

Contemporary ENTREPRENEURSHIP DEVELOPMENT



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UNIVERSITY OF ILORIN
Technical and Entrepreneurship Center

CONTEMPORARY ENTREPRENEURSHIP DEVELOPMENT

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Introduction

Business is an integral part of our lives. It is the process of creating and exchanging goods and services. It is the process of providing solutions to the problems of the society. It is the process of creating and exchanging goods and services. It is the process of providing solutions to the problems of the society.

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Nature of Business

Business refers to an economic activity that involves the exchange of goods and services.

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HUMAN RESOURCES MANAGEMENT PRACTICES FOR ENTREPRENEURSHIP

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INTRODUCTION

Human beings are social beings and hardly ever live and work in isolation. We always plan, develop and manage our relations both consciously and unconsciously. The relations are the outcome of our actions and depend to a great extent upon our ability to manage our actions. From childhood each and every individual acquire knowledge and experience on understanding others and how to behave in each and every situations in life. Later we carry forward this learning and understanding in carrying and managing relations at our workplace. However, most managers in public and private sectors firms of all sizes would agree that people truly are the organization's most important asset. Having competent staff on the payroll does not guarantee that a firm's human resources will be a source of competitive advantage.

However in order to remain competitive, to grow, and diversify, an entrepreneur ensure that his employees are qualified, placed in appropriate positions, properly trained, managed effectively, and committed to the firm's success. The goal of Human Resources Management (HRM) is to maximize employees' contributions in order to achieve optimal productivity and effectiveness, while simultaneously attaining individual objectives.

However, the processes of pursuing this idea(s) necessitate the concept of human resources. An entrepreneur is a human resource, a powerful resource for the initiator of the idea. Entrepreneur generates idea(s) that will ultimately benefit the human populace in every area of human endeavour with the aim of making profit from such adventure. It is a commitment for providing products or services to people in a business sense that has behind it the motive of gaining profit. Therefore, entrepreneurship cannot thrive without taking the concept of human resources planning serious from the manpower requirement stage to the final stage. The concept of human resources must be understood by the entrepreneur if an entrepreneur will accomplish its goal. This literature therefore, will address some of the key issues in human resource management as threshold for the success of an entrepreneur.

A. HUMAN RESOURCE PLANNING (HRP)

Human resource planning is important for helping both organizations and employees to prepare for the future. According to Flippo (1984) the basic goal of human resource planning is to predict the future and based on these predictions, implement programmes to avoid anticipated problems. It assists organizations on; future personnel need, part of strategic planning, creating highly talented personnel, international strategies, and foundation for personnel functions. The manpower planning is concerned with determination of quantitative and qualitative requirements of manpower for the organization.

B. RECRUITMENT

Recruitment forms a step in the process which continues with selection and ceases with the placement of the candidate. It is the next step in the procurement function, the first being the manpower planning. Recruiting makes it possible to acquire the number and types of people necessary to ensure the continued operation of the organisation. Mamoria and Gankar (2002) opined that recruitment is a form of competition just as corporations compete to develop, manufacture, and market the best product or service, so they must also compete to identify, attract from internal or external source or hire the most qualified people. Recruitment is a business, and it is a big business," the authors explained thus;

Recruitment process passes through the following stages

1. Recruitment process begins when the personnel department receives requisitions for recruitment from any department of the company.
2. Locating and developing the sources of required number and type of employees.
3. Identifying the prospective employees with required characteristics.
4. Developing the techniques to attract the desired candidates.
5. Evaluating the effectiveness of recruitment process.

Recruitment can be affected by the following organizational internal factors

1. Wage and salary policies;
2. The age composition of existing working force;
3. Promotion and retirement policies;
4. Turnover rates;
5. The nature of operations involved the kind of personnel required;
6. Recruiting policy of the organisation.

The following are the external factors that can affect organizational recruitment

1. Supply and demand of specific skills in the labour market;
2. Company's image perception of the job seekers about the company.

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3. External cultural factors: Obviously, the culture may exert considerable check on recruitment. For example, women may not be recruited in certain jobs in industry.
4. Economic factors: such as a tight or loose labour market, the reputation of the enterprise in the community as a good pay master or otherwise and such allied issues which determine the quality and quantity of manpower submitting itself for recruitment.
5. Political and legal factors also exert restraints in respect of nature and hours of work for women and children, and allied employment practices in the enterprise, and reservation of Jobs.

C. SELECTION

According to Flipppo (1984), human resource selection is the process of choosing qualified individuals who are available to fill positions in an organization. In the ideal personnel situation, selection involves choosing the best applicant to fill a position. Selection is the process of choosing people by obtaining and assessing information about the applicants with a view to matching these with the job requirements. It involves a careful screening and testing of candidates who have put in their applications for any job in the enterprise. Steps in Selection Process according to Flipppo involve the following.

1. Application Pool: Application pool built-up through recruitment process is the base for selection process.
2. Preliminary Screening and Interview: All applications received are scrutinized by the personnel department in order to eliminate those applicants who do not fulfill required qualifications or work experience or technical skill, his application will not be entertained.
3. Application Blank or Application Form: An application blank is a traditional widely accepted device for getting information from a prospective applicant which will enable the management to make a proper selection. The blank provides preliminary information as well as aid in the interview by indicating areas of interest and discussion.
4. Selection Tests: Many organizations hold different kinds of selection tests to know more about the candidates or to reject the candidates who cannot be called for interview etc. Selection tests normally supplement the information provided in the application forms. Such forms may contain factual information about candidates. Selection tests may give information about their aptitude, interest, personality, which cannot be known by application forms.
5. Interview: An interview is a procedure designed to get information from a person and to assess his potential for the job he is being considered on the basis of oral responses by the applicant to oral inquiries by the interviewer. Interviewer does a formal in-depth conversation with the applicant, to evaluate his suitability. It is one of the most important tools in the selection process. This tool is used when interviewing skilled, technical, professional and even managerial employees. It involves two-way exchange of information.

6. The interviewer learns about the applicant and the candidate learns about the employer. Background Investigation: The next step in the selection process is to undertake an investigation of those applicants who appear to offer potential as employees. This may include contacting former employers to confirm the candidate's work record and to obtain their appraisal of his or her performance/ contacting other job-related and personal references, and verifying the educational accomplishments shown on the application. The background investigation has major implications. Every personnel administrator has the responsibility to investigate each potential applicant. In some organization, failure to do so could result in the loss of his or her job. But many managers consider the background investigation data highly biased.
7. Physical Examination: After the selection decision and before the job offer is made, the candidate is required to undergo physical fitness test. Candidates are sent for physical examination either to the company's physician or to a medical officer approved for the purpose. Such physical examination provides candidate's information physical measurements are in accordance with job requirements, whether the candidate suffers from bad health, whether the candidate has health problems or psychological deficiency, candidate physical fitness etc.
8. Approval by Appropriate Authority: On the basis of the above steps, suitable candidates are recommended for selection by the selection committee or personnel department. Though such a committee or personnel department may have authority to select the candidates finally, often it has staff authority to recommend the candidates for selection to the appropriate authority.
9. Final Employment Decision: After a candidate is finally selected, the human resource department recommends his name for employment. The management or board of the company offers employment in the form of an appointment letter mentioning the post, the rank, the salary grade, the date by which the candidate should join and other terms and conditions of employment.
10. Evaluation: The selection process, if properly performed, will ensure availability of competent and committed personnel. A period audit, conducted by people who work independently of the human resource department, will evaluate the effectiveness of the selection process. The auditors will do a thorough and the intensive analysis and evaluate the employment programme.

D. PLACEMENT AND ORIENTATION

After an employee has been recruited he is provided with basic background information about the employer, working conditions and the information necessary to perform his job satisfactorily. The new employee's initial orientation helps him perform better by providing him information of the company rules, and practices. According to Mamoria and Gankar (2006), "Placement consists in

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matching what the supervisor has reason to think the new employee can do with what the job demands (job requirements), imposes (in strain, working conditions, etc.), and offers (in the form of pay rate, interest, companionship with other, promotional possibilities, etc.)”

E. EMPLOYEE TRAINING

Training is a process of learning a sequence of programmed behavior. It is the application of knowledge and gives people an awareness of rules and procedures to guide their behavior. It helps in bringing about positive change in the knowledge, skills & attitudes of employees.

Training refers to a planned effort by a company to facilitate employees' learning of job related competencies. These competencies include knowledge, skills, or behaviors that are critical for successful job performance. The goal of training is for employees to master the knowledge, skill, and behaviors emphasized in training programs and to apply them to their day to day activities.

Importance of Training

According to Dessler (2000), training is crucial for organizational development and success. It is fruitful to both employers and employees of an organization. An employee will become more efficient and productive if he is trained well. The benefits of training can be summed up as:

1. Improves Morale of Employees- Training helps the employee to get job security and job satisfaction. The more satisfied the employee is and the greater is his morale, the more he will contribute to organizational success and the lesser will be employee absenteeism and turnover.
2. Less Supervision- A well trained employee will be well acquainted with the job and will need less of supervision. Thus, there will be less wastage of time and efforts.
3. Fewer Accidents- Errors are likely to occur if the employees lack knowledge and skills required for doing a particular job. The more trained an employee is, the less are the chances of committing accidents in job and the more proficient the employee becomes.
4. Chances of Promotion- Employees acquire skills and efficiency during training. They become more eligible for promotion. They become an asset for the organization.
5. Increased Productivity- Training improves efficiency and productivity of employees. Well trained employees show both quantity and quality performance. There is less wastage of time, money and resources if employees are properly trained.

Types of Employee Training

Some commentators use a similar term for workplace learning to improve performance: “training and development”. To Dessler, (2000), one can generally categorize such training as on-the-job or off-the-job:

- a. On-the-job training takes place in a normal working situation, using the actual tools,

equipment, documents or materials that trainees will use when fully trained. On-the-job training has a general reputation as most effective for vocational work.

- b. Off-the-job training takes place away from normal work situations — implying that the employee does not count as a directly productive worker while such training takes place. Off-the-job training has the advantage that it allows people to get away from work and concentrate more thoroughly on the training itself. This type of training has proven more effective in inculcating concepts and ideas.

E. COMPENSATION

Compensation is a key concept that entrepreneurs must understand and use well in their quest for building a virile enterprise. The gain that people get for working in an organization in exchange for their time, resources and other contributions they have made to the organization can be described as compensation. Compensation does not stop at wages and salaries alone but extends to other things that are materially gainful to the employees and the entire Human Resources found in an organization. There are conventional ways of compensating employees in an organisation such as salaries, wages, Pension, Overtime pay, Health Scheme, Accommodation pay, Dressing/Wardrobe allowances, Hazard pay etc.

Wayne (2006) explained the basic purpose or objective of establishing sound compensation is to establish and maintain an equitable rewards system. Summarily, the objectives are to:

- a) Employees
 - i. Employees are paid according to requirement of their jobs i.e highly skilled jobs are paid more compensation than low skilled jobs. This eliminates inequalities.
 - ii. The chances of favouritism are minimised.
 - iii. Jobs sequence and lines of promotion are established wherever they are applicable.
 - iv. Employee's moral and motivation are increased because of the sound compensation structure.
- b) Employers
 - i. They can systematically plan for and control the turnover in the organization.
 - ii. A sound compensation structure reduces the likelihood of friction and grievance over remunerations.
 - iii. It enhances an employee morale and motivation because adequate and fairly administrative incentives are basis to his wants and need.
 - iv. It attracts qualified employees by ensuring and adequate payment for all the jobs.
 - v. In dealing with a trade union, they can explain the basis of their wages programme because it is based upon a systematic analysis of jobs and wages facts.

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Factors Affecting Compensation Planning

Factors determining compensation of an employee considerable amount of guess work and negotiation are involved. But following are the certain factors according to Flippo (1984), which have been extracted as having an important bearing upon the final decision:

- a) **Supply and Demand of Labour:** Whatever the organization produces as commodity they desire services and it must pay a price that of workers acting in concert. If more the labour is required, such as at war time prosperity, there will be tendency to increase the compensation; whereas the situation when anything works to decrease the supply of labour, such as restriction by a particular labour union, there will be a tendency to increase the compensation. The reverse of each situation is likely to result in a decrease in employee compensation, provided, labour union, ability to pay, productivity, government do not intervene.
- b) **Ability to Pay:** Labour Unions has often demanded an increase in compensation on the basis that the firm is prosperous and able to pay.
- c) **Management's Philosophy:** Management's desire to maintain or improve moral, attract high calibre employees, reduce turnover, and improve employees standard of living also affect wages, as does the relative importance of a given position to a firm.
- d) **Legislation:** Legislation related to plays a vital role in determining internal organization practices. Various acts are prescribed by government of country for wage hours laws. Wage-hour laws set limits on minimum wages to be paid and maximum hours to be worked.

Modes of Compensation

- a) **Wages and Salary-** Wages represent hourly rates of pay and salary refers to monthly rate of pay irrespective of the number of hours worked. They are subject to annual increments. They differ from employee to employee and depend upon the nature of jobs, seniority and merit.
- b) **Incentives-** These are also known as payment by results. These are paid in addition to wages and salaries. Incentive depends upon productivity, sales, profit or cost reduction efforts.
- c) **Fringe Benefits-** These are given to employees in the form of benefits such as provident fund, gratuity, medical care, hospitalization, accident relief, health insurance, canteen, uniform etc.
- d) **Non- Monetary Benefits-** They include challenging job responsibilities, recognition of merit, growth prospects, competent supervision, comfortable working condition, job sharing and flexi time.

F. PERFORMANCE APPRAISAL

Performance appraisal is the systematic assessment of an individual with respect to his or her performance on the job and his or her potential for development in that job. Thus, performance appraisal is a systematic and objective way of evaluating the relative worth or ability of an employee

in performing his job. The two aspects of performance appraisal considered to be important are: systematic and objective. Sudha (2009) explained that the appraisal is said to be systematic when it evaluates all performances in the same manner, by applying the same approach, so that appraisal of different persons are comparable. Such an appraisal is taken from time to time according to plan; it is not left to probability. Thus, both raters' and ratees know the system of performance appraisal and its timing. Appraisal has objectivity also. Its important aspect is that it attempts at precise measurement by trying to remove human biases and prejudices.

Need and Importance of Performance Appraisal

Performance is always measured in terms of outcome and not efforts. Performance Appraisal is needed in most of the organizations in order:

- (1) To give information about the performance of employees on the job and give ranks on the basis of which decisions regarding salary fixation, demotion, promotion, transfer and confirmation are taken.
- (2) To provide information about amount of achievement and behavior of subordinate in their job. This kind of information helps to evaluate the performance of the subordinate, by correcting loopholes in performances and to set new standards of work, if required.
- (3) To provide information about an employee's job-relevant strengths and & weaknesses.
- (4) To provide information so as to identify shortage in employee regarding ability, awareness and find out training and developmental needs.
- (5) To avoid grievances and in disciplinary activities in the organization.
- (6) It is an ongoing process in every large scale organization.

Method of Performance Appraisal

Performance appraisal includes encouraging risk taking, demanding innovation, generating or adopting new tasks, peer evaluation, frequent evaluations, and auditing innovation processes. This function monitors employee performance to ensure that it is at acceptable levels. This strategy appraises individual and team performance so that there is a link between individual innovativeness and company profitability. Sudha (2009), identify the following methods of performance appraisal.

1. **Ranking Method:** It is the oldest and simplest method of performance appraisal in which employees' are ranked on certain criteria such as trait or characteristic. The employee is ranked from highest to lowest or from worst to best in an organization.
2. **Paired Comparison:** In method is comparatively simpler as compared to ranking method. In this method, the evaluator ranks employees by comparing one employee with all other employees in the group. The rater is given slips where, each slip has a pair of names, the rater puts a tick mark next those employee whom he considers to be the better of the two. This employee is compared number of times so as to determine the final ranking.

3. Grading Method: In this method, the employee's performance is graded into categories such as excellent, good, fair, poor, etc. Such categories are assigned numerical values in terms of percentages. The highest grade is the best, and the lowest is the worst. The grades are then used to determine the employee's performance relative to the other employees in the organization.

6. Check-list Method: In this method, the evaluator prepares a list of characteristics or traits which are expected of the employee. The evaluator then checks off the characteristics which the employee has or has not.

The Performance Appraisal Process

According to Sudha (2009), the performance appraisal process in other organization follows:

1. Establish Performance Standards: The first step in the performance appraisal process is to establish performance standards. These standards should be clear, measurable, and achievable. They should be based on the organization's goals and objectives.
2. Communicate Standards: Once the standards are established, they must be communicated to the employees. This can be done through a variety of methods, such as written communication, oral communication, or a combination of both.
3. Measure Performance: The next step in the process is to measure the employee's performance. This can be done through a variety of methods, such as self-evaluation, peer evaluation, or supervisor evaluation.
4. Compare Performance: Once the performance has been measured, it must be compared to the established standards. This can be done through a variety of methods, such as a rating system, a checklist, or a combination of both.
5. Discuss Results: The final step in the process is to discuss the results of the appraisal with the employee. This should be done in a constructive and supportive manner, focusing on the employee's strengths and areas for improvement.

3. **Grading Method:** In this method, certain categories are defined well in advance and employees are put in particular category depending on their traits and characteristics. Such categories may be defined as outstanding, good, average, poor, very poor, or may be in terms of alphabet like A, B, C, D, etc. where A may indicate the best and D indicating the worst. This type of grading method is applied during Semester pattern of examinations. One of the major limitations of this method is that the rater may rate many employees on the better side of their performance.
6. **Check-list Method:** The main reason for using this method is to reduce the burden of evaluator. In this method of evaluation the evaluator is provided with the appraisal report which consist of series of questions which is related to the appraise. Such questions are prepared in a manner that reflects the behavior of the concerned appraise.

The Performance Appraisal Process

According to Sudha (2009), the performance appraisal system of one organization may vary from other organizations, though some of the specific steps that an organization may follow are as follows:

1. **Establish Performance Standards:** It begins by establishing performance standards i.e. what they expect from their employee in terms of outputs, accomplishments and skills that they will evaluate with the passage of time.
2. **Communicating the Standards Set for an Employee:** Once the standards for performance are set it should be communicated to the concerned employee, about what it expected from them in terms of performance. It should not be part of the employees' job to estimate what they are expected do. Communication is said to be two ways street, mere passing of information to subordinate does not mean that the work is done.
3. **Measuring of the Actual Performances:** It is very important to know as how the performance will be measured and what should be measured, thus four important sources frequently used by managers are personal observation, statistical reports, oral reports, and written reports. However, combination of all these resources gives more reliable information. What we measure is probably more critical to the evaluation process than how we measure. The selection of the incorrect criteria can result in serious consequences. What we measure gives an idea about what people in an organization will attempt to achieve. The criteria which are considered must represent performance as stated in the first two steps of the appraisal process.
4. **Comparing Actual Performance with Standards Set in the Beginning:** In this step of performance appraisal the actual performance is compared with the expected or desired standard set. A comparison between actual or desired standard may disclose the deviation between standard performance and actual performance and will allow the evaluator to carry on with the discussion of the appraisal with the concerned employees.
5. **Discussion with the Concerned Employee:** In this step performance of the employee is

communicated and discussed. It gives an idea to the employee regarding their strengths and weaknesses. The impact of this discussion may be positive or negative. The impression that subordinates receive from their assessment has a very strong impact on their self esteem and, is very important, for their future performances.

6. **Initiate Corrective Action:** Corrective action can be of two types; one is instant and deals primarily with symptoms. The other is basic and deals with the causes. Instant corrective action is often described as "putting out fires", where as basic corrective action gets to the source from where deviation has taken place and seeks to adjust the differences permanently. Instant action corrects something right at a particular point and gets things back on track.

G. DISCIPLINE

There must be ways of checking human excesses in the management of Human Resources in any organization that will succeed and excel in its assignment. And because we are discussing entrepreneurial skill of Human Resources management, the concerned entrepreneurs must be ready to handle whatever human factor that may or better still, that will rare up in their outfits. Mamoria and Gankar (2006) explained discipline is one good way of checking and controlling unethical behaviours among personnel in organizations. This not witches- hunting anyone, but it is a means of correcting abnormal actions and behaviours that may come up from time to time in the enterprise.

The "dos and don'ts" of the enterprise must be clearly spelt out to every one member of staff so that everyone knows when he or she crosses the boundary. The associated penalties and sanction should equally be known to everyone so that it will not be a case of different strokes for different folks. The same discipline should apply to all categories of staff once the border line is crossed and this call for courage from the part of the entrepreneur. Discipline could be in any of the following ways:

- a. Work without pay
- b. Suspension
- c. Transfer
- d. Payment of fine
- e. Loss of promotion
- f. Loss of opportunity
- g. Total dismissal/sack

Establishment of discipline in working environment avoid infectious behaviours that may ruin the enterprise, the entrepreneur must put in a discipline structure that will sanction erring personnel(s) and serve as deterrent to others not to copy misbehaviours.

SUCCESSION PL

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SUCCESSION PLANNING

Succession plan is a deliberate and conscious act of placing a man or woman in a position of authority to take over the affairs of another senior person. This plan is designed by the entrepreneur who wants someone to succeed him or her and the plan is communicated to everyone in the organization and it is documented and probably kept with the company lawyers. The essence of communicating the plan to everyone is to give credence to the successor when the time to succeed the predecessor comes. Human Resources management skills of the entrepreneur are enhanced when a plan like this is put in place. Not that the entrepreneur is looking for disaster that may disrupt his business but looking forward to how the enterprise will continue and flourish irrespective of where or what happens to him or her. Therefore it is important to plan ahead of time so that one does not fail when challenges arise. The successor may be the entrepreneurs' family member or a member of staff that is trusted and that have the vision of the entrepreneur. By this plan, Leibman (1996) explain that the employees will continue on their tasks and jobs while the family of the founder continue to reap the benefit of the efforts of their beloved ones and the nation as well continues to enjoy the economic contribution of this enterprise because of the singular step of creating a succession plan that would have spelt out how to run things if any emergency should happen.

Succession Planning Process

1. Identify critical positions: Critical positions are the focus of succession planning efforts. Without these roles, the department or agency would be unable to effectively meet its business objectives. Workforce projection data or demographic analysis is essential in identifying risk areas. A risk assessment may also be conducted and compared to current and future vacancies to identify critical positions within your organization.
2. Identify competencies: A clear understanding of capabilities needed for successful performance in key areas and critical positions is essential for guiding learning and development plans, setting clear performance expectations, and for assessing performance. By completing the process of competency or position profiling within your organization, current and future employees gain an understanding of the key responsibilities of the position including the qualifications and behavioural and technical competencies required to perform them successfully.
3. Identify succession management strategies: Now that critical positions have been identified and have been profiled for competencies, the next step is to choose from a menu of several human resource strategies, including developing internal talent pools, on boarding and recruitment to address succession planning.
4. Document and implement succession plans: Once strategies have been identified, the next step is to document the strategies in an action plan. The Succession Planning: Action Plan provides a mechanism for clearly defining timelines and roles and responsibilities.
5. Evaluate Effectiveness: To ensure that the department or agency's succession planning efforts are successful, it is important to systematically monitor workforce data, evaluate activities and make necessary adjustments.

Conclusion

Conclusively, it must be noted that the bottom line of every organisation is the focus of the HRM department as well as the functions. Organization performance is better in the companies where there is congruency between national culture and human resources practice as this will enable the realization of the set goals and objectives. Also, to that one of the main purposes of succession planning is to identify groups of employees that state an intention to leave due to retirement or for some other reason. Another purpose is to identify factors that might either influence the employee to not leave, delay exit, or, in the case of retirees, induce returning to work in some capacity after retirement. This will continue to be important in the future as the state's employees continue to age.

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