Delineated Segmentation of Factors on Employee Attraction in Entrepreneurial Firms

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Abstract

In the last five decades there have been a rise in the culture of the entrepreneurship.The EDP programmes held by the government and the universities at different levels plays a key role in the developing market sentiments for the founder of the start-ups.The success of any firm depends upon the talented and devoted employees of the entrepreneurial firm. The talent attraction process of any firm is dependent on many factors and policies of the firm. The human resource policies focus on the employees' entire journey in the organisation. An employee journey in the organisation starts from the talent attraction to the quitting decision. Employee attraction plays an important role in the employees' journey with the organisation. This study is an attempt to understand the major factors that should be kept in mind while formulating an effective talent attraction approach.

Keywords: Entrepreneurial firms, Talent attraction, Cluster analysis, Human resource policies, Start-ups.

Introduction

The economic development of any country of any country is strongly supported by the entrepreneurial business setup of that country. It is observed that start-up helps in job creation and positively contributes in the nation's economic growth (Czarnitzki, Rammer, & Toole, 2014). Job creation contribution from new firms are much more than the contribution from the old firms. The setting up of incubation centres are also done with the intention to promote the concept of entrepreneurship in the youth of the country.

The EDP programmes held by the government and the universities at different levels plays a key role in the developing market sentiments for the founder of the start-ups. These start-ups help in the creation of job opportunities as well as the economic development of the country(Aldrich, 1990).

The entrepreneurial firms of service industry play a pivotal role in the job creation and economic growth

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of the society. Service industry has grown on a very fast pace in the last five decades. This sector is even attracting the foreign investments. In India's economic growth, the service sector is the key driver.The sector has contributed 54.17 per cent of India's Gross Value Added at current price in 2018-19. Net service exports stood at US\$ 60.25 billion in April-December 2018 (IBEF report 2019).

Though there are strong government policies in support of the entrepreneurial firm development, yet only government support could not ensure the success of any entrepreneurial firm. The firms should take their own initiatives, including to take the step together with the government policies. The investors from within the country and the foreign investors are even responsible for the availability of funds and capital (Sharma, & Wadhawan, 2009).

The service industry of any country is constituted with many different industries working in it such as tourism, banking, retail, education and social services. The economic growth and development of any country depends largely on the service industry of that country. In the last few decades it is observed that with the improvement in cost and time effective transfer of

information and the drastic improving in the transportation services has helped the service industry in blooming.

Literature Review

Literature review is done with the purpose of having an insightful view in the previous researches done. While digging the literature it is observed that human resource policies on any organisation plays the pivotal role in the success of the organisation. Looking on the entrepreneurial firms, it is even more important because the success rely in the shoulders of the workforce itself (Barrett, & Mayson, 2007).

The human resource policies focus on the employees' entire journey in the organisation. An employee journey in the organisation starts from the talent attraction to the quitting decision. Employee attraction plays an important role in the employees' journey with the organisation (Wagar, 1998).

Resource Talent

The performance and the success of an entrepreneurial firm highly depends upon the talented workforce of the organisation. The employee with the best suitable knowledge, clear vision, strong communication and dedicated to work can do wonders for the business by keeping the peers motivated (Lles, chuai, & Preece, 2010). An entrepreneurial firm aims to step the success ladder at a faster pace, and this is only possible when there is correct combination of the employee serving in the key positions. In this highly competitive environment with the new emerging technologies, human minds play important roles in the perfect exploitation of the technology.

With the rapid change in the technology it is observed that many entrepreneurs come to the market but only a few of them make a mark to the success stories. There is a thin line of difference between the success and the failure of these organisations, and that is defined by the human resource practices of the organisation (Kotey, & Slade, 2005). This technology era allows the inflow of latest technology on the rapid speed, and there may be different organisations working on the same technology but in different ways. The best use of the technology depends upon the human minds in the organisation. The maximum exploitation of the technology and the opportunity related to the technology highly depends upon the talent pool of the organisation.

The knowledge, training and experience of the owner and the core team members of entrepreneurial firm makes it up to the success of the firm. This can be well explained by the analytical skills, judgemental skills, intelligence, creativity and vision of the entrepreneur as well as the team members.

Talent Attraction

It can be defined as the continues process of matching the right talent with the requirement (Rousseeau,1990). While talking about the entrepreneurial firms this process becomes more complex and critical because of the limited financial resources. Talent attraction made a prominent mark with the end of the chapter called talent acquisition. There are many factors that should be kept in mind before going for any talent attraction process (Rynes,1989). Talent attraction has become an altogether different picture with the shifting of power from the hands of employer to the hands of employee. These days it is rather difficult for an employer to keep updated for the employee to find them attractive and comfortable to work for.

Factors to focus for Talent Attraction Process

Any organisation, while going with the talent attraction phase must understand the needs and the expectations of the employees. Every employee joins an organisation with certain level of expectation, and it acts as the milestone in the job satisfaction and performance, ultimately effecting the employees' journey with the organisation (Sackett, &Roth,1996).

There are few factors that should be kept in mind before formulating the talent attraction process and they are explained as:

The Process

The process for the application should be simple and approachable for the candidates. In this technologicalera, it should be kept in mind that the process should in less paperwork, rather more of digitisation may help. The application process should be quick and easy to understand (Turban, & Keon,1993).

Lucid Process

The more is the process lucid, the easier it is for the candidates to understand and accept. A very clear understanding of the working environment, culture and the policies prevalent in the organisation should be given to the candidates at the time of the recruitment. Apart from all the duties that are expected from the employee, the organisation should also give a clear picture about the rights that are enjoyed by the candidate in form of remunerations (Taylor, & Collins, 2000).

Market Insight

A well formulated market analysis and the knowledge of the potential candidate may do wonders for the talent attraction process. A constant touch with the ones who are actively looking for job shift as well as with the ones who are not, can help the organisation in maintaining the talent pool that can be reached at the time of need (Posner,1981).

The Competitive Edge

Understanding the competition is an important factor and the critical key to solve with. Understanding and analysing the benefits that the competitors in the same industry is offering to their talent pools, may help in the effective talent attraction process (Rynes,1989). Making a mark with the attractive and beneficial compensation policy prevalent in the market, can help the organisation in attracting the best talent in the industry (Barber, & Bretz,2000).

Need Forecast

A perfect forecast on the need of the talent is the key to a useful talent attraction process, as it helps the organisation in maintaining the talent at the right time of need. It also increased the efficiency of the recruitment process by avoiding the unnecessary and surplus hiring (Cohen, &Pfeffer,1986).

Flexibility

Employees theses days focuses more on the work life balance. The modern age employers should keep in mind the employee's expectation of the work-life balance, and provide them with basic facilities to perform accordingly (Trank, Rynes & Bretz,2002). The flexibility in the time and the geographical region to work for, is what the modern age talent is looking for.

Feedbacks

Feedbacks are always important for any process to be improved. The assessment of the whole process from the candidate's end should be done to get a clear picture about the perception of the candidate towards the organisation (Ashford, & Cummings,1983). The talent attraction process involves in lot of monetary and human investment and so it is important to understand the utility and the effectiveness of the process.

Networking

Networking is an important activity from the point of view of an entrepreneurial firm, as it provided the organisation with the visibility. For any new organisation the biggest challenge faced is the visibility of the brand, as the highly talented people will not be able to recognise and trust a new brand name. Networking plays the key role in keeping the talent pool in touch and thus helping in the talent attraction (Quinn,1992).

Talent Attraction as an Important Function

Asset to Organisation

Employee is the real asset to the organisation. The well being of any business, from the identification of the opportunity to the execution of the plan and making the success depends upon the smart workforce of the organisation (Half, 1993). The intellectual workforce keeps ahead the organisational goals and fulfil them in the restricted time frame.

The Business Builders

In this technological era, it is observed that the real success of any business depends upon the experiences and skilled employees in the organisation (Andrews, & Wann,2009). Dedicated and self-motivated are the ones who are satisfied by their jobs and ultimately helps in the business on grow on a faster pace.

Face of Organisation

The image of any organisation in the industry depends upon the employee's satisfaction and

association level with the organisation. When the employees are satisfied and loyal towards the organisation, they createa good image of the organisation in the market (Powell, 1984).

Research Methodology

This study focuses on the delineated segmentation of factors on employee attraction in the entrepreneurial firm. The study tends to classify the major segments which acts as a base in the talent attraction process in any entrepreneurial firm. To study the talent attraction process in the entrepreneurial firms, a survey was conducted, and the primary data was collected. The area of research chosen was Delhi/NCR Region. The age of the firm chosen was from 2-10 year. The size of the employees in the firm vary from 20-150 employees. The firms belonging to the service industry was chosen. The Demographic characteristics of the respondents are shown in table below:

Table 1: Respondents Profile

Characteristics		Number	Percentage (%)
Gender			
Male		55	55
Female		45	45
	Total	100	
Age (year)			
25-30		45	45
30-35		25	25
35-40		20	20
40 and above		10	10
	Total	100	
Educational Qualification			
Graduation		50	50
Post-Graduation		30	30
Others		20	20
	Total	100	
Job Position			
Lower Management		30	30
Middle Management		50	50
Upper Management		20	20
	Total	100	

Questionnaire Development

Taking the base of the different hierarchical level in the entrepreneurial firms and the attraction strategies, the questionnaire was developed. The questionnaire was aimed to study the talent attraction factors, the develop the "delineated segmented view of the factors responsible for talent attraction in the entrepreneurial firms". The three main cluster indicating the items are: Learning and development, Job analysis and Other factors. The questionnaire developed was with 66 items in it.

Before the collection of the data through questionnaire, the respondents were explained the meaning of each question. The respondents were then asked to fill the questionnaire based on their experience, knowledge and judgemental ability. The scale used in the questionnaire is the five-point Likert scale signifying 1 as strongly disagree to 5 as strongly agree (Clark, & Watson, 1995).

Research Technique

Cluster Analysis

Cluster analysis is the statistical tool used for the grouping of the data. These groups are called as clusters and the items in one cluster reflects similar pattern, whereas the two different clusters have different pattern (MacQueen, 1967). The characteristics of each cluster is explained in detail with the help of the K-means clustering. Cluster analysis runs with the principal of selecting initial cluster centre and then iteratively refining them. The algorithm in the K-different clusters are initiated by creating K-different clusters and then measuring the distance between samples of the same cluster.

Three clusters were observed after performing the cluster analysis on the 66 items of the questionnaire. These three clusters were named as learning and development, Job analysis and Other factors. The names to the clusters were given based on the items that fell in each cluster.

Analysis

Delineated Segmentation of factors on Employee Attraction in Entrepreneurial Firms.

Figure 1: Delineated Segmentation
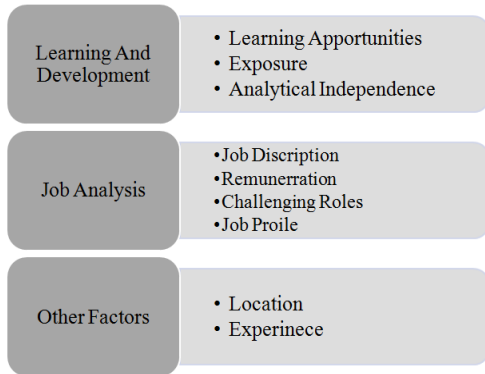
The Delineated segmentation of the factors on employee attraction in entrepreneurial firms suggests that the three main clusters in which the items are classified are: Learning And development, Job Analysis and Other factors.

Table 2: List of factors in each Cluster

Cluster	Factors
Learning and Development	Learning opportunities
	Exposure
	Analytical Independence
Job Analysis	Job Description
	Remuneration
	Challenging Roles
	Job Profile
Other Factors	Experience
	Location

Results of Cluster Analysis

Table 3: Number of Cases in each Cluster

Cluster	1	23.000
	2	117.000
	3	110.000
Valid		250.000
Missing		.000

Figure 2: Graphical Representation on cases
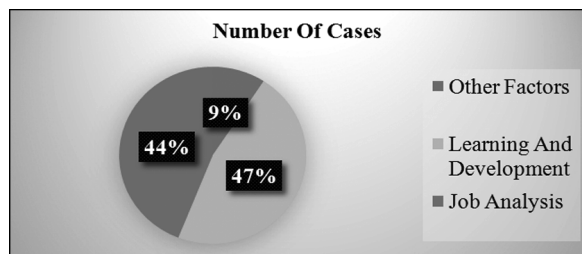
Table 4: Final Cluster Centers

Final Cluster Centers			
	Cluster		
	1	2	3
Happy_coming_work_everymorning	4.22	3.09	4.11
Freedom_prioritize_work	4.52	3.28	4.22
Often_tea/coffee_breaks	3.78	3.60	3.83
Yourself_important_organisation	4.04	3.48	4.55
Irritated_work pressure	1.39	3.66	2.85
Comfortable_communicating_seniors	4.91	3.52	4.51
Enjoy_working_collegues	5.00	3.43	4.06
Accountibility_task	3.87	3.41	4.24
Work_timely_recognised_appriciated	4.57	3.26	4.25
Stressed_role ambiguity	1.74	3.54	2.96
Perform extra	3.43	3.61	4.53
Rarely_disscuss_work_manager	4.22	3.62	4.34
Openly_disscuss_taskallocation	4.13	3.44	4.28
Review meeting_regular_interval	3.43	3.55	4.05
Challenging jobs	3.13	3.53	4.13
Involve_crucial_decision making	3.74	3.36	4.12
Ample_training opportunities	3.48	3.35	4.34
Carrier_Counselling_appropriate	3.13	3.30	3.78
Awareness_performance measurement tools	1.65	3.38	3.85
Timely_performance_review	3.61	3.71	4.15
Compensation_policies_explained	3.30	3.60	3.74
Perk_basket_upto mark	1.91	3.11	3.53
Job_secured	4.26	3.47	4.22
Adequate_reason_to stay	4.83	3.37	4.25
Aware_exit_interview_procedure	4.04	3.56	4.23
Aware_rehiring_strategies	2.09	3.24	3.56
Free_communicatipn_griviences	2.65	3.32	3.38
Clear_ovetime_policies	3.83	3.30	3.84
Willingness_work_extra hour	2.61	3.32	3.55
Travel_accomodation_policies	3.26	3.42	3.98
Receiving_policy updates	2.91	3.18	4.16
Discussed_salary_components	4.00	3.29	3.65
Company_host_social_outings	4.48	3.19	4.06
Welcoming_new_ideas	3.30	3.14	3.50
Organisatin_success_retention_motivator	4.61	3.32	4.27
Leaders_act_ethcally	3.48	3.47	4.15
Written_ethical_policies	4.17	3.23	4.13
Support_Professional_carrier_growth	3.74	3.09	3.74
Conflicts_resolved_ontime	3.48	3.35	4.47

Figure 3: Graphical Representations of Final Cluster Centers
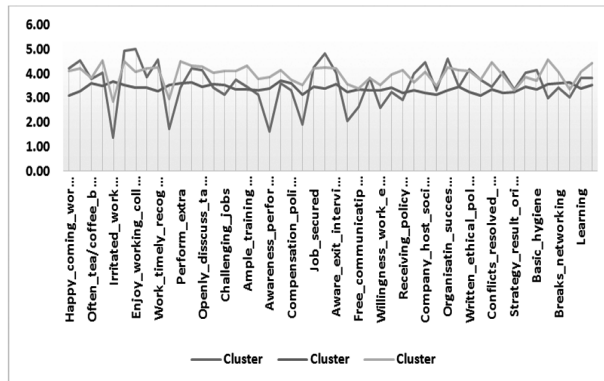
After performing the Cluster Analysis on the data, it was observed that the entire items in the questionnaire were classified into the three clusters. The attraction of employees in the entrepreneurial firms can be made precise and more appropriate by concentrating on these factors.

Cluster 1. Other Factors

In the process of Talent attraction, there are many factors that plays important roles. A candidate while joining any entrepreneurial firm have many preconceptions in the mind. The factors such as experience of the candidate, the geographical location of the entrepreneurial firm, and the preferences of the candidate while showing the job interest.

Cluster 2. Learning and Development

The Second cluster is the largest denoting the maximum homogeneity of the items from the questionnaire. Learning and Development in today's era makes a whole lot of difference. The mind set f the talented pool of employee says that continues learning is important for self-upgradation. The activities offered by the entrepreneurial firm in the direction of the learning and development of the individual employee helps in the attraction of the highly talented pool of people from the industry. The employee also seeks for Analytical independence and exposure to different area of work. Offering such things in the working culture may also help the entrepreneurial firms in the attraction of the talented pool of people from the industry.

Cluster 3. Job Analysis

An important milestone in the journey of talent attraction is a well specified job analysis. In this category comes the factors such as Job description, Job Profile, Challenging Roles and remuneration. To attract the best of the talent from the industry it is important to understand what a candidate id coming from the firm. To stay ahead from the competitions, that other employers are providing, it is important to have a well structures job Analysis and remuneration policy.

Conclusion and Limitation

Many entrepreneurial firms enter every industry each year, but the success ration of these firms remains low. There are many factors that helps an entrepreneurial firm to grow and make a mark in the respective industry. An appropriate and effective talent attraction process is one of the major factors that effects the performance of any entrepreneurial firm. If any entrepreneurial firm focuses on the key drivers like Learning and development, Job analysis and other factors, while making the talent attraction programmes, the recruitment process will become more appropriate. This will help the organisation in avoiding the cultural misfit, and thus result in higher employee satisfaction and performance.

The limitation to this study is the geographical area, as only Delhi/Ncr is targeted while doing the research. The study is based on service industry type, giving a scope for the further study in different industries.

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