

Fit the organization or fit the job?

*Employee Selection Criteria in Small Business—
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Abstract

Small businesses in the high technology sector are competing for employees in a tougher labour market than most businesses face. They must attract, recruit, and retain skilled workers, a task which seems to be as important as difficult to many small and new firms. Small business owners rate the ability to successfully recruit qualified employees as one of the most important factors influencing success and business growth (Williamson, 2000, Williamson, et al., 2002) and are, at the same time, highly concerned about the ability to obtain and retain their workforce (Hornsby & Kuratko, 2003).

Thus, staffing and recruitment seem to be a promising field of research on HRM in small firms. However, staffing research focusing on small or young business is rare. A literature review conducted by the author identified less than 25 studies relevant to staffing issues in SMEs published in the last 20 years, a fairly small number compared to the literally hundreds of studies on this topic conducted in large and established companies (Heneman & Judge, 2003).

What do these studies teach us about recruitment in SMEs? The majority of the studies included in the review is descriptive and deals with recruiting and attraction practices and methods employed by smaller firms. Compared to large and established companies, SMEs utilize less formalized recruitment practices. Their sources of recruitment are much more based on existing networks, like the founders' families, employee referrals, or university contacts.

Despite the existing research, many areas on the map of SMEs' staffing are still blank. For example, we know little about the selection practices used in small businesses and even less about the selection criteria. Heneman, et al. (2000) suggest that person-organization fit (Kristof, 1996) plays an important role when small businesses select their employees, i.e. a young venture will emphasize the fit between the can-

candidate and the organization and its culture whereas established organizations focus on the candidate's fit to a specific job. This suggestion has, however, not yet been tested empirically.

Drawing on recruitment and selection theory (Hough & Oswald, 2000), this paper aims at identifying candidates' characteristics and attributes SMEs use to select their higher educated technical staff. Besides identifying selection criteria utilized by smaller firms, the importance of the concept of person-organization fit, as compared to person-job fit, is scrutinized.

The paper seeks to answer the following research questions:

- Which selection criteria are used by young and small firms to recruit their technical staff?
- Why do firms look for a particular candidate profile? Is the profile the result of their free will or of a resignative feeling that the firm will not find better candidates?
- How do changes in the environment (financial markets, stock options, job market) affect selection criteria?

Empirical data for this exploratory paper was gathered in a series of interviews with founders, executives, and managers responsible for HR and recruiting in small and young ventures in the German IT, engineering and biotechnology industry. Interviews were semi-structured and lasted about one hour. Results indicate that many managers rely on their gut-feeling when selecting employees. The personal interest of managers seem to have great influence on their decision-making, especially if some psychological interest is included.

Further results, implications and steps for future research will be discussed in the paper.

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