

**CHALLENGES FACED BY SMALL AND MEDIUM SIZED ENTERPRISES DURING
RECRUITMENT AND SELECTION OF EMPLOYEES WITHIN THE MADINA
METROPOLIS IN THE LA NKWANTAN/MADINA MUNICIPALITY OF THE
GREATER ACCRA REGION OF GHANA**

Rita Sarkodie Baffoe,

Secretaryship and Management Studies Department,
P. O. Box GP 561, Accra Polytechnic, Ghana,

ABSTRACT: *Small and Medium Size Enterprises (SMEs) contribute a greater percentage to Gross Domestic Product (GDP) in ensuring economic growth, employment, income stability and poverty reduction in most developing countries like Ghana. In spite of the critical role played by SMEs in the development of this country, most of these enterprises face challenges in the recruitment and selection practices in their bid to engage competent staff. The study examines employee recruitment and selection practices of SMEs into details with the aim of identifying their challenges and establishing best practices in recruitment and selection systems applicable and convenient for such enterprises considering their important role to the country. In order to investigate the challenges, a conceptual and theoretical framework of the study was designed. These guided the design of data collection instrument to suit the research. The study combined the use of questionnaires and semi structured interviews as methods of data collection and analysis as well as the use of secondary data through accessing publications and reports and studies made by other researchers in the study area. Simple random sampling was used in selecting the respondent for the survey. The study found out among other things that poor planning, lack of employee competencies, lack of recruitment skills, ineffective job analysis, ineffective selection methods, poor leadership, lack of good conditions of service are some of the challenges faced by the SMEs in recruitment and selection of employees. In the view of the researcher recommendations such as enhancing the recruitment and selection skills of entrepreneurs, developing good job analysis, extensive advertising and promotion, improving conditions of service and collaborating with reputable recruitment agencies to support SMEs among others would lead to cost effective recruitment and selection processes, retention of staff and the strategic engagement and management of staff to attain maximum benefit and improve profit of the SMEs.*

KEYWORDS: Human Resource Management, Recruitment and Selection practices, SME's

INTRODUCTION

There is growing recognition of the important role Small and Medium Scale Enterprises (SMEs) play in economic development. They are often described as efficient and prolific job creators, the

seeds of big businesses and the fuel of national economic engines. Even in the developed economies SMEs sector is the largest employer of workers. Interest in the role of SMEs in the development process continues to be in the forefront of policy debates in most countries. Governments at all levels have undertaken initiatives to promote the growth of SMEs Feeney and Riding (1997); Carsamer (2009).

The Ghanaian economy is made up of very small individual businesses, small and medium scale enterprises (SMEs), corporate bodies and multinational companies, international non-governmental organization and local non-governmental organization. They together form the medium through which the economy transacts business activity and grows. The government agenda to make the private sector the engine of growth is mainly driven by the SME sector. The SME sector is believed to contribute over 70% of the country's GDP according to Villars (2004). SMEs have over the years been very significant to the economic development of most developing countries, especially Ghana. It is a major form of business and a major employer making strong positive impact on the economic growth and GDP in Ghana.

According to Cook and Nixon (2000), SME's development can encourage the process of inter and intra regional decentralization; and reckon force in catching up with economic super powers of larger economies in the developed world. Generally it has accelerated the growth and development of many businesses traditionally not considered such as hairdressing /barbering salons, clothing shop, internet cafés, Men/Women grooming spa etc.

SME's in Ghana since its inception has been estimated to be a major contributor to employment in the production sector, a fact noted by Aryeetey (2001) , 'Micro, Small and Medium Enterprises in Ghana are said to be a characteristic feature of the production landscape and have been noted to provide about 85% of manufacturing employment of Ghana 'Increasingly it is acknowledged that the management of people is strategic to success (Boxall and Purcell, 2003). This recognition has sparked a concerted effort to demonstrate the role of Human Resource Management as a means to meet strategic objectives and impact on organizational performance (Den Hartog and Verburg, 2004).SMEs are often cited in academic literature as the key to vibrant economies and their perceived contribution to employment generation has made them a focus for policy makers for over 30 years (Beaver and Prince, 2004).

According to United Nations Industrial Development Organization (UNIDO), SMEs account for more than 90% of all registered businesses in Africa. It is no doubt that SMEs is the bedrock of most African countries provides the medium for incubating future African entrepreneurs and Limited liability companies. Most Universities and Polytechnics in Ghana have incorporated courses in entrepreneurship to enable students gain skills and knowledge needed to set up their own businesses. It is worthy to note the recent inauguration of an entrepreneurship village at Kumasi Polytechnic, by His Excellency the president of the republic of Ghana, John Dramani Mahama in an effort to promote the study and practice of entrepreneurship in the country.The

general objective of this study is to investigate into the effects of recruitment and selection practices of SMEs in Ghana. Specifically, the study investigated the recruitment and selection practices of SMEs, examine the challenges faced in their recruitment and selection process as well as, the effectiveness of recruitment and selection practices in the selected SMEs in La Nkwantana/Madina Metropolis of the Greater Accra Region of Ghana, and made appropriate recommendations.

Problems of the Study

From the introduction given, clearly SMEs play a pivotal role in the growth and development of the Ghanaian economy. The improvement of their activities and operations especially the adoption of best practices in human resource management, access to finance, technological advancement, effect of over liberalization of the economy, removal of regulatory impediments and introduction of better management practices , among others, will go a long way to improve the key role expected of SMEs in Ghana. SMEs are, however, constrained by a number of challenges that render them ineffective and inefficient and affect their growth and sustainability. It is a well known fact that most SMEs find it difficult to operate within the first five years of establishment. Sowa et al (1992), reports that most SMEs in Ghana complain about lack of credit facility which has limited their operations. Some SMEs also complained about the cumbersome banking procedures and difficulties in accessing bank loans. Others also complained about the high interest rates charged by the banks.

The proliferation of savings and loan companies in Ghana has alleviated the plight of most SMEs in accessing credit but this has come with a lot of increases in their operational cost due to the high interest rate charged by the Savings and Loans companies. Aryeetey et al (1994) reported that about 38% of Ghanaian SMEs surveyed mentioned credit as a constraint. Also, Aryeetey (1998) observed that in Ghana only half of SMEs application for formal finance such as bank loans had any chance of being considered and, according to him, about two thirds of micro enterprise loans are likely to be turned down. Most SMEs also lack formal training in their business lines. UNCTAD experts also report that banks regard SMEs as high risk borrowers due to insufficient assets and low capitalization, vulnerability to market fluctuations and high fold up rates. Also key among these problems is improper high information management arising from SMEs lack of accounting records and inadequate financial controls, making creditors and investors unwilling to grant credit due to the low credit worthiness rating of SMEs and their inability to employ qualified accountants and investment managers to manage their funds.

These problems still persist. Banks in Ghana for some years now have been challenged to establish SME departments to design services to suit the needs of the SME sector and to address the challenges faced by these SMEs, but questions have been raised as to the level of support banks offer to these SMEs, hence the question becomes, what is the future of SMEs in Ghana.

SMEs continue to lack the skills and adequate capital to recruit competent and experienced staff to enhance its operations hence the reliance of low grade staff who lack the strategic knowledge and requisite education to promote the business.

Objectives of the Study

The objective of this study is to:

- Examine the recruitment and selection practices of SMEs
- Examine the challenges facing SMEs in employee recruitment and selection in the Madina Metropolis in the La Nkwantan/Madina Municipality in the Greater Accra Region of Ghana.
- Recommend appropriate human resource measures to address the challenges they faced.

Significance of the Study

- The outcome of the study would guide decision makers especially owners and potential owners of SMEs in their recruitment and selection processes.
- The study would also come out with recommendations to guide employee recruitment and selection that can be taken to improve the activities of the SME sector.
- Finally, it would serve as reference document to academics and researchers and to all those interested in the study of SMEs recruitment and selection practices in Ghana.

LITERATURE

In practice it is not easy to define the terms SMEs or an SME sector. A review of the related literature on SMEs indicates that, SMEs face a definition problem and that many researchers have struggled to come up with a universally acceptable definition of what a small business is and is not. According to some experts in the field, the definition problem has stemmed from two main factors. These are the conflicting ideas upon which economic aggregates to base the analysis. Should SME be classified according to number of employees, turnover, profitability or net worth? Potobsky (1992), for example, a small firm in the petrochemical industry would probably have much higher levels of capitalization, sales and possible employment than a small firm in the car repair trades Tonge (2001). To overcome this definition problem, The Bolton Committee (1971) first attempted a definition when it formulated an “economic” and “statistical” definition of a small firm. The Bolton Committee applied different definitions to different sectors. In Ghana several definitions have been given for SMEs and according to Kayanula and Quartey (2002) as cited in Abor and Quartey (2010), the most commonly used criterion is the number of employees of the enterprise. The definition adopted for this research is in line with that suggested by the National Board for Small Scale Industries (NBSSI), an apex body established by Act 434 of 1981 for promoting small scale industries. The NBSSI (1998) provided an operational definition of SME to include the following: Small business is any business that employs up to 29 people. Small business is divided into: the micro and small and medium enterprises. The micro enterprises employ up to 5 employees with fixed assets (excluding land and building) not

exceeding the value of \$10,000; small enterprises are those employing between 6 and 29 employees or having fixed assets excluding land and building not exceeding \$100,000 and; a medium enterprises employ between 30 and 99 employees with fixed assets of up to \$1m cited in Agyapong (2010). It therefore needs to be emphasized however that small business management is different in several respect to management in larger organizations, because of social structures and relationships and because of the levels of resources availability.

The concept of recruitment and selection

Recruitment and selection (or staffing) is said to the best represented area of research in people management in smaller, growth, or entrepreneurial organizations with more scholarly work done conducted than other functional aspect of HRM Cordon & Stevens (2004) as cited in Taylor (2006). The recruitment and selection process thus forms the first stage of the psychological contract between applicants and organizations, where information is mutually exchanged and role expectations are clarified and negotiated Herriot (1993); Anderson (2004). Recruitment 'includes those practices and activities carried out by the organization with the primary purpose of identifying and attracting potential employees' Breaugh and Starke (2000: 405) and has long been regarded as an important part of HRM as it 'performs the essential function of drawing an important resource – human capital into the organization' Barber (1998: 841). The recruitment and selection of an effective workforce consequently can be viewed as central to the success of an enterprise and a key function in HRM. The strategic importance of recruitment is often reported in academic literature Boxall& Purcell (2003). Recruitment is primarily concerned with "the process of generating a pool of capable people to apply for employment to an organization" Bratton and Gold (2003: p. 221). It is closely connected with the selection process which "is the process by which managers and others use specific instruments to choose from a pool of applicants a person or persons most likely to succeed in the job (s), given management goals and legal requirements" Bratton and Gold (2003: p. 221). This is supported by Foot and Hook (2010) seems to be clearer in their minds when they identified the key stages of a systematic approach to recruitment as job analysis, job description, person specification and attracting applicants through the various methods of recruitment. Denisi and Griffin in their book "Human Resource Management" second edition were almost in agreement with Foot and Hook (2010), when they described the recruitment process as consisting of three. The three key stages according to them are job analysis, job description and person specification. Effective selection processes allow both the candidate and the organization to properly assess the degree to which the candidate fits the job specification and are keeping with all applicable legislation. Selection is an opportunity for companies to choose candidates that they believe are most suitable for the job.

Snell and Bohlander (2010) define selection as a process of choosing individuals who have relevant qualifications to fill existing or projected job openings. Recruitment and selection in SMEs Small businesses have reported, in many polls and surveys, that finding competent workers is one of their most important problems Inc., 1997; Deshpande and Golhar (1994); Atkinson and Storey (1994); McEvoy (1984) Ritchie et al. (1993) and cited in Tanova (2003)

state that small businesses are usually not the employer of choice for job seekers. The difficulties faced by small businesses may be due to a negative image that small businesses have as employers Moy & Lee, (2002). This problem is compounded in the light of the fact that SMEs cannot have a large internal labor market and when they lose employees they need to replace them from the external market. Large organizations usually have well established personnel or HRM departments, with extensive procedures and policies to deal with employee related issues. Many small companies on the other hand do not even have personnel or any other large departments as such. Major functions are normally carried out by individuals rather than departments. In some cases an individual may be in charge of more than one major function. For instance marketing, sales and customer relations may be handled by just one person Tayeb (2005). To alleviate this problem some governments have devised programmes to encourage the recruitment of graduates by small businesses. For example according to Tanova (2003) KOSGEB, a government agency in Turkey, set up to assist small and medium-sized enterprises, pays a share of a graduate's salary for a period of time. Priyanath (2006) argues that a major challenge faced by SMEs is the difficulty in recruiting and selecting employees with the correct qualification to help achieve goals of the enterprise. He explained further that this problem is compounded by the lack of systematic method for recruiting and selecting employees. A systematic recruitment process involves identifying vacancies, job analysis, job description, person specification, advertisement. While a systematic selection process involves the recruiting process, gathering information about qualified applicants, evaluating the qualification of each applicant and making decision about employment. On the contrary, evidence suggests that most SMEs follow an informal process for recruiting and selecting employees.

According to Priyanath (2006) some 70.2 percent of employees of SMEs in Sri Lanka were recruited and selected by personal-biased favoritism. Most SMEs rely on the assistance of friends, relatives or an existing employee to look for suitable personnel for vacancies. Word-of-mouth methods are recognized as having some distinct advantages. As well as the obvious advantages of speed and cost, not only is the new recruit a "known quantity", he or she is likely to have been given more prior knowledge about the firm and the job, and what to expect from it Carroll et al (1999). Bonn and Forbringer (1992) reported that in the hospitality industry in the USA, which is notorious for high rates of staff turnover, several large companies actively encourage "referrals" by existing employees, through the use of financial incentives and prizes for successful recommendations, as cited by Carroll et al (1999). On the evidence of research both in the USA and the UK, Atkinson and Storey (1994, p. 11) conclude that the quality of employment in small firms is, in fact, lower than in large ones: Wages are lower, training is less frequent, and the evidence for a compensating higher level of job satisfaction is weak. Furthermore, in view of the financial weakness of many SMEs and their relatively low levels of unionization, effective job security for workers is likely to be lower than for workers in large firms. In addition, researchers such as Lane (1994) and Hendry et al. (1995) point out that small firms are less able to sustain internal labor markets. As a consequence, they may struggle to retain key staff and are more vulnerable to changes in the external labor market. Other

commentators Ritchie (1993); Atkinson and Storey (1994); Thatcher (1996) suggest that these factors have serious recruitment implications for small firms, since they are therefore unlikely to be able to attract high caliber of employee as large firms. Holliday's (1995) in-depth case study research in three small firms also found recruitment by word-of-mouth to be the most common method. Employee performance is an increasingly important issue for all business enterprises in developed and developing economies in both public and private enterprises. SMEs are however not exempted from the necessity of performance as they are continually threatened by increase competition resulting from the increasing liberalization of the global economy. Individual performance is topical issue in today's business environment, to the extent that organizations go to the length to appraise and manage it Armstrong and Barron (1998). Performance has been defined by Hellriegel et al. (1999) as cited in Hayward (2005) as the level of an individual's work achievement after having exerted effort. Whetten and Cameron as cited in Hayward (2005) state that individual performance is a product of ability multiply by motivation. With environmental factors influencing performance primarily through their effect of individual determinants of performance- ability and motivation, Cummings and Schwab (1973) concur with the belief that performance is ultimately an individual phenomenon cited in Hayward (2005). Qureshi and Ramay (2006) as cited in Tanveer et al. (2011) argue that HR practices are positively correlated with the profitability and suggest that management of organization must focus on these HR practices (recruitment and selection) resulting in improved organizational profit. In order to get maximum output from employees, it is important to consider a fit between successful candidates and the organization. This is made possible by the use of selection criteria as basis on the questions asked by the selection panel and in interview. By selecting the required candidates for positions in respective departments, line managers could help achieve a better fit between job and candidate Zhu and Dowling (2002) as cited in Thang and Quang (2005). Other researchers Terpstra and Rozell (1993) have found a positive relationship between the extensiveness of recruiting, selection test validation and the use of formal selection procedures and firm profits. Other studies have shown that implementing an effective staffing process is positively related to organizational performance Delany and Huselid (1996) as cited in Syed and Jama (2012). Koch and McGrath (1996) as cited in Rauf (2007) also found that sophisticated recruitment and selection procedures are positively related to labor productivity. Multiple dimensions of performance has been used in some studies, in this study the researcher defined performance in terms of employee productivity.

METHODOLOGY

Introduction

It explains how the research was conducted. It begins with a definition of research, the design, strategy, methods and procedures used in collecting data: the population, sampling size and sampling technique, data collection, data analysis and limitations.

Research methodology

Research is the systematic investigation into and study of materials and sources in order to establish facts and reach new conclusions.

It is noted that this definition captures two significant phrases:

“Systematic” suggest that research is based on logical relationships and not just beliefs Saunders and Thornhill (2009) which also portrays the exact idea the researcher is carrying out William (2001). Research methodology can be described as the framework associated with a particular set of assumptions that can be used to conduct research OLeary (2004). Research methodology also involves considering the methods of data collection and the theories and concepts underpinning the research topic.

Research Design

Research design is a plan, mode or conceptual structure of the research and type of approach adopted in the study. It can also be explained as the blue print for the measurement of variables, collection and analysis of data. The choice of research design depends on the objectives of the research in order to be able to answer the research questions (Crotty, 144). The study uses a research design for data collection and data analysis. The research design helped in examining relationships among the variables as argued by Fowler (1993).

Research Strategy

The research focuses on employee recruitment and selection practices in small and medium sized enterprises with the Madina Metropolis. The two main types of research design are the quantitative and qualitative.

Qualitative research is a research strategy that usually emphasizes words rather than quantification in the collection and analysis of data. It is inductive, constructionist and interpretive Bryman (2012).

It is based on methods of analysis and explanation building which involve understanding of complexity, detailed and context. It is also aims to produce rounded understandings on the basis of rich, contextual and detailed data. There is more emphasis on ‘holistic’ forms of analysis and explanation, in this sense, than on charting surface patterns, trends and correlations (Mason 2012).

Mason (2012) pointed out that, qualitative research has the following characteristics:

- Qualitative research should be systematically and rigorously conducted
- Qualitative research should involve critical self-scrutiny
- The research should produce social explanation which are general in some way or which have wider resonance.
- The research should produce social explanation to intellectual puzzles.

On the other hand, quantitative research is a distinctive research strategy. In very broad terms, it is described as entailing the collection of numerical data as exhibiting a view of the relationship between theory and research as deductive, a predilection for a natural science approach (and of positivism in particular) and as having an objectivist conception of social reality. This research

can be characterized as linear series of steps moving from theory to conclusions, and its measurement process entails the search for indicators Bryman (2012).

Due to the aim of this research work, that is, employee recruitment and selection practices in small and medium sized enterprises, a qualitative research design method was chosen in order to achieve the desired results for this research. The researcher chose this approach since it would enable her look into all areas of the topic at hand and also provided detailed analysis and conclusions.

Sources of Data

The researcher used both primary and secondary sources of data for the study.

Primary Data

The primary data was obtained using the survey method. This include the distribution of questionnaires and collection of data from key respondents and professionals. In order to achieve the aim and objectives of the study, well-designed questionnaire with both close-ended and open-ended questions were formulated to gather information from appropriate respondents. Questions provided multiple-choice options, which gave the respondents the opportunity to present their ideas by way of selecting from the options, provided. Data obtained was analyzed using Statistical Package for the Social Sciences (SPSS) to get meaningful conclusions and recommendations. The close-ended questions was used because theorist such as Nachmias and Nachmias (1996), as cited in Naom, (2007) indicated that their analysis is straightforward.

Secondary Data

Secondary data is data collected by someone other than the user. A clear benefit of using secondary data is that much of the background work needed has already been carried out or analyzed Funsho (2012). Because the data already exist, you can evaluate them prior before using it. These include desk review of both published and unpublished material including policy documents, newspapers, internet, journals, articles, reports, bulletins, newsletters. The secondary source was to get a deeper understanding of published information on worker recruitment and selection within the Small, Medium sized enterprises. The information gathered from these sources would help guide the second phase of the questionnaire structuring, distribution and collection of data from the key respondents.

Population

Malhotra and Birks (2006), defined population as the group of elements that possess the information sought and about which inferences would be made. The population, as far as this research is concerned, embodies the various enterprises in the Metropolis. With reference to the scope of this study, the population consisted of all 1,000 SMEs within the Madina metropolis of the Greater Accra Region of Ghana.

Sampling Size

Out of the over 1,000 enterprises, the sample size would be composed of Ten (10) respondents selected from a cross section of businesses such as internet cafe, clothing, real estate/property management, barbering, african clothing, grocery shops and licensed chemical sellers

Sampling Technique

Sampling is the process of selecting observations Babbie (2008). The two types of sampling are probability and non-probability sampling. The simple random sampling technique under the probability sampling was used to select respondents from the various enterprises. This is because the population would have an equal chance of being selected. Significantly, the purposive sampling technique, which is a non-probability sampling technique, was used to select respondents who deal directly with recruitment and selection from the various enterprises. This was because the researcher wanted to deal with only cases based on the objectives of the study.

Data Collection

The research tool to be used for data collection was questionnaires and semi structured interviews. The questionnaire covered all the necessary information needed for the study. The developed questionnaires were distributed to and retrieved from the respondents in person. This process of distribution and retrieving of the questionnaires in person was taken for two reasons as suggested by Ahadzie (2007) and cited in Danso (2010), first, to make sure that the questionnaires get to the intended recipients and secondly, to help improve the response rate. All the questionnaires were promptly responded to by the respondents and in some cases semi structured interview with the respondents was used to collect information.

Questionnaire was generally designed in the following pattern:

- **Part I:** Personal data – gender, age, position, profession, academic qualification and experience in the field of study.
-
- **Part II:** Recruitment and Selection issues – existing formal policy for the recruitment and selection of employees, types of recruitment and selection processes usually used by Small and Medium sized enterprises, where recruitment and selection affects workers performance and challenges confronting the recruitment and selection processes by small and medium size enterprises.

Data Analysis

After the responses are gathered, every type of data relating to the questions were separated and gathered to answer different research objectives. The information received was classified into answer categories and expressed as percentage frequencies. Qualitative research methodology was used. Statistical Package for the Social Sciences (SPSS) was used for the analysis.

PRESENTATION OF DATA AND ANALYSIS

The chapter deals with a thorough analysis of the data obtained from the employee recruitment practices of SME In this section most of the responses by the respective respondents will be analyzed by the researcher with the aid of tables and graphs.

DATA ANALYSIS

4.11 Personal Data

Gender	Frequency	Percentage
Male	3	30
Female	7	70

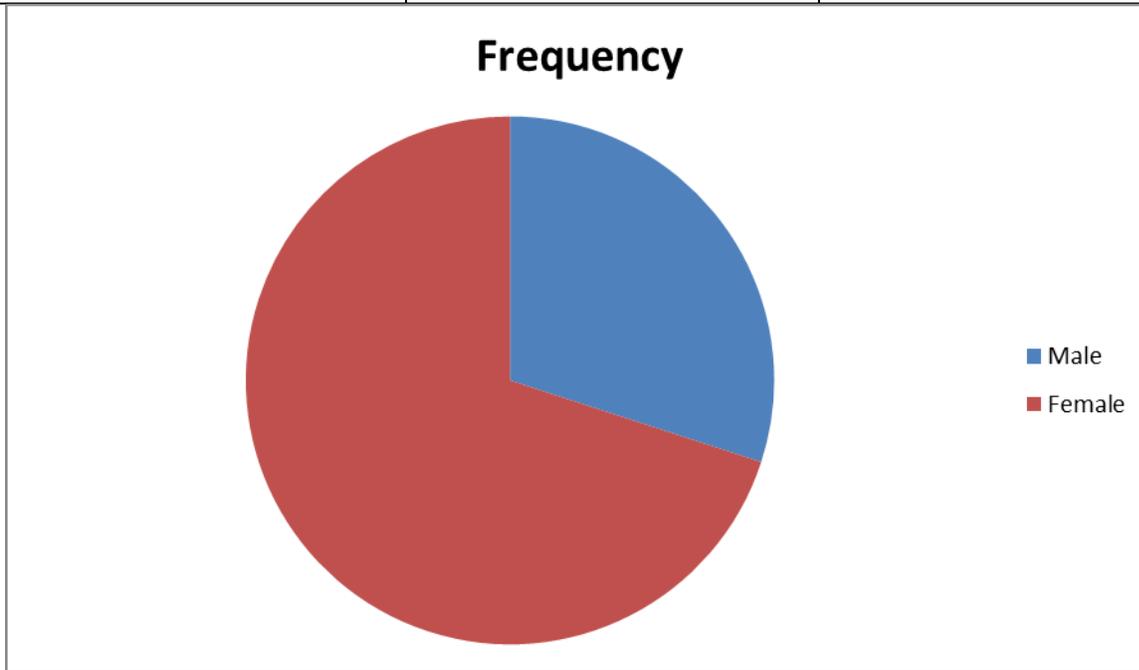


Fig.1 shows that out of the total respondent 30% were males while 70% were females

4.12 Age Group

Age group	Frequency	Percentage(%)
20-29	2	20
30-39	4	40
40-49	3	30
50-59	1	10

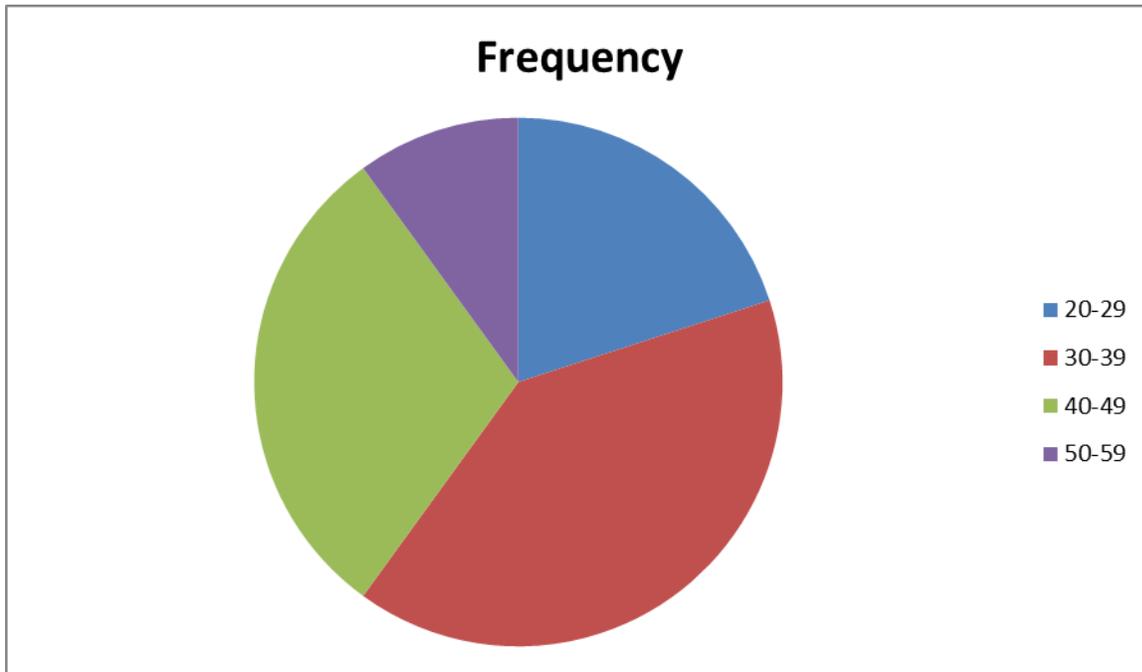


Fig 2 shows that 20% representing 2 of the total respondent were within the 20-29 age group, while 40 % representing 4 of the total respondent were with the age group of 30-39 and 30% representing 3 of the total respondent were within the age group of 40-49 while 10% representing 1 of the respondent were within the age group of 50-59.

4.13 Level of Education

Level of Education	Frequency	Percentage
A/O /SSS Level	2	20
HND	3	30
BA/BSc	3	30
MBA/MSC	1	10
Others(Professional)	1	10

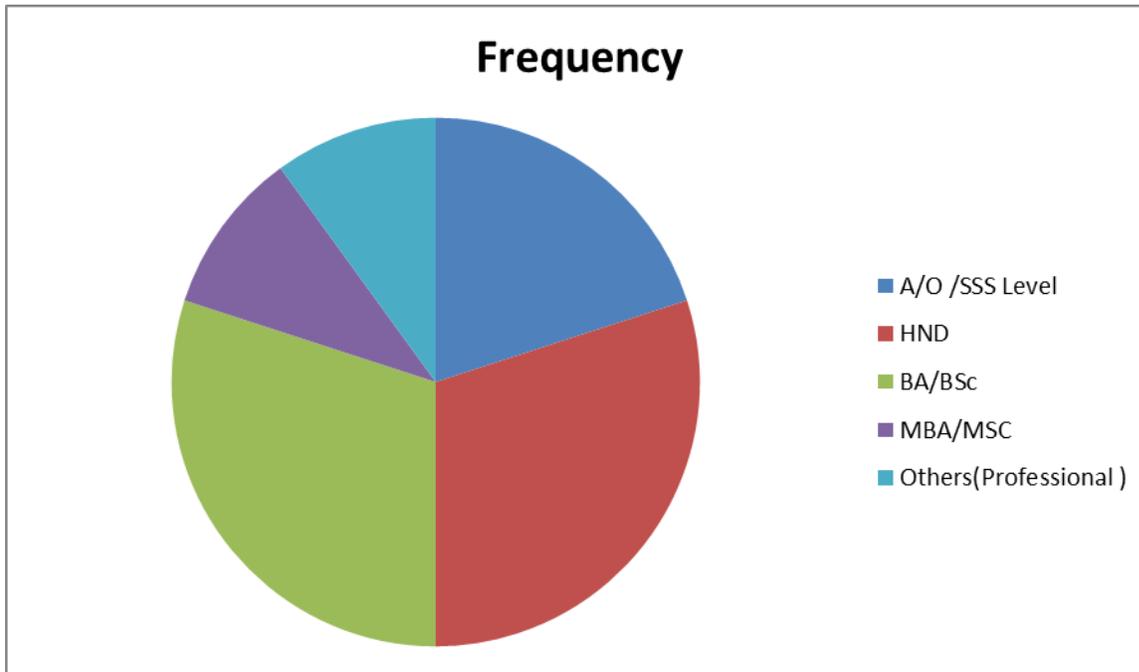


Fig 3 shows 20% of the respondents were A /O/SSS level holders, 30% were HND holders, 30% represented BA/Bsc holders, 10% were MBA holders while professional qualification represented 10%.

4.14 Level of Investment

Level of Investment	Frequency	Percentage
10,000-50,000 GHC	4	40
50,001-99,999 GHC	4	40
100,000-149,999 GHC	1	10
150,000-199,999 GHC	1	10

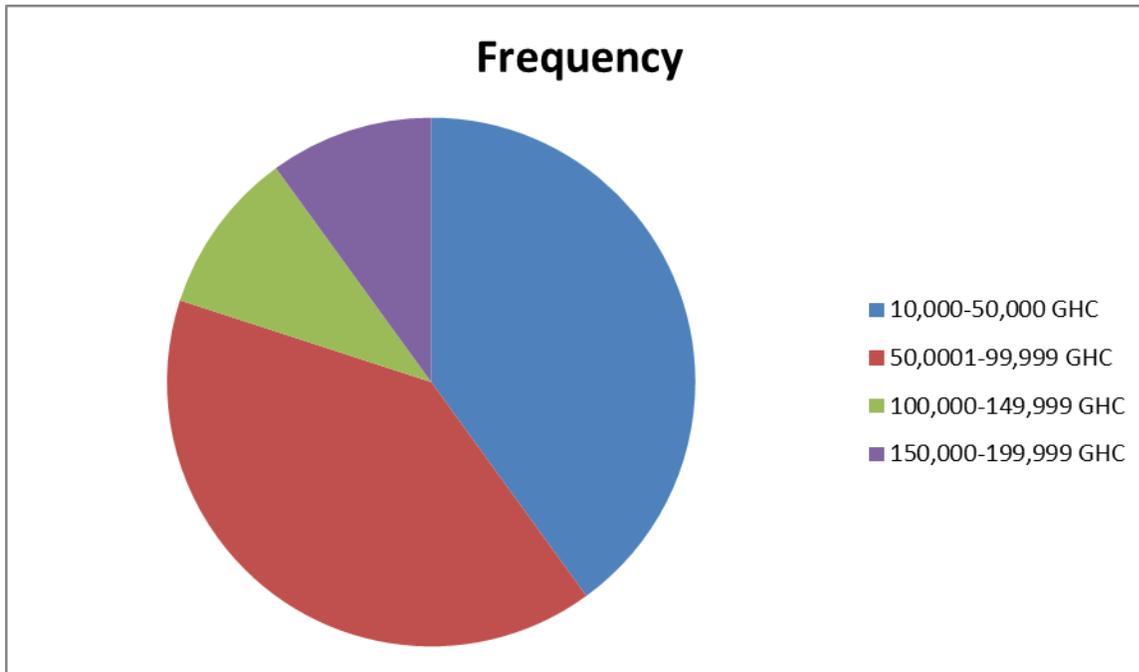


Fig 4 shows that 40% of the respondents have an investment level of Ghc10, 000-50,000, 40% had an investment of Ghc50, 001-99,999, 10% had an investment of Ghc100, 000-149,999 while 10% had an investment of Ghc150, 000-199,999.

4.15 Age of enterprise

Age of enterprise	Frequency	Percentage (%)
Less than 1year	2	20
1-3years	4	40
4-6years	3	30
More than 6years	1	10

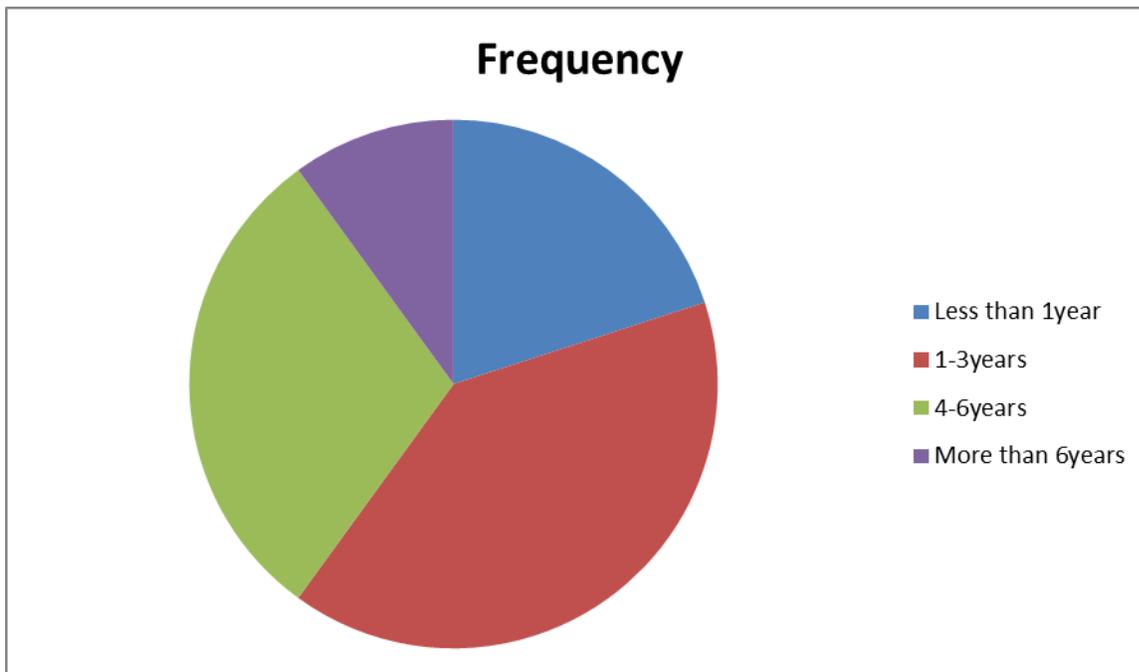


Fig 5 shows that 20% of the respondents were less than a year old, 40% were 1-3years old, 30% were 4-6years old while 10% were more than 6years old.

4.16 formal policies on recruitment and selection of employees

Formal policies	Frequency	Percentage
Yes	1	10
No	9	90

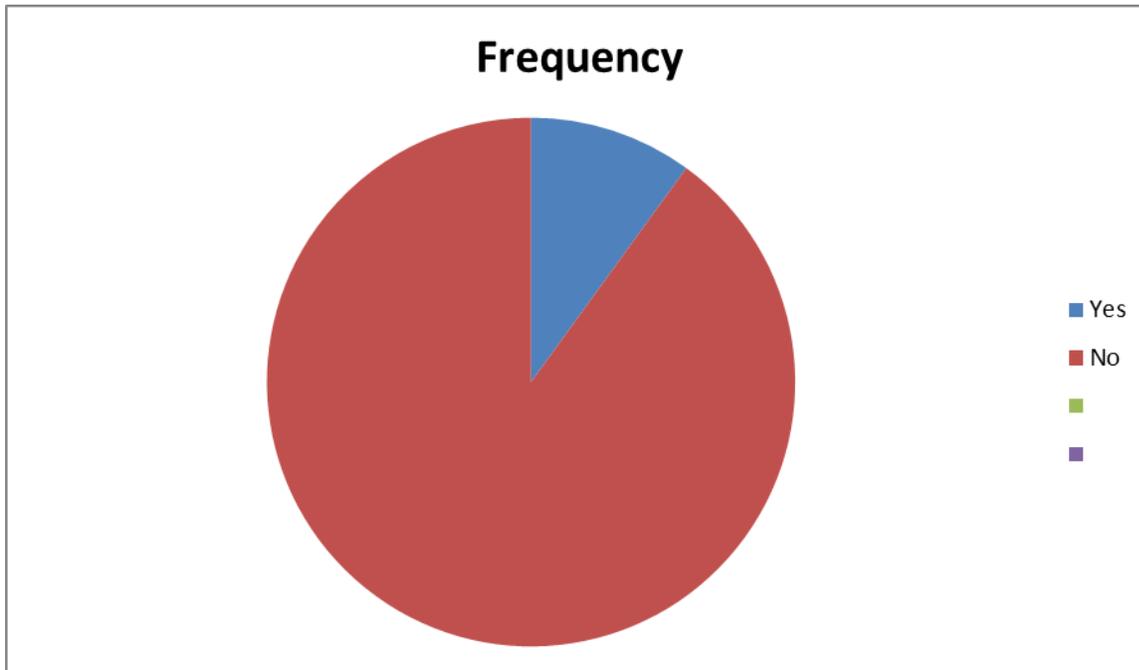


Fig 6 shows that 10% said yes they had formal recruitment polices while 90% said no they had no formal recruitment polices.

4.17 Are existing employees contacted when vacancies exist

Contact of exiting employees	Frequency	Percentage
Yes	7	70
No	3	30

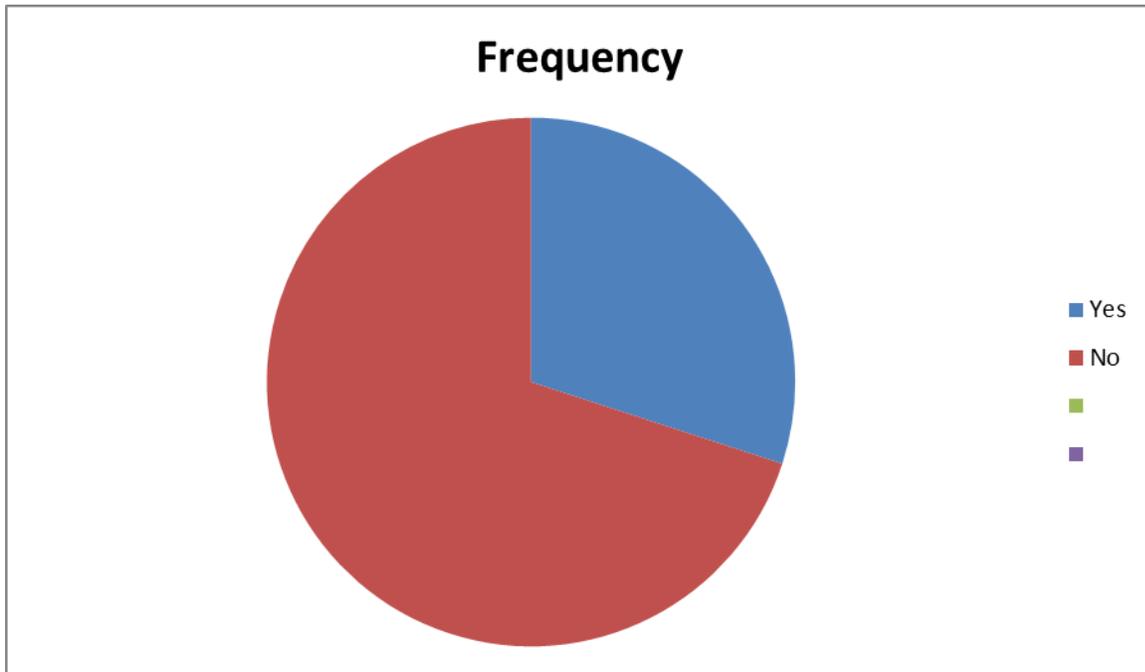


Fig 7 shows that 70% of existing employees are contacted when there is a job vacancy while 30% said no existing employees are not contacted.

4.18 Are job vacancies made open to the public

Job vacancies open to public	Frequency	Percentage
Yes	3	30
No	7	70

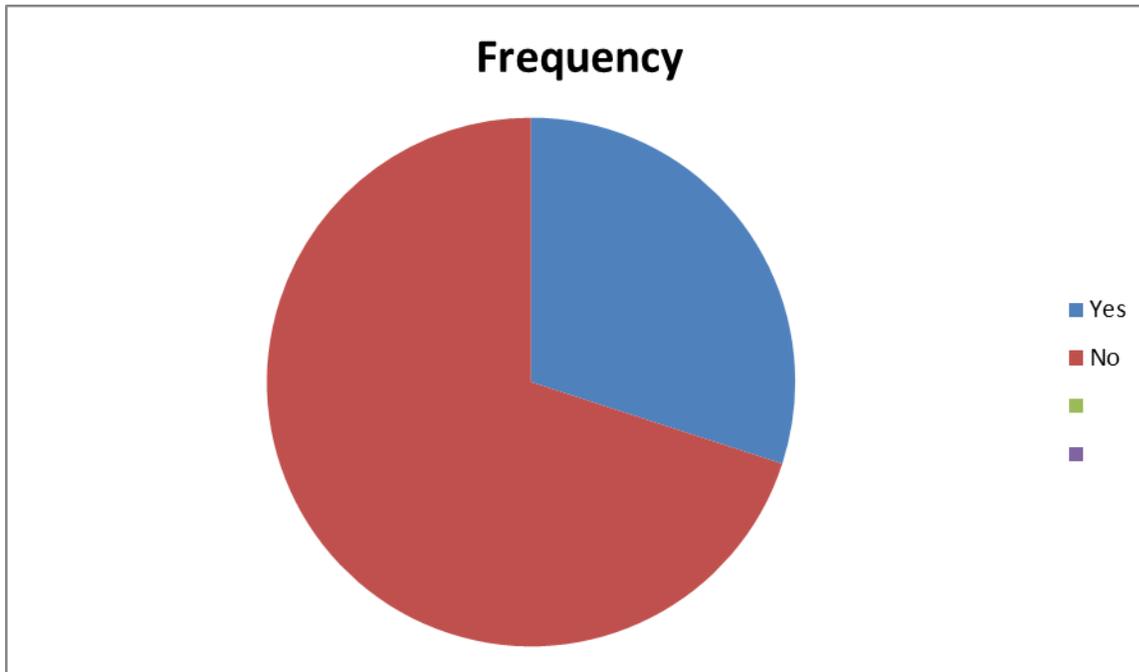


Fig 8 shows that 30% of vacancies are made open to the public while 70% responded no.

4.19 Recruitment and selection processes used.

1=Not frequently used, 2= Averagely used, 3= Neither, 4= Frequently used, 5=Mostly frequently used

Recruitment and selection process	1	2	3	4	5
Internet recruitment	9				1
Radio Advert	10				
TV advert	10				
Newspaper advert	10				
Professional associations	9			1	
Employment agents	1			7	2
Employee referrals	1	1		1	8
Telephone	2		1	2	5
Recruitment from school	8			1	1
Job fairs	10				
Talent hunting	10				
Job proofing	10				
In house recruitment	5		2	1	2
Initial job offers	10				
Labour office	10				

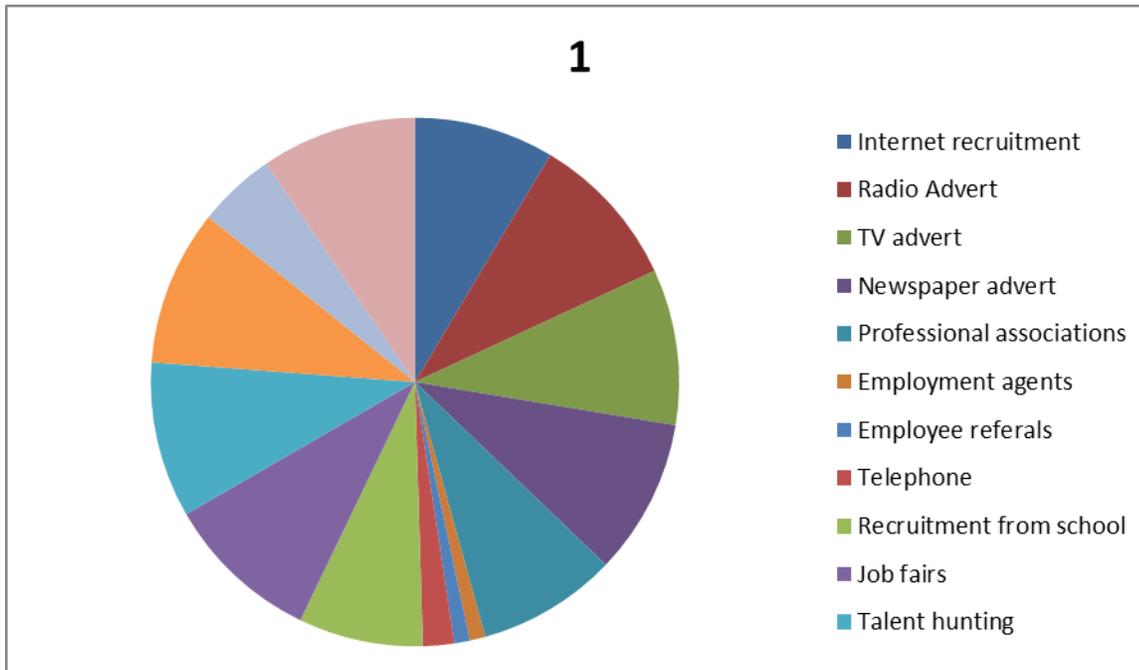


Fig 9 shows the various recruitment and selection processes used in recruitment. Advertisement through Radio; TV and Internet, initial job offers, labour office, job proofing, job fairs, talent hunting are processes that are not frequently used while employment agencies, employee referrals, telephones and in-house recruitment are frequently used methods.

4.20 contribution of recruitment and selection practices to getting the best staff hired.

Response	Frequency	Percentage
Yes	7	70
No	3	30

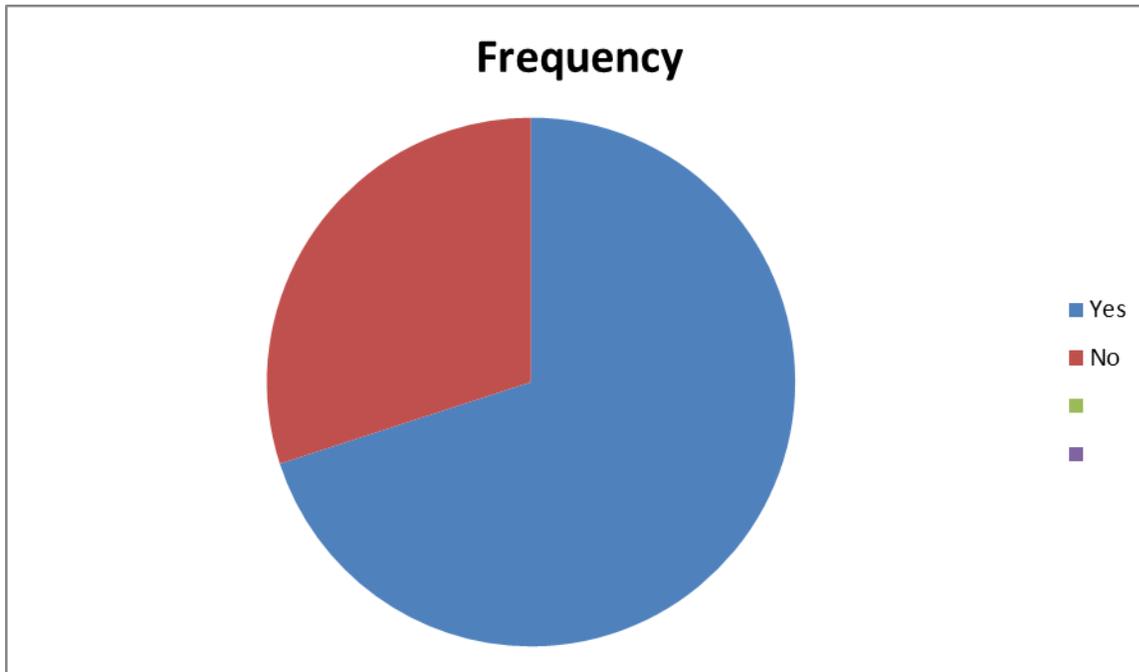


Fig 10 shows that 70% responded that recruitment and selection practices contribute to getting the best staff hired while 30% said no.

4.21 Recruitment and selection methods used

1=strongly disagree,2=disagree3=Neither,4=agree,5=strongly agree

Recruitment and selection methods	1	2	3	4	5
Poor human relations	5	3		1	1
Competency level on the part of employee	2	2		1	5
Lack of experience	2	2		1	5
Ineffective job analysis		1	1	1	7
Ineffective selection methods			1	1	8
Involvement of agents			1	2	7
Lack of awareness on the part of employees	3	1		1	5
High recruitment and selection of employees	2		1	1	6
Low confidence of employees	1		1	1	7
Low educational level of workers	1			1	8
Leadership skills	1	1	1		7
Lack of clear definition of job vacancy	2		1	1	6

Employer-employee relationship	2		2	1	5
Inadequate information on the available vacancy	3		1	1	5
Lack of human relations department			1	1	8
Poor working conditions of workers	3	1	1	1	4
Location of available job	3		1		5

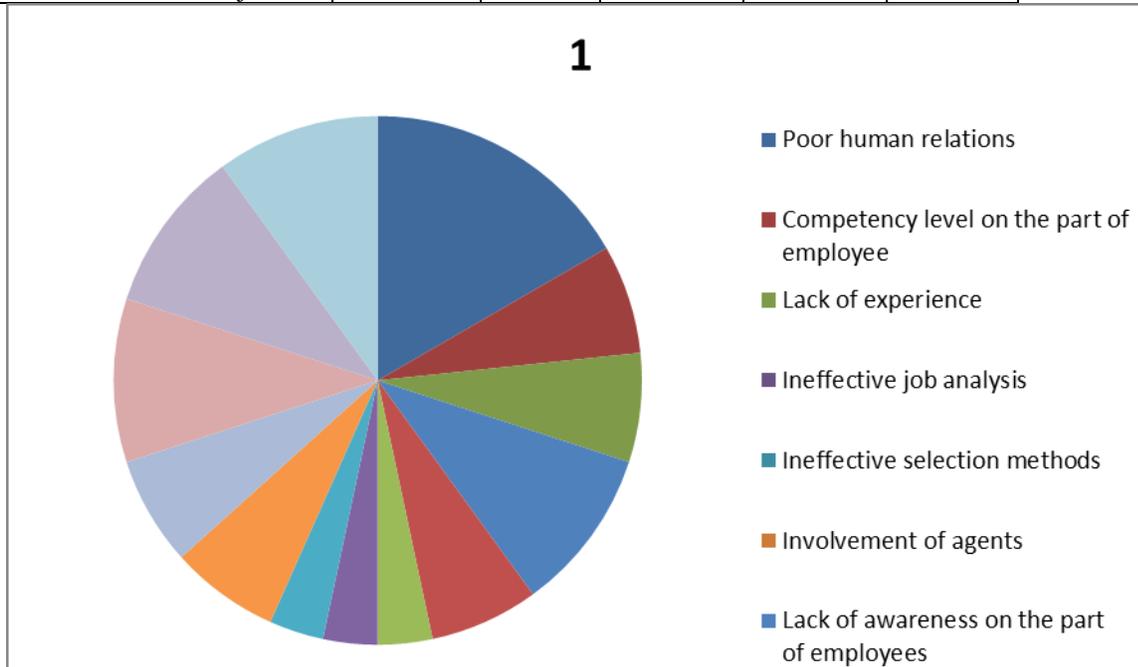


Fig 11 shows the various recruitment and selection methods used. Majority agreed on competency level on the part of employees, lack of effective job analysis, ineffective selection methods etc while some disagree on poor working conditions, location of job and inadequate information on the job

4.22 Initiative to improve the current recruitment and selection processes.

	Frequency	Percentage
Increased salary and other conditions of service	7	70
Good working relationship	2	20
Long service awards	1	10

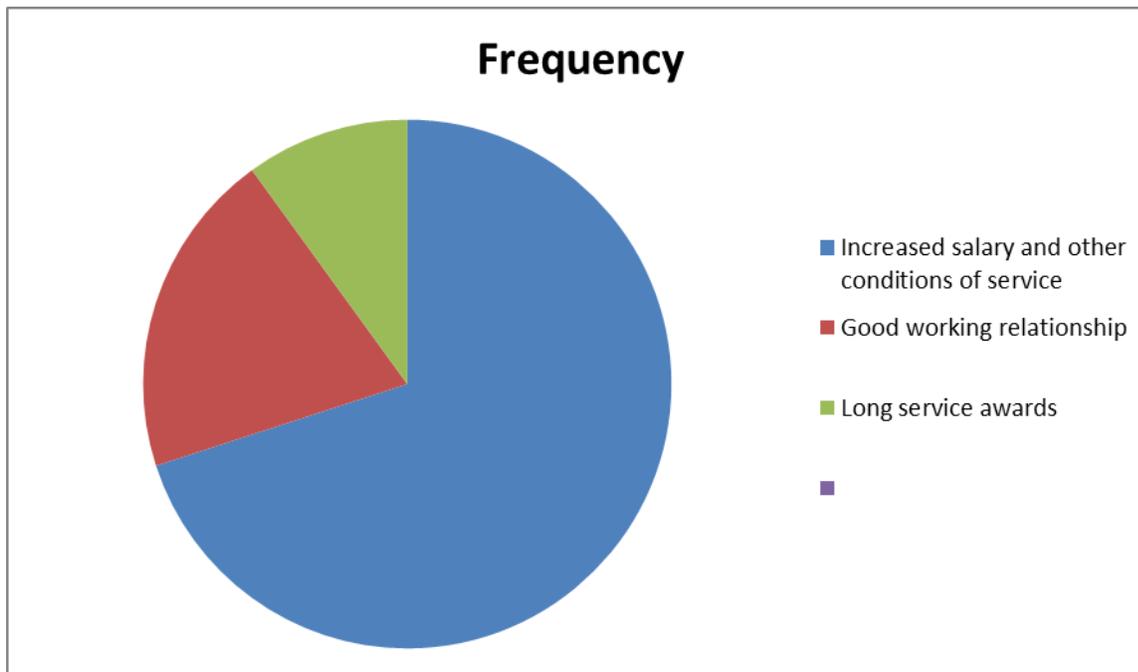


Fig 12 70% said increased salary and other conditions of service are initiatives that can increase current employment levels, 20% said good working condition while 10% suggested long service awards.

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

The following are the summary of findings of the study from the SMEs.

- **Recruitment and selection policy**

It came to light that majority of SMEs did not have well documented policy on recruitment and selection and the few that had was not professionally drafted.

- **Formal recruitment and selection process**

The study revealed that a significant number of SMEs did not follow formal recruitment and selection process thereby making the process unsystematic. 90% of the respondent indicated that they did not follow formal recruitment and selection processes and 10% indicated that they followed the formal recruitment and selection process.

- **Sources of recruitment and medium of advertisement**

The study established that recruitment by word-of-mouth was the most common method of recruitment by SMEs in Ghana. It came to light that 30% of SMEs used word- of- mouth to channel vacancy information to prospective applicant. The study further revealed most frequently means used was telephone, employment agents, in-house recruitment and employee referrals. On sources of recruitment, the study showed that a majority of SMEs filled job vacancies through the external source. This was confirmed with 65% of SMEs indicating that

they used external sources of recruitment with only 35% of the respondents who filled job vacancies through the internal source.

- **Pressure from family, Friends and church members to employ relatives**

The study showed that SMEs are consistently under pressure from family members to employ relatives. It also came to light that SMEs are breaking away with tradition and are resisting the pressure to employ relatives because of the unpleasant experiences some of them have had in the past. They indicated for example that an attempt to fire or discipline an employee may break personal and family relationships.

- **Attracting qualified employees**

The study has showed that attracting qualified employees to SMEs is very hard to find as most qualified employees may be outside the vicinity within which the SME is located and due to the low level of salaries such prospective employees may refuse to accept employment. It is recommended that SMEs increase their effort to attract qualified employees and provide them with good working conditions.

- **Measures to improve employee retention**

Majority of the SMEs believe with improved conditions of service, good working relationships and motivational schemes like long service awards could be used to attract and retain employees into the SME sector.

- **Educational qualification of Owners/Managers of SMEs**

The study revealed that 60% of most owners /manager of SME's were HND and BSc. degrees holders with others holding A 'level and SSCE certificates. This shows that although most of them had impressive educational background, their knowledge in effective employee recruitment and selection was inadequate as they lacked specific training in human resource management.

- **Lack of specialist knowledge in human resource management and other factors**

The lack of specialist knowledge in human resource management, poor human relations, competency level of the employees, the location of the job, ineffective job analysis, inadequate advertisement of the vacancy among others were some of the challenges the study unraveled that has led to the inability of the SMEs to attract qualified employees.

CONCLUSION

The purpose of this study has been to investigate recruitment and selection practices of SMEs in Ghana. The study focused mainly on ten small and medium sized enterprises within the Madina Metropolis and assessed recruitment and selection practices. The study found very little in terms of systematic and formalized procedure contrary to what is prescribed in test books on recruitment and selection practices. For example, a large majority of the SMEs indicated that they did not follow the formal recruitment and selection process. It also came to light that they did not have any well defined recruitment and selection policy and many of the owner/ managers also described their frustration in attracting, retaining and motivating qualified employees. On the other hand it was interesting to learned, that SMEs were laying mere emphasis on qualification while a good number of them were resisting the pressure to employ friends and

relatives. It is generally accepted that the human resource of every organization is the most valuable of all resources and that the quality of human resources also has a direct impact on the performance of every organization regardless of size, it is important that recruitment and selection be carried out in a more formalized, systematic and effective manner.

Finally, it is hoped that this study would lead to increase awareness of the need for more studies to be carried out in this area of study to encourage SMEs to give more attention to formal recruitment and selection practices.

RECOMMENDATIONS

Based on the findings by the researcher the following recommendation are made.

Recruitment and selection policy:

The study has revealed that a good majority of SMEs did not have any recruitment and selection policy that would serve as a guide in their recruitment and selection practices. In the dynamic world of business a well-defined recruitment and selection is an important prerequisite to enable the organization respond to its' human resource needs at the right time. It is therefore recommended that SMEs should have a well, clear and concise recruitment and selection policy in place, for effective and efficient execution to acquire the best talent for the organization.

Formal recruitment and selection process

The study has revealed that majority of SMEs did not follow the formal recruitment and selection process. A formal recruitment and selection process is of crucial importance to give equal opportunity to give a good impression about SMEs. It is therefore recommended that SMEs should follow a formal recruitment and selection process.

Lack of specialist knowledge in human resource management and other factors:

It was evident from the study that most SMEs face challenges such as the lack of specialist knowledge in human resource management ,poor human relations, competency level of the employees, the location of the job, ineffective job analysis, inadequate advertisement of the vacancy therefore it is the view of the researcher that building the expertise of the owners in effective and efficient recruitment practices, improving the human relations skills of the owners as well as the competency level of the employees and an effective job analysis would go a long way to improve the quality of recruitment and selection processes of these SMEs.

Management development training for owners/managers:

There should be comprehensive management development training for owners/managers of SMEs in recruitment and selection practices applicable to their businesses. These trainings could be implemented at their convenience since most of them single handed handle all aspect of management when it comes to leadership of their businesses.

Medium of advertisement:

The study found recruitment by word of mouth, employment agents and employee referral to be the most common method of recruitment by SMEs. The researcher is of the opinion that while recruitment by word of mouth may be cheaper, it could affect a managers' ability to apply appropriate sanctions in cases of theft, and other inappropriate behavior since recruitment by word of mouth leads to employment of relatives, friends and church members. It is therefore suggested that SMEs adopt more formal methods of recruitment.

Attracting qualified employees:

The study also identified the owner/ managers' frustration in attracting qualified employees with right skills to help in the achievement of long term objectives of their enterprises. It is suggested that the national service scheme be expanded to cover SMEs and SMEs should be supported in the engagement of staff by a private partnership programme where reputable recruitment agencies could offer such services at relatively low fees and in turn claim tax exemption from government

REFERENCES

- Abor J, Quartey P (2010). Issues in SME Development in Ghana and South Africa
- Abor J. and Adjasi C. K.D. (2007). Corporate Governance and the Small and Medium Enterprise Sector. Theory and Implications Journal of Corporate Governance. vol.7 P.2
- Agyapong D (2010). Micro, Small and Medium Enterprises' Activities, Income Level
- Ahadzie, D.K. (2007), *Model for Predicting the Performance of Project Managers at the Building Sites In Ghana, A Kumasi Study*, Unpublished BSc Thesis, Faculty Of Architecture And Building Technology, KNUST, Kumasi, Ghana
- Aryeetey, E., A. Baah-Nuakoh, T. Duggleby, H. Hettige, and W. F. Steel, 1994. "Supply and Demand for Finance of Small Scale Enterprises in Ghana", Discussion Paper No. 251, World Bank, Washington, DC.
- Aryeety ,E. (2001). Priority Research Issues Relating to Regulation and Competition in Ghana . Centre for Regulation and Competition Working Papers series(paper no.10)
- Babbie, E., (2008), *The Basics of Social Research, 4th Edition* .
- Beaver G, Prince C (2004). Management, strategy and policy in the UK small business sector: a critical review, Journal of Small Business and Enterprise Development, Vol. 11 Iss: 1, pp.34 – 49
- Boxall PF, Purcell J (2003). Strategy and Human Resource Management Palgrave MacMillan
- Bolton JE (1971). Report of the Committee of Enquiry on small firms. Bolton
- Bratton J, Gold J (2003). Human Resource Management: Theory and Practice 3rd Edition, New York: Palgrave Macmillan
- Bryman, M.(2012), Conducting survey research in the social science. Lanham, MD: University Press of America

- Breaugh JA, Starke M (2000). Research on Employee Recruitment: So Many Studies, So Many Questions, *Journal of Management* vol. 26 pp. 405-434 Business Press
- Carroll M, Marchington M, Earnshaw J, Taylor S (1999). Recruitment in small firm: Process, methods and problem, *Employee Relations*, Vol. 21 Iss: 3pp. 236-250
- Carroll M, Marchington M, Earnshaw J, Taylor S (1999). Recruitment in small firms: Processes, methods and problems, *Employee Relations*, Vol. 21 Iss: 3, pp.236 – 250
- Carsamer, E. (2009). Access To Credit by SMEs in Ghana: Does the type of business matter? *Social Science Today*. Winneba: Jim Waler Light and Salt Publishers.
- Creswel .J.W,(2014) *Research Design ,Qualitative, Quantitative, and Mixed Methods Approaches*,4THedition,University of Nebraska ,Lincoln, Sage publication ,USA.
- Cook P. and Nixson F. (2000). Finance and Small Medium Enterprises Development. IDPM, University of Manchester, Finance and Development Research Programme Working Paper Series Paper No 14.
- De Kok J, Hartog D (2006). High Performance Work Systems, Performance and Innovativeness in Small Firms, Scales Research Reports N200520, EIM Business and Policy Research
- DeNisi AS, Griffin RW (2005). *Human Resource Management*, 2nd ed. Boston New York: Houghton Mifflin Company
- Feeney,L.S and Riding, A. L. (1997). Finance and the Vicious Circle of Growth and Control. *Business Owners' Fundamental Tradeoff: Canada Business*
- Foot and Hook (2010) *Introducing Human Resource Management*, Pearson education (UK)
- Hayward BA (2005). Relationship Between Employee Performance, Leadership and Emotional Intelligence in a South African Parastatal Organization, eprints.ru.ac.za/302/1BA_Hayward-MCom.pdf
- Malhotra, F.and Birks, T. (2006), *Research Design – Qualitative & Quantitative Approaches*, United States of America, Sage Publications
- Mason, G.(2012),*Qualitative evaluation and research methods*, 3rd edition, Thousand Oaks, CA.
- Nachmias, C., &Nachmias, D. (1992). *Research methods in the social sciences* (4th ed.). New York: St. Martin's Press.
- Naom,V.,(2007), *Answering questions: methodology for determining cognitive and communicative processes in survey research*. San Francisco: Jossey-Bass.
- NBSSI (1990), “Supporting Micro &Small Scale Enterprises”. A handbook on Enterprise Development Part 1NBSSI, Print Solutions, Accra
- O'Leary, Z. (2004) *The Essential Guide to Doing Research*. London: Sage. (Crotty, 144).
- Pobobsky G (1992). Small and Medium Enterprises and Labour Law, *International Labour Review*. Vol. 131, No. 6
- Priyanath HMS (2006). Managerial Deficiencies in the Small and Medium Enterprises (SMEs) in Sri Lanka: An Empirical Evidence of SMEs in the Ratnapura District, *Sabaragamuwa University Journal*, vol. 6, no. 1 pp 93-105
- Rauf MA (2007). HRM Sophistication and SME Performance: A Case of Readymade Garment Manufacturers and Exporters in Lahore, *Pakistan Report Cmnd. 4811*. London: HMSO
- Sauders,R. (2003), *Research Methods for Business Students*. 3rd Edition's.

- Saunders R. and Thornhill, B. (2009). *Business Research Methods*, 2nd Edition, the McGraw-Hill Publications, Florida.
- William, T (2001) *Introduction to the philosophy of social research*. London: University College London Press.
- Syed Z, Jamal W (2012). *Universalistic Perspective of HRM and Organizational Performance: Meta-Analytical Study*, *International Bulletin of Business Administration* ISSN: 1451-243X Issue 13 (2012)
- Tonge J (2001). *A Review of Small Business Literature Part 1: Defining The Small Business*'s.
- Tanveer Y, Shaukat MZ, Alvi SA, Munir A (2011). *The Way Human Resource Management (Hrm) Practices Effect Employees Performance: A Case Of Textile Sector* *International Journal of Economics and Management Science*. Vol. 1, No. 4, 2011, pp. 112- 117
- Tanova C (2003). *Firm size and recruitment: staffing practices in small and large organizations in north Cyprus*, *Career Development International*, Vol. 8 Iss: 2, pp.107 – 114
- Tayeb MH (2005). *International Human Resource Management: A Multinational Company Perspective*. Oxford University Press
- Villars, J. (2004), "Speech Delivered at a Workshop of the Ghana Investment Advisory Council", Akosombo, 5 June, 2004.

BIOGRAPHY OF THE AUTHOR

Rita Sarkodie Baffoe a lecturer at Accra Polytechnic holds a Bachelor's degree in Commerce from University of Cape Coast, MBA in Human Resource Management from University of Ghana and is a member of ACCA (UK). She worked in the private sector and International Non-governmental organisations where she held various positions in finance, administration and human resource. Since 2010 she has been working at Accra Polytechnic as a lecturer and was the head of department from 2013-2014.