

**EMPLOYMENT AND HUMAN RESOURCE PRACTICES
IN SMALL BUSINESSES OF ADDIS ABABA**

**BY
LINA MUKTAR**

**A THESIS SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES OF ADDIS
ABABA UNIVERSITY IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR
THE MASTER'S DEGREE IN BUSINESS ADMINISTRATION**

June, 2011

ADDIS ABABA UNIVERSITY

School of Graduate Studies

Statement of Declaration

I, the undersigned, declare that this study is my original work and has not been presented for a degree in any other university, and that all sources of materials used for the study have been duly acknowledged.

Declared by:

Name: LINA MUKTAR ALYI

Sign _____

Date: June 2011

Confirmed by Advisor

Name _____

Sign _____

Date _____

EMPLOYMENT AND HUMAN RESOURCE PRACTICES IN SMALL BUSINESSES

BY: LINA MUKTAR

APPROVED BY:

ADVISOR

SIGNATURE

EXAMINER

SIGNATU

ACKNOWLEDGEMENT

First and foremost I would like to thank the Almighty God who gives me strength for all ups and downs. I owe a heavy intellectual debt to my advisor, Tilahun Teklu (PhD), for his critical and constructive comment, guidance, gracious approach and advice from the beginning up to the final production of this paper and his valuable and helpful suggestions has improved this thesis. Dr. Tilahun; your support is always unforgettable from the mind of mine.

Also, my special thanks go to all the study participants who have given their time to fill the questionnaires and to many people who have helped me with financial, material and moral support up to the completion of my thesis work.

Finally, yet importantly, I am very grateful to all my family who always stand in my right hand in cases where difficulties arise. Their moral support is always recognizable with great love and thanks.

TABLE OF CONTENTS	PAGE NO.
Acknowledgement.....	I
Table Contents.....	II
List of Tables.....	IV
List of Figures.....	V
Acronyms.....	VI
Abstract.....	VII
Chapter One.....	1
1.1 Introduction	1
1.2 Problem Statement	2
1.3 Research Questions	3
1.4 Objective Of The Study.....	3
1.5 Scopes And Limitation Of The Study.....	4
1.6 Significance Of The Study	4
1.7 Organization Of The Paper.....	4
Chapter Two Review Of Related Literature	5
2.1 An Overview Of Small Businesses And Their Workers.....	5
2.1.1 Definition.....	5
2.2 Human Resource Management In Small Firms	5
2.3 Training In Small Firms	6
2.3.1 Apprenticeship Training.....	7
2.4 Recruitment In Small Business.....	8
2.4.1 Small Businesses Barriers To Recruitment	10
2.5. The Role Of Family Members In The Family Firm	10
2.6 The Importance Of Human Capital In Small Firms.....	10
2.6.1 Education	14
2.6.2 Experience	14
2.6.3 Entrepreneurial Preparedness	16
2.7 Wages In Small Business	16
2.8 Gender Proportion In Small Business/Women Employment In Small Business	18

2.9 Age Of Small Business Employees	21
Summary Of The Literature-----	22
Human Resource Management In Small Firms	22
Training In Small Firms	22
Recruitment In Small Business	23
The Role Of Family Members In The Family Firm.....	23
The Importance Of Human Capital In Small Firms	24
Gender Proportion In Small Business/Women Employment In Small Business ...	25
Ages In Small Business	25
Chapter Three Methodology-----	26
3.1 Data Sources And Sampling Design.....	26
3.2. Study Design.....	26
3.3 Sampling Error (Standard Error)	27
3.4 Confidence Interval Of The Mean	28
Chapter Four-----	29
Results And Discussion-----	29
Chapter Five Summary, Conclusion And Suggestion-----	46
5.1 Summary And Conclusion	46
5.2 Recommendations And Suggestion For Future Research.....	49

APPENDICES

List of tables	page No.
Table 4.1 Types of Business-----	29
One sample test-----	30
Table 4.2 Type of Business With age Proportion of Small Business Employees.-----	31
Table 4.3 Age of business-----	32
Table 4.4The Gender and Age of Employees-----	32
Table 4.5 Types of Business and Gender of Employees-----	33
Table 4.6a Education Level of Employer/Employee-----	34
Table 4.6b Efforts of Employers to give training to Employees-----	34
Table 4.7 education level of male and female employees in the businesses -----	35
Table 4.8 type of business with minimum wage of employees-----	36
Table 4.9 Sources and systems of Recruitment in Small Businesses -----	37
Table 4.9a Recruitment Sources and Job Position of Workers in Their Business-----	38
Table 4.10a Plan and reason To Employ More People/ Workers-----	39
Table 4.10b Small Businesses Challenges to Recruitment -----	40
Table 4.10c Small Enterprises Employment/Selection Criteria for Workers -----	40
Table 4.11a Types of Business and Number of Apprentice Workers-----	41
Table 4.11b type of businesses that use apprentices-----	42
Table 4.11c Small Businesses Reasons to Employ Apprentices-----	42
Table 4.12a Female full time workers-----	43
Table 4.12b Male full time employees-----	44

List of figures

Chart 1 Types of business with male full time workers	45
Chart 2 Types of business with female full time workers	45

Acronyms

CSA=Central Statistical Authority

HRM= Human resource management

ILO = International Labor Organization

MSE= Medium and Small Enterprises

SBs = Small Businesses

SPSS=Software Package for Social Sciences

Abstract

Based on data collected from 44 respondents in twenty three small business units located in Addis Ababa by the use of survey questionnaire, the present study makes an attempt to explore small business workers and the human resource practices prevailing in small businesses. The results from the study indicate that small businesses have lesser proportion of female workers than their male counter parts. In addition, they are filled with people with less education level. Likewise, in terms of age, small business workers are mostly found in age range of eighteen to thirty five years and small business units do not have formal HRM practices in the recruitment and selection areas, but they do have HRM practices such as recruitment, selection, and training. For testing the hypothesis t-test was applied. The predominant characteristics of these practices are found to be informal. Having understood the nature/characteristics of small business employees and HR practices in small firms, this paper suggests formalization of the recruitment and selection system that can be used to nurture better performers. Additionally, owners of small businesses should see training of their employees as investment not a cost.

Key words: *small businesses, workers/employees, HRM (human resource management) practices, recruitment, gender, education, age.*

CHAPTER ONE

1.1 INTRODUCTION

Small scale manufacturing industries are playing an ever-increasing role in the manufacturing industrial structure of the developing economy. According to CSA (2003), they are reducing the growing number of unemployment. Furthermore, there is an emerging view that small firms and entrepreneurs are of vital importance for the economic development of a given country. Family firm, a field whose domain significantly overlaps that of entrepreneurship, has experienced similar growth in recent years. They contribute the lion's share to the achievement of country's development objectives.

According to (CSA), **Small Enterprises** are those business enterprises with a paid-up capital of above 20,000 and not exceeding birr 500,000, and excluding high tech. consultancy firms and other high tech. establishments. In addition, those establishments, which engage less than 10 persons and use power driven machinery is categorized as small businesses.

The small business sector is seen as an important force to: generate employment and more equitable income distribution; activate competition; exploit niche markets; enhance productivity and mechanical change and, through the combination of all of these measures, to stimulate economic development. While we cannot deny the importance of large industrial and other enterprises for the growth of the Ethiopian economy, there is ample evidence to suggest that the labor absorptive capacity of the micro and small business sector is high, the average capital cost per job created is usually lower than in big business, and its role in technical and other innovative activities is vital for many of the challenges facing Ethiopia.

The future of small firms depends on the development and maintenance of its human resources. As Drucker (1982) noted, they require a few highly competent people, dedicated to the task, driven by it, working full time and very hard. According to Hughes (as cited in Renee and John 2001), Small firms are more likely than larger ones to take on young and people without qualifications. In addition, a significant proportion of small businesses in Ethiopia are family firms. Renee and John (2001), state, family business employ, promote and end unemployment for

close or extended family members. In other words, it is characterized by dependence on family and relatives for labor.

From the perspective of education, according to Brian (2000), Small firms have higher percentages of employees who have less than a high school education and employees whose highest qualification is a high school diploma, while large firms have higher percentages of employees who had some college education, who have attained a bachelor's degree, and employees who have gone on to receive a master's degree and even more. While small and large firms had similar shares of employees with doctoral or professional degrees, the greatest shares of employees with those degrees showed up in the very small firms (possibly because of individual doctors' and lawyers' offices). Small firms' slightly higher shares of employees working part time, employees with a high school diploma or less education, and employees 65 years or older show that small firms are able to fill some gaps in the opportunities available for these groups (ibid.).

This research is expected to be significant for the following reasons. Government or industrial policy makers and other parties involved in the promotion of the development of SBs may use this study as additional information to address uncovered areas in entrepreneurship and small business development. Researchers, academics, consultants, and government agencies may therefore use the study as a stepping-stone for further study in the area at an advanced level. Both graduate and undergraduate students may find the study relevant for their academic work in small business area. The findings may also be considered as important additions to the existing knowledge and literature in the area for the public at large.

1.2 PROBLEM STATEMENT

Most of the studies about people in enterprises are based on large firms despite the growing significance now accorded to smaller firms. In other words, the growth of employment in SBs sector is not receiving the attention it deserves. This tendency in research is interesting in the light of claims that the future will be dominated by SBs in terms of job creation and new patterns of work and that the SBs sector can improve the health of the economy and act as a key source of innovation. Those studies that have been done in SBs areas focus on finance, marketing, material and other management issues. As a result, workers in Small businesses have been described as "the invisible workforce". Studies that were done on Small Businesses are many but those that

determine small firms potential problems with regard to human resources are on its infancy and they may not directly apply to small enterprises. Most of these studies are done from owners' point of view not from employees' perspective. This research will investigate employees of small businesses in terms of their age, level of education, gender proportion, income level, years of experience and their sources of recruitment (family or non family).

1.3 RESEARCH QUESTIONS

1. What type of workers are employed in small businesses and /full time workers, overtime workers and/or apprentices?
2. What type of human resource practices are prevailing in Small businesses (recruitment networks/sources).
3. What proportions of small businesses are reached by formal education and problems of doing so by small businesses?
4. What is the proportion of small business employees in terms of the gender composition, years of work experiences & income level do SB employees have?
5. In which age group do SBs workers found (i.e. child age, old age or in between the two)

1.4 OBJECTIVE OF THE STUDY

The aim of this research is to investigate human resource practices of small businesses and demographic characteristics of their employees. Therefore, to do this the following specific objectives relevant to the above general objective are listed below.

1. To identify type of workers in small businesses in terms of their demographic characteristics and to find out their differences by the gender proportion, level of education, income level & their experience and age distributions.
2. To find out type of network /sources of recruitment small businesses use in order to satisfy their human resource need and their barriers to effective recruitment.
3. To assess the proportion of small business reached by formal education
4. To formulate recommendations based on the findings.

1.5 SCOPES AND LIMITATION OF THE STUDY

The scope of this study was limited to a manageable size of four small businesses sectors in Addis Ababa specifically, textile, wood & metal works, retail trade and small food processing and related item sectors only. Even though large sample size was essential for in-depth understanding of Small Business employees and human resource practices prevailing in small businesses, the sample was selected based on willingness to participate and to get large sample was very difficult in such limited time and resource constraints. Therefore, the study was limited to a sample size of 44 respondents. However, unwillingness of respondents to participate and give the required information along with limited empirical data on the small enterprises in the city restricted the researcher examining trends in the sector. Moreover, had it been those unwilling to participate have included, the result could have altered.

1.6 SIGNIFICANCE OF THE STUDY

The findings of this study are expected to be significant for the following reasons. Government and other parties involved in the promotion and the development of SBs may use the findings of the study as additional information to address uncovered areas in the areas of entrepreneurship and employees in small business. In addition to this, it is also important to government policy makers in issuing appropriate policies and plans regarding small businesses and their workers. Furthermore, Researchers, academics, consultants, and government agencies may therefore use the study as a stepping-stone for further study in the area at an advanced level. Besides, both graduate and undergraduate students may find the study relevant for their academic work in small business area. The findings may also be considered as important additions to the existing knowledge and literature in the area for the public at large.

1.7 ORGANIZATION OF THE PAPER

Generally the paper is organized into four chapters. The first chapter starts with general information followed by statement of the problem and continues with the research question, objective of the study, scope and limitation of the study and significance of the study. The second chapter look into some previously conducted related studies and literatures on the area. The third chapter talks about the methodology used in the study. The fourth chapter dwells on analysis and interpretation of the data collected. The last and the fifth chapter surface the summary and conclusions reached and the recommendations forwarded.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 AN OVERVIEW OF SMALL BUSINESSES AND THEIR WORKERS

2.1.1 DEFINITION

The journey of business enterprises in Ethiopia has not been an easy ride. The adversities on various fronts have kept their pace abated. Though small scale industries have been the bastion of the economy, their advancement over the past decades has been null and void (Wudneh, 2005).

Small Enterprises: are those business enterprises with a paid-up capital of above 20,000 but not exceeding birr 500,000, and exclude high tech. consultancy firms & other high tech. establishments. In addition, firms that engage less than 10 persons using power driven machinery are categorized as small businesses (CSA).

A family firm is defined as a firm that is owned and controlled by a specific family, and where family members are involved in the firm's management and decision-making processes. According to Schulze et al., 2003a, several studies argue that family firms are characterized by a poor management pool, lack of skilled employees, inadequate capital, poor incentives, particularism, and family conflicts in managing the business, and thus are more likely to underperform nonfamily firms. Others have, however, shown that family owned and controlled firms outperform nonfamily firms (e.g., Anderson & Reeb, 2003). As 'family' plays a critical role in family firms, the fundamental values guiding a family strongly influence the decisions made in these firms (c.f., Aldrich & Cliff, forthcoming).

2.2 HUMAN RESOURCE MANAGEMENT IN SMALL FIRMS

McEvoy (1984) has observed that areas of accounting, finance, production, and marketing, all took precedence over HRM in small business whereas Hess (1987) has found that owners of smaller ventures have ranked HRM practices as the second most important management activity next to general management work. Therefore, HRM practices do exist and are applied in small businesses, even though they are generally not formalized and are extremely diverse in nature, and thus resist generalization (M.Srimannarayana, 2006). Studies show that HRM practices vary highly between small firms (Julien, 1998). They are often determined by the ideology and

pluralistic goals of the small business owner (ibid.). In addition, Kamble (1998) has found that most of the small units depend on existing workers or advertisements for recruitment propose. He has further observed that there is no human resource planning, promotion policy and training and development program for the employees in the majority of firms. The results of the study of Panda (2000) on HRM practices in small enterprises focusing on hotel industry have indicated that there is no written personnel policy; people are recruited on the basis of personal approach and their readiness to accept the salary offered; no formal leave rules are prevalent; and labor turnover is very high. Based on a study of personnel practices in small-scale industries, Eresi (2001) has concluded that a large majority of the units do not have personnel departments and HR policies; they are not aware of human resource planning; personal contacts and walk-ins are the sources of recruitment; recruitment on temporary basis is more popular; majority of the units do not have any policy on training and development; performance evaluation of employees in a majority of the units is based on productivity and behavior of the employees; and informality and adhocism pervade the units with respect to wages and promotions.

2.3 TRAINING IN SMALL FIRMS

Rawena and Susan (2007), state, Although training is identified as an important HRM issue for many small firms, research shows formal training is less likely to be provided in these firms (Storey, 2004). Storey and Westhead (as cited in Rawena 2007), provide two explanations for this: first the “ignorance” explanation where training is not provided because the benefit of training is underestimated by the small firm employer/manager; and second, the “market” explanation where the cost of training is too high for small firms (Storey, 2004; Storey and Westhead, 1997). In other studies, Kotey and Sheridan (2001) and (Gilbert and Jones, cited in kotey 2001) found that induction training was implemented on an informal basis and internal and external training was not linked to employee performance appraisals. Chad Moutray (2008) also asserts that,

Small businesses must devote significant resources to training their workforce. Nonetheless, small firms that invest in training and development are able to increase their labor productivity, and they are also able to reduce labor turnover. In this way, small business owners should look at education not just as a means of retraining their workers, but also as a method for building new skills, developing new human talent, and preserving employee morale. Here again, though, it

is worth noting that small firms are less likely to offer benefits to their workers than their larger counterparts; therefore, a failure to invest in training and development could also result in a reduced competitive position for the most talented employees.

The findings in line with those in Storey (2004), which demonstrate that formal training is related to establishment size and the use of high-performance work systems and that it is likely that small firms are less able to bear the costs of off-the-job training, both fixed costs and covering for employee time spent away from work duties. They also find that more general training, such as basic education, is positively related to establishment size, being part of a multi establishment firm, and low employee turnover. Employers' incentives to train their employees will depend on the perceived returns (higher productivity and profitability), and the extent to which they can capture them, versus the cost of provision.

2.3.1 APPRENTICESHIP TRAINING

Lindley (as cited in Jens 2010), argues that, there may be a second motivation for apprenticeship training, namely a production or substitution strategy. He describes apprentices as productive workers who are used as cheap substitutes for unskilled or semiskilled workers. The substitution motivation states that the productivity of apprentices (who are used as regular production workers) is higher than their training costs and that the unit labour costs of apprentices are lower than the unit labour costs of other (unskilled) employees whom they substitute. Jens and Uschi (2010), argue that a sufficient condition to distinguish between the two training strategies is the within firm retention rate over several years, defined as the average proportion of apprentices staying in the company in relation to all apprenticeship graduates of a company over several years. If an engagement in apprenticeship training is supposed to be an investment in human capital that earns long term returns for the company, such earnings are clearly only possible if a sufficient number of apprentices stays in the company after they have finished their apprenticeship. In contrast, a substitution strategy does not require that apprenticeship graduates stay within the training company because offering apprenticeships is driven by the unit labour costs of apprentices in comparison to suitable substitutes. If apprentices are indeed used as cheap workers during the apprenticeship it can to the contrary be expected that they are too expensive after their apprenticeship, meaning that retaining apprentices is rather the exception than the rule.

If we look at the long-term within-firm retention rate we find a strong clustering on both extremes of the distribution.

2.4 RECRUITMENT IN SMALL BUSINESS

A considerable quantity of prescriptive literature is available to managers responsible for recruiting staff aimed at helping them to increase the chances of finding the right person for the job. Most of this advice, however, seems to be aimed at large organizations. (Marilyn and Mick, 1999)

According to Marilyn and Mick (1999), Human Resources are critical for rapid growth. Expansion can be so fast that merely finding increasing numbers of qualified and affordable employees becomes a difficult process. Given the constant turnover in today's market they said, keeping those employees, if indeed they are found, is a delicate balance that requires creativity and can be expensive. Qualified, productive human resources with the targeted skills needed are vital to the success of any business. In fact, often human resources are the competitive advantage for a business.

Recruitment in small businesses is through networks of family and employee friends so as to get the right worker. According to Stewart, *et al.* 1991,

Entrepreneurs may wish to be selective about which relatives to include or exclude in their businesses. For example, their child might be inept but their niece might be outstanding. What aspects of kinship systems affect their ability to make these sorts of choices? What enables them to bend their ties of kinship and marriage to the interests of their business? Most broadly, what dimensions of kinship lend themselves to tactical or instrumental actions? This question is sweeping just as my meaning of "entrepreneurs" is very broad: those who take actions with the goal of growing their capital.

It is often questioned whether the family acts as a resource or a constraint to family firms. Family firms are often depicted as having problems with nepotism and hiring family members that lack the appropriate skills or experience, often referred to as 'adverse selection' in the agency theory literature. Leaders of family firms are also commonly portrayed as limiting family members' involvement in decision-making and being reluctant to invest in innovation or entrepreneurship. However, recently there has been research that has taken a very different view of the family;

research that considers how family members can act as stewards of their firms, thereby contributing to firm performance.

Recruitment and selection is an area where small firms exhibit poor HRM practice. McEvoy's (1984) study of 84 small businesses with an average of 75 employees, showed that while employers identified finding competent workers a major problem, their recruitment practices were "unimaginative" (newspaper ads, and walk-ins) and their selection techniques were confined to application blanks and face to face interviews. Heneman and Berkely (1999) found that firms in their study used attraction practices that were convenient, inexpensive and directly controllable by the firm, while others found that there is frequently a reliance on word of mouth and other informal recruitment processes in small firms (see for example, Gilbert and Jones, 2000; Kotey and Sheridan, 2001). McEvoy's (1984) suggest small firm employers believe these to be effective means of ensuring new recruits "fit in". Others found that selection procedures such as face to face interviews, reference checks, job try outs and application blanks were chosen for ease of use and convenience. However, as small firms grow, managers exhaust their informal staffing contacts (for example, family members, referrals and walk-ins) and need to develop more formal methods to recruit employees to sustain growth (Williamson, 2000).

Research by Earnshaw et al. (cited in Marilyn and Mick 1999) indicates that poor recruitment and selection decisions are often blamed for subsequent disciplinary problems in small firms. As a consequence, a number of these firms stated that recruitment was now being undertaken with greater care to ensure they found the "right" person, and this included the widespread use of informal, word-of-mouth recruitment methods, and the hiring of "known quantities". While the authors concede that this is understandable from the employer's point of view, they do raise the question as to whether recruitment through informal networks reinforces existing race, gender or disability imbalances within the workforce, and whether certain groups are being permanently excluded from employment in small firms.

Rowena and Susan (2007), Small firms' ability to attract, motivate and retain employees by offering competitive salaries and appropriate rewards is linked to firm performance and growth. Small firms tend to opt for informal practices. McEvoy (1984) found that only 29 per cent of his sample used salary surveys to set compensation levels and 33 per cent used job evaluation as a

basis of determining compensation. He also found that recognition and reinforcement, pay rises or job security were commonly used reward systems (McEvoy, 1984). More recently, Hornsby and Kuratko (2003) found that the availability of quality staff and the provision of employee benefits remain important staffing issues for small firms. One research stated in Williamson(2007) suggests that job seekers place more trust in information from informal word-of-mouth sources (such as friends and family), rather than in formal recruitment sources (such as brochures, advertisements, and recruiters).

2.4.1 SMALL BUSINESSES BARRIERS TO RECRUITMENT

2.4.1.1 JOB SEEKERS' ORGANIZATIONAL KNOWLEDGE

According to Williamson *et al.* (2002), Job seekers must rely on their beliefs about an employer when deciding whether or not to apply for a job, to sign up for an interview, or to accept a position with a prospective employer. Thus, fundamentally, what job seekers know about employers, or their organizational knowledge, determines whether employers will be successful in recruiting. Furthermore, they review two different types of knowledge that job seekers have about employers: the familiarity of an organization to job seekers, and job seekers' beliefs about an employer's image. They then use these two types of knowledge to consider how small businesses are often handicapped during the recruitment process.

2.4.1.2 ORGANIZATIONAL FAMILIARITY

Job seekers cannot be attracted to an organization, or apply for one of its jobs, unless it is salient to them. Organizational familiarity is defined as the likelihood that an employer comes to a job seeker's mind, and the ease with which it does so (Keller, cited in Williamson *et al.* 2002). Two ways to operationalize familiarity are through recognition and recall. According to Williamson *et al.* (2002), Recognition refers to a job seeker's ability to confirm prior exposure to an employer when primed with the organization's name (e.g. "yes, I'm familiar with a company called InterLan"). Measuring recognition they asserts also, captures the ease with which an organization's name can be retrieved from a job seeker's memory. Recall, on the other hand, refers to a job seeker's ability to produce an employer's name when cued with some attribute of the organization (e.g. an employer in the Internet hosting industry). Thus, recall gives insight into an employer's position in job seekers' beliefs, relative to competing employers.

For an organization to remain competitive in recruiting, organizational familiarity must be high among a targeted market of job seekers. Otherwise, an organization will not enter job seekers' consideration sets (Williamson *et al.*, 2002). Job choice research suggests that an organization must enter a job seeker's consideration set before it is considered as an employment option. In fact, organizational familiarity may be the most important predictor of early job search decisions, when job seekers otherwise have little information about recruiting organizations). Thus, when they lack adequate information to discriminate meaningfully between organizations on other criteria, job seekers make early decisions, such as whether to apply for a job, based largely on organizational familiarity.

2.4.1.3 PERCEIVED ORGANIZATIONAL IMAGE

As stated by Williamson (2002), awareness that an organization exists is eventually accompanied by content information about the organization (e.g. what type of organization is it?). Thus, after an organization is known and recognized as a potential employer, it develops an image as being a certain type of employer with a certain image (Gate wood et al., cited in Williamson 2002). Organizational image refers to job seeker's beliefs about an employer's characteristics, such as its culture, industry, history, the type of people that work there, geographic location, and HR policies. Job seekers' beliefs about organizational image are important because they allow job seekers to differentiate between employers. Moreover, beliefs about organizational image also allow job seekers to judge the fit between different employers and their own personal attributes, such as their values, personality, and needs (Williamson, 2002). Thus, job seekers' beliefs about organizational image affect their willingness to consider becoming an employee and also their assessment of whether they would fit in Williamson (2002). Small firms face obstacles that limit their recruitment success relative to large firms, given that job seekers' reactions to employers are governed by their familiarity with the firms and knowledge about their images. First, smaller firms are generally less familiar to job seekers because they make far fewer investments in recruitment marketing than larger firms because of financial constraints (*ibid.*). Small firms also are less likely than large firms to be part of job seekers' everyday experiences, because they attract less media coverage, have fewer customers, and have smaller product and service distribution networks than large firms (Aldrich , 1986) .

Past research has found that, on average, small firms pay less than large firms, which may negatively affect small business recruitment efforts (*ibid.*). However, from an organizational knowledge perspective, even if a small business were able to equal or exceed the financial compensation provided by a large business, it might still face recruitment barriers because job seekers are less aware of its existence and lack information on its image.

2.5. THE ROLE OF FAMILY MEMBERS IN THE FAMILY FIRM

Family workers are more productive than nonfamily labor, even when wages are low, because of a vested interest in the successful operation of the venture (Sanders & Nee, cited in William, 2010). Family members are needed for operational support and a cheap source of labor (*ibid.*). One of the many important decisions that new entrepreneurs have to make when starting a business is whether or not to hire members of their family (Dyer & Handler, cited in William 2010). William pointed out that, the children's level of support during the nascent and early stages of the business was by far the highest of all of the family members. Family support can be expressed in many ways according to (*ibid.*), but common forms include emotional support, decision-making support, cheap/low-cost labor, and operational support. Spouses, parents, and children provide guidelines for the acceptability and desirability of entrepreneurial entry, continuance, or exit. He suggests that, family members that affectively commit their time, talent, and resources must also be happy with the financial results the business is generating for the business founder and other family members working in the firm.

2.6 THE IMPORTANCE OF HUMAN CAPITAL IN SMALL FIRMS

Human capital comprises individual's attributes as formal education, previous labour experience, and the presence of partners who might provide additional expertise. This type of capital is considered unique since knowledge cannot be taken away from the individual as tangible assets and financial capital can. Becker (1975) remarks, that the presence of high levels of human capital impacts the quality of business behavior. Consequently, human capital (knowledge, abilities and capabilities) provided by the entrepreneur(s) constitutes a key determinant to ensure business success (Chandler and Jansen, 1992, Honig, 2001; Pena, 2004).

According to Darrene et al. (2008), Human capital is considered critical to economic growth and entrepreneurship. In economics, new growth theory stresses the connection between human capital and economic growth (Glaeser, cited in Darrene, 2008). Most studies proxy human capital with educational attainment, either through the level of education/degree attained or the number of years of school. These ties directly to the view that businesses will choose to start and grow in areas where there is an abundant and well-educated labor pool (Kim, et al. 2006). Therefore, human capital is at the center of explanations of economic growth and more specifically, it has been linked to entrepreneurial performance. Research has shown that educational attainment is significantly and positively associated with entrepreneurial performance. Other studies note that self employed workers ~~are~~ are found at both ends of the educational spectrum,”

Defining human capital according to Darrene *et.al* (2008),

Solely using educational attainment, however, is limiting because it leaves out many relevant sets of experiences and skills a person needs to become self employed and to operate as a successful entrepreneur. These experiences and skills may be fairly generic. For example, a person's educational attainment, general work experience, or their preparedness for entrepreneurship in the form of life experience and financial capital may influence the ways in which that person operates as an entrepreneur. On the other hand, a person may possess more specific skills and experiences pertinent to self-employment. These include a specific education in the form of an advanced degree in the field in which he or she operates the business. Specific experiences and skills are usually obtained from working in certain occupations or industries. Lastly, nascent entrepreneurs may gain specific insights into self employment because they may have been culturally exposed to entrepreneurship through another family member or work in certain executive or managerial positions. These examples highlight the varied nature of human capital as it relates to self-employment or entrepreneurship. Some research also suggests differences between general and specific human capital

Three-part definition of human capital includes education, experience and entrepreneurial preparedness. The following sections explain varied aspects of human capital.

2.6.1 EDUCATION

Research by Hornsby and Kuratko (2003) has revealed that a well-motivated, highly skilled workforce can be a determinant of small firms' ability to remain competitive in the present business environment.

Education refers to the formal acquisition of skills and credentials. Becker (1975) differentiates between general and specific education whereby the former is associated with the acquisition of skills "not specifically related to the business sector and entrepreneurial activity concerned" (Andreas Rauch, *et al.* 2005). Most often this type of general education is defined by educational attainment measures such as years of education or highest degree attained. In contrast to general education, specific education refers to certain types of skills attained through courses in special fields or through the pursuit of advanced degrees (Madsen, *et al.* in Darrene, 2008). Such specialist education may be relevant for entrepreneurship in certain fields such as high-technology. Kim, *et al.* (2006) found that the educational background is positively associated with being a nascent entrepreneur. More specifically, their research shows that college graduates were twice as likely to become self-employed as people with high school degrees or less. Examining the effects of post-college education, they state, however, that it had no impact on nascent entrepreneurship. However, regarding education, women entrepreneurs have differed from their male counterparts. Goldin (2006) reviewed the literature and found that, while women's education levels are similar to men; their fields of study differ widely. There have been significant changes in women's educational attainment as well as the type of education women are gaining. He notes that, starting in the early 1970s; women began to change the types of majors for their undergraduate education. She states that women "moved into those that were career-oriented and often led to advanced degrees. And their majors shifted to subjects that were more similar to those of their male counterparts".

2.6.2 EXPERIENCE

Work experience in general and more specifically experiences gained from working in certain industries and in certain types of occupations may also influence entrepreneurship. By focusing on experience, we expand the human capital definition and include the extent to which a woman has gained skills and knowledge that go beyond a formal education. Entrepreneurship studies

using the human capital theory approach have widely used such an expanded definition (Pena 2002).

A variety of studies have shown that entrepreneurial success is often influenced and shaped by the experiences entrepreneurs have gained during their prior employment (Carter *et al.* 1997) identifies three important contributions of prior work experience that are important to the process of entrepreneurship.

They include the prior knowledge of markets, insights about ways of serving these markets and knowledge of customer problems. Some of these experiences may endow the entrepreneur with a general set of skills, while others—such as knowledge of markets and customers—can be very specific to the industry of the new venture. Most studies agree that there is a significant relationship between prior work experience in the same industry or line of business and venture success (Kim *et al.* 2008). They utilize a range of variables that define prior work experience. These include years of managerial experience, years of other full-time experience, prior startup experience, and current self-employment. They argue that these experiences contribute in important ways to the likelihood of entrepreneurial entry. Of the four variables, they find that full-time work experience and previous start-up experience were not positively associated with entry into self-employment.

Relevant experience can also be gained in the same industry as the entrepreneur later operates his or her business. However, without adequate business and managerial skills, women entrepreneurs might be limited in how they can apply their specific industry knowledge to a new venture (Chandler and Jansen, 1992)

In regard to women entrepreneurs, we can note that women business owners typically have fewer years of industry experience than their male counterparts (Williams, 2010) and that they are less likely to have startup experience (Cromie and Birley, cited in Williamson, 2002). In addition, women tend not to be as well represented in executive and managerial positions and their careers are more likely to be interrupted (*op.cit.*). Thus, women may stop short in gaining managerial experience, a type of work experience most critical to entrepreneurship. Kim *et al.* (2006), for example, find that managerial experience is positively related with being a nascent entrepreneur. Interestingly, their study also notes that full-time work experience by itself is not significant and

that age is negatively associated with being a nascent entrepreneur. Focusing on women managers, (*ibid.*), finds that prior work experience what she calls “embedded career capital” is leveraged by women entrepreneurs when founding and growing their businesses. Thus, this kind of capital is transferable and useful to the venture the entrepreneur starts.

2.6.3 ENTREPRENEURIAL PREPAREDNESS

Entrepreneurial preparedness refers to the personal skills, attitudes and resources gained outside of formal education and work experience. Financial capital, in the form of earning power and as an indirect measure of resources and success, is one component of entrepreneurial preparedness. Life experience, as measured by age, comprises another general component of entrepreneurial preparedness. More specifically notions of entrepreneurial preparedness might come from the cultural and family background of the entrepreneur. Having another person in the household who is self-employed might bestow a certain perspective on entrepreneurship that others without such cultural exposure might not have. (Fairlie 2003).

Growing up in a family or environment in which entrepreneurship is a common occurrence may also influence self-employment. For example, children of entrepreneurial parents are more likely to become entrepreneurs in their adult careers. Indeed, recent research also suggests that an intergenerational link seems to affect business ownership, where individuals who had self-employed parents may have greater general business or managerial experience and be more likely to be a business owner (*ibid.*).

2.7 WAGES IN SMALL BUSINESS

Small firms’ ability to attract, motivate and retain employees by offering competitive salaries and appropriate rewards is linked to firm performance and growth. Small firms tend to opt for informal practices. McEvoy (1984) found that only 29 per cent of his sample used salary surveys to set compensation levels and 33 per cent used job evaluation as a basis of determining compensation. He also found that recognition and reinforcement, pay rises or job security was commonly used reward systems. More recently, Hornsby and Kuratko (2003) found that the availability of quality staff and the provision of employee benefits remain important staffing issues for small firms. Note that within the self-employed businesswomen group there might be a wide variance of jobs. A self-employed businesswoman could be a medical doctor with her own

practice or a hairdresser with her own salon. Likewise, there is heterogeneity within the wage work category and other categories (*ibid.*).

Many explanations have been put forward to find the origin of the gender wage gap, most of them dealing with gender specific factors. These may be for instance a lower level of human capital for women or employer's discrimination against them. (McEvoy, 1984)

It appears that small businesses pay workers lower wages during periods where workers may be unable to find employment in the large employment sector (D. Keith Robbins, et al. 2000) Carter notes that "most women still hold low paid, unskilled or semi-skilled positions" and that their work is often part-time, concentrated in the service sector and lower paid than men's (Carter *et al.* 1997). This may have significant influence on women's self-employment, particularly regarding the kinds of sectors in which they would start a business and their overall business performance.

Individuals that are most likely to work for the minimum wage have often pointed to individuals working in the retail industry, female-dominated occupations (e.g. cashiers); non-unionized workers; workers in the fast food industry (*op.cit.*); and younger and less-skilled workers.

Audretsch et al., cited in, Christine B. *et al.* 2008, stated that,

Wages in newly founded firms may be lower than in incumbent firms because of their lower ability to pay. Most new firms operate at such a small scale of output that they are confronted with an inherent cost disadvantage and thus need to pursue a strategy of compensating factor differentials, which includes paying lower wages. This sub-optimal scale of operation may be related to the fact that younger firms also face tighter financial constraints (either in the form of lower ability to raise funds or in the form of higher cost of funds.

According to (Williamson, 2002), Past research has found that, on average, small firms pay less than large firms, which may negatively affect small business recruitment efforts. However, from an organizational knowledge perspective, even if a small business were able to equal or exceed the financial compensation provided by a large business, it might still face recruitment barriers because job seekers are less aware of its existence and lack information on its image. (*ibid.*)

2.8 GENDER PROPORTION IN SMALL BUSINESS/WOMEN EMPLOYMENT IN SMALL BUSINESS

The issue of women entrepreneurship is becoming increasingly popular across the globe. The participation of women is increasingly being viewed as one of the prime contributors in economic growth. Irrespective of their involvement in small-/medium-scale enterprises or in the informal/formal sectors, their contribution to output and value addition is substantial. Women entrepreneurship is not only necessary for their economic survival but also for strengthening the social system. (ILO, 2003).

Small-scale enterprises constitute the bulk of the private sector in Ethiopia. These small-scale enterprises have a great capacity to alleviate unemployment and to contribute to the economic growth of the country (Andualem, 2003). Ethiopia is one of the developing countries where the small-scale enterprises are estimated to employ 1.5 million people. Out of these 1.5 million people that participate in small-scale enterprises the proportion of women is high as small-scale enterprises are an important source of livelihood for women in Ethiopia (Reta, in Andualem, 2003). In studying the participation of women in small-scale enterprises, the survey conducted by the CSA in 2004 covering 48 towns indicated that 65 per cent of the informal sector activities are owned and run by women. With increasing poverty and a high rate of female heads of households both in urban and rural areas (35 and 20 per cent, respectively), women have inevitably become major actors in this sector (*ibid.*). The women small-scale entrepreneurs which make up the majority of the small-scale entrepreneurs face a number of constraints like lack of capital, technical and managerial know-how, and a lack of access to credit, markets, raw materials and services necessary to improve their income and standard of living (Andualem, 2003).

As per the ILO (2004) report the major barriers to expanding women enterprises are:

- A. lack of market access and information;
- B. lack of affordable technology and training;
- C. lack of sufficient financial resources to buy inputs in bulk;
- D. lack of appropriate growth financing; and
- E. low levels of education.

Studies conducted on Ethiopian business entrepreneurs have also revealed that even relatively better off women in Ethiopia tend to focus on areas in which they have traditional gender-based skills and know-how, such as food processing, clothing and hairdressing. Further, the primary reasons that motivate Ethiopian women entrepreneurs are to be self-employed, to be independent, to follow family tradition and to bring high income to home (Reta, as cited in Andualem, 2003).

While big companies create jobs and stimulate innovation, self-employment also contributes to job creation and economic growth, alleviating the welfare burden and leading many to economic and social advancement. Businesswomen, in particular, create a “gender edge” that can generate additional business, increase sales and investor appeal. Female-owned enterprises in the USA are considered the “new face of the economy” and women are becoming a substantial client-base for financial institutions.

Self-employment is another outlet for entrepreneurial talents, offering independence, higher self-worth and job satisfaction, albeit with higher risk. These attributes can prompt entrepreneurs to choose self-employment, even at lower wages than in the salaried sector. For women especially, self-employment offers flexibility to combine a career with family and domestic responsibilities, and valuable convenience to work from home or close to home

According to, Johanna Kumlin (2007), Gender segregation prevails in all labour markets and is regarded as a problem by the population at large as well as by representative and legislative bodies alike. Evidence of this concern can be seen in the ongoing debate over gender equality in the labour market and in the political ambition to reduce the segregation in both the internal and external labour markets. They states, labour markets in many countries are regulated by equal opportunity laws and affirmative action plans, that attempt to force them to become more integrated. Research in the field of economics addressing inter-firm gender segregation has focused mainly on the extent of gender segregation between firms and the relation between the gender distribution of the workers and the gender wage gap. The point of departure of these earlier studies is the model of employer-taste discrimination in Becker (1975). An extension to these previous studies is the study by Hellerstein *et.al* (2002), which tests the long-run implications of the Becker model on firm profits and firm growth. According to Becker’s model, firms that employ a large fraction of women will be relatively more profitable due to lower wage costs, and thus enjoy a greater probability of growing by under selling other firms in the

competitive product market. They also look at the way gender segregation affects firms' profits in the US and examine whether firms employing a large share of women actually expand more, implicitly as an effect to lower wage costs. They find clear evidence of a positive relationship between profit and the proportion of female workers among firms with market power but no evidence of that firms that employ a large share of women expand.

Entrepreneurship is a virtue that is capable of removing all the vices associated with economic growth, social disparities and employment. Many countries of the world are actively seeking ways and means to promote entrepreneurship. In many developing countries women entrepreneurs are taking leading role in helping their respective governments to establish and develop strong small and medium enterprises (SMEs) that contribute significantly to poverty reduction. SME development and promotion helps in mobilizing entrepreneurial initiative and autonomy and at the same time strengthens pluralistic and social emancipation processes. The importance of SMEs reflects the need to provide employment, enhance economic growth, and generate additional capital for large-scale operations in less developed countries (Muma, cited in Gurmeet, 2008). He argues that SMEs contribute to self-sustained growth and development of nations. In recent years, factors such as privatization, specialization, corporate restructuring and downsizing have further encouraged the growth of such enterprises (Penna, 2000). Furthermore, the development of SMEs is seen as accelerating the achievement of wider economic and socio-economic objectives, including poverty alleviation in developing countries.

Still we cannot deny the fact that with more small businesses taking advantage of the outsourcing trend natives working overseas also creates new markets and opportunities for home companies to sell their products overseas, creating what some would call a "win-win" scenario (ibid.). Here, women could be the major beneficiaries, who make up the majority of the small-scale entrepreneurs especially in developing countries (Blackman, cited in Gurmeet, 2008). This is because women are often marginalized in many developing countries and improving the life of women implies a significant impact on the lives of their families. Also in case of SME factors such as age, gender, education and training, family background, ethnicity, religion, network membership, and motivation, in addition to other structural and competitive factors play an important role in influencing entrepreneur's behavior and decision making (Fairlie, 2004). Women entrepreneurs appear to be motivated to go into their own business in order to be their

own boss, to get job satisfaction, for economic independence or for an opportunity to be more creative (ibid.). According to Gurmeet, (2008), women represented the fastest growing segment of new business enterprises in US, owning approximately 9.1 million businesses and accounting for \$3.6 trillion of sales and 27 million jobs. Even today they are among the America's most dedicated entrepreneurs, and the businesses they run are becoming substantial.

2.9 AGE OF SMALL BUSINESS EMPLOYEES

According to Brian (2000), Small firms employ more workers under age 25 and workers aged 65 or older. In 1998, small firms employed about 12.8 million workers under 25, while large firms employed about 9.4 million. Small firms also employed about 2.4 million employees aged 65 or older, and large firms employed about 1million.

The age-specific composition of the workforce is an important question. According to Pilcher (as cited in Alan Felstead *et al.* 1999), young and older people can be argued to share a disadvantaged location in the labour market, linked to respective positions in a life course in which adulthood is ideologically, materially and physically the central stage. According to Christian and Niels (2008), an important task of human resource management is the development and retention of an efficient workforce. Therefore, applicants have to be checked to determine whether they suit the requirements of a given job. Also, the characteristics of employees may change over time, and comparative advantages differ between young and older workers.

SUMMARY OF THE LITERATURE

Definition

Small Enterprises: are those business enterprises with a paid-up capital of above 20,000 but not exceeding birr 500,000, and exclude high tech. consultancy firms & other high tech. establishments. In addition, firms that engage less than 10 persons using power driven machinery are categorized as small businesses (CSA).

HUMAN RESOURCE MANAGEMENT IN SMALL FIRMS

McEvoy (1984) has observed that areas of accounting, finance, production, and marketing, all took precedence over HRM in small business whereas Hess (1987) has found that owners of smaller ventures have ranked HRM practices as the second most important management activity next to general management work. Therefore, HRM practices do exist and are applied in small businesses, even though they are generally not formalized and are extremely diverse in nature, and thus resist generalization (M.Srimannarayana, 2006). Studies show that HRM practices vary highly between small firms

TRAINING IN SMALL FIRMS

Rawena and Susan (2007), state, although training is identified as an important HRM issue for many small firms, research shows formal training is less likely to be provided in these firms. Chad Moutray (2008) also asserts that,

Small businesses must devote significant resources to training their workforce. Nonetheless, small firms that invest in training and development are able to increase their labor productivity, and they are also able to reduce labor turnover. In this way, small business owners should look at education not just as a means of retraining their workers, but also as a method for building new skills, developing new human talent, and preserving employee morale. Here again, though, it is worth noting that small firms are less likely to offer benefits to their workers than their larger counterparts; therefore, a failure to invest in training and development could also result in a reduced competitive position for the most talented employees.

RECRUITMENT IN SMALL BUSINESS

A considerable quantity of prescriptive literature is available to managers responsible for recruiting staff aimed at helping them to increase the chances of finding the right person for the job. Most of this advice, however, seems to be aimed at large organizations. (Marilyn and Mick, 1999). Recruitment in small businesses is through networks of family and employee friends so as to get the right worker. According to Stewart, *et al.* 1991,

Entrepreneurs may wish to be selective about which relatives to include or exclude in their businesses. For example, their child might be inept but their niece might be outstanding. What aspects of kinship systems affect their ability to make these sorts of choices? What enables them to bend their ties of kinship and marriage to the interests of their business? Most broadly, what dimensions of kinship lend themselves to tactical or instrumental actions?

Recruitment and selection is an area where small firms exhibit poor HRM practice. McEvoy's (1984) study of 84 small businesses with an average of 75 employees, showed that while employers identified finding competent workers a major problem, their recruitment practices were "unimaginative" (newspaper ads, and walk-ins)

Small businesses Barriers to recruitment

- a. Job Seekers' Organizational Knowledge
- b. Organizational Familiarity
- c. Perceived Organizational Image

THE ROLE OF FAMILY MEMBERS IN THE FAMILY FIRM

Family workers are more productive than nonfamily labor, even when wages are low, because of a vested interest in the successful operation of the venture (Sanders & Nee, 1996 cited in William, 2010). Family members are needed for operational support and a cheap source of labor (ibid). One of the many important decisions that new entrepreneurs have to make when starting a business is whether or not to hire members of their family (William, 2010). He also pointed out that, the children's level of support during the nascent and early stages of the business was by far the highest of all of the family members.

THE IMPORTANCE OF HUMAN CAPITAL IN SMALL FIRMS

Human capital comprises individual's attributes as formal education, previous labour experience, and the presence of partners who might provide additional expertise. This type of capital is considered unique since knowledge cannot be taken away from the individual as tangible assets and financial capital can. Three-part definition of human capital includes education, experience and entrepreneurial preparedness.

Education

Education refers to the formal acquisition of skills and credentials. Most often this type of general education is defined by educational attainment measures such as years of education or highest degree attained. In contrast to general education, specific education refers to certain types of skills attained through courses in special fields or through the pursuit of advanced degrees (Madsen, et al. cited in Darrene, 2008).

Experience

Work experience in general and more specifically experiences gained from working in certain industries and in certain types of occupations may also influence entrepreneurship. By focusing on experience, we expand the human capital definition and include the extent to which a woman has gained skills and knowledge that go beyond a formal education. Entrepreneurship studies using the human capital theory approach have widely used such an expanded definition (Pena 2002).

Relevant experience can also be gained in the same industry as the entrepreneur later operates his or her business. However, without adequate business and managerial skills, women entrepreneurs might be limited in how they can apply their specific industry knowledge to a new venture (Chandler and Jansen, 1992)

Entrepreneurial Preparedness

Entrepreneurial preparedness refers to the personal skills, attitudes and resources gained outside of formal education and work experience. Financial capital, in the form of earning power and as an indirect measure of resources and success, is one component of entrepreneurial preparedness. Life experience, as measured by age, comprises another general component of entrepreneurial

preparedness. More specifically notions of entrepreneurial preparedness might come from the cultural and family background of the entrepreneur. Having another person in the household who is self-employed might bestow a certain perspective on entrepreneurship that others without such cultural exposure might not have.

Wages in small firms

Small firms' ability to attract, motivate and retain employees by offering competitive salaries and appropriate rewards are linked to firm performance and growth. Small firms tend to opt for informal practices. McEvoy (1984) found that only 29 per cent of his sample used salary surveys to set compensation levels and 33 per cent used job evaluation as a basis of determining compensation. He also found that recognition and reinforcement, pay rises or job security was commonly used reward systems.

GENDER PROPORTION IN SMALL BUSINESS/WOMEN EMPLOYMENT IN SMALL BUSINESS

The issue of women entrepreneurship is becoming increasingly popular across the globe. The participation of women is increasingly being viewed as one of the prime contributors in economic growth. Irrespective of their involvement in small-/medium-scale enterprises or in the informal/formal sectors, their contribution to output and value addition is substantial. Women entrepreneurship is not only necessary for their economic survival but also for strengthening the social system.

AGES IN SMALL BUSINESS

According to Brian (2000), Small firms employ more workers under age 25 and workers aged 65 or older. In 1998, small firms employed about 12.8 million workers under 25, while large firms employed about 9.4 million. Small firms also employed about 2.4 million employees aged 65 or older, and large firms employed about 1million.

CHAPTER THREE

METHODOLOGY

3.1 DATA SOURCES AND SAMPLING DESIGN

The objective of the study is to investigate the demographic characteristics of small business employees and human resource practices prevailing in small businesses. The study was based on the willingness of the study participants and more than one hundred small businesses were approached. But, only 50 were willing to participate in the study. Fifty questionnaires were distributed during the study period. Among those distributed, 44 questionnaires were used because, the remaining six are found to be non usable. And finally the data collected from 44 respondents among small businesses employees were analyzed using descriptive statistics with the help of SPSS.

To achieve the aforementioned objective, the researcher collected information from both secondary and primary data sources. The secondary data source includes documents, both published and unpublished. Descriptive statistics was used to analyze the data and Stratified sampling method was used where the strata were different sectors in small scale industry like textile, small food processing businesses (café, restaurant and bakeries), wood & metal works and retail trades.

3.2. STUDY DESIGN

This study used a cross-sectional, survey-based strategy to gather data. In addition, this data were collected from small business employees through questionnaires. The researcher used survey method to study the data because, the study population (small enterprises) was found in different parts/sub city of Addis Ababa and it was difficult to get the number of population of small businesses since this sector is dynamic in character and very large in number.

The data pertaining to these issues were collected using –schedules” incorporating appropriate questions in respective categories. Schedule is a questionnaire administered by interview. The schedules were personally administered on the small businesses employees working in Addis

Ababa on the basis of stratified sampling technique. Schedule was useful as it enabled the researcher to be present in administering the questionnaire and allowed for greater response rate.

The individual data included information on gender, age, education, experiences, recruitment sources and wage. By aggregating the information of the employees and matching it to the firms, I get a data set of firm/employee in the unit and the human resource practices prevailing in small firms. During the study period, there is information of about 23 different firms with less than 10 employees including two firms with no employees. The participants in this study consist of two groups, employee group and employer group.

The researcher used information about the number of employees and the relevant industries from CSA report and from small businesses. The employees at each establishment were also further disaggregated into gender groups and four age groups, as well as five educational groups based on the level of education attained. The age and educational groups were further divided into their own gender groups.

3.3 SAMPLING ERROR (STANDARD ERROR)

It is an error or variation among sample statistics due to chance. It is measured by the following formula;

$$\text{Standard error} = \frac{\sigma}{\sqrt{n}}$$

As the standard error of the sample mean is smaller, the better estimator of the population means. The relationship between population parameters and sampling distribution of the sample mean is; the expected value of the sample mean is equal to the population mean.

$$E(\bar{X}) = \mu_{\bar{x}} = \mu$$

The variance of the sample mean is equal to the population variance divided by the sample size;

$$V(\bar{X}) = \sigma_{\bar{x}}^2 = \frac{\sigma_x^2}{n}$$

Whenever the population standard deviation is unknown and the population is assumed to be normal, then the correct distribution is t-distribution and it is used with (n-1) degree of freedom (df). Therefore, for testing the hypothesis t-test was applied. Approximately 95% of the intervals

around the sample mean can be expected to include the actual value of the population mean. So, 95% confidence level was used to test for an error.

3.4 CONFIDENCE INTERVAL OF THE MEAN

When population mean is unknown (μ),

$$\bar{X} \pm t_{\alpha/2} \frac{S}{\sqrt{n}}$$

$t_{\alpha/2}$ is the value of t- distribution with (n-1) df that cuts off a tail area of $\alpha/2$

$t_{0.05/2}$ with $n=44$ and $df(43)$ is 2.021 as t-distribution table indicates.

Statistical Hypothesis Testing

- A **null hypothesis**, denoted by H_0 , is an assertion about one or more population parameters. This is the assertion we hold to be true until we have sufficient statistical evidence to conclude otherwise.
- The **alternative hypothesis**, denoted by H_1 , is the assertion of all situations not covered by the null hypothesis.

CHAPTER FOUR

RESULTS AND DISCUSSION

The objective of the study is to investigate small businesses employees and human resource practices prevailing in small businesses. The researcher distributed 50 questionnaires during the study period. Among those distributed, 44 questionnaires were because, the remaining six are found to be non usable. And finally the data collected from 44 respondents among small businesses employees were analyzed using descriptive statistics with the help of SPSS as follows. Demographic characteristics of the respondents are presented along the characteristics of the sample firms. Finally, a summary of the findings of the study are presented.

Table 4.1 Types of Business

Types of business	Frequency	Percent
Food processing	10	22.7
textile/garment	8	18.2
retail trade	14	31.8
wood and metal works	12	27.3
Total	44	100

The average number of employees per establishment/ business is 5 workers (firms in this sample have an average size of 5 people). Respondents are drawn from small businesses in food processing (22.7%), textile/garment (18.2%), retail trade/service (31.8%), and wood & metal works (27.3%) sectors. The test indicates, there is a significant difference among businesses.

One sample test

Variables	Test Value = 0					
	t	Df	Sig.(2tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
age of employee	19.102	43	.000	2.250	2.01	2.49
gender of employees	18.739	43	.000	1.273	1.14	1.41
education level	16.917	43	.000	2.682	2.36	3.00
minimum wage of employees	10.383	22	.000	2.913	2.33	3.49
Recruitment sources of small businesses	18.394	42	.000	1.791	1.59	1.99
Recruitment system of small businesses	43.547	43	.000	1.909	1.82	2.00

Table 4.2 Type of Business With age Proportion of Small Business Employees.

Age of employee		Types of Business				Total
		Food processing	textile/ garment	retail trade	wood & metal works	
below 18 years	No. of Total	1 2.3%	0 .0%	5 11.4%	0 .0%	6 13.6%
between 18 and 35	No. of Total	5 11.4%	5 11.4%	5 11.4%	9 20.5%	24 54.5%
between 35 and 65	No. of Total	2 4.5%	3 6.8%	4 9.1%	2 4.5%	11 25.0%
above 65	No. of Total	2 4.5%	0 .0%	0 .0%	1 2.3%	3 6.8%
Total	No. of Total	10 22.7%	8 18.2%	14 31.8%	12 27.3%	44 100%

The figures in the above table shows, slightly the majority of employees (54.5%) are aged between 18 & 35. The next higher percentage 25% is for employees aged between 35 & 65. The age bracket between 18 & 35 seem to be very important in all sectors (wood & metal works, textile and garment, food processing sectors and retail trade). But, below 18 years old are many, of those employed in retail trade. Here, the test shows significant difference between ages of employees.

$$H_0: \mu_1 = \mu_2 = \mu_3 = \mu_4$$

$$H_1: \text{not } H_0$$

$$P=0.00$$

$$\alpha= 0.05$$

Test- since p- value is less than 0.05; it shows that, there is significant evidence to reject Ho: that says the average ages of employees are equal. Therefore, it can be concluded that, there is a difference between mean ages of employees at 5% confidence level. Moreover, small businesses under study were characterized by people with age 18-35 years.

Table 4.3 Age of business

Age of business	Frequency	Percent	Cumulative %
0-5 years	16	36.4	100
6-10 years	15	34.1	63.6
above ten years	13	29.5	29.5
Total	44	100	

Over sixty percent of small firms surveyed have been in operation for more than five years and more than thirty six percent have been operational for less than five years.

Table 4.4 The Gender and Age of Employee

Gender of employees		Age of employee				Total
		below 18 years	between 18 and 35	between 35 and 65	above 65	
Female	No.	3	3	4	2	12
	%	6.8%	6.8%	9.1%	4.5%	27.3%
Male	No.	3	21	7	1	32
	%	6.8%	47.7%	15.9%	2.3%	72.7%
Total	No.	6	24	11	3	44
	%	13.6%	54.5%	25%	6.8%	100%

The breakdown between male and female business operators reflects the picture at the business level with 72.7 per cent of the businesses operated by men. All of these operators are employees in the business and the operators were predominantly aged between 18 and 65 years old: 54.5 per cent between 18 & 35, 25 per cent in the 35-65 year range. But, 13.6 per cent of these workers were in the age below 18 year range and only 6.8 per cent were over 65 years of age. In addition, 47.7% of male respondents were aged between 18 & 35 years.

Table 4.5 Types of Business and Gender of Employees

		Gender of employees		Total
		male	Female	
Food processing	No.	5	5	10
	% of Total	11.4%	11.4%	22.8%
textile/garment	No.	6	2	8
	% of Total	13.6%	4.5%	18.2%
retail trade	No.	10	4	14
	% of Total	22.7%	9.1%	31.8%
wood and metal works	No.	11	1	12
	% of Total	25%	2.3%	27.3%
Total	No.	32	12	44
	% of Total	72.7%	27.3%	100.0%

As shown above, in small food processing businesses both female and male employees are employed equally 11.4% each. In textile industry only a quarter of people engaged was female workers. According to some respondents, this is due to the nature of job involved in this type of businesses. In retail trade and wood & metal works, 22.7% and 25% of workers were male respectively. The result of the hypothesis test indicated that,

$$H_0: \mu_1 = \mu_2$$

$$H_1: \text{not } H_0$$

$$P=0.00$$

$$\alpha =0.05$$

Test – since p-value is less than α (0.05), the null hypothesis is rejected. Therefore, the conclusion is, there is a significant difference between male and female workers i.e. the mean of male and female is not equal at 5% confidence level.

Table 4.6a Education Level of Employer/Employee

employer/employee		education level					Total
		illiterate	below grade 8	from grade 9-12	TVET/other diploma	first degree	
Employer	No.	3	5	6	8	1	23
	% of Total	6.8%	11.4%	13.6%	18.2%	2.3%	52.3%
Employee	No.	3	9	7	2	0	21
	% of Total	6.8%	20.5%	15.9%	4.5%	.0%	47.7%
Total	No.	6	14	13	10	1	44
	% of Total	13.6%	31.8%	29.5%	22.7%	2.3%	100%

Table 4.6b Efforts of Employers to give training to Employees

Efforts to make employees qualified	Frequency	Percent
Give them training	8	18.2
Practice based learning	10	22.7
Do nothing	1	2.3
Formal education	0	0
Total	19	43.2
Missing	25	56.8
Total		100

Looking into the literacy status of persons engaged the findings show that, 86.4% of the total people engaged in the businesses were literate. In contrast, 61.3% were below grade 12 and the remaining 22.7% were people with diploma and only 2.3% of the workers in the sample had first

degree. In addition, in small firms employing staff, all did not give off-site training or formal work-related education. Moreover, 47.7% of the respondents were not asked because the question was not for employees and the rest 9% were refused to respond.

Table 4.7 education level of male and female employees in the businesses

Gender		education level					Total
		illiterate	belowgrade 8	from grade 9-12	TVET/other diploma	first degree	
Male	No.	2	11	10	8	1	32
	%	4.5%	25%	22.7%	18.2%	2.3%	72.7%
female	No.	4	3	3	2	0	12
	%	9.1%	6.8%	6.8%	4.5%	.0%	27.3%
Total	No.	6	14	13	10	1	44
	%	13.6%	31.8%	29.5%	22.7%	2.3%	100%

The above table shows that, 95.5 percent of male participants are literate, while the figure for females stands at 91.9 % as being literate. But, very few (2.3%) of the incorporated male employees have first degrees with no female degree holder.

Ho: $\mu_1 = \mu_2 = \mu_3 = \mu_4 = \mu_5$

H1: not Ho

P= 0.00

$\alpha = 0.05$

Test- here the null hypothesis which states the average education level of workers in small businesses is equal is rejected. This shows that, there is significant difference among workers of small businesses in education level.

Table 4.8 type of business with minimum wage of employees

Wage (min.)		Types of Business				Total
		Food processing	textile/garment	retail trade	wood and metal works	
less than 200	No. of Total	1 4.3%	0 .0%	1 4.3%	0 .0%	2 8.7%
201-400	No. of Total	2 8.7%	1 4.3%	5 21.7%	0 .0%	8 34.8%
401-600	No. of Total	2 8.7%	0 .0%	1 4.3%	4 17.4%	7 30.4%
601-800	No. of Total	0 .0%	2 8.7%	1 4.3%	1 4.3%	4 17.4%
801-1000	No. of Total	0 .0%	1 4.3%	0 .0%	0 .0%	1 4.3%
1201 and above	No. of Total	0 .0%	0 .0%	0 .0%	1 4.3%	1 4.3%
Total	No. of Total	5 21.7%	4 17.4%	8 34.8%	6 26.1%	23 100%
missing		5	4	6	6	21 100%

Results in the above table show that, more than 65% of the businesses in this study pay a minimum wage of between two and six hundreds. While slightly more than eight pay from eight to twelve hundreds. The minimum wage paid in wood and metal works is four hundred birr. This figures show that, many of small firms' workers receives less than six hundreds birr. Furthermore, the missing value shows only employers were asked about the minimum wage of workers. Therefore, employees were excluded from analysis. Generally, on average food processing industry pays minimum wage compared to other sectors followed by retail trade, textile/garment and wood & metal works in ascending order.

Table 4.9 Sources and systems of Recruitment in Small Businesses

Recruitment system of small businesses		Recruitment sources of small businesses			Total
		from family	External sources	both sources	
formally(using different types of media and procedures)	No.	1	2	1	4
	% of Total	2.3%	4.7%	2.3%	9.3%
informally(from family/by word of mouth and references)	No.	13	22	4	39
	% of Total	30.2%	51.2%	9.3%	90.7%
Total	No.	14	24	5	44
	% of Total	32.6%	55.8%	11.6%	100%

Participants were also asked about how and where their recruitment takes place and slightly more than 32% of respondents were family workers. And 55.8% were recruited from external sources. Among those recruited from external sources, more than ninety percent joined the organization informally. This indicates that, most of small businesses recruitment is conducted informally using different ways like word of mouth and references.

Table 4.9 Recruitment Sources and Job Position of Workers in Their Business

Recruitment sources		position of employees in the business				Total
		owner/manager	personnel head	production worker	other	
from family	No.	6	0	6	2	15
	% of Total	14%	.0%	14%	4.7%	32.6%
external sources	No.	15	0	8	1	24
	% of Total	34.9%	.0%	18.6%	2.3%	55.8%
both sources	No.	2	1	1	1	5
	% of Total	4.7%	2.3%	2.3%	2.3%	11.6%
Total	No.	23	1	15	4	44
	% of Total	53.5%	2.3%	34.9%	9.3%	100%

The key findings from the survey in relation to human resource practices were, among family members, owner/managers and production constitute 14% each. Another finding from this survey was in generous proportion of small businesses in this study, the respondents replied that owner/managers control important roles in major key areas like personnel head, marketing expert sales person and others. Most of the businesses in this survey use external sources of recruitment and network is the major source of recruitment used by almost all units under study. This network includes friends and relatives of the pro-proprietor and the employees of the unit.

Table 4.10a Plan and reason To Employ More People/ Workers

Reason to employ people		plan to employ more people		Total	Cumulative %
		Yes	no		
to cope up with the growth	No. % of Total	9 39.1%	0 .0%	9 39.1%	100
to lessen the work load of existing workers	% of Total	1 4.3%	0 .0%	1 4.3%	60.8
to replace leaving workers	No. % of Total	4 17.4%	0 .0%	4 17.4%	56.5
to liquidate	No. % of Total	0 .0%	6 26.1%	6 26.1%	39.1
other(e.g.to change the business)	No. % of Total	0 .0%	3 13.0%	3 13.0%	13
Total	No. % of Total	14 60.9%	9 39.1%	23 100%	

Table 4.10b Small Businesses Challenges to Recruitment

Challenges to recruitment	Frequency	Percent	Cumulative Percent
lack skilled workers	10	22.7	27.0
competition	12	27.3	59.5
Others (e.g. dishonesty)	10	22.7	86.5
no challenge	5	11.4	100.0
Total	37	84.1	
Missing	7	15.9	
Total	44	100.0	

Table 4.10c Small Enterprises Employment/Selection Criteria for Workers

	Frequency	Percent	Cumulative Percent
Skill	8	18.2	19.0
relationship/kinship	15	34.1	54.8
Experience	11	25.0	81.0
Religion	2	4.5	85.7
All (the above combined)	4	9.1	95.2
Other	2	4.5	100.0
Total	42	95.5	
Missing	2	4.5	
Total	44	100.0	

I identified growing small firms by the owner/manager's positive response to the following question –"is there a need to employ any new permanent full-time or part-time staff?" and then their reason for doing so as either being –"Because your business expanded?" or –"You decided to diversify the business?". Some 40% of the respondents of small firm's workers were replied that they recruit more employees to cope up with the growth of their business. Therefore, I categorized those firms as growing small firms compared to other remaining non-growing small firms.

The profile of the growing and non-growing small firms in terms of their ownership characteristics (gender, age and education) and industry sector indicates that growing small firms were more likely to employ professional workers and they were also more likely to operate in the manufacturing sector.

The analysis of data showed that in growing small firms the recruitment and selection practices were more likely to be used than in non-growing small firms and both are characterized by informal type of recruitment.

In addition to this, table 3.10b shows, 22.7 percent of the units are under study face problems of lack of competent and skilled workers while other 27.3 percent replied problem of competition from other businesses and another 22.7 percent encounter other difficulties other than listed problems (e.g. dishonesty). Contrary to this, more than 11 percent of the respondents said that

they have not faced any problems because they use networks of friends and relatives. Moreover, small businesses involved in this investigation uses different selection criteria. Based on the result of the study 18.2% of the respondents set the skill based criterion to select new recruits and slightly more than 34% uses network of relationship or kinship as their selection condition. In addition, a quarter of the study subjects use previous experience to select new worker and some of them (4.5%) uses religion and ethnic background whereas 9.1% uses all of the above criteria in their selection process. Some study participants also said that one of the reason that prohibits them to recruit employees outside the family is those workers are not in most cases honest.

Table 4.11a Types of Business and Number of Apprentice Workers

Types of Business		number of apprentice workers			Total
		0	1	2	
Food processing	No.	10	0	0	10
	%	47.6%			38.5%
textile/garment	No.	4	0	0	4
	%	19%			15.4%
retail trade	No.	6	1	0	7
	%	28.6%	50%		26.9%
wood and metal works	No.	1	1	3	5
	%	4.8%	50%	76%	19.2%
Total	No.	21	2	3	26
	%	100%	100%	100%	100%

Table 4.11b type of businesses that use apprentices

Types of Business		small businesses apprentices use			Total
		to get extra help	to help young people	because of kinship	
textile/garment	No.	0	1	0	1
	% of Total	.0%	12.5%	.0%	12.5%
retail trade	No.	0	1	0	1
	% of Total	.0%	12.5%	.0%	12.5%
wood and metal works	No.	1	3	2	6
	% of Total	12.5%	37.5%	25%	75.0%
Total	No.	1	5	2	8
	% of Total	12.5%	62.5%	25%	100%

Table 4.11c Small Businesses Reasons to Employ Apprentices

	Frequency	% of total	Valid Percent	Cumulative Percent
to get extra help	1	2.3	12.5	12.5
to help young people	5	11.4	62.5	75.0
because of kinship	2	4.5	25.0	100.0
Total	8	18.2	100.0	
Missing	36	81.8		
Total	44	100.0		

From the above tables (4.11a-c), in food processing and textile businesses there were no apprentices. But, in retail trade and wood & metal works, 50% of the study participant responded that there are at least one apprentice worker in their business while more than 28% were still did not have any apprentice trainer. Finally, 50% of the businesses in this study which were working in wood and metal work industry they have at least one worker who is apprentice. There are 2

apprentices in 76% of wood & metal works. Besides, this table shows no business which participated in this study employ more than two apprentice trainers. Furthermore, from those who replied, 11.4% uses apprentices to help young people and other 4.5% allow them because of kinship and 2.3% of

The participants the study replied as they use apprentices to get extra help. But, around 82% of the businesses were not responded because they have no apprentices.

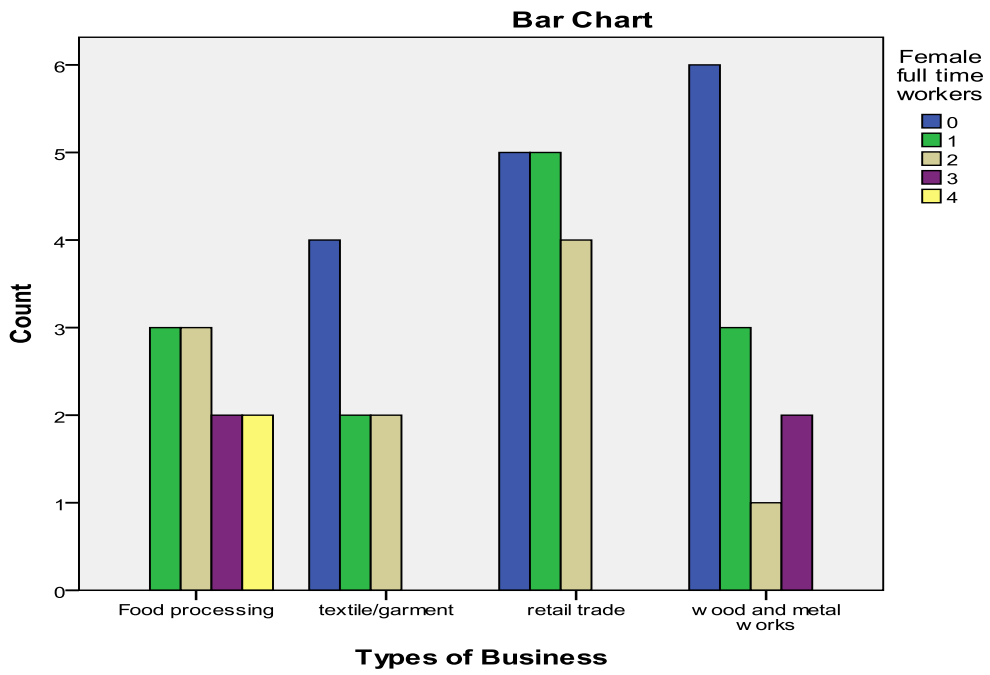
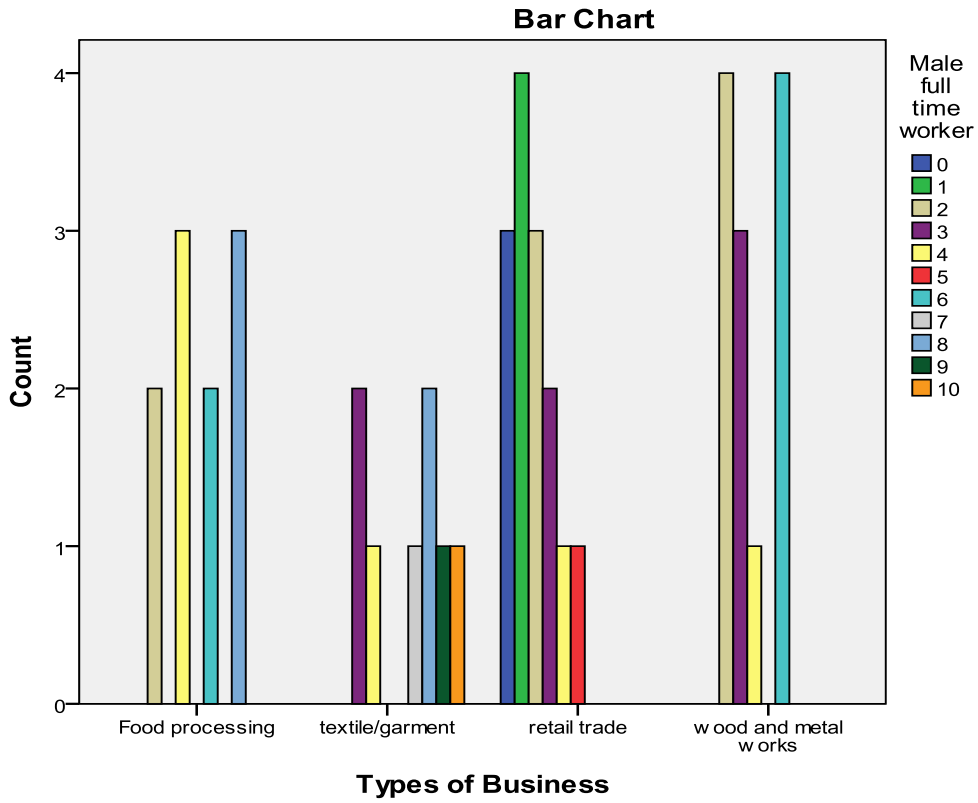
Table 4.12a Female full time workers

No. of female workers	Frequency	Percent	Cumulative Percent
0	15	34.1	34.1
1	13	29.5	63.6
2	10	22.7	86.4
3	4	9.1	95.5
4	2	4.5	100
Total	44	100	

As the above tables show, maximum number of female in small firms in this survey includes four female workers and up to ten male employees were employed. 50% of the businesses employ from 2-4 male workers. More than 34% of the businesses did not employ any female worker. It also shows that majority of the workers are full timers.

Table 4.12b Male full time employees

	Frequency	Percent	Valid Percent	Cumulative Percent
0	3	6.8	6.8	6.8
1	4	9.1	9.1	15.9
2	9	20.5	20.5	36.4
3	7	15.9	15.9	52.3
4	6	13.6	13.6	65.9
5	1	2.3	2.3	68.2
6	6	13.6	13.6	81.8
7	1	2.3	2.3	84.1
8	5	11.4	11.4	95.5
9	1	2.3	2.3	97.7
10	1	2.3	2.3	100
Total	44	100	100	



CHAPTER FIVE

SUMMARY, CONCLUSION AND SUGGESTION

5.1 SUMMARY AND CONCLUSION

The objective of the study is to investigate small businesses employees and human resource practices prevailing in small businesses. The small business sector is seen as an important force to: generate employment and more equitable income distribution; activate competition; exploit niche markets; enhance productivity and mechanical change and, through the combination of all of these measures, to stimulate economic development. While we cannot deny the importance of large industrial and other enterprises for the growth of the Ethiopian economy, there is ample evidence to suggest that the labor absorptive capacity of the micro and small business sector is high, the average capital cost per job created is usually lower than in big business, and its role in technical and other innovative activities is vital for many of the challenges facing Ethiopia. Family firm, a field whose domain significantly overlaps that of entrepreneurship, has experienced similar growth in recent years. They contribute the lion's share to the achievement of country's development objectives.

In this study four sectors from small businesses were included in the study. These are retail trade, textile/garment industry, wood and metal works and small food processing businesses (café, restaurant, and bakery). In addition, the study uses a cross sectional survey based strategy to approach the objective and stratified sampling technique was used. The analysis was done using statistical soft ware SPSS using tools such as frequency distribution and cross tabulation.

The result shows that 22.7% of the study participants were from food processing business, 18.2% were from textile/garment industry, 31.8%, the majority, were from retail trade and 27.3% were included from wood and metal works.

In other finding, Participants age indicates that, generally, 13.6% of employees of small businesses were children under 18 years old and 54.5% of the workers were found between 18-35 years old while a quarter of small business employees are in age range from 35-65 years of age. Another results show that, more than thirty six per cent of all the small firms surveyed had been

in operation for less than 5 years, although a little more than 34 per cent had been running for 6 to 10 years and the rest 29.5% were operational for more than 10 years.

The breakdown between male and female business operators reflects the picture at the business level with 72.7 per cent of the businesses operated by men and the rest 27.3 per cent by women. All of these operators are employees in the business and the operators were predominantly aged between 18 and 65 years old: 54.5 per cent between 18 & 35, 25 per cent in the 35-65 year range. But, 13.6 per cent of these workers were in the age below 18 year range and only 6.8 per cent were over 65 years of age.

Descriptive statistics also indicate that, in small food processing businesses both female and male employees are employed equally. In textile industry only a quarter of employees was female and 75% of the total people engaged were male workers. According to some respondents, this is due to the nature of job involved in this type of businesses. In retail trade and wood & metal works, 28.6% and only 8.3% workers were female respectively. But, slightly more than 71% and 91.7% of the employees were male.

Looking into the literacy status/level of persons engaged the findings show that, of those, 87% of the total employers and 85.7% of employees were literate. In addition, 13.6% of people engaged (both groups) in small businesses under study were illiterate. In contrast, 61.3% were below grade 12 and the remaining 22.7% were people with diploma and only 2.3% of the workers in the sample had first degree. Skills and qualifications sought.

In addition, in small firms employing staff, all did not give off-site training or formal work-related education. The analysis related to training leads to the conclusion that there is no system either formal or informal to assess the training needs of the employees. However, the small business units provide training for the employees. The training is predominantly informal and on the job.

From result of the findings, 95.5 percent of male participants were literate, while the figure for females stands at 91.9 % as being literate. Furthermore, slightly less than a 10% of the female participants were illiterate, while the corresponding figure for men stands at 4.5 %. But, very few (2.3%) of the incorporated male employees have first degrees with no female degree holder.

Gender proportion of small businesses: 72.7% of among people who were engaged in small businesses under study was male while 27.3% of the respondents were female. This indicates small firms the researcher tried to reach employ lesser number of female workers.

Results also show that, more than 65% of the businesses in this study pay a minimum wage of between two and six hundreds. While slightly more than eight pay from eight to twelve hundreds. The minimum wage paid in wood and metal works is four hundred birr. This figures show that, many of small firms' workers receives less than six hundreds birr. Furthermore, the missing value shows only employers were asked about the minimum wage of workers. Therefore, employees were excluded from analysis. Generally, on average food processing industry pays minimum wage compared to other sectors followed by retail trade, textile/garment and wood & metal works in ascending order.

As far as recruitment is concerned, the analysis pertaining to this aspect leads to the conclusion that network is the major source of recruitment used by all units for all categories of vacancies to be filled. This network includes friends and relatives of the proprietor and the employees of the unit

I identified growing small firms by the owner/manager's positive response to the following question "is there a need to employ any new permanent full-time or part-time staff?" and then their reason for doing so as either being "Because your business expanded?" or "You decided to diversify the business?". Some 61.5% of the respondents of small firm's workers were replied that they recruit more employees to cope up with the growth of their business. Therefore, I categorized those firms as growing small firms compared to other remaining non-growing small firms.

The profile of the growing and non-growing small firms in terms of their ownership characteristics (gender, age and education) and industry sector indicates that growing small firms were more likely to employ professional workers and they were also more likely to operate in the manufacturing sector. The analysis of data showed that in growing small firms the recruitment and selection practices were more likely to be used than in non-growing small firms and both are characterized by informal type of recruitment. In addition to this another result shows, 22.7 percent of the units are under study face problems of lack of competent and skilled workers while other 27.3 percent replied problem of competition from other businesses and another 22.7 percent

encounter other difficulties other than listed problems. Contrary to this, more than 11 percent of the respondents said that they have not faced any problems because they use networks of friends and relatives. Moreover, small businesses involved in this investigation uses different selection criteria. Based on the result of the study 18.2% of the respondents set the skill based criterion to select new recruits and slightly more than 34% uses network of relationship or kinship as their selection condition. In addition, 25% of the study subjects use previous experience to select new worker and some of them (4.5%) uses religion and ethnic background whereas 9.1% uses all of the above criteria in their selection process.

5.2 SUGGESTIONS AND INDICATION FOR FUTURE RESEARCH

The findings show that, small businesses employees' demographic characteristics like their gender, educational background, age, income level, experience and where of their recruitment have been assessed to show clear picture of small businesses and their workers. This is important to the government policy makers, practitioners, researchers and academics in the areas of entrepreneurship and small business development.

This paper suggests the formalization of the human resource practices (recruitment and selection systems) that can be used to nurture better performers. Additionally, owners of small businesses should see training and formal education as investment not a cost to build a competitive advantage that is based on its human resources. According to Becker's model, firms that employ a large fraction of women will be relatively more profitable due to lower wage costs, and thus enjoy a greater probability of growing by under selling other firms in the competitive product market. Therefore, based on the above model, the researcher recommends small businesses owners should raise the female proportion of their workers so as to make their businesses grow and be more profitable. Furthermore, the researcher suggests that small businesses should hire old age workers so as to share a wealth of experiences that can be obtained from veteran workers.

Human resource issues have been mainly studied in larger firms. To my knowledge, there are no studies about the relationship between the human capital, gender and age of business owners and employees, recruitment, development and utilization of human resources and growth of small-scale enterprises. As well as the impact of these variables on the performance of small businesses is suggested for future researches.

Appendices

APPENDIX A

Part I Questionnaire (owner/employer)

The purpose of this questionnaire is to collect information about human resource practices and demographic characteristics of small business employees. Your cooperation in providing genuine answers to the following questions is important for the success of this study. Your responses will be kept confidential. It is only for academic purpose. Please mark \checkmark in a tick box in front of your choice.

1. Your age _____
2. Gender _____
3. Year of experience as
 - a. Owner in this business
 - b. Employee outside the business
4. Educational status _____
5. How many employees do you have in your establishment? _____
6. How many members of the family are working in this business that are? _____.
 - (i) Employed fulltime (in number) _____
 - (ii) Employed part time (in number) _____
7. What is gender proportion in your business
 - (i) Total number of male employees _____.
 - (ii) Total number of female employees _____.
8. What is the average age of the people in this business?
 - Below 18
 - Between 18-35
 - Between 35-65
 - Above 65
9. Year of establishment of the business
 - (0-5 years)
 - (6-10 years)
 - (Above 10 years)

10. How many employees do you have?

Type of employee	Male	Female	Total
Full time workers			
Seasonal/ temporary workers			
Paid family members			
Unpaid family members			
Paid apprentices			
Unpaid apprentices			

11. Previous experience relevant to your enterprise are acquired through:

- a. Working in informal sector
- b. Working in other small business
- c. Training
- d. Other (specify) _____

12. Are there plans to employ more people?

Yes No

13. If your answer for question #12 is yes, why do you need to employ more people?

- a. To cope up with the growth
- b. To lessen the work load of existing workers
- c. To replace leaving workers
- d. Other, please specify _____.

14. If your answer for question #12 is No, then why not? _____

15. Are your employees qualified/ trained in area of doing their job?

Yes No

16. Where is your major sources of recruitment

- a) Family
- b) Network

- c) Advertisement
- d) Employment Exchange
- e) Placement agencies
- f) Walk-ins
- g) Contractors

17. How does your recruitment conducted?

- Formally (using different types of media and procedures)
- Informally (from within family/ through word of mouth by reference)

18. In selection process what is your main criteria to employ workers?

- a. Skill
- b. Relationship/kinship
- c. Experience
- d. Religion
- e. Other (specify)_____

19. What challenges do you face in terms of recruitment of new employees?

- a. Lack of skilled manpower
- b. Competition from bigger organization
- c. Other, please specify _____.

20. Why do you need to have apprentices?

- a. To get extra help
- b. To help young people
- c. To expand the business
- d. Because of kinship
- e. Other (specify)_____

21. If your answer for question #20 is No, what was your effort to make them qualified?

- Give them training/Give them practice based learning
- Make them continue formal education
- Do nothing

Part II Questionnaire (employees)

22. In what type of business are you working?

- Food processing
- Textile/garment
- Leather products such as, shoes, hand bags luggage etc.
- Other, please specify _____

23. Your age

- Below 18
- Between 18 & 35
- Between 35 & 65
- Above 65

24. Gender

- Male
- Female

25. How many years of experience do you have as

Employee _____ Employer _____

26. Your level of education

- Below grade 12
- College diploma
- Bachelor's degree
- Above university degree

27. How much is your average **annual** income?

- Below 5,000 birr
- 5,000-10,000
- 10,000-15,000
- 15,000-20,000
- Above 20,000

28. What position do you hold in the business?

- Manager/owner
- Personnel head
- Marketing expert
- Unpaid family worker

- Production worker
- Others, please specify_____

29. What is your relation with the business?

- Close family member, Son/daughter of owner
- Extended family members
- Paid apprentice
- Unpaid apprentice
- Paid worker

30. How do you join this organization?

- From family
- From outside by seeing on advertisement
- By applying in search for a job/walk-in
- Others, Please specify_____

31. Do you think your level of education is enough to handle the job position you hold?

- Yes
- No

32. If your answer for the above question is No, have you tried to get the appropriate know-how/skill to do your job?

- Yes
- No

33. If your answer for question #32 is yes, how do you get it?

- Through training
- Through formal education
- Through practice based learning
- Other, please specify_____.

34. What level of education do you think is appropriate for the position you hold?

- a. University Degree
- b. Relevant Vocational training/diploma
- c. 12th grade complete
- d. 8th grade complete
- e. Illiterate

35. If you have opinion, suggestion or comments, regarding workers of SBs, please write it below. It is important to the development and solving problems of small businesses regarding their employees. _____

One sample test

	Test Value = 0					
	t	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Employer/employee	19.394	43	.000	1.477	1.32	1.63
Types of Business	15.579	43	.000	2.636	2.30	2.98
age of employee	19.102	43	.000	2.250	2.01	2.49
gender of employees	18.739	43	.000	1.273	1.14	1.41
education level	16.917	43	.000	2.682	2.36	3.00
income of employees	9.992	41	.000	1646.429	1313.66	1979.19
minimum wage of employees	10.383	22	.000	2.913	2.33	3.49
age of the business	15.659	43	.000	1.932	1.68	2.18
Total number of male employees	10.402	42	.000	4.093	3.30	4.89
Total number of female employees	6.990	43	.000	1.273	.91	1.64
Male full time worker	9.900	43	.000	3.955	3.15	4.76
Female full time workers	6.930	43	.000	1.205	.85	1.56
Male temporary /seasonal male workers	2.172	41	.036	.310	.02	.60
Male paid family member	1.952	41	.058	.119	.00	.24
female paid family members	1.777	40	.083	.073	-.01	.16
Male unpaid family members	5.703	42	.000	.977	.63	1.32
Female unpaid family members	3.534	40	.001	.463	.20	.73
number of apprentice workers	2.309	25	.029	.308	.03	.58
Previous experience acquired through	17.490	43	.000	2.568	2.27	2.86
plan to employ more people	19.044	34	.000	1.600	1.43	1.77

reason to employ people	8.339	22	.000	2.696	2.03	3.37
Recruitment sources of small businesses	18.394	42	.000	1.791	1.59	1.99
Recruitment system of small businesses	43.547	43	.000	1.909	1.82	2.00
small enterprises selection criteria of workers	12.446	41	.000	2.643	2.21	3.07
small businesses challenges to recruitment	13.567	36	.000	2.270	1.93	2.61
small businesses apprentices use	6.333	7	.000	2.375	1.49	3.26
workers qualification in relevant area	18.396	42	.000	1.372	1.22	1.52
Efforts to make workers qualified	8.887	18	.000	2.211	1.69	2.73
your position in the business	9.056	43	.000	2.864	2.23	3.50
worker's relation with the business	11.917	42	.000	2.488	2.07	2.91
workers join the business	11.902	42	.000	2.628	2.18	3.07
Level of education to handle the position	18.955	43	.000	1.432	1.28	1.58
you get skill through	19.367	31	.000	2.750	2.46	3.04
total number of employees per business	8.043	22	.000	5.043	3.74	6.34

One sample statistics

	N	Mean	Std. Deviation	Std. Error Mean
Employer/employee	44	1.48	.505	.076
Types of Business	44	2.64	1.123	.169
age of employee	44	2.25	.781	.118
gender of employees	44	1.27	.451	.068
education level	44	2.68	1.052	.159
minimum wage	23	2.91	1.345	.281
age of the business	44	1.93	.818	.123
Total number of male employees	43	4.09	2.580	.393
Total number of female employees	44	1.27	1.208	.182
Male full time worker	44	3.95	2.650	.399
Female full time workers	44	1.20	1.153	.174
Male temporary /seasonal male workers	42	.31	.924	.143
Female temporary/seasonal workers	41	.00	.000 ^a	.000
Male paid family member	42	.12	.395	.061
female paid family members	41	.07	.264	.041
Male unpaid family members	43	.98	1.123	.171
Female unpaid family members	41	.46	.840	.131
number of apprentice workers	26	.31	.679	.133
Previous experience acquired through	44	2.57	.974	.147
plan to employ more people	35	1.60	.497	.084

reason to employ people	23	2.70	1.550	.323
Recruitment sources of small businesses	43	1.79	.638	.097
Recruitment system of small businesses	44	1.91	.291	.044
small enterprises selection criteria of workers	42	2.64	1.376	.212
small businesses challenges to recruitment	37	2.27	1.018	.167
small businesses apprentices use	8	2.38	1.061	.375
Efforts to make workers qualified	19	2.21	1.084	.249
your position in the business	44	2.86	2.098	.316
worker's relation with the business	43	2.49	1.369	.209
workers join the business	43	2.63	1.448	.221
Level of education to handle the position	44	1.43	.501	.076
you get skill through	32	2.75	.803	.142
total number of employees per business	23	5.04	3.007	.627

Values of the t-distribution (two-tailed)

DF	A	0.80	0.90	0.95	0.98	0.99	0.995	0.998	0.999
	P	0.20	0.10	0.05	0.02	0.01	0.005	0.002	0.001
1		3.078	6.314	12.706	31.820	63.657	127.321	318.309	636.619
2		1.886	2.920	4.303	6.965	9.925	14.089	22.327	31.599
3		1.638	2.353	3.182	4.541	5.841	7.453	10.215	12.924
4		1.533	2.132	2.776	3.747	4.604	5.598	7.173	8.610
5		1.476	2.015	2.571	3.365	4.032	4.773	5.893	6.869
6		1.440	1.943	2.447	3.143	3.707	4.317	5.208	5.959
7		1.415	1.895	2.365	2.998	3.499	4.029	4.785	5.408
8		1.397	1.860	2.306	2.897	3.355	3.833	4.501	5.041
9		1.383	1.833	2.262	2.821	3.250	3.690	4.297	4.781
10		1.372	1.812	2.228	2.764	3.169	3.581	4.144	4.587
11		1.363	1.796	2.201	2.718	3.106	3.497	4.025	4.437
12		1.356	1.782	2.179	2.681	3.055	3.428	3.930	4.318
13		1.350	1.771	2.160	2.650	3.012	3.372	3.852	4.221
14		1.345	1.761	2.145	2.625	2.977	3.326	3.787	4.140
15		1.341	1.753	2.131	2.602	2.947	3.286	3.733	4.073
16		1.337	1.746	2.120	2.584	2.921	3.252	3.686	4.015
17		1.333	1.740	2.110	2.567	2.898	3.222	3.646	3.965
18		1.330	1.734	2.101	2.552	2.878	3.197	3.610	3.922
19		1.328	1.729	2.093	2.539	2.861	3.174	3.579	3.883
20		1.325	1.725	2.086	2.528	2.845	3.153	3.552	3.850
21		1.323	1.721	2.080	2.518	2.831	3.135	3.527	3.819
22		1.321	1.717	2.074	2.508	2.819	3.119	3.505	3.792
23		1.319	1.714	2.069	2.500	2.807	3.104	3.485	3.768
24		1.318	1.711	2.064	2.492	2.797	3.090	3.467	3.745
25		1.316	1.708	2.060	2.485	2.787	3.078	3.450	3.725
26		1.315	1.706	2.056	2.479	2.779	3.067	3.435	3.707
27		1.314	1.703	2.052	2.473	2.771	3.057	3.421	3.690
28		1.313	1.701	2.048	2.467	2.763	3.047	3.408	3.674
29		1.311	1.699	2.045	2.462	2.756	3.038	3.396	3.659

30	1.310	1.697	2.042	2.457	2.750	3.030	3.385	3.646
31	1.309	1.695	2.040	2.453	2.744	3.022	3.375	3.633
32	1.309	1.694	2.037	2.449	2.738	3.015	3.365	3.622
33	1.308	1.692	2.035	2.445	2.733	3.008	3.356	3.611
34	1.307	1.691	2.032	2.441	2.728	3.002	3.348	3.601
35	1.306	1.690	2.030	2.438	2.724	2.996	3.340	3.591
36	1.306	1.688	2.028	2.434	2.719	2.991	3.333	3.582
37	1.305	1.687	2.026	2.431	2.715	2.985	3.326	3.574
38	1.304	1.686	2.024	2.429	2.712	2.980	3.319	3.566
39	1.304	1.685	2.023	2.426	2.708	2.976	3.313	3.558
40	1.303	1.684	2.021	2.423	2.704	2.971	3.307	3.551
42	1.302	1.682	2.018	2.418	2.698	2.963	3.296	3.538
44	1.301	1.680	2.015	2.414	2.692	2.956	3.286	3.526
46	1.300	1.679	2.013	2.410	2.687	2.949	3.277	3.515
48	1.299	1.677	2.011	2.407	2.682	2.943	3.269	3.505
50	1.299	1.676	2.009	2.403	2.678	2.937	3.261	3.496
60	1.296	1.671	2.000	2.390	2.660	2.915	3.232	3.460
70	1.294	1.667	1.994	2.381	2.648	2.899	3.211	3.435
80	1.292	1.664	1.990	2.374	2.639	2.887	3.195	3.416
90	1.291	1.662	1.987	2.369	2.632	2.878	3.183	3.402
100	1.290	1.660	1.984	2.364	2.626	2.871	3.174	3.391
120	1.289	1.658	1.980	2.358	2.617	2.860	3.160	3.373
150	1.287	1.655	1.976	2.351	2.609	2.849	3.145	3.357
200	1.286	1.652	1.972	2.345	2.601	2.839	3.131	3.340
300	1.284	1.650	1.968	2.339	2.592	2.828	3.118	3.323
500	1.283	1.648	1.965	2.334	2.586	2.820	3.107	3.310
∞	1.282	1.645	1.960	2.326	2.576	2.807	3.090	3.291

Case Processing Summary

	Cases					
	Included		Excluded		Total	
	N	Percent	N	Percent	N	Percent
Employer/employee * age of employee	44	100.0%	0	.0%	44	100.0%
Employer/employee * gender of employees	44	100.0%	0	.0%	44	100.0%
Employer/employee * education level	44	100.0%	0	.0%	44	100.0%
Employer/employee * minimum wage of employees	23	52.3%	21	47.7%	44	100.0%
Employer/employee * Recruitment sources of small businesses	43	97.7%	1	2.3%	44	100.0%
Employer/employee * Recruitment system of small businesses	44	100.0%	0	.0%	44	100.0%

Employer/employee and age of employee

age of employee	Mean	N	Std. Deviation	Std. Error of Mean
below 18 years	2.00	6	.000	.000
between 18 and 35	1.50	24	.511	.104
between 35 and 65	1.27	11	.467	.141

above 65	1.00	3	.000	.000
Total	1.48	44	.505	.076

Employer/employee * gender of employees

gender of employees	Mean	N	Std. Deviation	Std. Error of Mean
Male	1.47	32	.507	.090
Female	1.50	12	.522	.151
Total	1.48	44	.505	.076

education level	Mean	N	Std. Deviation	Std. Error of Mean
Illiterate	1.50	6	.548	.224
below grade 8	1.64	14	.497	.133
from grade 9-12	1.54	13	.519	.144
TVET/other diploma	1.20	10	.422	.133
first degree and above	1.00	1	.	.
Total	1.48	44	.505	.076

Employer/employee * minimum wage of employees

Employer/employee

minimum wage of employees	Mean	N	Std. Deviation	Std. Error of Mean
---------------------------	------	---	----------------	--------------------

less than 200	1.00	2	.000	.000
201-400	1.00	8	.000	.000
401-600	1.00	7	.000	.000
601-800	1.00	4	.000	.000
801-1000	1.00	1	.	.
1201 and above	1.00	1	.	.
Total	1.00	23	.000	.000

Employer/employee * Recruitment sources of small businesses

Recruitment sources of small businesses	Mean	N	Std. Deviation	Std. Error of Mean
from family	1.57	14	.514	.137
external recruitment sources	1.38	24	.495	.101
both sources	1.60	5	.548	.245
Total	1.47	43	.505	.077

Employer/employee * Recruitment system of small businesses

Recruitment system of small businesses	Mean	N	Std. Deviation	Std. Error of Mean
formally(using different types of media and procedures)	1.50	4	.577	.289
informally(from family/by word of mouth and references)	1.48	40	.506	.080
Total	1.48	44	.505	.076

REFERENCES

1. Alan Felstead, Harvey Krahn and Marcus Powell (1999), Young and Old At Risk Comparative Trends in 'Non-Standard' Patterns of Employment in Canada and the United Kingdom, *International Journal of Manpower*, Vol.20 No.5, pp. 277-296.
2. Aldrich, H.E. & Cliff, J.E.(1986), (forthcoming). "The Pervasive Effects Of Family On Entrepreneurship: Toward A Family Embeddedness Perspective". *Journal of Business Venturing*, vol.12, No. 2, pp 339-351.
3. Alex Stewart, G.T. Lumpkin, Jerome A. Katz (1991), Entrepreneurship and Family Business (Advances in Entrepreneurship, Firm Emergence and Growth), Volume 12, pp.291-313
4. Anderson, R.C. and Reeb, D.M. (2003), "Founding family ownership and performance. Evidence from the S&P 500", *Journal of Finance*, Vol. 58 No. 3, pp. 1301-27
5. Andreas Rauch, Michael Frese, Andreas Utsch (2005), Effects Of Human Capital And Long-Term Human Resources Development And Utilization On Employment Growth Of Small-Scale Businesses: A Causal Analysis. *journal of human resource management*.vol.10 pp 44-67.
6. Andualem Tegegne (2003). Small Scale Enterprise and Entrepreneurship Development in Ethiopia: Concepts Definitions and Major Issues. In Wolday Amha (1997). Small Scale Enterprise Development in Ethiopia, Proceedings of the Sixth Annual conference on the Ethiopian Economy, Addis Ababa. pp 1-28
7. Becker, G. S. (1975). Human Capital: A Theoretical and Empirical Analysis, with Special Reference to Education. New York, National Bureau of Economic Research: distributed by Columbia University Press.
8. Brian Headd (April,2000), The characteristics of small-business employees, *Monthly Labor Review* .p 13-18
9. Carter, N., M. Williams, et al. (1997). "Discontinuance Among New Firms In Retail: The Influence Of Initial Resources, Strategy, And Gender." *Journal of Business Venturing* vol.12, pp. 125-145.

10. Central Statistical Authority (CSA) [Ethiopia]. 2001. The 2000 Population and Housing Census of Ethiopia. Analytical Report at National Level. Addis Ababa, Ethiopia: Central Statistical Authority.
11. Chad Moutray (October, 2008), Looking Ahead: Opportunities and Challenges for Entrepreneurship and Small Business Owners, A working paper by Office of Advocacy, U.S. Small Business Administration
12. Chandler, G. and Jansen, S. (1992), "The founder's self-assessed competence and venture performance", *Journal of Business Venturing*, Vol. 7 No. 3, pp. 223-36.
13. Christian Grund and Niels Westergaard-Nielsen (2008), Age structure of the workforce and firm performance, *International Journal of Manpower*, Vol. 29 No. 5, pp. 410-422
14. Christine Barnett-Verzat and Francois-Charles Wolff (2008), Gender wage gap and the glass ceiling effect: a firm-level investigation, *International Journal of Manpower*, Vol. 29 No. 6, pp. 486-502
15. D. Keith Robbins, Louis J. Pantuosco, Darrell F. Parker, Barbara K. Fuller, (2000), An Empirical Assessment of the Contribution of Small Business Employment to U. S. State Economic Performance, Vol. 15, No. 4, pp. 293-302.
16. Darrene Hackler, Ellen Harpel, and Heike Mayer (2008), Human Capital and Women's Business Ownership. Vol. 74 No. 323, Business Development Advisors.
17. Drucker Peter (1982). "Our Entrepreneurial Economy", *Harvard Business Review*, vol. 63 No.1, pp.58-64.
18. Eresi, K. (2001), "Personnel Practices in Small Scale Industries of Bangalore City-A Survey", SEDME, Vol. 28, No.2 pp.1-15.
19. Goldin, C. (2006). "The quiet revolution that transformed women's employment, education and family." NBER Working Paper No. 11953, (JEL No. J1, J2, N3).
20. Gurmeet Singh and Rakesh Belwal.(2008), Entrepreneurship and SMEs in Ethiopia Evaluating the role, prospects and problems faced by women in this emergent sector, *Gender in Management: An International Journal* Vol. 23 No. 2,
21. Hellerstein, J.K., Neumark, D., & Troske, K.R. (2002). Market forces and sex discrimination. *Journal of Human Resources*, vol.37 No.2, pp 353–380.

22. Heneman H.G And R.A Berkely (1999), Applicant Attraction Practices And Out Comes Among Small Businesses. *Journal of small business management* vol.37 No.1 pp. 53-74.
23. Hess Dan W. (1987), "Relevance of Small Business Courses to Management Needs:" *Journal of Small Business Management*, pp. 26-34.
24. Honig, B. (2001), "Human capital and structural upheaval: a study of manufacturing firms in the West Bank", *Journal of Business Venturing*, Vol. 16 No. 6, pp. 575-94.
25. Hornsby, J. & Kuratko, O. (2003). "Human Resource Management in U.S. small business: a Replication and extension" *Journal of Development Entrepreneurship*. Vol.8 No.1 p.73-123
26. Ian O. Williamson, Daniel M . Cable and Howard E. Aldrich (2002), Smaller but Not Necessarily Weaker: How Small Businesses Can Overcome Barriers to Recruitment? *Managing People in Entrepreneurial Organizations*, Volume 5, pp 83-106.
27. ILO (2003). Profile of Employment and Poverty in Africa: Report on Ethiopia, Nigeria, Ghana, Tanzania, Kenya, and Uganda. East Africa Multi – Disciplinary Advisory Team (EAMAT). Geneva, ILO Publications.
28. Jens Mohrenweiser and Uschi Backes-Gellner (2010), Apprenticeship training: for investment or substitution? *International Journal of Manpower* Vol. 31 No. 5, pp. 545-562
29. Johanna Kumlin (2007), The Sex Wage Gap in Japan and Sweden: The Role of Human Capital, Workplace Sex Composition, and Family Responsibility. *Journal of human capital*. volume 23, p203-221
30. Julien, P.A. (1998), The State of the Art in Small Business and Entrepreneurship, *Indian Journal of Industrial Relations*, vol.52 No.6 pp 42-61.
31. Kamble, H. (1998), "Human Resource Management in SSI Units of Belgaum District,, *Indian Journal of Industrial Relations / SEDME*, Vol. 1o5, No.2 pp. 9-21.

32. Kim, P. H., H. E. Aldrich, et al. (2006). "Access (not) denied: the impact of financial, human, and cultural capital on entrepreneurial entry in the United States." *Journal of Small Business Economics* vol.27, pp. 5-22.
33. Kotey, B. and Sheridan, A. (2001), "Gender and the practice of HRM in small business", *Asia Pacific Journal of Human Resources*, Vol. 39 No. 3, pp. 23-40.
34. M. Srimannarayana (janu,2006), Human Resource Management in Small business: *Indian Journal of Industrial Relations*, Vol. 41, No. 3, pp. 313-334.
35. Marilyn Carroll, Mick Marchington, Jill Earnshaw and Stephen Taylor (1999), Recruitment in small firms Processes, methods and problems, *Journal of Employee Relations*, Vol. 21 No. 3, pp. 236-250.
36. McEvoy, G.M (1984), "Small business personnel practices", *Journal of Small Business Management*, Vol. 22 No. 4, pp. 1-8.
37. Panda, N.M (2000), "Human Resource Management in Small Enterprises: A Case Study of Hotel Industry in Nagaland", *SEDME*, Vol.27, pp. 95-107
38. Pena, I. (2004), "Business incubation centers and new firm growth in the Basque country", *Journal of Small Business Economics*, Vol. 22 No.3/4, pp. 223-236.
39. Renee S. Reid and John S. Adams (2001), Human resource management - a survey of practices within family and non-family firms, *Journal of European Industrial Training*; vol.25, p. 310
40. Robert W. Fairlie (2003), Family, human capital, and small business: Evidence from the characteristics of business owners' survey.
41. Rowena B. and Susan M. (2007), Human resource management in growing small firms, *Journal of Small Business and Enterprise Development* Vol. 14 No. 2, pp. 307-320
42. Schulze, W. S., Lubatkin, M. H., & Dino, R. N. (2003a). Exploring the agency consequences of ownership dispersion among inside directors at family firms. *Academy of Management Journal*, vol.46No.2, pp.179-194.
43. Storey, D. (2004), "Exploring the link among small firms, between training and firm performance: a comparison between UK and other OECD countries", *International Journal of Human Resource Management*, Vol.15 No.1, pp. 112-30.

44. William R. Meek (2010), The Role Of Family Member Support In Entrepreneurial Entry, Continuance, And Exit: An Auto-ethnography, *Advances in Entrepreneurship, Firm Emergence and Growth*, Volume 12, p.87–111
45. Wudneh, Z. (2005), “Long overdue European fund for MSEs largely unused”, *Fortune Weekly Business Newspaper*, Vol. 6 No. 271, p. 23.