

CAREER CHOICE FACTORS OF JOB SEEKERS AND THE SEARCH FOR EMPLOYMENT IN SMALL BUSINESSES

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ABSTRACT

In this study, career choice factors which make job seekers begin to search job at small businesses are examined. Three types of career choice factors – external, internal, and interpersonal – are hypothesized as the major determinants encouraging or discouraging employees to work for small firms. Partial least square – structural equation modeling (PLS-SEM) was employed to empirically examine these influences. While internal career choice factors are shown to encourage the job search intention for small businesses, external career choice factors.

Keywords: Small business, Entrepreneurship, Career choice factors, and PLS

INTRODUCTION

While a primary focus of entrepreneurial researchers has been on the roles of individual entrepreneurs (Amid, Glosten, & Muller, 1993; Carroll & Khessina, 2005), a new venture does not become a firm without the inclusion of job holders other than the entrepreneur. Moreover, human resources (HR) are one of the critical factors which can create competitive advantage (Barney & Wright, 1998). HR has been shown to account for organizational results, including financial performance (Collins & Clark, 2003), through knowledge management (Kase, Paauwe, & Zupan, 2009; Yahya & Goh, 2002). Because they are necessary for successful organizing and contributors to competitive advantage, the research on people other than founding entrepreneurs is required to deeply understand entrepreneurial companies.

Previous research has offered insights into the employment practices of entrepreneurial firms. Williamson (2000) explored the role of employer legitimacy on the recruitment at small businesses. Stavrou (1999) examined the participation of family members. Heneman and Berkely (1999) investigated how small business owners attract talent. However, few scholars have focused on the role of individual career choice factors on this topic. Therefore, this study aims to investigate whether three types of career choice factors – external, internal, and interpersonal – influences on job seekers' search for small firms.

THEORETICAL BACKGROUND

Entrepreneurs, the liability of smallness and HR

Many entrepreneurs confront realistic barriers in attracting and retaining HR talent. First of all, most entrepreneur firms tend to retain relatively fewer resources than existing firms (Aldrich & Martinez, 2001). It is clear that firms with fewer resources can provide weak rewards for future employees, leading to the shortage of core talent. To overcome such weaknesses, these firms are required to seek alternative ways to attract future employees. Therefore, smaller businesses are more likely to persuade future employees to work for them even when they are lacking in certain types of resources. For instance, a venture firm with limited financial capital can attract

competent job applicants by providing them higher positions.

Career choice factors have been examined as main determinants of career decision by scholars in this research stream across various populations, including students (Gul, Huang, & Subramaniam, 1992; Hanson & McCullagh, 1995; Paolillo & Estes, 1982). There are many objectives which fulfill job seekers' achievement motivation. While monetary achievement has been one key instrument to motivate employees, there are other types of motivators, including job enrichment and promotion (DeVaro, 2006; Lindner, 1998; Takahashi, 2006). DeVaro (2006) suggested that firms can utilize promotion tournament in order to obtain better performance. In Japan, promotion also contributes to the increase of work performance (Takahashi, 2006). These evidences remind us of the possibility that job seekers can make a career decision due to non-monetary factors.

Following Carpenter and Foster (1977), scholars have proposed that career choice decision is influenced by extrinsic, intrinsic, and interpersonal determinants (Aycan & Fikret-Pasa, 2003; Beyon, Toohey, & Kishor, 1998). External career choice factors can be described as the level of pay or the prestige of positions, while intrinsic factors include personal interests or the level of satisfaction. In addition, interpersonal factors refer to the influence of family members or acquaintances.

Extrinsic Considerations

Small businesses are less likely to fulfill external career choice factors as larger competitors do. Small firms are more likely to suffer from insufficient financial capital (Aldrich & Auster, 1986). In addition, the positions in larger firms tend to be valued highly. For instance, senior managers at GE are considered higher social status than those in non-famous small firms. These facts imply that the external rewards of these firms are not equivalent as those of larger competitors. If job seekers perceive this possibility, they are less likely to search small businesses as their future employers.

Therefore, a following hypothesis is offered.

H1 External career choice considerations will be negatively associated with the intention of job seekers to search for jobs at small businesses.

Intrinsic Considerations

Kuvaas (2009) suggested that intrinsic motivation is related to work performance in public organization and many factors other than pay affect people's work behavior (Guzzo, 1979). Several researchers have shown that employees pursue jobs which fit them (Cooper, 1973; Hackman & Oldham, 1976). However, these explanations on the job-person fit implicitly assume that there are sufficient positions which employees hope for. Unfortunately, existing employees already occupy preferable tasks in conventional compantsebora1@unl.eduies, job applicants are less likely to perform their preferred tasks. From this perspective, job seekers will pursue alternative firms which can provide better person-job fit.

Small entrepreneurial firms can attract future employees with the better person-job fit since there are many vacant positions in these newly formed companies. According to Cardon and Stevens

(Cardon & Stevens, 2004), Williamson, Cable, and Aldrich (2002) suggested that entrepreneurial businesses are more likely to suffer from lack of competent talent. Therefore, the competition toward preferable tasks can be lowered in such firms. If employees succeed to obtain a task which they really aspired to do, they perceive that they fit their job better. If job seekers can expect such possibility, they are more likely to search entrepreneurial firms as their potential employers.

In addition, more reciprocally beneficial relations between members are expected in entrepreneurial firms. For instance, Aldrich and Martinez (2001) suggested that such businesses are more likely to be smaller than existing organizations. As a result, employees in such firms have more chances to interact each other. This can result in the arousal of emotional concerns and care among organizational members. From this perspective, job seekers are expected to choose small businesses if they can expect favorable work environment, suggesting the following hypothesis:

H2 Internal career choice considerations will be positively related to the intention of job seekers to search for jobs at small businesses.

Interpersonal Considerations

Conventionally, scholars have examined the influence of family members or close people on career planning of individuals. Bratcher (1982) explored the role of the family system in the career selection of job applicants. They expect that their choices are supported by family members (Whiston & Keller, 2004). In addition, people tend to consider close acquaintance when they choose careers (Craik, Gissane, Douthwaite, & Philp, 2001). Particularly, entrepreneurial firms often fail to be evaluated as big businesses. It seems likely that ordinary people tend to focus on the stability and renown of large firms. Therefore, they are more likely to recommend job seekers to choose conventional big companies rather than small businesses, leading to the following hypothesis:

H3 Interpersonal career choice considerations will be negatively related to the intention of job seekers to search for jobs at small businesses.

METHODS

Sample

The above hypotheses were tested using a sample of student job seekers at a large American Midwestern university who were surveyed via an on-line instrument. From August 2011, the questionnaires were distributed to people who agreed to participate in the survey. Up to 5 points of extra credits were awarded for survey participants. In all, 165 (96.5%) of the questionnaires were completed. The total sample consists of 90 male (54.5%), female 70 (42.5%), and 5 missing (3%). Most of the participants is in their 20s (160, 97%) and 30s (3, 1.8%). The majority of them has family members who own (76, 46.1%) or work (87, 52.7%) for small businesses. Following scholars like Roth (1994) and Tomlison, Dineen, and Lewicki (2004), mean replacement method was used to deal with missing data.

Measurement

Career choice factors. Aycan and Fikret-Pasa (2003) created 21 items to measure three types of career choice factors: external, internal, and interpersonal. In this study, researchers modified the items to reflect the small business setting. For instance, respondents are asked to indicate how important the status in society to them on a seven point likert scale item when they search for a job.

Job search intention. Job search intention was measured by the modification of Caska (2006)'s items. The items are modified to reflect the job searching for the small businesses. A sample item is "From now until you graduate, how likely is it that you will come across job openings in small businesses, for which you are qualified, that you would consider taking after graduation?"

Demographics. Survey participants are asked to answer demographic questions, including age, gender, GPA, and major. A sample item is "What is your gender?"

ANALYSES AND RESULTS

In this study, researchers performed partial least square – structural equation modeling (PLS-SEM) analysis (Chin, 1998) using Smart-PLS software to examine hypotheses. Different from the conventional SEM analysis (e.g. LISREL, M-PLUS), PLS-SEM has several distinctive characteristics. First of all, scholars like Chin (1998) have provided that the number of samples is at least ten times of precedent variables. Since there are three independent factors in this study, the size of the sample ($n=165$) exceeds the minimum requirement ($n=30$).

Following Choi, Kang, and Lee (2008) and Tenenhaus, Vinzi, Chatelin, and Lauro (2005), this analysis consists of two major steps: 1) the test of the measurement model, and 2) structural model. First of all, the measurement model was assessed. Items with the low level of factor loading (< 0.6) were excluded. Since all the t-values of factor loadings exceed 1.96, it can be said that convergent validity was adequate (Gefen & Straub, 2005). In addition, the composite reliability values of all factors are higher than Nunnally (1978)'s recommendation, 0.7, while all average variance extracted (AVE) values exceed 0.5 as Fornell and Larcker (1981) suggested. Furthermore, the square roots of AVE values are also higher than correlation indices among factors. Therefore, discriminant validity was achieved (Gefen & Straub, 2005).

The external career choice factor (ECCF) was shown to discourage job seekers' intention of searching small business ($\beta = -.344, p < .05$). Therefore, hypothesis 1 is supported. Internal career choice factor (ICCF) of job seekers encouraged their general intention of searching small businesses ($\beta = .303, p < .05$). Thus, hypothesis 2 is supported. The influence of interpersonal career choice factor (IPCCF) was not significant ($\beta = .108, p > .05$). Therefore, hypothesis 3 is not supported. Overall r square by three precedent factors is at the lower level ($r^2 = .105$)

DISCUSSION AND CONCLUSION

This study reminds both researchers and practitioners of the importance of employees in entrepreneurial firms. It is beyond doubt that human resources are critical for heterogeneous value and performance across firms. Particularly, entrepreneurial businesses should understand how to overcome the liability of smallness in order to retain competent talent. Since job seekers can choose their employer voluntarily, practitioners are required to understand why they intend to work for small businesses. The empirical result exhibits that the concern with internal factors encourages the search for small firms while the consideration of externalities discourages it.

Therefore, entrepreneurial firms need to fulfill such needs of job seekers to attract them. By doing this, they can retain the sources of competitive advantage.

This study is not without weaknesses. First, the study is not free from common method bias due to its dependence on the single-survey method. Second, cross sectional analysis is employed to investigate the influence of career choice factors on the search for small businesses. Future researchers are required to implement longitudinal analysis.

Despite such limitations, the result of this study provides several meaningful implications. Future research might benefit from additional focus on the motives of job seekers as well as entrepreneurs who hire. Although entrepreneurs initiate the entrepreneurship, they need employees as human resources to form a “firm”. However, these employees require additional reasons to participate in the entrepreneur companies due to the limited monetary reward of most start-up businesses. This research suggests several factors that can motivate employees to work for small entrepreneurial companies. Practitioners can also obtain valuable implications on how to retain talent. Particularly, this research exhibits the possibility that entrepreneurs can attract future employees with various methods as well as money. Upon the limited resource of most small businesses, future entrepreneurs should find out non monetary instruments to effectively persuade job seekers to work for them.

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