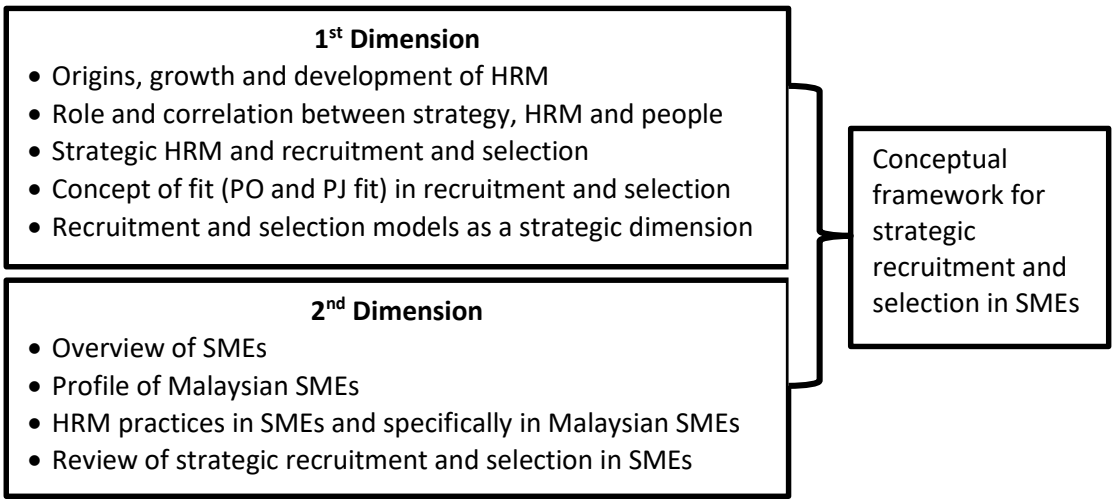
Wyatt, M. R. R., Pathak, S. B. and Zibarras, L. D. (2010) 'Advancing selection in an SME: Is best practice methodology applicable?', *International Small Business Journal*, 28(3), pp. 258–273. doi: 10.1177/0266242609350815.

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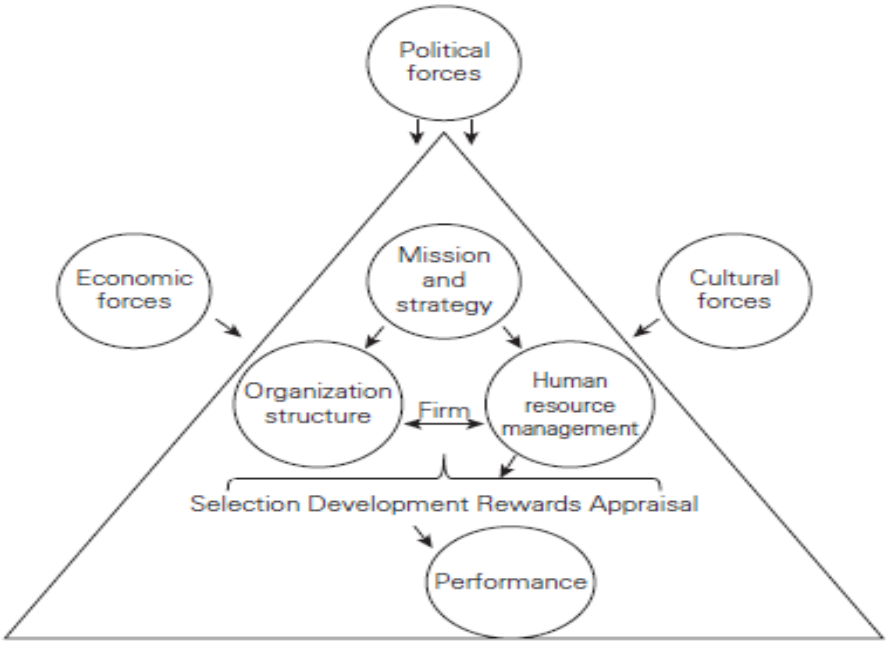
Zanko, M. (2003) 'Change and diversity: HRM issues and trends in the asia-pacific region', *Asia Pacific Journal of Human Resources*, 41(1), pp. 75–87. doi: 10.1177/1038411103041001024.

7.0 Appendices

Appendix 1: The conceptual mapping of literature

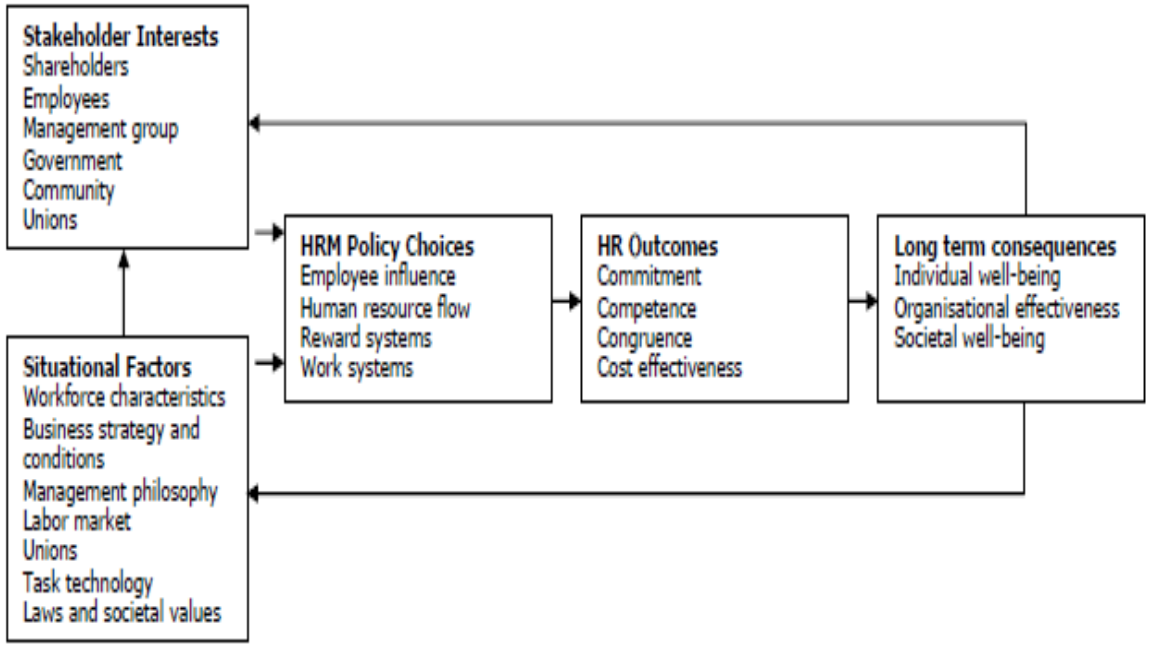


Appendix 2: Michigan Model of HRM



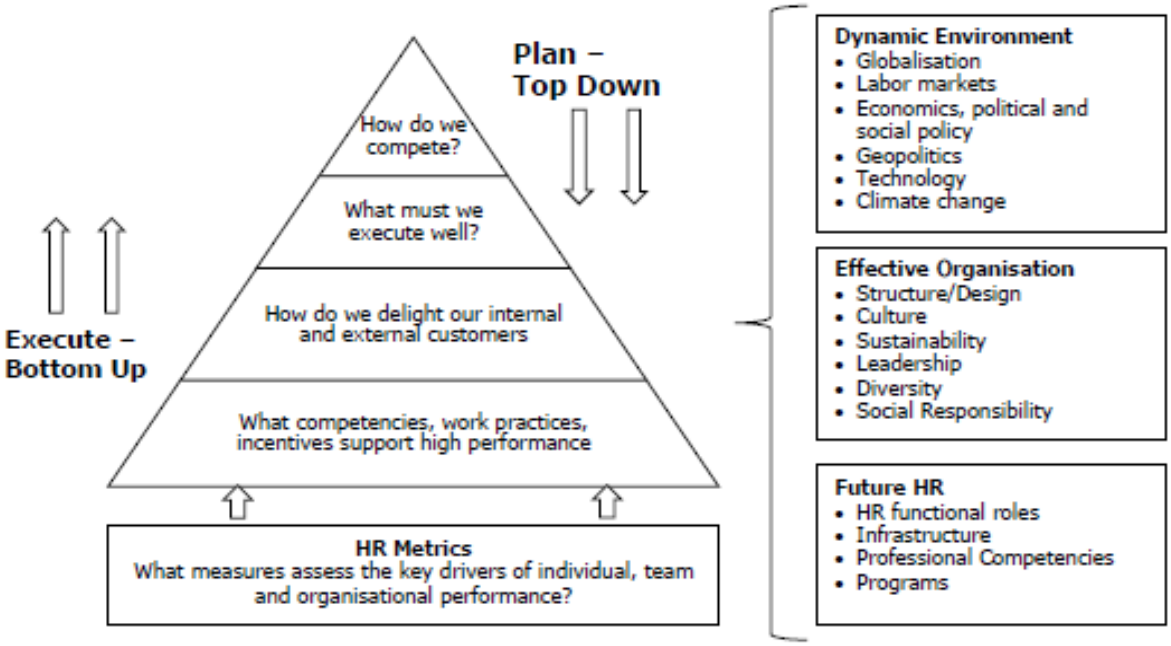
Fombrun, Tichy and Devanna, (1984)
Source: Kaufman, (2015a)

Appendix 3: Harvard Model of HRM



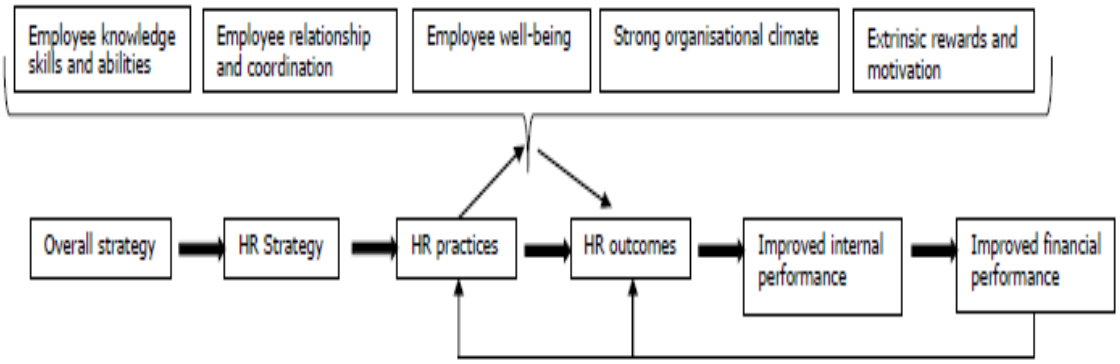
Beer, Spector, Lawrence, Mills, and Walton Model (1985)
Source: Kaufman, (2015a)

Appendix 4: Cascio and Boudreau SHRM Model



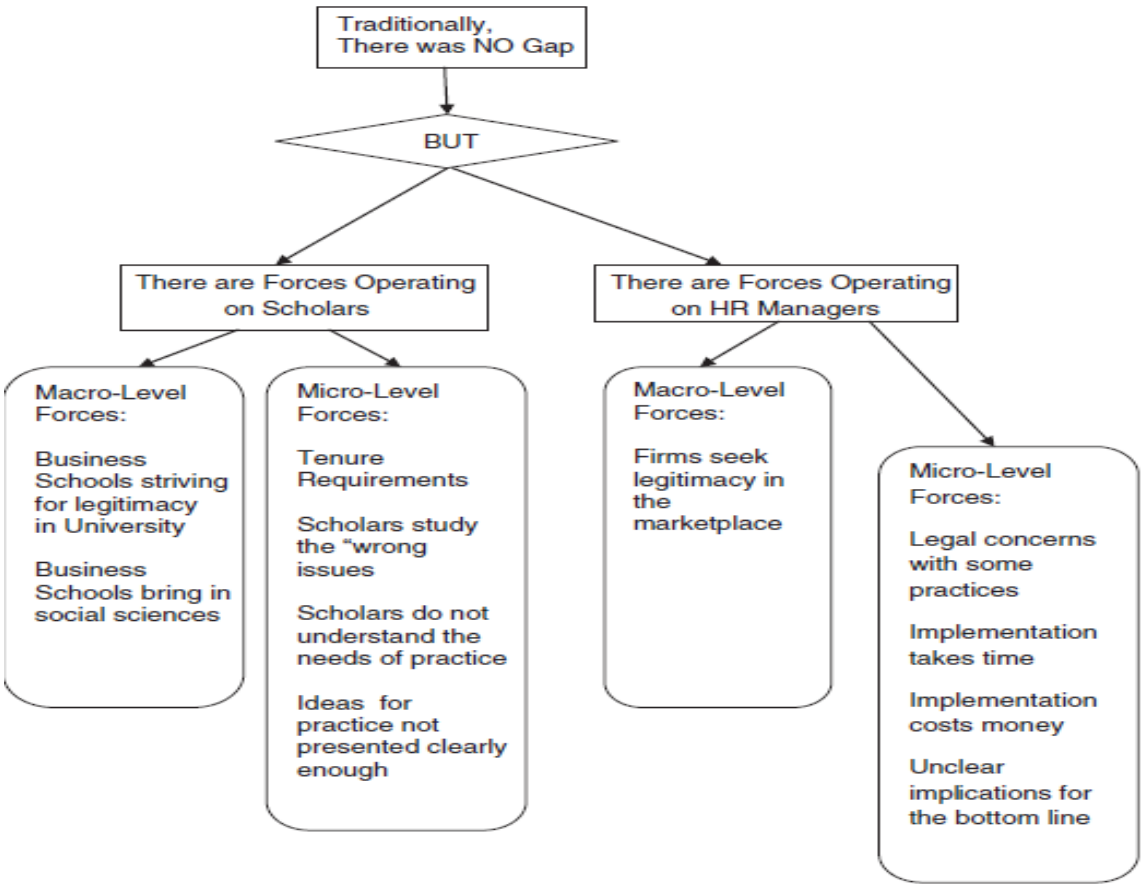
Source: Kaufman, (2015a)

Appendix 5: Paauwe, Guest and Wright SHRM Model



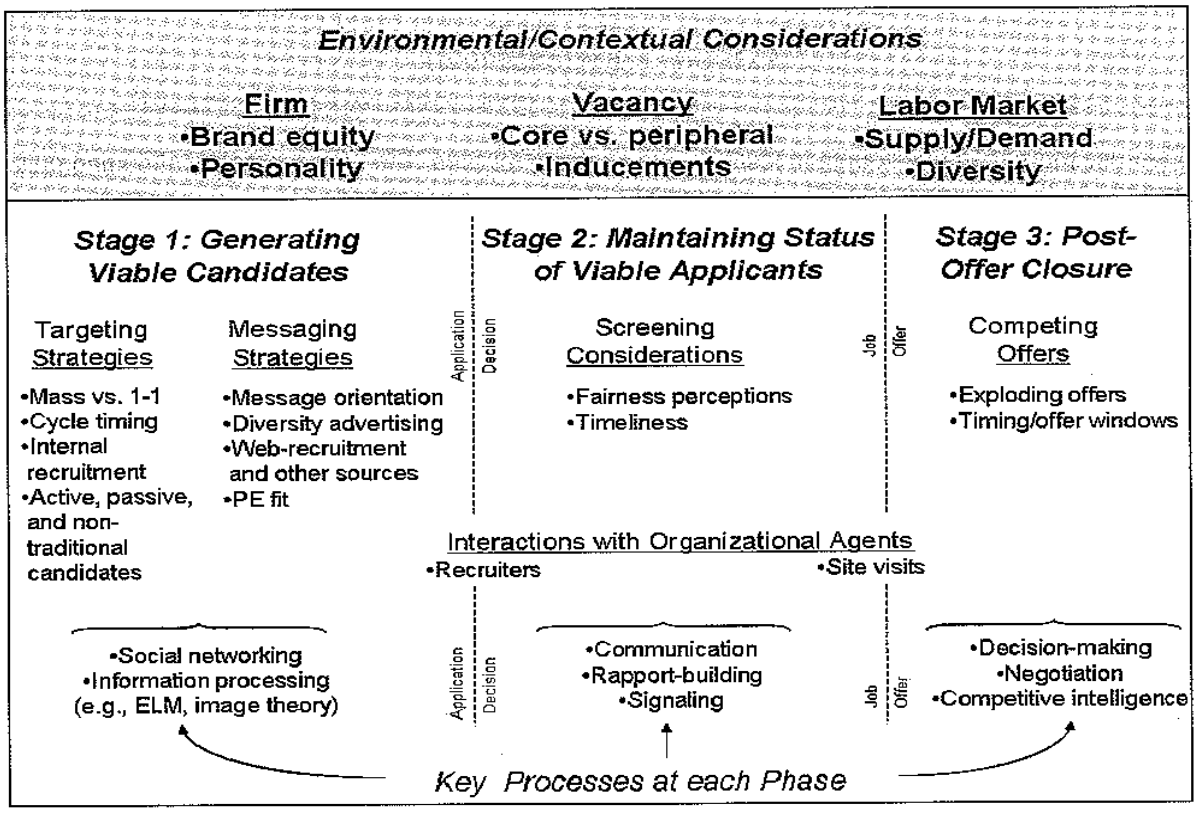
Source: Kaufman, (2015a)

Appendix 6: HRM research and practice gap



Source: DeNisi, Wilson and Biteman (2014)

Appendix 7: Framework of the recruitment process. PE = person-environment; ELM = Elaboration likelihood model



Source: Dineen and Soltis (2010, p. 46)

Appendix 8: Country specific SME definitions

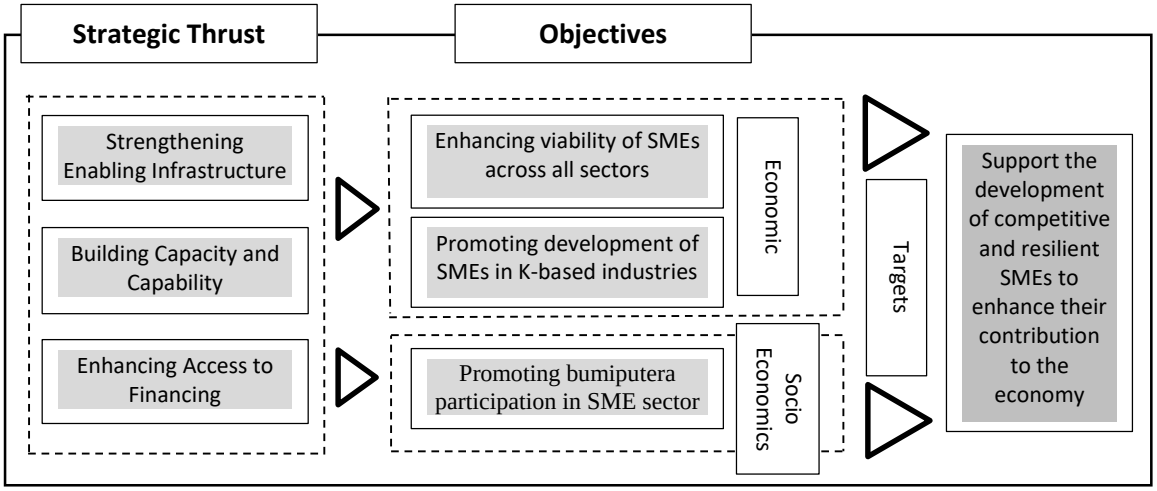
Other States, Multilateral Agency Definitions			
Country	**Enterprises**	**Criteria and country's official definition**	**Measures**
European Union	Micro Small Medium	<10 employees; turnover ≤ €2 million or annual balance sheet total ≤€ 2 million <50 employees; turnover ≤ €10 million or annual balance sheet total ≤ €10 million <250 employees; turnover ≤ €50 million or annual balance sheet total ≤ €43 million	Employment and turnover or annual balance sheet total
United States of America	Micro Small Medium	< 20 employees 20-99 employees 100-499 employees	Employment
World Bank	SME	≤300 employees; turnover ≤$ 15 million; assets ≤$ 15 million	Employment, turnover and asset
Asia Pacific Countries			
Country	**Enterprises**	**Criteria and country's official definition**	**Measures**
Australia	Manufacturing Medium Small	Manufacturing enterprises with fewer than 100 employees <100 employees <20 employees	Employment

Other States, Multilateral Agency Definitions			
Country	**Enterprises**	**Criteria and country's official definition**	**Measures**
	Services	Non-manufacturing enterprises with fewer than 50 employees	
Brunei Darussalam	SME	<100 employees	Employment
China	**Manufacturing** Micro Small Medium **Wholesale** Micro Small Medium **Retail** Micro Small Medium	 <20 employees and < 3 million yuan 20-299 employees and 3-19.99 million yuan 300-1,000 employees and 20-40 million yuan <5 employees and < 10 million yuan 5-19 employees and 10-49.9 million yuan 20-200 employees and 50-400 million yuan <10 and < 4.99 million yuan 10-49 employees and 1-4.99 million yuan 50-300 employees and 5-200 million yuan	 Employment and turnover
Hong Kong, China	SME	<100 employees	Employment
India	**Manufacturing** Micro Small Medium **Services** Micro Small Medium	 ≤Rs 2.5 million ≤Rs 50 million ≤Rs 100 million ≤Rs 1 million ≤Rs 20 million ≤Rs 50 million	Manufacturing enterprises are defined in terms of investment in plant and machinery Service enterprises are defined in terms of investment in equipment
Indonesia	SME	<100 employees or 10,000 (million) Rp	Employment or asset capitalisation
Japan	Manufacturing Wholesale Retail Services	<300 employees or asset capitalization < ¥300 million <50 employees or asset capitalization < ¥100 million <50 employees or asset capitalization < ¥50 million yen <50 employees or asset capitalization < ¥50 million yen	Employment and asset
Philippines	Small Medium	10 ÷ 99 employees AND P3,000,001 ÷ P15,000,000 total assets less land ($69,001 ÷ $345,000 100 ÷ 199 employees AND P15,000,001 ÷ P100,000,000 total assets less land ($345,001 ÷ $2,300,000)	Employment and asset
Republic of Korea	Manufacturing Services	< 300 employees or asset capitalization < 8000 (million) won < 200 employees or revenue 20,000 (million) won	Employment and asset capitalisation

Other States, Multilateral Agency Definitions			
Country	**Enterprises**	**Criteria and country's official definition**	**Measures**
			Employment and revenue
Singapore	SME	<$S100 million annual sales turnover <200 employees	Employment or turnover
Taiwan Province of China	Manufacturing, mining, and construction Others Micro	Invested capital ≤ NT$ 80 million or employees <200 Sales revenue ≤NT$ 120 million or employment <50 Employment <5	Employment, invested capital, or turnover
Thailand	**Manufacturing and services** Small Medium **Wholesale** Small Medium **Retail** Small Medium	 ≤ 50 employees or capital ≤B 50 million 51-200 employees or capital over B 50 and ≤B 200 million ≤ 25 employees or capital ≤B 50 million 26-50 employees or capital over B 50 and ≤B 100 million baht ≤ 15 employees or capital ≤B 30 million 16-30 employees or capital over B 30 and ≤B 60 million	 Employment and capital
Vietnam	SME	≤ 300 employees; capital ≤D 10 billion	Employment and capital

Cunningham and Rowley, 2010, p. 324; Abe, M. Troilo, M. Juneja and Narain, 2012, p. 14-16; Asian Development Bank Institute, 2016)

Appendix 9: Overview of SME development objectives and strategies



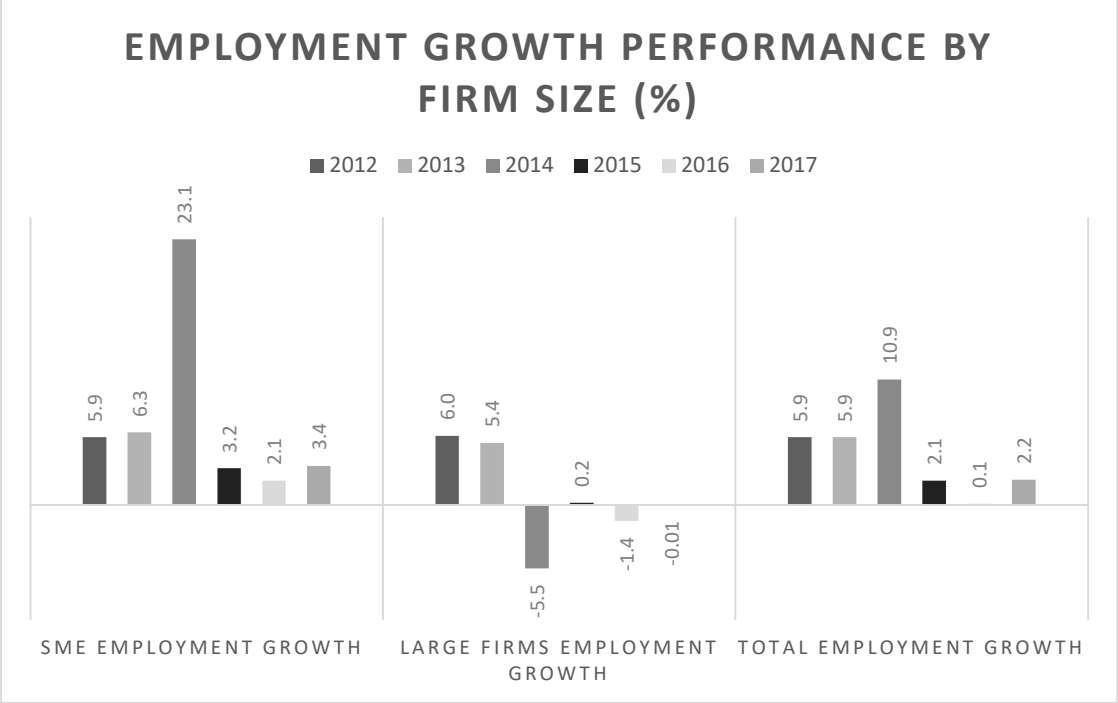
Source: National SME Development Blueprint 2007 (National Bank of Malaysia, 2006)

Appendix 10: Number of workers by sectors in Malaysian SME

SME Sectors	Number of Workers	Percentage (%)
Services	3,807,600	66.8
Manufacturing	1,048,800	18.4
Construction	632,700	11.1
Others	210,900	3.7
Total	**5,700,000**	**100**

Source: adapted from Economic Census 2016, Department of Statistics Malaysia (2018)

Appendix 11: Comparison of employment growth performance between SMEs and large firms



Source: Department of Statistics, Malaysia cited in SME Annual Report 2017/18

Appendix 12: Review of research on HRM practices in Malaysian SMEs

No	Authors/Year	Dimension of HR Research	Methodology	Findings
1	Hooi, L.W. (2006)	Extent of E-HRM practices in SMEs	• Empirical based research, using mainly primary and some secondary data survey. • Sample size received 90 (of 400 questionnaires) from SMEs.	• Conventional human resource practices are more prevalent due to lack of financial resources, technical infrastructure facilities and expert know how. • However, most are receptive to E-HRM both employer and employee.
2	Ismail, R. (2006)	The impact of human capital attainments on small-medium industries output or labour productivity	• Empirical based research using field survey and regression analysis • Sample size 138	• Small and medium industries require workers with education for value added growth. • The importance of investing in training and development for human capital development.
3	Hassan, (2010)	The link between quality assurance and HRM in SMEs	• Empirical based research using Rao's (2007) audit questionnaire. • Sample size of 230 respondents from 10 SMEs.	• The emphasis and focus is more on getting quality assurance processes right specifically technical aspects rather than the human elements. Hence, role of human resource is given less emphasis. • The level of commitment and concern in developing human capital in SMEs are rather low. • HR aspects and role of department were marginal.
4	Osman, I., Ho, T.C.F., Galang, M.C. (2011)	The importance and relevance of human resource departments in SMEs • Its effect on employee job satisfaction	• Empirical based research using mainly primary data survey. • Sample size of 43 (of 200 questionnaires) from SMEs.	• Having human resource departments enhances employee satisfaction. • SMEs experience better retention of employees due to the existence and impact of human resource departments.

No	Authors/Year	Dimension of HR Research	Methodology	Findings
		• The significance of human resource practices in SMEs		• Human resource departments' role in providing training and development is crucial as it encourages growth and development.
5	Subramaniam, C., Mohd Shamsudin, F., Ibrahim, H. (2011)	Link between human resource practices and organisational performance	• Empirical based research using regression analysis. • Sample size of 84 (of 200 questionnaires) from SMEs.	• Compensation, information sharing, training and development directly affects organisation performance. • Employees generally view SMEs as a stepping stone for jobs in larger organisations with better pay. • Job security in SMEs is not a major factor but establishing targeted human resource practices help facilitate higher performance and growth.
6	Zakaria, N., Mohamed Zainal, S.R., Mohd Nasurdin, A. (2011)	Importance of HRM practices towards organisation performance	• Conceptual paper	• Studies on SMEs focuses more on the relationship between financing, business networking, efficiency in using technology, innovation capabilities and business strategy on SMEs performance • Malaysian SMEs lack robust studies on effective implementation of human resource practices.
7	Mat Zin, Ahmad, Ngah, *et al.*, (2012)	The utilisation of a motivation model as HR practice towards employee retention	• Conceptual paper	• Firms adopting strong employee attachment initiatives through specific cultural, motivation and benefits strategies.
8	Rosli, M.M., Mahmood, R. (2013)	The effect of HRM practices, entrepreneur training on innovation and firm performance	• Empirical research using multiple regression analysis. • Sample size of 284 SMEs.	• Training of employees and entrepreneurs are crucial in sustaining firm performance.

No	Authors/Year	Dimension of HR Research	Methodology	Findings
				• Cultivating innovation in SMEs is dependent on training and development programmes.
9	June, Kheng, and Mahmood (2013)	Establishing the relationship between three variables comprising of competency, person-job fit and the employees' job performance in SMEs from service sector.	• Empirical method, comprising of a sample size of 324 responses collected using a mail survey from 1500 distributed questionnaires. (p. 114).	• Both person-job fit and competency has significant relationship to job performance of employees. • There is better performance and greater job satisfaction among employees when there is evidence of person-job fit.
10	Razak, Rashid, Ma'amor, *et al.*, (2013)	Establishing a link between the knowledge and HRM processes in SMEs	• Conceptual paper	• Paper proposes a knowledge transfer model consisting of three dimensions i.e. knowledge creator, knowledge dissemination and knowledge taker, which becomes the determinant of HRM processes (for instance recruitment and selection).
11	Hooi and Ngui, (2014)	Demonstrates HRM practices affects SMEs performance through organisational learning capability	• Empirical studies with hypotheses tested using the structural equation modelling. • Data collected from a sample of 286 manufacturing and service SMEs, utilising a survey questionnaire.	• Findings suggests that the use of human-capital enhancing human resource practices strengthen SMEs' learning capability. Furthermore, SMEs' learning capability mediates the effect of the HR practices on firm performance.
12	Abdullah, Zakaria, Ahmad, *et al.*, (2018)	Establishing specific HRM practices that improves SMEs effectiveness and performance outcomes.	• Empirical studies, comprising sample size of 108 responses and only 95 questionnaires applicable.	• Findings indicate five HRM practices; communication and information sharing, recruitment and selection, compensation, training and development and performance appraisal enhances SMEs overall management effectiveness.

Appendix 13: Interview information for research participants

Nottingham University Business School

Information for Research Participants *(Maklumat untuk Peserta Penyelidikan)*

Thank you for agreeing to participate in the research project. Your participation in this research is voluntary, and you may change your mind about being involved in the research at any time, without giving a reason.
(Terima kasih kerana bersetuju untuk mengambil bahagian dalam projek penyelidikan ini. Penyertaan anda dalam kajian ini adalah secara sukarela, dan anda boleh menukar fikiran anda tentang penglibatan anda dalam kajian ini bila--bila masa, tanpa memberi sebab.)

This information sheet is designed to give you full details of the research project, its goals, the research team, the research funder, and what you will be asked to do as part of the research. If you have any questions that are not answered by this information sheet, please ask.
(Lembaran maklumat ini direka untuk memberikan butir--butir penuh projek penyelidikan, matlamatnya, pasukan penyelidikan, pembiaya penyelidikan, dan apa yang anda akan diminta untuk lakukan sebagai sebahagian daripada penyelidikan ini. Jika anda mempunyai sebarang soalan mengenai projek in anda boleh menghubungi kami).

What is the research project called? (Apakah tajuk projek penyelidikan ini?)

Strategic Recruitment and Selection (Talent Acquisition) Practices in Small and Medium Enterprises in Malaysia: Developing an Organisation-Person-Job Fit Model.
(Amalan pengambilihan dan pemilihan pekerja dalam SMEs di Malaysia: Merangka Model Fit).

Who is carrying out the research? (Siapakah yang menjalankan penyelidikan?)

The research is conducted by researchers from Nottingham University Business School, Malaysia who are staff of the university. This research is funded by the Fundamental Research Grant Scheme (FRGS) provided by Ministry of Higher Education and conducted by the principal investigator (also a PhD candidate) and a research assistant. *(Kajian ini dijalankan oleh penyelidik dari Nottingham Universiti Business School Malaysia yang juga merupakan kakitangan universiti ini. Kajian ini dibiayai oleh Fundamental Research Grant Scheme (FRGS) yang disediakan oleh Kementerian Pengajian Tinggi dan dijalankan oleh penyelidik utama dan pembantu penyelidik.)*

What is the research about? (Apakah matlamat penyelidikan ini?)

The research aim is to explore the recruitment and selection (talent acquisition) practices in SMEs. Specifically, the research explores:

1. To examine the current recruitment and selection practices adopted in SMEs.
2. To explore whether SMEs view the person-job fit and person-organisation fit as a strategic and integral function of the recruitment and selection process?
3. To evaluate if a strategic recruitment and selection process can effectively contribute towards SMEs performance in terms of staff retention.

(Tujuan kajian adalah untuk menyiasat amalan pengambilan dan pemilihan dalam SMEs. Secara khususnya kajian ini meneroka:

1. *Mengkaji proses pengambilan dan pemilihan pekerja di SMEs?*
2. *Mengkaji sama ada SME melihat unsur--unsur kesesuaian dari segi Pekerja-Organisasi dan Pekerja--Kerja.dalam proses pengambilan dan pemilihan pekerja sebagai suatu fungsi strategik?*
3. *Mengenalpasti samada proses pengambilan dan pemilihan pekerja secara strategic memberi kesan kepada prestasi SME dan pengekalan pekerja.*

What groups of people have been asked to take part, and why? (Siapakah yang akan diminta untuk mengambil bahagian, dan mengapa?)

The participants are primarily HR managers, CEO/MD's of SMEs or individuals who are directly involved in recruitment and selection process.
(Penyelidikan ini melibatkan pengurus HR, Ketua Pegawai Eksekutif / Pengarah Urusan SMEs atau individu yang terlibat secara langsung dalam proses pengambilan dan pemilihan pekerja.)

What will research participants be asked to do? (Apa yang perlu dilakukan oleh responden kajian ini?)

Participants will be interviewed. This may take about an hour or less. This may be repeated at another time for validation purposes but taking a shorter time.
(Peserta akan ditemu duga lebih kurang sejam. Temu duga ini mungkin akan diulang jika perlu pada masa yang lain untuk tujuan pengesahan tetapi mengambil masa yang lebih pendek).
Participants may also be invited for focus group meetings, if they are agreeable.
(Peserta mungkin akan dijemput juga untuk mesyuarat kumpulan fokus pada masa hadapan, jika bersetuju)

What will happen to the information I provide? (Apa yang akan berlaku kepada maklumat yang saya berikan?)

The data gathered will be used for academic purposes. They will be stored in electronic and paper format and remain confidential. Interviews will be recorded using audio recording tool subject to agreement of participant. This is primarily to analyse the narratives expressed during the interviews. There will be direct quotes used as part of the research analysis. Direct quotes will be referred according to company name and participant name. Participants can decide if they wish to remain anonymous or not. This will be explained prior to the interview. However, to ensure robustness in the overall research, identifying the participant would be the ideal approach.
(Maklumat yang diperolehi akan digunakan untuk tujuan akademik sahaja. Maklumat ini akan disimpan di dalam format elektronik dan dokumen. Semua maklumat yang diperolehi adalah sulit. Temu bual akan direkodkan menggunakan audio alat rakaman audio tertakluk kepada persetujuan peserta . Ini adalah terutamanya untuk menganalisis apa yang dinyatakan semasa temu bual. Petikan langsung perbualan akan digunakan sebagai sebahagian daripada kajian. Petikan langsung tersebut akan dirujuk mengikut nama syarikat dan nama peserta. Peserta boleh mengambil keputusan sama ada mereka ingin memberi nama atau tidak. Ini akan dijelaskan sebelum temuduga. Walau bagaimanapun untuk memastikan kesahihan dalam penyelidikan keseluruhan, menggunakan nama peserta adalah pendekatan yang lebih sesuai)

What will be the outputs of the research? (Apa yang akan menjadi output penyelidikan)?

The research findings may be presented in conferences or published as articles in academic journals. The interpreted data may also be used as part of reports for government agencies towards HR development in SMEs. (Hasil kajian ini akan dibentangkan dalam konference atau diterbitkan sebagai artikel dalam jurnal akademik. Data yang ditafsirkan juga boleh digunakan sebagai sebahagian daripada laporan untuk agensi--agensi kerajaan ke arah pembangunan sumber manusia dalam SMEs)

Contact details *(Butiran Penyelidik)*

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Complaint procedure *(Prosedure Aduan)*

If you wish to complain about the way in which the research is being conducted or have any concerns about the research, then in the first instance please contact Dr. Maniam Kaliannan.
(Jika anda ingin membuat aduan mengenai tatacara penyelidikan ini dijalankan atau mempunyai apa-apa kebimbangan mengenai penyelidikan ini, sila hubungi Dr. Maniam Kaliannan.)

Or contact the NUBS REC: *(Atau hubungi NUBS REC)*

Research Ethics Committee
(Jawatankuasa Etika Penyelidikan)
Nottingham University Business School
The University of Notttingham Malaysia Campus
Jalan Broga 43500 Semenyih
Selangor Darul Ehsan, Malaysia
Email: nubs-rec@nottingham.edu.my

INTERVIEW CONSENT

Company Name: _____

Participant Name: _____

Signature: _____

Date: _____

Appendix 14: Selection methods of SMEs

Participant	Common Selection Methods Used by SMEs							
	In-formal Pre-Interview	Interview Methods	IQ Test	Behaviour/ Personality Traits	Technical Tests	Reference Check	JD and JS	Probation
P1		All SMEs adopt a mix of structured and unstructured one-to-one interview sessions						All have probations ranging between 3 – 6 months
P2								
P3								
P4								
P5						✓	✓	
P6				✓	✓			
P7			✓		✓	✓	✓	
P8							✓	
P9							✓	
P10					✓		✓	
P11					✓			
P12				✓			✓	
P13					✓		✓	
P14						✓		
P15	✓			✓				
P16							✓	
P17								
P18	✓					✓		
P19								
P20				✓	✓			
P21	✓							
P22					✓			
P23							✓	
P24							✓	

Participant	Common Selection Methods Used by SMEs							
	In-formal Pre-Interview	**Interview Methods**	**IQ Test**	**Behaviour/ Personality Traits**	**Technical Tests**	**Reference Check**	**JD and JS**	**Probation**
P25								
P26								
P27								
P28								
P29								
P30							✓	
P31								
P32								
Total	**3**	**32**	**1**	**4**	**7**	**4**	**11**	