

**An analytical study on recruitment and selection practice  
followed in Indian Private Limited firms.**

**By**

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Submitted for the degree of: Msc in International Business Management is the result of my own work and that where reference is made to the work of others, due acknowledgment is given.

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## **ABSTRACT:**

The subject matter of this thesis is an analytical study on recruitment and selection practices followed in Indian Private Limited firms. The focus of this study is to outline the significant aspect of having well-established recruitment process in Indian Private Limited Firms. The secondary data collected of this research suggests that the Indian Private Limited Firms (IPLFs) recruit and select employees through social contacts. Furthermore, studies have shown that trust, cost reduction and control are the key factors influencing the recruitment and selection method in the IPLFs. Hence, as per the secondary data the IPLFs prefer recruiting and selecting employees from social contacts. There is binary objective of this research; First, to understand the perception of the top management on the subject of recruiting through social contact. Second, to examine whether has it been beneficial for the IPLFs to recruit through social contacts. The theories used in this study are the recruitment and selection theory, Motivational theory and McGregor theory X and Y (1960s). This study is based on deductive approach of research onion, the data collection method used is qualitative design using semi structured interview as primary data gathering instrument. To collect the primary data, the researcher has focused on the pharmaceutical distribution sector of Mumbai city. The primary data of this research provides ambiguous opinion thereafter the five themes of this research emerged which answers the research objective (Five themes-awareness of recruitment and selection process by the directors, recruitment Practice followed in IPLFs, trust, age profiles and control/ delegation). Lastly, this study contributes to the growth of recruitment and selection practices in IPLFs as this research is written from the point of view of the directors of the IPLFs.

**Key Words:** Indian Private Limited Firms, Qualitative analysis, Recruitment and Selection, Pharmaceutical distribution sector, Social Contacts, Motivation Theory, Cost Reduction.

# **CHAPTER 1**

## **INTRODUCTION**

### **1.1 OVERVIEW:**

This chapter starts with a general discussion on human resource management along with the role and the design of human resource management. Further, the chapter will give an insight about what persuaded the author to select the topic, “An analytical study on recruitment and selection practice followed in Indian Private Limited firms” for this dissertation. Moreover, the focal point of this section will be the aims and objectives of this study and the road map of the dissertation. This research will focus on the significant aspect of having well-established recruitment process in Indian Private limited firms (IPLF)s.

### **1.2 BACKGROUND OF HUMAN RESROUCE MANAGEMENT:**

According to Boxall and Purcell (2003 p1) human resource management is “all those activities associated with the management of employment relationship in the firm.” Later Boxall (2007 p13) redefines the definition of HRM as, “Human resource include the knowledge, skills, networks and energies of people and, underpinning them, their physical and emotional health, intellectual capabilities, personalities and motivation.” (Armstrong and Taylor, 2020).

#### **1.2.1 Role of human resource management:**

H.R. unit employees help in providing information, support and guidance on issues that concern; governance, work opportunities, education and training, rewards, well-being. They contribute significantly to the productivity of the company.

H.R. plays an essential role in supporting employees to realize their potentials and feeling a sense of achievement. Becker and Huselid (1998 p97) claimed H.R. must be a ‘true corporate issue solving’ tool. Francis and Keegan (2006) referenced Ulrich and Brocks claims that H.R. “Care for, pay attention to and react appropriately to staff and these actions remain a core component of Hr function” (2005: 201). The function of H.R. is frequently described as business centred; helping them to develop a strong competitive advantage.

## 1.2.2 The design of Human Resource Management

### The design of Human Resource Management:(Figure 1)



(Figure 1)

Source: (Anon, n.d.)

The figure 1 explain the design of human resource management.

- **Employees:** Employees are the lifeblood for companies. Behavioural outcomes can be enhanced via improved employee engagement.
- **Training:** Training the employees refer to the activities and workshops conducted by the organization to address gaps in; knowledge, skills and attitudes. Training employees suggests that the company values them and they want them to be employed for the long term (Mahomed and Rothmann, 2020).
- **Employee recruitment:** The employees are recruited on the bases of the size of the organization. It is a process of identifying, attracting, interviewing, selecting and hiring the right person for the right job (Raghavendra *et al.*, 2017).
- **Business Value:** In other terms business value means the goodwill of the company which is beneficial for the long run of the organization.
- **Success:** HRM help the organization to attain success be recruiting and selecting if the right person and creating pleasant working environments.

- **Strategic objective:** Strategic management means formulating and implementing strategic decisions of the company to achieve the desired goal.

Thus, this research will focus on the employee recruitment aspect of human resource design that is the recruitment and selection of employees.

### **1.3 RESEARCH TOPIC:**

Owning private limited firm back in India, the author has witnessed that recruitment procedure in the company is generally unregulated and involves the appointment of close family members or through employee referrals. I always wondered about the reason behind this recruitment practice. Anecdotal evidence from conversations within the family business and close business associates suggests that trust is a significant issue. There is a belief that hiring family or their close associates means not having to waste time on building trust. This practice influenced the choice of topic for this dissertation. This research involved a comprehensive examination of such hiring practices, presumed benefits and how deeply rooted they are in today's fast-growing economy. This research paper will highlight the recruitment and selection patterns of Indian Private Limited Firms (IPLFs) in the distribution sector.

### **1.4 AIMS AND OBJECTIVES:**

The research emphasis on how India Private Limited Firms work without a Human Resource Department. Initial research regarding this topic suggests some Private Limited Firms opt for cost reduction method of recruitment. The only source for talent used apart from the social contacts is outsourcing. However, this field remains unexplored. Thus, through this study, I will highlight whether this method is appropriate for the future growth of IPLFs.

There are two objectives for conducting this research. First, to understand the perception of the top management on the subject of recruiting through social contact. Second, to examine has it been beneficial for the IPLFs to recruit through social contacts and will it be helpful to them during the expansion of the company.

It is said that IPLFs recruit family members at the top management position to ensure they do not lose control over the recruiting and selecting of employees and by extension control over the company. (Budhwar, Pawan S, n.d.). This study will highlight the growth pattern of hiring employees through informal recruitment. The potential outcomes of this research will help

small to medium enterprises (SMEs) understand the importance of proper recruitment techniques to avoid losing talented employee.

### **1.5 RESEARCH QUESTION:**

In order to examine the recruitment and selection practices of IPLFs the following questions are posed in order to guide this inquiry

1. What recruitment practices Indian IPLFs Follow?
2. Do the recruitment practices of Indian IPLFs affect the organization?

### **1.6 ROAD MAP OF DISSERTATION:**

This segment of the chapter will summarize the topics and methods that will be covered in each chapter.

- The literature review will highlight the history of (IPLM)s, the conventional hiring system in India which will further focus on the merits and demerits of hiring through social contacts, the theory and the process of recruitment and selection.
- The methodology will explain the tools and methods used for conducting research. This research paper is based on qualitative research, wherein the data will be collected by interviewing eight entrepreneurs in the distribution sector of Indian IPLFs in Mumbai.
- Findings; Subsequently, the data collected will be analyzed, and a conclusion will be drawn on the bases of the research question and aims and objectives of this research paper.
- Conclusions and Recommendations. Lastly, in the last chapter, we discuss the outcome of the research with regard to the literature review and make recommendations for further research

### **1.7 POTENTIAL OUTCOME OF THE DISSERTATION:**

To conclude, along with the recruiting strategy of Indian IPLFs there will be a comprehensive argumentative outlook regarding the most appropriate and suitable recruiting methods apart from social contacts. This study will also help participants gain new knowledge regarding this topic for future business plans. Lastly, this research will benefit the author as well as the other entrepreneurs in so far as they will be exposed to new theories and concepts.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.1 INTRODUCTION:**

HRM is an idiosyncratic proposition towards employment management to attain competitive advantage through the calculated distribution of manpower (Storey, *et al.*, 2019). The H.R. department is an important department to stabilize the business and which will help the firm to gain the trust of the staff members. Having talented staff is an essential ingredient for a successful business (Bucăța and Rotariu, 2016). Human resource management and in particular, recruitment and selection is the focus of this research. The purpose of recruitment is to form a pool of appropriately qualified candidates to empower the selection of candidates for the organization, to encourage employees to apply for vacancies within the organization (Ekwoaba *et al.*, 2015).

The term recruitment and selection has become ubiquitous in H.R. even though they are entirely separate processes. Edwin B. Flippo (1984) defines recruitment as, “Recruitment is a process of searching for prospective employees and stimulating them to apply for job in the organization.” Whereas, M.J. Jucious has defined, “The selection procedure is the system of functions and devices adopted in a given company for the purpose of ascertaining whether or not the candidate possesses the qualifications called for by, a specific job” (Jucious n.d. cited in Mumu in 2015).

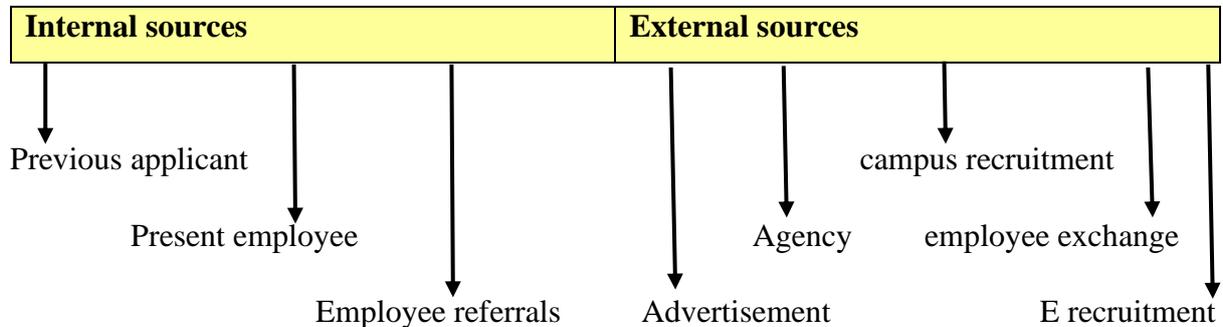
The main purpose for recruitment is to attract enormous number of candidates. This would help the organization to select the most appropriate candidate for the job. The candidates are selected on the bases of their skills, knowledge and qualification.

In summary, recruitment involves searching for the most suitable candidate for the vacancy, discouraging inappropriate candidate from applying and enhancing the reputation of the company.

## 2.2 METHODS OF RECRUITMENT:

There are various methods through which the organization can recruit employees as per the needs of the job profile.

### Methods of recruitment (figure 2):



(Figure 2)

### 2.2.1 Internal source: (Anon, 2018)

1. **Previous applicant:** The organization can hire the previous shortlisted candidate but did not secure the job to fill the vacancy. This will be a cost-effective method of the organization as they will not have to go through the recruitment and selection process all over again.
2. **Present employee:** If there is a vacancy at the top management position, then a current employee of the organization who is capable and has more experience than the other employees can be promoted. There can also be inter-branch or inter-department transfer.
3. **Employee referrals:** There are times when the organization hire employees through referencng. This is also called as recruiting through social contacts with an assumption that those employees will be more trustworthy and reliable.

### 2.2.2 Advantages of Internal sources:

1. Internal recruitment helps to fill the vacancy by promoting their own employees at higher level so that it gives a moral boost to them also they get motivated to get a good output. The promotion will motivate the employee to work hard and it will develop loyalty among them.
2. Internal Recruitment is very advantageous as it will minimize the labour turnover and absenteeism. This process will urge employees to wait for their promotion to satisfy the work force.

3. It will be helpful for saving. This is because it saves time and money. The company will already have all the information about their employees so it will also avoid the need to spent on advertising, test, interviews.

### **2.2.3 Disadvantages of internal sources:** (smith, 2020)

1. While recruiting through present employment in a way of promotion or a transfer will again leave one more vacancy in the company. As the employee who is getting promoted or is being transferred will have to leave his/her current positon. Hence, there will be a job vacancy and the employer will have to recruit someone for that position as well.
2. There are certain circumstances wherein the employees who are very skilled and talented may not have everything the employer is looking for. Thus, there are time when the employer has to look for an experienced staff to bring a fresh perspective to a role as well.

### **2.2.4 External source:** (Anon, 2018)

1. **Advertisements:** The firms publish an article regarding the job vacancy in the newspaper, media or company's bulletin board. The advertisement consists of a brief overview of the job requirement.
2. **Agency:** There are various agencies which help management to connect to job seekers in society. These agencies have detailed information about the job and the job seekers. They sort the most suitable candidate for the vacancy and refer the candidate to the management for recruitment and selection process.
3. **Campus recruitment:** Many organizations have collaborations with educational institutions, and they provide internships and jobs to the student.
4. **Employee exchange:** Various organizations are registered with the government and the government is further affiliated to the databases of many candidates; hence, they help the firms to shortlist the suitable candidate to fill the vacancy at the organization.
5. **E-recruitment:** The organization uses the digital method to conduct various test and interviews of the candidate. This helps the firm to save time and they will have all the database stored in their system for future recruitment process too.

### **2.2.5 Advantages of external recruitment:**

1. While hiring through external recruitment the company has a wide choice for selection. The new bunch of employees will boost up the level of output.
2. It will infuse new blood for business in terms of generating new ideas. As it is very important for the business to grow.

### **2.2.6 Disadvantages of external recruitment:**

1. It is a very time consuming process as the company has to do a background check on the new employees and the company has to go through a specific recruitment and selection process to recruit the employee.
2. External recruitment is a very expensive process. They have to pay for the advertisement for the recruitment. They also have to hire professionals for this process. They will also have to pay a certain amount of fees to the professionals.

## **2.3 HISTORY OF INDIAN PRIVATE LIMITED FIRM'S RECRUITMENT AND SELECTION PRACTICE:**

### **2.3.1 History of Human resource management:**

Human resource management was originated due to the prevailing beliefs and attitudes held in the society about employees, the response of employers to public policy for trade growth. In the 1840s there was a need to change the hiring practice and the management of workforce other than coercion, sanctions or monetary reward. However, in the 1980s, after the pressures of public policy and the rise of workplace trade unions, Britain introduced the term Human resource management. Further, females also joined the workforce during World War 1.

### **2.3.2 Strategic integration of recruitment practices and its impact on performance in Indian enterprises:**

Recruitment and selection is a core of human resource management activities, and their incorporation into the enterprise is essential to meeting competitive corporate objectives. However, studies have considered effective planning in this precise human resource approach.

Thus less is known about the standard and framework of hiring and systematic cooperation. This condition demands higher investment in a higher quantity of Indian firms due to the current economic development in India. This research examines the extent at which recruiting processes interact with business objectives and the comparative effect of various stages of these strategic incorporations on the organizational efficiency of Indian firms. The outcome demonstrates that the large percentage of Indian firms had a higher standard of recruitment and selection and implementation of corporate strategy.

Furthermore, the degree of recruiting and selection of business strategy was linked positively to the development of market share, income and revenue, the retention of workers, efficiency of employees and negatively correlated to the turnover of employees (Chanda *et al.*, 2010).

### **2.3.3 History of recruiting through social contacts within Indian IPLFs:**

IPLM prefer recruiting through social contacts and adopt informal methods of recruiting. Furthermore, the research states that 46.4 percent of the IPLFs company have an H.R. department but prefer recruiting relatives and close family friends over outside talent. (Budhwar and Pawan, n.d.). Private limited companies have less budget for H.R. practice. Furthermore, it is time-consuming for small firms to have human resource department to hire and fire. It can take up to 75% of H.R.'s valuable time; therefore, the private limited firm's alternative method for recruiting apart from social contacts is outsourcing (Karthikeyan *et al.*, 2013).

According to the available research, IPLFMs recruit their relative and family friends to top management positions. There are two main reasons for the same:

- Threat: it is a threat for the owners as they fear they will lose control of the family business.
- Cost-cutting: To reduce the cost of having extra employees that is by hiring employees for Human Resource Department

(Budhwar and Pawan, n.d.).

External Recruitment is an expensive process which is not affordable by all the IPLMs. Vacancies should be filled within a short frame of time. Delay in the recruitment process may negatively affect the profits of the company (Stoilkovska *et al.*, 2015). The factors that shape the choice of recruitment methods are:

- To economize the budget, it is suggested that recruitment be conducted by the company rather than hiring external sources for the same.

- Recruiters should be trained so that they identify who will be the most suitable candidates for the job.
- Implementation of theories and concepts of recruitment and selection helps the firm to have a well-organized recruiting practice

(Stoilkovska *et al.*, 2015).

The United Kingdom (U.K.) is the fifth-largest investor in India. In consequence, comparative analysis of recruitment and selection practices between IPLMs and the U.K. is appropriate.

A survey titled “A comparative study of H.R. practices in U.K. and India” claims that 39% of organizations in India are PLMs and 52% of organizations in the U.K. are PLFs. Furthermore, the article claims that the IPLMs utilize a “word of mouth” strategy to recruit top management employees (recruitment through social contacts). Whereas, the U.K. prefer to implement more objective, process-based, talent acquisition strategies

(Budhwar and Khatri, 2001a).

Furthermore, they claim that the U.K. is inclined towards the training and development of existing employees over recruitment new employees. Whereas IPLMs recruit new employees but the method of recruitment is through social contacts and promoting the existing employees. The article suggests two hypotheses:

Hypothesis 1: H.R. practices are more structure and rationalized in U.K. over India.

Hypothesis 2: There are different variables on H.R. policies and practice for organizations in the two different countries. We can hence conclude that although we have comparative HRM arrangement within two nations, the rationale behind their presence is very distinctive.

There is different speculation related to enlistment design of private limited firms and public limited firms those are as follows (Budhwar,Pawan S, n.d.):

1. Hypothesis 1 – Indian Public Limited Firms have a structured HR system than the Indian Private Limited Firms-

The major difference which we observe in private and public sector is that the growth and development of the organization is far more in the public sector because of the principles which they follow; it is more a practical and broader approach due to the kind of structure which they have been following incorporating various strategies in the HRM department.

2. Hypothesis 2: Hypothesis 2: (IPLF)s have a lower level of strategic planning for recruitment as compared to the Public Limited Company-

The concept of hiring a hr agency or firms does not exist in traditional Indian family business where they believe in hiring people who they know or a part of their families.

3. Hypothesis 3: (IPLF)s believes in cost reduction-

Public sector on the larger scale follow HRM strategy at different levels where their main aim is acquiring talent, successful resource allocation and enhancing talent HRM strategies when compared to private sector; why does this happen because the private sector works on the concept or strategy of cost effectiveness not looking at the broader part of the company's growth and development this also works on preventing them to maintain the laws which are laid by the Indian law.

4. Hypothesis 4: (IPLFs) adopt an informal approach to recruiting and selecting meaning they prefer hiring through social contacts and outsourcing over formal approach which is adopted by Public limited firms-

Indian private sectors work more on the concept of recruiting individuals through social contact where they work on the principle of trust and emotional bonding rather than following the formal HRM approach of recruitment; which in the long run does not benefit the organization and the growth stops at a particular level and the productivity of the organization gets affected.

5. Hypothesis 5: Indian Public Sector Firms are less likely to compensate their employees on the basis of their performance and competencies-

It is shown in the study that Public Limited Firms in Indian recruit employees on the basis of their past performance and competencies because the Public Limited Company is listed with the stock exchange thus, the business is on large scale. Therefore, having well skilled and dedicated employees are must. This also justifies the reason for the Indian Public Limited Firms to have a structured HR system.

6. Hypothesis 6: (IPLF)s spend less on training and development-

Not many Indian private sector firms believe in going to the next level of training and development of the employees – since they do not have a vision of the impact the training would have on the growth and productivity of the organization. This also is seen due the approach of the top management as their thinking is restricted and do not give due importance on HRM concepts. Therefore, you will see a difference in the public – sector where they incorporate into these trainings and development programs more often and hence, there is also a growth for the individuals working in the organization.

7. Hypothesis 7: (IPLM)s are less inclined to adopt a participative approach to employee communication-

Since they follow a more authoritative approach of management the communication is directed towards a one-way approach and therefore there is a large difference in the approach of thoughts and ideas which are taken up from the employees as it is a very restricted approach by the management and therefore HRM plays an important role because here they would be able to connect with the management and employees.

There is different speculation as to the design of IPLFs and public limited firms. On investigation, past research appears to presume all the IPLFs in India are homogenous and are not concerned with nuances within the IPLM label. The research does not present specific recommendations in terms of outsourcing or internalizing H.R. functions. Moreover, they do not estimate the number of IPLFs which ought to have a Human resources division. (Budhwar and Pawan, n.d.). This research paper will centre on filling the gap in existing research on (IPLM).

### **2.3.4 Recruitment and selection techniques used in corporate sector: a comparative study of Indian and multinational companies.**

This research paper claimed that the majority of methods adopted in MNCs and Indian companies were straightforward people applying, positioning advisors and referrals for employees as well as the increased recognition of internet-based recruitment methods.

Across both companies, including MNCs or Indian entities, recruiting strategies such as temporary hiring, and print ads were comparatively less exercised. In selection methods, written tests, selection interviews, and testing of specific skills have been emphasized by both MNCs and Indian organizations.

Even then, MNCs performed relatively more psychometric techniques and technical interviews than Indian organizations. The report also explains its consequences and drawbacks (Kundu *et al.*, 2015).

### **2.4 CONVENTIONAL HIRING SYSTEM:**

There are two types of hiring system:

1. **Conventional hiring system:** Conventional hiring is also called as the traditional hiring system. Traditional hiring system involves paper advertising, agencies, internal hiring, cold calling, social contacts. Whereas, the modern recruitment system involves E-recruitment, talent brand, video interviewing, advertising. Hiring through social contact is an old recruitment practice which the directors of an organization preferred as it was a cost-efficient method of recruitment and selection (Sivabalan and Yazdanifard, n.d.).
2. **Modern hiring system:** Modern hiring system includes E- recruiting, talent brand, mobile platform, video interviewing, cloud storage, big data. Few of the firms' organization online assessments in the first round of recruitment and selection process. This is feasible of the companies as the records will be maintained within the system for future recruitment of employees, and it will also lessen the paperwork. Thus, this hiring system is not time-consuming system (Sivabalan and Yazdanifard, n.d.).

The research emphasis on how Indian IPLFs works without a Human Resource Department. Social contacts play a vital role in the current method of hiring in the (IPLM)s. However, recruitment methods have strengths and weaknesses.

#### **2.4.1 Advantages of hiring through social contact:**

1. **Understanding:** The management is more familiar with the candidate and they are aware of their strengths, weaknesses and potential; thus, they can utilize the skills of the employee in a right place. There will not be any pay issues amongst the employee and employer as there will be an understanding between them, and a bit of delay will not create a huge problem.
2. **Trust:** Hiring through social contact do not background checks on relatives. Management can trust the employees more than an external hire. It also influences the working environment of the firm, as employees hired through social contacts, may be similar to the other employees.
3. **Working hours:** Being hired through social contact, relatives hired within the firm may not mind working an extra hour. During the financial year closing it is important to have dedicated staffs who can stay back to complete the workload before the statement filing so, if the employees were family members there would be less issue regarding the working hours. (tappero, 2011).

#### **2.4.2 Disadvantages of hiring through social contact:**

1. **Family conflict:** Villalonga and Amit (2006) claim that productivity levels can be negatively impacted and are directly correlated to family disputes & conflicts. One of the issues with recruiting family members is the separation of work and typical family matters. Family conflict at top management levels may affect the work environment in firms. Conflict can lead to a distressing work environment resulting in a lack of productivity and distrust among employees. Hence it is suggested that recruiting through external agencies will reduce such issues. (Villalonga and Amit, 2006).
2. **Loss of outside talent:** One of the disadvantages that we see while recruiting through social contact is we miss out on experienced employees. The research recommends that the appropriate method of recruiting an employee is following the recruitment and selection process. As during the recruitment and selection process the candidates will be aware of their job profile and the management can further shortlist the candidates on the bases of their aptitude, experience, skills and talent of the employee. This will help the organization to grow (Budhwar,Pawan S, n.d.).

3. **Affect the working environment:** Hiring through social contact may influence the working environment of the firm as there may be numerous biased actions performed inside the organization. This can be upsetting for other employees who are not hired through social contacts. This may encourage managers and employees to behave in a manner described by McGregor's theory X (1950) which states that which says individual detest their work environment, workers do not get the reward, workers remain demotivated. (Tappero, 2011).

#### **2.4.3 Recent Trends and Practices of e-recruitment System in India - A Case Study of Jagdamba Polymers Private Limited.**

Social medias impact has now replaced the conventional form of recruiting. In specific H.R. departments, recruiting can present logistical difficulties. Throughout an increasingly developing societies conventional channels (announces, workers contacts, recruiting firms, etc.), as well as new forms of recruiting are utilized, such as social networks (e.g. Facebook, Instagram, LinkedIn). The secret to this task is to attract and maintain the best resources in executing human capital management strategies.

Many enterprises use e-recruitment to post jobs, accept online C. V's and e-mail applicants. Effective screening and recruiting are essential factors of the organization's human capital entry stage. The first aim is to consider e-recruiting patterns and activities in a company's recruitment phase. The second goal is to analyse the potential and challenges of recruitment. This study report is concise of nature and is focused on primary data obtained by Jagdamba Polymers employees via a questionnaire. The report explains several suggestions to improve recent e-recruitment trends and practices, and the results of the study recommend that e-recruitment is inevitable in any research area (Bej, 2017).

#### **2.5 RELATED THEORIES:**

Human resource management consists of two models. The Harvard model 1984 (which is also called as Human relationship, soft, theory Y approach) and Michigan model 1970 (the model has several other names such as Taylorism, Scientific, Personnel, hard and theory X approach).

The Harvard model popularly known as soft model treats employees as the most important resource in the business. The core focus is having a reasonable control over staff without

interference of top management. Furthermore, the soft human resource model is a linkage of human resource movement, the utilization of individual talents and McGregor's Theory Y that is based on discernment on individual (Truss *et al.*, n.d.). The Harvard model also focus on the other stakeholders of the organization those are the shareholders, employee, government, management, community and union (Budhwar and Khatri, 2001b).

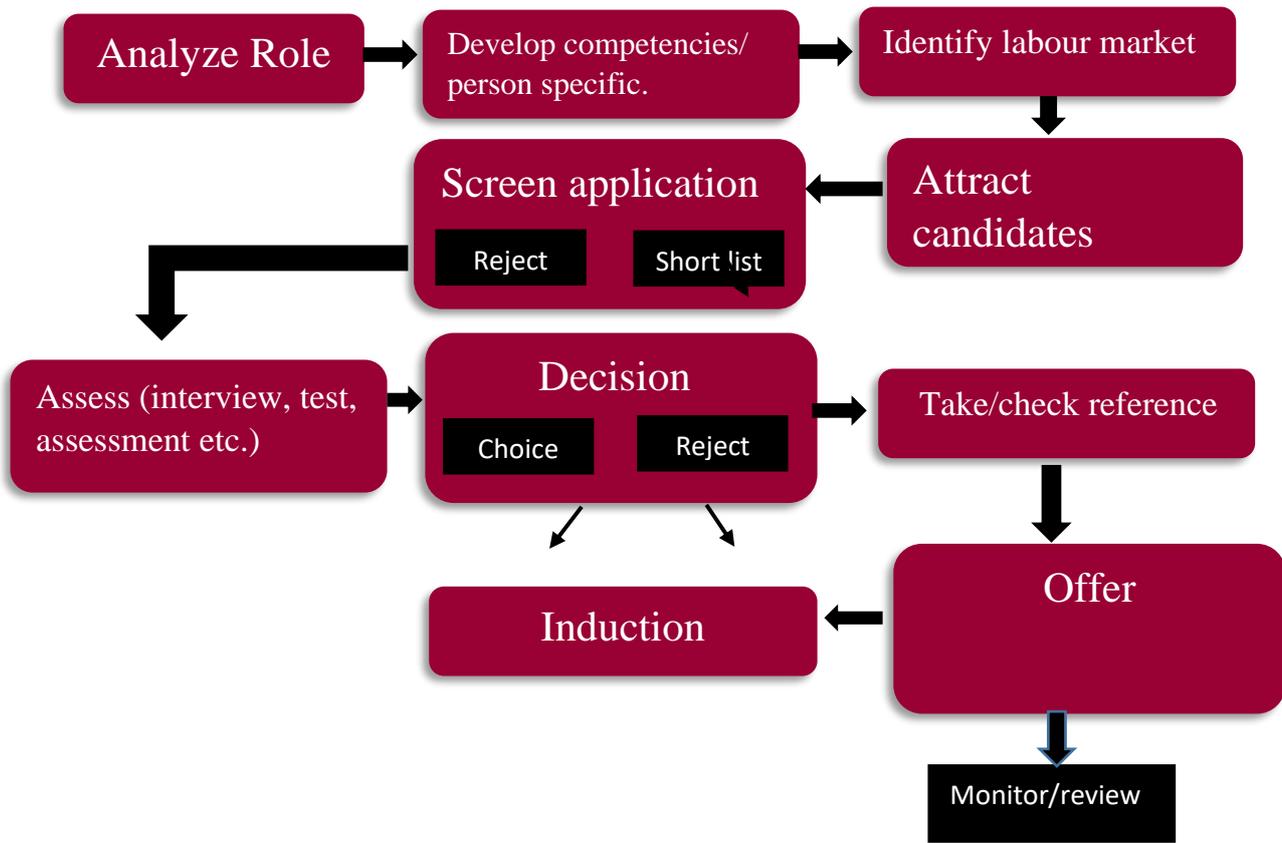
The Michigan model, on the other hand, comprises of strategic linkage of human resource policies and practices with the objectives of the organization. This model emphasizes on having tight control over worker activity. Moreover, the Michigan model is aligned to McGregor's Theory X, which focuses on strategic direction, integration and performance management techniques such as appraisal.

According to Singh (2005) and Storey *et al.* (2019), IPLMs use traditional philosophies for recruitment and selection. They still follow theory X of McGregor, which says people dislike their work environment; employees do not receive intrinsic rewards; employees remain demotivated and disengaged.

## **2.6 RECRUITMENT AND SELECTION AS A PROCESS:**

After recruiting a suitable employee, it is the role of the human resource department to make employees feel comfortable in the work environment. This will boost their morale, encourage them to work well and make a positive contribution to the firm. Every employee steps into industry with a set idea of their growth in a particular sector so they expect permanent jobs with competitive remuneration for their service. The below flow chart (figure 3) explains the process of recruitment and selection followed by most of the companies.

### Recruitment and selection Process (Figure 3)



(Figure 3)

Source: (Anon, n.d.)

1. **Analyze role:** It is a mean of recognizing the human behavior essential for satisfactory work execution. An organization needs to have the right person for the right job. Hence, it is the sole responsibility of the management to study the nature of the job and let out the vacancy and requirements of the concern job.
2. **Develop competencies/ person specific:** Competencies means all the work-related human characteristic, informative involvement, aptitude and values that an individual draw on to perform their work well.
3. **Attracting candidates:** The candidates may be reached through outside publicizing within the daily papers depicting the work profile alongside few essential data. Thereafter, the candidates can take a call on whether to apply or not and whether they fit culminate within the opportunity.

- 4. Screen Application:** What is essential at this stage is that the evaluator or committee conduct the screening process need to assess their qualification and dissect which applicants fall under the qualifications required by the organizations; once the pool is created they need to be assessed.
- 5. Assess:** At this stage, various organizations have different methods of conducting the process it could be through interviews, tests and various other forms of assessment; post which the committee can further select the applicants depending on whether they fall into their criteria, do they have any form of contemplation.
- 6. Decision:** To make a decision is to perceive or understand the process of selection. It is a cognitive process leading to the selection of a course of action among variations. Every decision-making process produces a final choice in terms of human resource selection; the output is the most appropriate candidates. Therefore, it is a reasoning process which can be rational or irrational and can be based on explicit or tacit assumptions.
- 7. Take/check reference:** One of the most common methods of reference checks are made by connecting with the previous organization by speaking to their supervisors to acquire correct information with regards to the applicants' qualifications, experience and work performance. This step helps them take a final call on whether the candidate needs to be sent the offer and further called for the induction process.
- 8. Offer:** Offer is an invitation to the employee or the candidate selected for the job. The offer consists of all the rules and regulations of the company and the negotiated salary.
- 9. Induction:** This is a process in itself – to briefly talk about it at this stage, the candidate has hereby accepted to offer and is ready to enter into the organization keeping in mind their policies, terms and conditions (Khanam, n.d.)

## **2.7 CONCLUSION:**

The literature explores recruitment and selection practices and supporting theories and in particular, how IPLFMs operationalize these practices. IPLMs prefer to tailor their approach to recruitment and selection to their individual needs. Their tailored approach appears to favour the recruitment of close social contacts or direct family members. This practice is in direct opposition to the object, legalistic recruitment practices in westernized organizations. Some researchers have attempted to quantify the prevalence of subjective recruitment practices in IPLMs. However, there is a lack of research exploring why these practices exist and how these practices may affect IPLMs in the future. This research paper will focus on addressing the gap in the literature by conducting a qualitative study which may uncover as yet hidden meanings behind these practices.

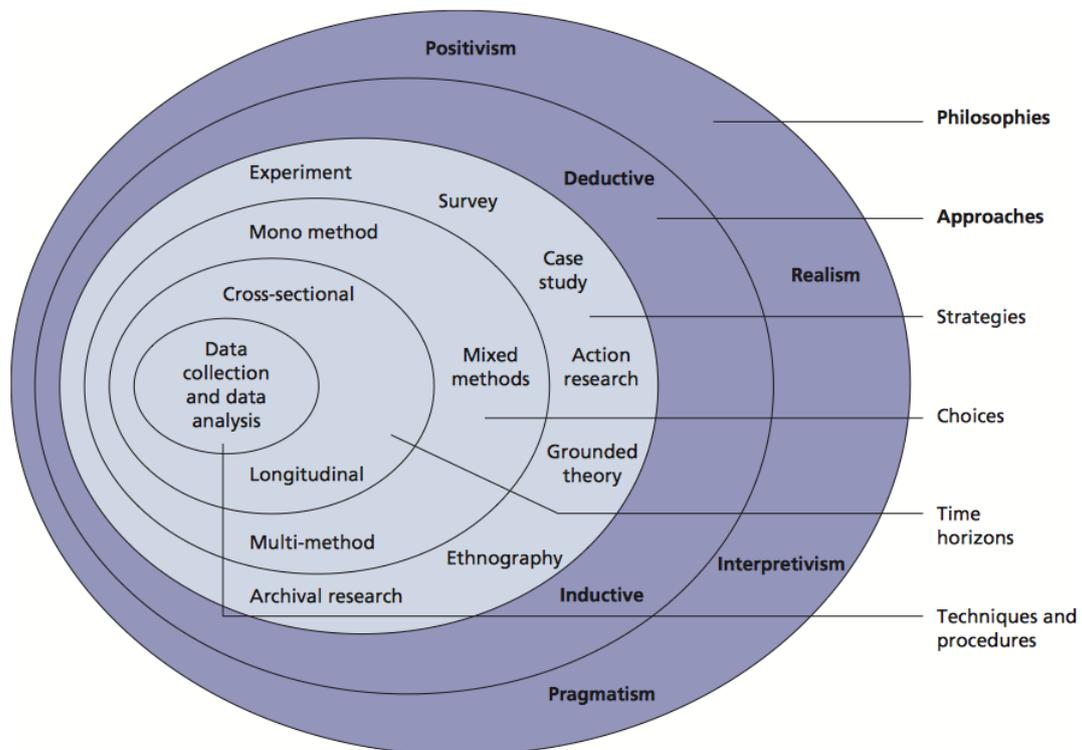
# CHAPTER 3

## RESEARCH METHODOLOGY

### 3.1 INTRODUCTION:

According to Clifford Woody research comprises defining and redefining problems, formulating hypothesis or suggested solutions; collecting, organizing and evaluating data; making deductions and reaching conclusions; and at last carefully testing the conclusions to determine whether they fit the formulating hypothesis (kothari, n.d.). This chapter will focus on the tools and methods used for conducting the research. It will also introduce the readers to the research strategy and the data instruments and methods that will be used for the data collection. Saunders (2016) proposed that the research methodology is based on the research onion. In order to have an effective methodology for the research understanding and using the research onion is must, (Melnikovas, n.d.)

#### Research Onion (Figure 4)



(Figure 4)

The research onion comprises of 6 layers: (Raithatha, 2017)

1. **Research Philosophies:** Research philosophies is used to collect data about a phenomenon and analyze it and use it in the research
2. **Research Approaches:** The research approach refers to the hypothesis and studies that the researchers get aware of and it poses a major subject in relation to the research objectives.
3. **Methodology choice:** The research methodology determines the use of the qualitative and the quantitative research method and as per the need of the research the researcher determines the method.
4. **Research strategy:** this part of the onion describes the which form of the research strategy the researcher is using to collect data. This also depends on the method adopted by the researcher that is quantitative or the qualitative research method.
5. **Time horizon:** This segment of the research onion defines the time frame of the research. The research can be a short term research or the long term research wherein the data collection is on a repeatedly bases.
6. **Techniques and procedures:** It includes data collection and analyses based on the selected research strategy.

Thus, this chapter shall cover all the aspect of research onion.

### **3.2 RESEARCH PHILOSOPHIES:**

Research philosophies are assumptions to develop the knowledge about the research. There are 4 main philosophies used:

1. **Positivism:** Positivism highlights that the research can be viewed objectively too. In other terms, participant's feelings or behavioural aspect is not taken into account in positivism.
2. **Interpretivism:** Interpretivism philosophy refers to the perceptions of different participants and their reaction to a particular topic.
3. **Pragmatism:** the pragmatism philosophy focuses on the facts of the research topic. The researchers can use facts and figures to attain the research objectives.
4. **Realistic:** Realistic philosophy is the combination of both Positivism and Interpretivism. It focuses on the subjective nature of human and their perceptions towards the topic.

This research is based on the realistic philosophy. As various observations will be made on the basis of the behavioural and the emotional side of the participants. The answers will differ from

participants to participants and this study will have concluded on the perceptions of the participants.

### **3.3 RESEARCH APPROACH:**

Research approach helps the researcher to gain knowledge regarding the theories and the assumptions of the study conducted. It will give a bird's eye view about the topic and it will help the researcher to refine the research objectives. There are 2 research approaches they are as follows:

Deductive approach- Deductive approach is an approach where the research objective is formulated first. On the basis of the research objective the data is collected and an appropriate method of data collection is selected. Thereafter, the data collected is analysed and the results and conclusion is formed. To end with the findings are then compared to the literature review and the research questions and is seen that if the research question is answered.(Melnikovas, n.d.)

Inductive approach: Inductive approach is the opposite of the deductive approach. In this approach the data is first collected and analysed in the later part the research objective is developed (MacDonald, 2012).

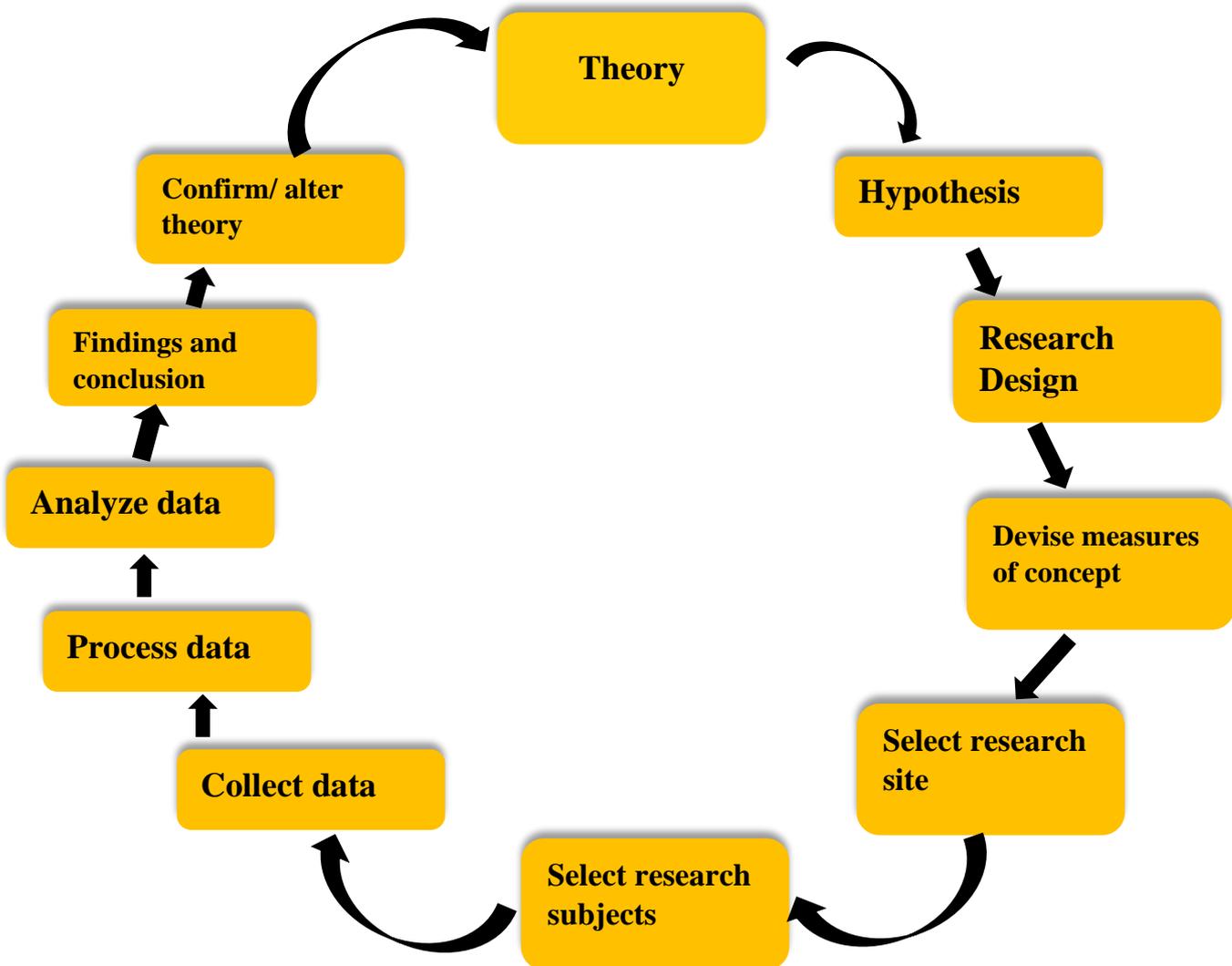
This research paper is established on the deductive approach of research. As in the initial stage I had first developed my research objective and on the basis of research objectives and the research question I opted for Qualitative interview method as a data collection tool and at the end I will be analysing the data and will be concluding the dissertation.

### **3.4 RESEARCH METHODOLOGY:**

There are two research methods:

1. **Quantitative research method:** Quantitative data is appropriate if there is possibility of collecting quantifiable of factors and inferences from samples of a population. There is structured procedures and formal instruments for collecting data while adapting quantitative research methods.

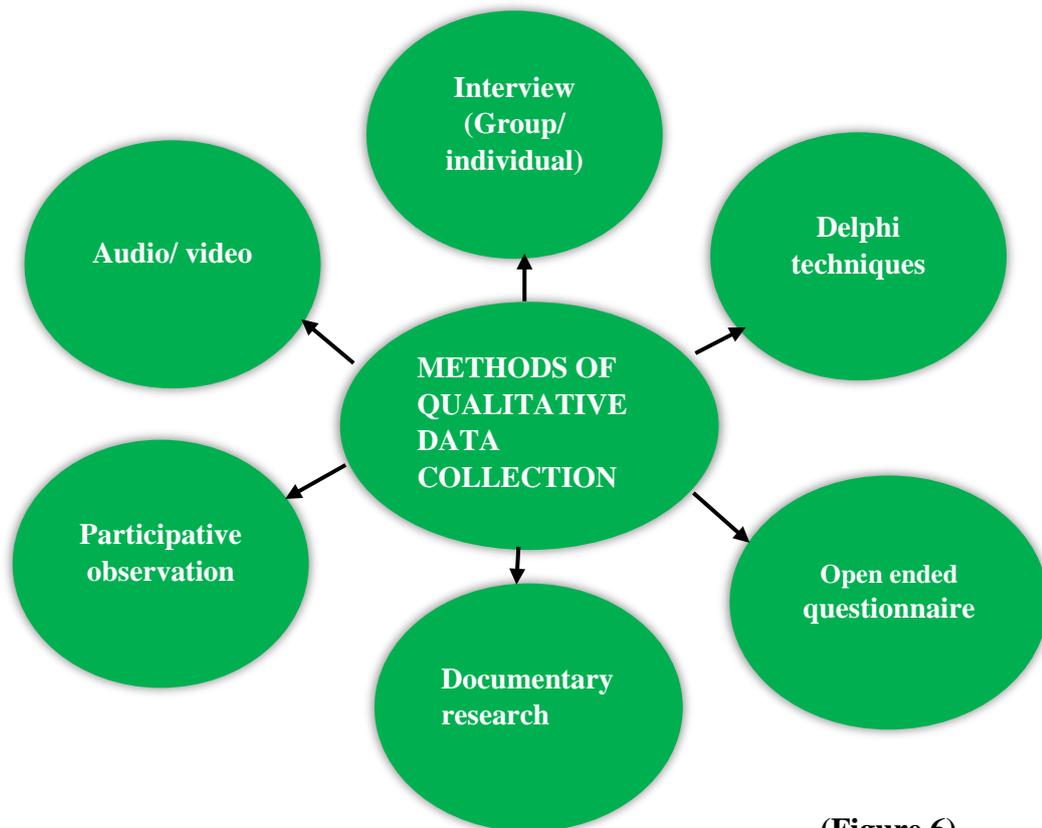
Process of quantitative research (Figure 5)



(Figure 5)

2. **Qualitative research method:** Qualitative research method focuses on the phenomena related to quality and kind. In other terms this kind of research helps the researcher to understand the underlying motive and desires of the participants.

### Methods of qualitative data collection (Figure 6)



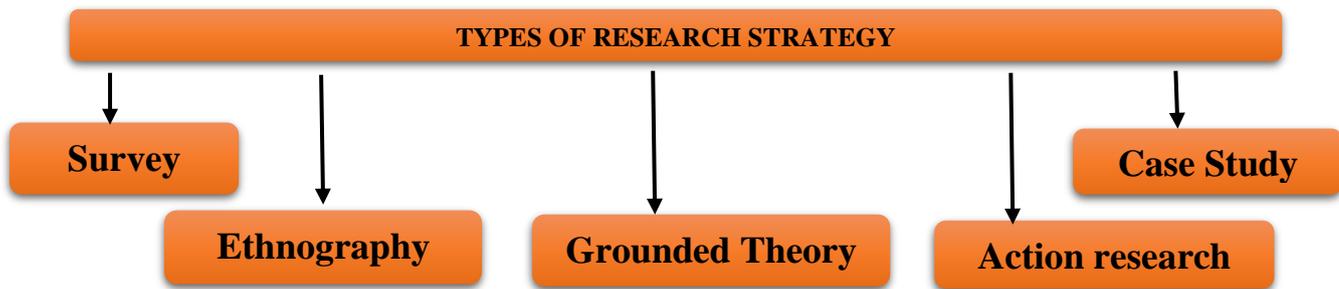
(Figure 6)

My study is based on the qualitative research method. As the aims and objectives behind this research is delving into topics as opposed to having clear determinations. Where qualitative research refers to small scale surveys related to theories and human thinking and observations. Furthermore, Qualitative research is suitable to carry out my research as this topic has not been explored much so searching in depth information for future literature review is not possible with quantitative research tool as there will hardly be any available data on statistical aspect at a large scale.

### 3.5 RESEARCH STRATEGY:

Research strategy is a way which helps the researcher to select the data collection method to answer the research questions and the aims and objective behind the research conducted. There are various strategies used to collect data such as:

Types of research strategy (Figure 7)



(Figure 7)

1. **Case study:** Creswell (2003) defines case study as, “research explores in depth a program, an event, an activity, a process, or one or more individual.” Case study is in depth investigation regarding a particular phenomenon.(Williams, 2007)
2. **Ethnography:** Ethnography is a study of an entire group having a same culture. Further according to Creswell (2003) ethnography “ethnographies, in which the researcher studies an intact cultural group in a natural setting over a prolonged period of time by collecting, primarily, observational data.” In this methodology the researcher has to take part in the daily lives of participants to note the behavioural aspect and then explain the systems (Williams, 2007).
3. **Grounded theory:** Creswell (2003) defines grounded theory research as the “researcher attempts to derive a general, abstract theory of a process, action, or interaction grounded in the views of participants in a study.” The grounded theory focuses on 5 aspects that is brief touch to the research questions, literature review, describe the methodology, related the theories to the data analysis and how can it be implicated (Williams, 2007).
4. **Survey:** Survey is used for large size of population. The data collected is in a standardized form. Usually survey is conducted through circulating questionnaire and interviews (Kelley *et al.*, 2003).
5. **Action research:** Action research is regarded as “systematic and orientated around analysis of data whose answers require the gathering and analysis of data and the generation of interpretations directly tested in the field of action” (MacDonald, 2012).

Thus, to conclude my research strategy for this study is qualitative interviews. I will be conducting an interviews of 8 entrepreneurs to attain the aims and objective of this research. There will be various observations made with respect to the thinking of the participants and their behavioral patterns during the interview. This study will also include theories related to

recruitment to make an argumentative point during the course of interview so as to get the maximum detailed information to get answers for my research questions.

### **3.6 TIME HORIZON:**

Time horizon of the research onion defines the time frame within which the research is conducted. There is two-time horizon in the research those are:

1. Cross sectional: cross sectional refers to the short term research. The research conducted with comparatively less sample size and is conducted within a short period of time.
2. Longitudinal: It refers to the long term research wherein the data collection is on a repeatedly bases.

Thus, this research study is a cross sectional research as the research has been conducted within 3 months with a less sample size.

### **3.7 TECHNIQUES AND PROCEDURES:**

Within this chapter, the investigator has established a graphical approach that has been used to interpret the data obtained. As we have Realistic qualitative method and Approach used is deductive we prefer taking Interviews. To obtain this data researcher has created a set of questionnaire for the interview. The demographic data of the respondents has been presented in the form of tables and charts. For the correct analysis, when determining the most appropriate mode of administration for the interview, the researcher also needed to consider that the research population would only be consisting of participants holding higher post in the company having knowledge of their H.R. department. Overall 8 Interviews were taken during the research.

## **CHPATER 4:**

### **ANALYSIS OF RESULT**

#### **4.1 INTRODUCTION:**

This chapter will inaugurate the readers about the findings and discussions of the primary data collected by conducting interviews of entrepreneurs. The source of secondary data is literature review. Mumbai being the economic capital of India therefore, my research is based in Mumbai. Amongst diverse sectors in India I have focused in the pharmaceutical distribution sector for more specific data collection. After conducting the interview data was then coded after which the outcome of the research was concluded. This analysis concludes the current recruitment and selection practices preferred by different directors of different age groups in Indian IPLFs. During the interview full anonymity was offered to the interviewees which they waved off hence they allowed the researcher to disclose their name, age the recruitment and selection panel information.

#### **4.2 OVERVIEW OF THE COMPANIES:**

- 1. JIGNESH AGENCY:** Mr. Jignesh Pathak (age 55) is the founder of the organization. He is the managing director of the company. This company is into business since last 30 years. All the recruitment and selection of the employees are done by Mr. Jignesh and his 2 colleagues.
- 2. JAL JYOTI ENTERPRISES:** This company is run by a young age director Mr. Nirav Joshi (age 39). The company is into business since last 10 years. The recruitment and selection is done by Mr. Nirav and one of his colleague.
- 3. MADHU MALTI ENTERPRISES:** Madhu Malti enterprises is owned by Mr. Vivek Oza (age 56). He started his business 23 years back along with his brothers. Thus, all the hiring decision is taken by Mr. Vivek and his brothers.
- 4. MALTI ENTERPRISES:** Mr. Asit Shah (age 52) the founder of the company. He started his business 15 years back. He solely takes the recruitment and selection decision.
- 5. PHARMAKEM ENTERPRISES:** Mr. Mehool Kothari is the director of Pharmakem and is in the business since last 15 years. His brother is the other director of the company and they collectively take recruitment and selection decisions.

6. **LAB CHEMIE:** There are 4 directors in lab chemie Mr. Vipul vora (age 45) was the interviewee. The business decisions are taken by the 4 directors collectively. Each of the director is given their different roles to manage the company.
7. **KEMINTERPHARM SPECHEM RESOURCE:** Mr. Kiran Oza (age 49) and his brother owns Keminterpharma spechem resources. Mr. Oza in his interview said that the H.R. decisions are taken by his brother Mr. Sandeep Oza and Mr. Kiran looks after the development aspect of the company.
8. **NILKHANT BIOTECH:** Mr. Mehul Joshi (Age 34) is the director of Nilkhant Bio tech and is in the business since last 10 years and the recruitment decision is taken independently by him.

#### 4.3 SUMMARIZING THE FINDINGS:

##### Analysis of finding (Table 1)

QUESTIONS	FINDINGS
Question 1:  Organization size	The organization size is derived from the turnover of the organization. The majority of the organization falls under the category 10 million – 100 million.
Question 2:  Do you have an H.R. department?	100% of the directors said that there is no H.R. department in their organization. But Lab chemie director is willing to have an H.R. department in their firm.
Question 3:  Total number of employees working in your organization?	Most of the companies' total employees are in the range of 20 employee- 30 employee.
Question 4:  How many employees are hired through social contacts?	All the top management are family members in the firm. Whereas, in 3 companies all the employees are hired through social contacts, 3 companies hire both through social contacts and external hires. Lastly 2 company hires no employees through social

	contacts after a bad experience in the business
Question 5: what type recruitment and selection practices is employed by your company?	There was a combination of finding as regard to the type of recruitment and selection practice followed by the 8 companies. 70% of the directors opted external hires and 50 % of them recruit through social contacts.
Question 6: Since how long are you following the current recruitment practices?	According to the findings most of the directors follows the same techniques from the start of the business. Majority of the business time frame falls under the range of 10-15 years that is 4 companies. Madhu Malti Enterprise's director further said that they were in the business since 23 years and they felt a need to change the recruitment practise after 15 years.
Question 7: Is Hiring through social contact is beneficial?	The maximum of the interviewee has a homogenous answer regarding the statement Hiring through social contact is beneficial. The respondents were of an opinion that it has its own pros and cons. It is beneficial when it comes to the trust, cost management factors it is not advantageous in terms of skill and talent aspect of the recruitment criteria.
Question 8: Does hiring through social contact cause an issues within the organization?	Significant number of respondent's suggested that hiring through social contacts can cause an issue within the organization because they felt managing such employees will be difficult and they will have to be bias during any decision making.
Question 9:	Trustworthiness, experience and efficiency are the key characteristics of the employees highlighted by the participants.

<p>Which characteristics of recruitment is more important to you during the recruitment process?</p>	
<p>Question 10:  How often your selected recruitment and selection practices has affected the business decision?</p>	<p>Most of the entrepreneurs interviewed suggested that their selected recruitment and selection practice has sometimes affected the business decision. It depends on the situation.</p>
<p>Question 11:  How difficult is it to maintain professionalism within the organization if employees are family members?</p>	<p>Professionalism is maintained during the course of the business, even if the employees are hired through social contacts. But the drawbacks to this is that it will damage the internal family relationship as the employees hired through social contacts expect an upper hand in the working environment.</p>
<p>Question 12:  Employees hired through social contacts are more efficient then the external hire. Do you agree with this statement?</p>	<p>There were mix reviews for the question. Few of the entrepreneurs believed that employees hired through social contacts are more efficient while few opposed this view. Few of them who had selected external hires in question 4 their opinion contradicted their selected choice as they said employees hired through social contacts are more efficient.</p>
<p>Question 13:  Are you planning to change the recruitment and selection any time soon?</p>	<p>None of the interviewees are planning to change the current recruitment pattern. But one of the interviewee believed that having an HR department would have improved the working of the organization.</p>

Question 14:  Have you faced any problem within the organization due to lack of experienced staff?	All the interviewee recruits experienced staff and those who aren't experienced they are well trained within the organization.
Question 15:  Do you conduct interview rounds if you are hiring family members?	All of the participants feel it essential to take interviews before hiring any employee. This gives the job clarification to the candidate and the employer can know the candidate well.
Question 16:  Are you satisfied with your current recruitment and selection practice	The research suggests that the most of the participants are satisfied with their recruitment practice whereas, one of the interviewee had his reasons for being distress regarding the recruitment and selection practice.
Question 17:  Who is working in your top management?	The top management position in all the companies is given to the family members.

**(Table 1)**

Hence, the primary data collected is a bit antithetical to the secondary data collection. Possibly due to the participant size. The secondary data collected is established on the larger participant group whereas, the primary data collected for this research is of limited participant group. Therefore, the findings may vary in comparison to the secondary data.

#### **4.4 TRENDS:**

The study, "An analytical study on recruitment and selection practice followed in Indian IPLFs" is ambiguous research. There are no H.R. departments within these IPLFs. The interviewees pursue internal sources of recruitment. As per the primary data collected the interviewees of the IPLFs recruit and select through social contacts and external hires they do not follow any other method of recruitment and selection. The research suggests that most of the interviewees are satisfied with their recruitment and selection practice. It has also been

noticed that the interviewees prefer family members in the top management position as they are more trustworthy, hardworking and can keep confidential data of the company safe.

#### **4.5 DIFFERENCE IN VIEWPOINTS OF EACH PARTICIPANT:**

##### **Clash of view point (Figure 8)**

###### **NEED FOR AN HR DEPARTMENT:**

seven of the interviewees are of an opinion that in spite of having a growing business they aren't in favor of having an HR department within the firm for cost saving purpose. Whereas, one of the company was interested in having an HR department as he felt that having an HR department will improve the working pattern of the company and reduce the work pressure. Even after having less turnover as compared to many of the firms.

###### **SOCIAL CONTACT V/S EXTERNAL HIRES:**

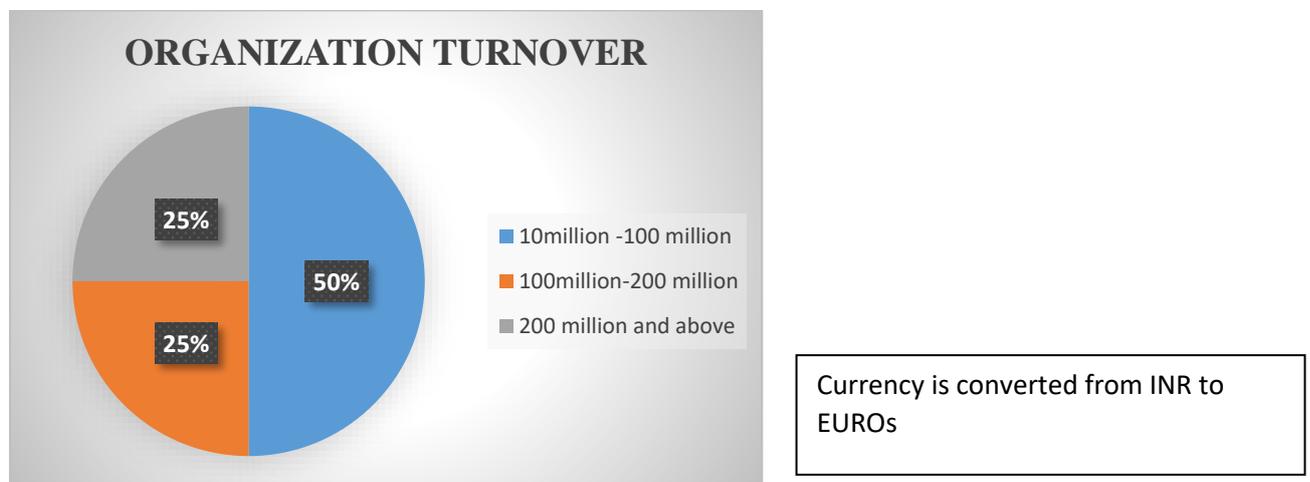
While interviewing the directors they had different perception of recruitment practice. The younger directors of the firm were totally against of recruiting through family members. According them there will be many restrictions while giving responsibility to them. Whereas, the directors who are in the business for a longer time they had an opinion that hiring through social contact is beneficial as they are trustworthy. Also they have more experience in managing and separating business and family relationships.

## 4.6 DISCUSSIONS:

This section of the chapter shall explain the content analysis of the interviews conducted for the research. The interviews produced the qualitative data thus the author presents a graphical representation of the discussion for additional clarity. Various graphs will depict the trend of the recruiting practice going within the Indian IPLFs. It will also benefit the readers to understand that whether the aims and objectives behind the study is fulfilled or not.

### 4.6.1 Organization Turnover of the interviewee

#### Organization Turnover of the interviewee (Figure 9)

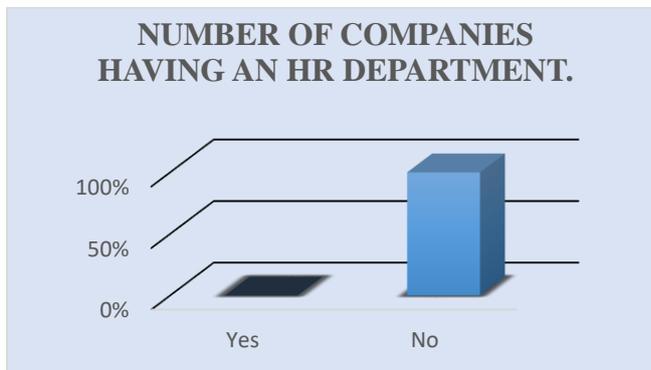


(Figure 9)

The interview question asked for this particular graph was, what is the organization size? The reason behind asking this question was to know the size of the organization in terms of turnover for understanding their approach for cost-saving trait for not having an Hr Department as mentioned in the secondary data collection of this research. The Pie chart portraits that 50 % or four companies have a turnover between the currency 10 million- 100 million (Currency is converted from INR to EURO). The proportion between 100 million- 200 million and 200 million (Currency is converted from INR to EURO) and above is equal. That is 2 companies each in each category. Which suggests though pharma sector is a booming sector there are diverse category of organization within the IPLFs. The conversation with the interviewee depicts that Indian IPLFs have different organization size with different perception of hiring through social contacts and having a proper recruitment and selection process.

#### 4.6.2 Companies having an HR Department

##### Companies having an HR Department (figure 10)

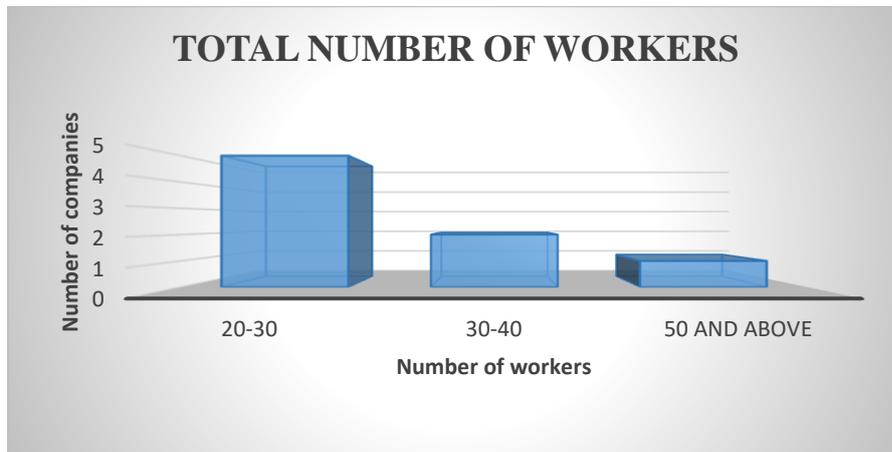


(Figure 10)

It was very important for this study to know if the firms have an H.R. department. Thus, the second question to the interviewee was do you have an H.R. department? The purpose of this question was to know how recognized the subject Human Resource Management is in the IPLFs and how well are they managing if they do not have an H.R. department. None of the organizations have an Hr department in the firm. When asking why they don't have an Hr department? and is it easy to manage without it? There were conflicting answers from the participants. Seven of the directors felt that their organization size is small hence they do not require an Hr department, and in few firms, the directors have given authority to their managers (hired through social contacts) so they are able to save time for recruitment and selection process. Whereas, one of the directors said that if there was a Hr department the functioning of the organization would have been in a better way in terms of having an organized working system who can monitor employee's behaviour and collect their feedback regarding the working environment.

### 4.6.3 Number of workers employed

Number of workers employed (Figure 11)



(Figure 11)

The above bar graph denotes the total number of workers working in the organization. The motive behind asking this question was to know whether how many employees are hired through social contacts for which the total number of employees are also mandatory. This gives a clear understanding as to their preference about the concept of hiring through social contact. Third question asked the interviewees about the total number of employees working in their organization? The subsequent question to this was How many employees are hired through social contacts? Five companies have employees between 20-30 employees, two companies have employees between 30-40 employees and one company who has the maximum turnover has 50 and more employees.

Employees working through social contacts in the organization (Table 2)

COMPANY	NUMBER OF WORKERS HIRED THROUGH SOCIAL CONTACTS
Jal Jyoti Enterprises	2 employees
Nilkhant Biotech	None
Jignesh Agency	All employees
Madhu Malti Enterprises	None
Malti Enterprises	10 employees
Pharmakem Enterprises	5 employees
Lab chemie	All employees
Keminterpharm Spechem Resource	All employees

**(Table 2)**

Madhu Malti is in the business since past 23 years and earlier they recruited employees through social contacts. But they had many obstacles in maintaining professionalism with the employees as they were their family members there were limitations as to draw attention to their mistakes. Hence, they do not prefer hiring through social contacts anymore.

The director of Nilkhant Biotech is a young entrepreneur thus; the research suggests that the millennials do not recruit through social contacts much as they feel the business decisions will be affected and it will be difficult for them to maintain proper decorum within the organization. This links to the disadvantages of hiring through social contact as per the secondary data. Nevertheless we can conclude that even after negative judgements about recruitment and selection practice through social contacts they continue to hire family members for top management positions due to trust trait. As per the statistics of the above bar graph (Figure XX) and (Table XX) most of the companies concur with the secondary data regarding this preference for hiring family members and through references.

#### **4.6.4 Type of recruitment practice employed by the company**

**Type of recruitment practice employed by the company (Figure 12)**



**(Figure 12)**

Knowing the recruitment and selection method is must of any company to conclude this study. Therefore, the question asked to the interviewee was what type of recruitment and selection practices is employed by your company? This question would highlight the choice of recruitment and selection practice that different companies follow and the reason behind selecting the same. The readers will also get an answer of one of the research question of this

study. While conducting this research I had faced an issue related to unfamiliarity of recruitment and selection methods. The specifics of the Figure XX are based on a multiple choice answers given by the interviewee.

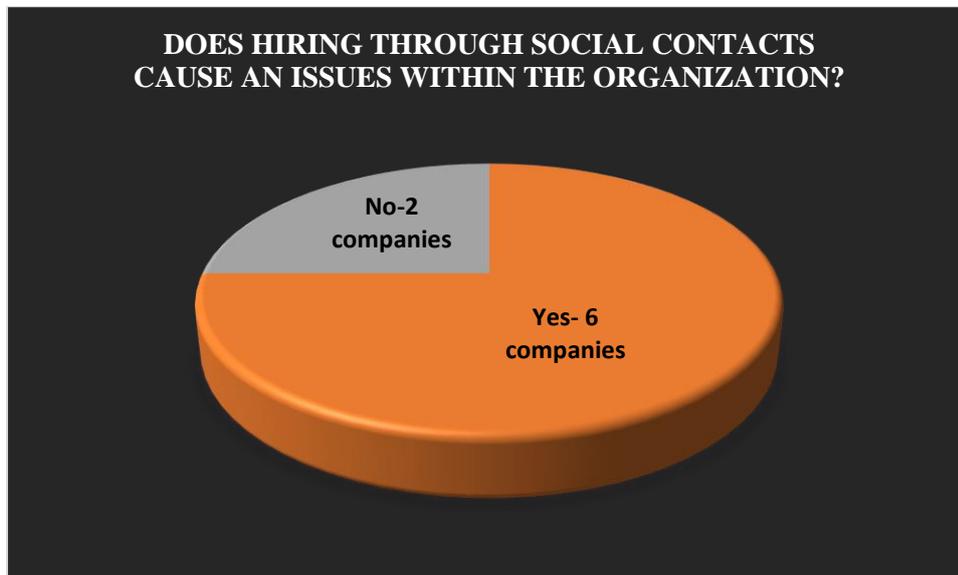
The above mentioned options were given and were explained to the interviewee thereafter they selected the appropriate method. 70% of the directors hire the junior employees through external hires whereas, 50% of them selected social contacts. For more specifics, 4 of the companies opted both external and social contacts. Whereas, 3 distinctly selected social contacts. The four companies who follow a mix recruitment and selection practices were of opinion that hiring only through one particular method is a disadvantage to the company in terms of accessing experienced and efficient staff. The other three have followed this practice since a long time thus, they were not facing inconvenience with the method.

#### **4.6.5 Hiring through social contact is beneficial**

The secondary data of the study depicts that most of the Indian IPLFs recruit and select employees through social contacts. Therefore, it was important to know the opinion of the directors of modern times if they feel hiring through social contacts is beneficial or not. The research conveys an ambiguous opinion from the respondents. The reason for the same is that all the interviewees have certain merits and demerits for their choices. Such as, while hiring through social contacts they will have a great understanding related to extra working hours, pay. The trust, this feature is the focal point when it comes to hiring through social contact. As the trust is built easily if it is your family working in your organization than the outside staff. Whereas, the demerits are loss of more experienced staff, maintaining professionalism within the organization even during internal family conflicts. Lastly to summarize, the secondary data collected regarding the benefits of social contact and the opinion received through primary data are similar.

#### 4.6.6 Hiring through social contacts cause an issue within the organization

Hiring through social contacts cause an issue within the organization (Figure 13)



(Figure 13)

“does hiring through social contact causes an issues within the organization?” this question changed the dimension of the research. There was mix belief in the other answers but this question turned out to have a bias answer. 6 companies’ belief that hiring through social contacts causes an issue within the organization. Whereas, the 2 belief that it doesn’t cause an issue. The 2 companies who choose the answer no had thinking that they will have a better understanding with family members as to get the work done. This will also ease the working environment as being one family and known to each other there will be less problems in adjusting to the working environment. This highlights Theory Y of McGregor (1960s). Which explains that employees take the responsibility of their own work willingly rather than pushing them to work.

#### 4.6.7 How often does the recruitment and selection process of the company influence business decision?

Subsequent understanding of the recruitment and selection practice selected by each company, it is essential to know has this practice influenced the business decisions. Therefore, the next question to the interviewees was, “how often your selected recruitment and selection practices has affected the business decision?” Five of the companies were having an opinion that the business decision is affected sometime the reason for the same given by the interviewee was

that even after having employees through social contacts the top management can manage professionalism within the organization and they make sure their business decisions are not affected due to any employees as they are the ones who will have to bear losses. The other three companies did not face any problem because they are in business since many years and they have a policy within the organization that no employees are allowed to interfere in the top management decision unless asked.

#### **4.6.8 Relevance of interview rounds while recruiting family members**

##### **Relevance of interview rounds while recruiting family members (Figure 14)**



**(Figure 14)**

As we are aware that conducting interview is must before hiring any employee this gives a clear idea as to whether the candidate is suitable for the particular job or not. It will also help the candidate to understand what the employer is looking for if they hire them. Therefore, keeping this in mind the next question asked to the interviewee was, “Do you conduct interview rounds if you are hiring family member?” and all the interviewees had the exact same opinion as the thought mentioned above. They also added that they can identify their qualities, skills and talent during the interview rounds and also judge how spontaneous the candidate is while giving the answer. During this process the directors can also scrutinize whether the candidate fits to the trustworthiness, experience and efficiency the key characteristics of the employees highlighted by the participants.

#### **4.6.9 Satisfaction of current recruitment and selection practice followed by the company**

As per the primary research conducted seven of the companies are satisfied with their current recruitment and selection practice. But, one company is not satisfied with the current recruitment and selection practice. The company which is not satisfied with the practice is Lab chemie. The interviewee was of the opinion that if the employees were recruited through external hires they would leave their job in a short notice if they got a better opportunity in

other firms. Whereas, if the employees were hired through social contact they would give the employer buffer time to think and find another candidate due to family relationship.

The interviewee wants to carry the employee management system in more stable and scientific way because the employees have taken it for granted whether it is related to taking leaves or loan. Hence, to have an organized rules and policies Mr. Vipul wanted to have a proper Hr department to manage the recruitment and selection process and inform the candidates about the rules and regulations of the company.

#### **4.6.10 Summary of the discussion:**

Reviewing the concepts of Human Resource Management and the dimension obtained from the primary research it becomes clear that the mind-sets and the attitude of various directors differ from each other in terms of need for an H.R. department, recruiting employees through social contacts and how does it affect the business decisions. This research also reveals that it is difficult to maintain professionalism within the organization if the rules and regulations are not made clear to the employees (hired through both social contacts and external hires) at the start of the employment. As this may result in spoiling the internal family relationship as the employees hired through social contacts except more facilities than the external hires.

This provides evidence to the secondary data in terms of having a biased environment within the organization. Thus, this may also result into a bad working environment for other employees. Diversion ideas were obtained in terms of interviewee's selected choice of method of recruitment and selection. The interviewees who selected external hires as their recruitment method preferred employees through social contacts more. The reason stated by them was that the trust and understanding with the relatives is adequate over outside hired employees. The contradictory statement for the same is that the employers are also looking for an experienced employee for the growth of the business so in this matter they prefer not to hire through reference if the candidate is not skilled and talented. Lastly, this research was equivocal and the social contacts and external hires have pros and cons as mentioned in the discussion and findings. Also, the directors recruit only relatives for the top management positions for above mentioned reasons.

#### **4.7 EMERGENT THEMES:**

Through the application of the thematic constant comparative data analytics the following themes emerged from the data:

Theme 1: Awareness of recruitment and selection process by the directors: The researcher observed that the directors of the IPLFs are not aware of the recruitment and selection concepts and theories in detail. Additionally, there are no HR department in the organization.

Theme 2: Recruitment Practice followed in Indian IPLFs: From the data collected the researcher concluded that currently the directors of IPFLs recruits and selects the employees through social contacts and external hires only.

Theme 3: Trust: During the data collection process it was noted that trust is the key factor for the success and smooth working of the organization. Hence, the IPLFs prefer hiring through social contacts more because they have trust on their family members over outside staff.

Theme 4: Age profiles: The younger age group prefer hiring through external contacts more over hiring the family members as it is difficult to manage the professionalism within the organisation. Whereas, the older age group had a view that they are in this business since a long time and thus, they are well aware as to how to manage the employees hired through social contacts. Thus, they continue to recruit through social contacts more over the external hires.

Theme 5: Control/ Delegation: It was noted that the major issue that the director of IPLFs face is giving up on the control of the employment department to an HR department. As the directors want to recruit and select the employees as per their terms and conditions and not according to the HR.

#### **4.8 RELIABILITY OF THE DATA:**

The reliability of the data depends on the quality, authenticity and truthfulness of the findings. It is said that a researcher's confidence of presenting the truthful data has a large impact on credibility (Kyngäs *et al.*, 2020). The validity of the data can be proven as all the data collected through interviews is by professionals working in the pharmaceutical distribution sectors. The directors are in this sector since more than a decade and have experience of hiring and selection practice as they do not have an H.R. department in the organization.

So they are the ones who decide on employment management system. Thus, I can assure that the primary data collected is not manipulated and can be used for further studies.

#### **4.9 RESTRICTIONS WHILE CONDUCTING RESEARCH:**

There were few restrictions while conducting the primary research. This study is based on realistic philosophy hence, the best method to collect accurate data was conducting in depth interviews. This research is based in Mumbai (India) and due to ongoing pandemic Covid 19 and upcoming festivals in India it was difficult to conduct interviews with the directors as there were time management issues. The interviewees were not able to give enough time for the interview due to this the question list was limited, but it was manageable to get maximum data in short span. There was no much awareness regarding the theories of the human resource management and the recruitment and selection practice the researcher had to explain the concepts while asking the questions during the interviews.

## **CHAPTER 5**

### **CONCLUSION AND RECOMMENDATION**

#### **5.1 INTRODUCTION:**

This chapter initiate with an informative overview of the ongoing recruitment and selection process in Indian IPLFs. The research objective, research questions and data process are summarized and is linked to each other to know if the objective of this research is achieved. This chapter ends with a set recommendation for improvement in the recruitment and selection practice in Indian Private Limited Companies for future researchers. The focal point of this chapter will be the following themes:

Theme 1: Awareness of recruitment and selection process by the directors

Theme 2: Recruitment Practice followed in Indian IPLFs

Theme 3: Trust

Theme 4: Age profiles

Theme 5: Control/ Delegation

The themes are segmented on the bases of research objective of this study. There are two aims and objectives behind conducting the following research. First, to understand the perception of the top management on the subject of recruiting through social contact. Second, to examine has it been beneficial for the IPLFs to recruit through social contacts and will it be helpful to them during the expansion of the company in the near future. In order to attain these objectives, research questions were formulated:

3. What recruitment practices Indian IPLFs Follow?
4. Does the recruitment practice of Indian IPLFs affect the organization?

#### **5.2 RESEARCH POPULATION:**

This research was conducted in the IPLFs in Indian based in the city Mumbai. Being a qualitative research method, the researcher chose interview as the primary data gathering instrument. Specifically, this research selected the pharmaceutical distribution sector. Eight of the directors were the participants of this research. Being cross-sectional research, there was a limitation of time; thus the population size of the research is small limiting to eight participants. The directors provided the author with insights into their organizations of the working system

of the organization, recruitment and selection method adopted by them, the turnover, lastly the role of turnover in recruitment and selection practice to attain the objectives of this research.

### **5.3 AWARENESS OF RECRUITMENT AND SELECTION PROCESS BY THE DIRECTORS:**

In relation to candidate evaluation, the researcher noticed that the directors of the firms are not aware of the methods of recruitment and selection and the theories of human resource management. The reason for the same is that the participants of this research are following the same practices since over a decade without being aware of the concept of human resource management and in particular recruitment and selection practices. They believed their organizations to be successful and did not see they need to change a time-served process of recruiting from social contacts. The growth of their companies appeared unaffected to due lack of knowledge of recruitment and selection process, theories and types.

### **5.4 RECRUITMENT PRACTICE FOLLOWED IN INDIAN IPLFs:**

It was noted by the researcher the data analysis and the secondary data concurs that recruitment and selection practices followed by the Indian Private Limited Firm is through social contact. The reason for choosing this method is in part due to familiarity with a time-served process. The directors who are in this business over 20 years prefer social contacts as they claim to be more adept at keeping the family life outside the organization, but they also willing to give a chance to outside talent if the candidate is more experienced and have more skills. Therefore, through the primary data collected the current recruitment and selection practice followed by the Indian Private Limited Firm is a mixture of both social contacts and external hires. Given the preference of younger directors for external recruitment, it is reasonable to suggest that the balance of recruitment practices may change towards external recruiting over time.

### **5.5 TRUST:**

Trust plays an essential role in the organization. During the research data collection and analyses the researcher observed that the reason to recruit the employees through social contacts for both junior position and top management position is that they can trust the family members undoubtedly over the external hires. It also influences the working environment of the firm, as employees hired through social contacts, may be similar to the other employees. Thus, to conclude along with the experience and efficiency of the employee during the interview round the employer also observes that will the candidate be trustworthy to the

organization or not. The other reason for hiring through social contacts on regards to trust is that there are many confidential data of the organization which needs to be kept secured from the competitors thus, if the employee is a family member there are less chances of breach the trust and the organization would be more secured.

### **5.6 AGE PROFILE:**

Young directors do not share the views to hire through social contact and prefer external recruitment over social contacts for junior employees of the company. They prefer to keep their family life and professional life separate. They believe that having family members within the organization would lead to frequent change in the business decisions if the decision is affecting the employee (to not hurt the sentiment of the family member who is the employee in the organization). This will further create barriers between profitable business decisions and decisions taken on the bases to keep employees happy. However, senior also had the belief that recruiting from social contacts saved time and trust issues. Moreover, the seniors have more experience in managing the family members within the organization and follow professionalism so they are continuing the same practice as it does not affect the business decisions. The disadvantage of not changing the recruitment and selection practice would be that they are losing talented employees which could have been hired through external hires. Another disadvantage would be that it is not necessary that the family members who will be given the opportunity at the top management position of the company would be as skilled and talented as their ancestral to run the business.

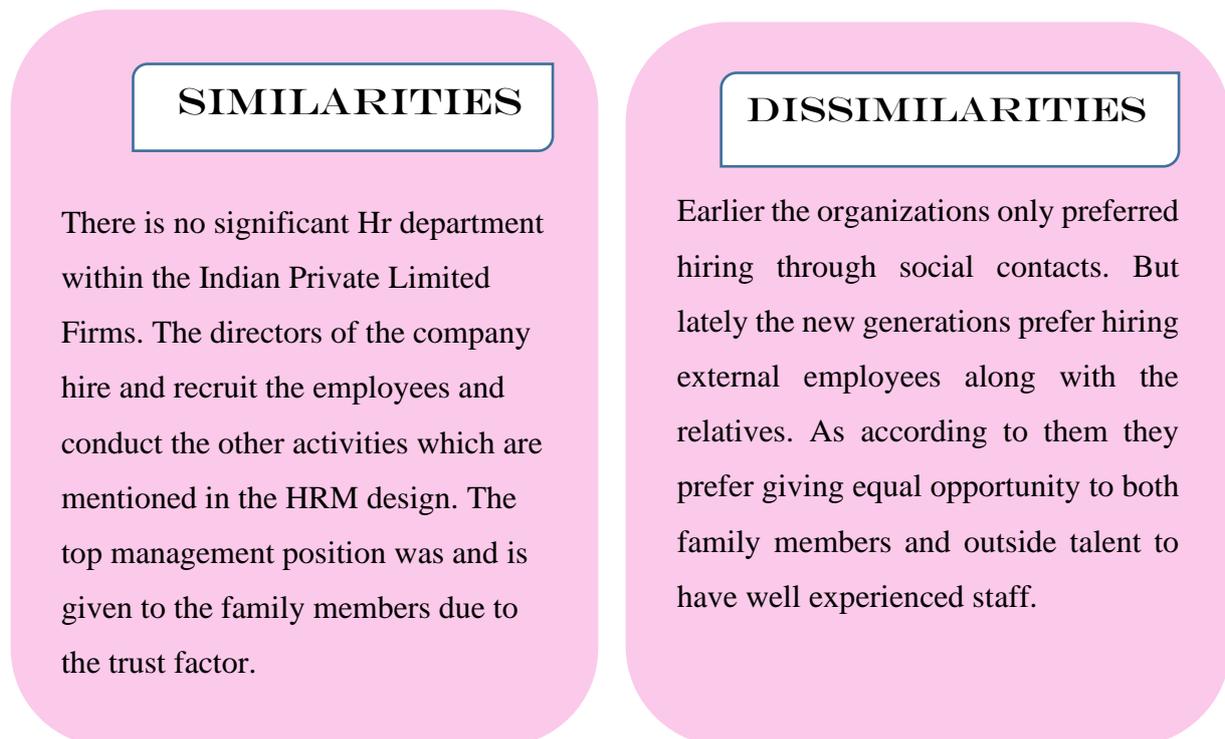
### **5.7 CONTROL/ DELEGATION:**

The directors of the IPLFs prefer to play multiple role within the organization. They enjoy the controlling factor of business management. Hence, the primary data and secondary data suggests that they fear of losing control over the organization after hiring the HR department. The major concern after hiring an HR department in the organization would be the confound atmosphere in the organization. As the instruction of the directors and the Hr department to the employees in certain matter can be contradictory. Therefore, to overcome this a structured frame work should be established wherein the directors have to let go the control over the employment decision.

## 5.8 CONNECTIVITY BETWEEN THE PRIMARY DATA AND THE SECONDARY DATA:

This section closes with the observation from the author stating the similarities and dissimilarities found within the primary data and secondary data.

### Similarities and dissimilarities of ideas (Figure 15)



(Figure 15)

Therefore, this research concludes that the Indian Private Limited Firm's directors do not have much knowledge regarding recruitment and selection methods. Thus, after explaining the concepts and various theories regarding the same the data received from the participants gave a brief that despite of not having an H.R. department to manage the working system of the organization there is a growth in the business. It was also noted that they believe in hiring family members for the top management position and keep the option open for junior-level employments. This study was conducted to gain knowledge regarding the different perceptions of different age group directors in India on the topic recruitment and selection.

## **5.9 RECOMMENDATIONS:**

After observing the findings and gaps the following recommendations are put forth for the entrepreneurs of the Indian IPLFs and for further research:

It is essential for the directors of the company to understand the need and concept of Human Resource Management. It may be beneficial for the organization to have a better management system if they are planning to expand their business in the future. The researcher would recommend the directors to follow a systematic procedure for recruitment and selection this may reduce the demerits in terms of employees not following the rules and regulations of the organization. Having a systematic recruitment and selection process will help the firms to reduce the expenses for conducting workshops to train the employees. As during the interview round, a systematic approach to selection may allow more evidence-based decisions. HR management is important for every company. Strategic human resource management is the practice of linking the human resource function to the strategic objectives of the business with a view to improving and driving performance. Obtaining or creating a systematic recruitment method will assist your organization find and retain the best skill for the company. Systematic HR management system is beneficial for every company. One of the benefits of Systematic HR management system is efficiency. Systematic HR system increase the efficiency of the company. Not just in terms of hiring, but in terms of production. When talented recruits are hired, the company's production, brand and image are bound to improve (Armstrong and Taylor, 2020).

The research also recommends the organization to recruit outside talent for the top management positions. As recruitment process has become more competitive as the war for suitable talent is pervasive, especially in India (Maheshwari and Haque, 2020) the organization can search the most experienced candidate for the top management position. This may enhance the growth of the business. Top management plays important role in any company irrespective of the size of the company. One of the major roles of top-level management is developing organizational culture. The principle and rules on which culture is based are formed by leaders in the organization (Armstrong and Taylor, 2020). The external top management staff will have more industry experience hence, it will help the company to grow in terms of fresh ideas, increase in business contact. Which will be profitable for the organization.

### **5.10 LIMITATIONS:**

1. Time constraints: The time horizon of this research is cross sectional research. The researcher was given 3 months for thoroughgoing. Thus, this was one of the restraint of this research as more in depth could have been conducted if time was permitted.
2. Festivals: India is one of the country with diverse culture. Thus, there are many festivals going on at this moment. This was another limitation of this study as, coordinating with the interviewee in middle of festivals was time consuming.
3. Qualitative research: This study could not be reasonably justifying other IPLFs. This study is based in Mumbai and limiting the data collection size. There are numerous IPLFs wherein the director's perception on recruitment and selection practice many differ in terms of regional beliefs, geographical areas, size of the organization.
4. COVID-19: The ongoing pandemic restricted the researcher to visit the interviewee and conduct the interview in person. In person interview would have been beneficial for the researcher as the researcher could have also analysed the data with regards to the researcher's observation during the visit in the company.

### **5.11 RECOMMENDATION FOR FUTURE RESEARCHERS:**

As per the secondary data collected for this research it was noted that more study was done on the Indian Public Limited Firms over Indian Private Limited firms. Therefore, this study is a qualitative study with minimum participation size. a wider view could be attained about the IPLFs if the future researcher opts for quantitative research method. The data collection size will also rise and more participants could give their perception about this particular topic. To conclude the researcher would like recommend the future researchers to collect a large size data for a justify the other IPLFs all over India.

## CHAPTER 6:

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**APPENDIX A:**  
**PLAIN LANGUAGE STATEMENT**

I Palak Pathak perusing my Master's degree in the field International Business Management from Griffith College, South circular road, Dublin 8. My research title is "An investigative study on the trends of human resource department followed by Indian Private Limited Firms with Limited Liability shares."

- It will highlight the professionalism of the employer during such situation and comparison between the family recruited employees and recruiting outside talent.
- There will be a comprehensive argumentative outlook regarding the importance of having an HR department in private limited firms for future growth when they are doing good without a HR department already.
- My search is based on qualitative analysis. Which will include offline interview (would not include any audio or video of the participants during the course of interview).
- This research will also include filling of basic questionnaire on this bases the interview will be conducted and the questions will be asked during the interview as per the convenience of the participants.
- There wouldn't be any risk involved to the participants as they have their rights to remain silent and not answer sensitive questions if asked.
- The answers provided by the participants will be mentioned in my research only after their consent.
- To avoid loss of data of the participant's company and for maintaining his or her privacy. This research will help the participant in getting clear ideas about their current working position and plan their better future accordingly.
- As this study will involve questions related to importance of Human Resource Department and its various theories and incidence of success.
- This will also help them to gain knowledge regarding this topic. My research will involve more than 50 participants hence, I as a researcher will ensure that the data collected from the participant is confidential and will not ask any questions related to their data to any other participants.
- All the files will be password protected and as soon as the research is completed the data will be destroyed. There wouldn't been any forceful behaviour from my side to complete the interview. They also have a right to pass a question which they are not comfortable in answering.

Thus, I would like to conclude by ensuring the participant that it will be safe to share information and this study is only based for assessment bases.

**APPENDIX B:  
INFORMED CONSENT FORM**

I Palak Pathak perusing my Master’s degree in the field of International Business Management from Griffith college South circular road Dubin 8. My research title “An investigative study on the trends of human resource department followed by Indian Private Limited Firms with Limited Liability shares.” It will highlight the professionalism of the employer during such situation and comparison between the family recruited employees and recruiting outside talent. There will be a comprehensive argumentative outlook regarding the importance of having an HR department in private limited firms for future growth when they are doing good without a HR department already.

Participant – please complete the following (Circle Yes or No for each question)

I have read the Plain Language Statement	Yes/No
I understand the information provided	Yes/No
I have had an opportunity to ask questions and discuss this study	Yes/No
I have received satisfactory answers to all my questions	Yes/No
I am aware about how and where will my data will be used in the study.	Yes/No
I am satisfied with the confidentiality aspect of the researcher.	Yes/No

The participant has the right to withdraw back at any time during the course of research study since his or her participation is voluntary. I as a researcher will ensure that the data collected from the participant is confidential and will not ask any questions related to their data to any other participants. All the files will be password protected and as soon as the research is completed the data will be destroyed.

I have read and understood the information in this form. My questions and concerns have been answered by the researchers, and I have a copy of this consent form. Therefore, I consent to take part in this research project

**Participants Signature:** \_\_\_\_\_

**Name in Block Capitals:** \_\_\_\_\_

**Witness:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**APPENDIX C:**  
**SEMI STRUCTURED INTERVIEW GUIDE**

1. I have read and understood the plain language statement:
  - Yes
  - No
2. I am aware that I can withdraw from the research study at any point of time during the survey:
  - Yes
  - No
3. I am aware that I would be kept anonymous in the study:
  - Yes
  - No
4. I have had an opportunity to ask questions to the researcher by and discuss this study:
  - Yes
  - No ( please reach out [palakjignesh.pathak@student.griffith.ie](mailto:palakjignesh.pathak@student.griffith.ie))
  - Not applicable (please choose this if you have no question)
5. Full name:
6. Name of the organization
7. What is your level in the organization?
8. Organization turnover?
9. Do you have an HR department?
10. Total number of employees working in your organization?
11. What type of recruitment and selection practices is employed by your company?
  - Social contacts
  - External contacts
  - Agency
  - Other
12. Since how long are you following the current recruitment practice?
13. Hiring through social contact is beneficial do you agree with this statement?  
(Comment on your view)

14. Hiring through social contact causes any issue within the organization?
15. Which characteristics of recruitment is more important to you during the recruitment and selection process.
16. How often your selected recruitment and selection practice has affected the business decisions?  
(In what ways)
17. How difficult it is to maintain professionalism within the organization if the employees are family members?
18. Employees hired through social contacts are more efficient then the external hire?  
Comment.
19. Are you planning to change the recruitment and selection practice any time soon?
20. How many employees are hired through social contacts within your organization?
21. Have you faced any problem within the organization due to lack of experienced staff?
22. Do you conduct interview rounds while recruiting employees through social contacts?
23. Are you satisfied with your current recruitment and selection practice?