

FORMAL EXPERIENCE OF SME OWNERS IN THE FIELD OF HRM: A CASE STUDY IN KOSOVO AS A COUNTRY WITH AN EMERGING ECONOMY

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Abstract

How to cite this paper: Spahi, J., Shala, V., & Limaj, D. (2021). Formal experience of SME owners in the field of HRM: A case study in Kosovo as a country with an emerging economy [Special issue]. *Journal of Governance & Regulation*, 10(2), 343–351. <https://doi.org/10.22495/jgrv10i2siart14>

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ISSN Print: 2220-9352
ISSN Online: 2306-6784

Received: 19.03.2021
Accepted: 15.06.2021

JEL Classification: M51, M59
DOI: 10.22495/jgrv10i2siart14

In this paper, an attempt has been made to identify the extent of formal experience of small and medium enterprises (SMEs) in the field of human resource management (HRM). It also views the manifestations of SME owners' experience in human resource management practices as well as in recruitment processes. On the other hand, it attempts to see if there is a connection between informality and the experience of the owners in the field of HRMs. Qualitative methods were used in this study. A random sample selection technique was used in the sample selection. Five small and medium enterprises were selected for this paper and semi-structured interviews were conducted with the owners of these enterprises. For the evaluation of the results, topics and categories were defined and afterwards interpreted based on the research questions of this paper. The results of this study have shown that there is a correlation between the formal experience of owners in relation to the implementation of human resource management practices and the informality of the enterprise. In this study, it is understood that owners of small and medium enterprises do not have formal experience in the field of HRMs and recruitment processes. The lack of experience of the owners in these fields has resulted in these SMEs not having formal practices in HRM and has influenced the increase of informality. The results of this paper can be considered as the first in this regard which is done in the Republic of Kosovo, known as a country with a developing economy. We also consider that this paper will open the possibility to conduct other researches in relevant areas which have not yet been addressed in Kosovo. Therefore, this paper can be considered as the first contribution in this area.

Keywords: Owner Experience, HRM, Recruitment, Informality, SMEs

Authors' individual contribution: Conceptualization — J.S. and V.S.; Methodology — J.S. and V.S.; Resources — J.S., V.S., and D.L.; Writing — Original Draft — J.S., V.S., and D.L.; Writing — Review & Editing — J.S. and V.S.; Visualization — J.S. and D.L.; Funding Acquisition — J.S. and V.S.

Declaration of conflicting interests: The Authors declare that there is no conflict of interest.

1. INTRODUCTION

Small and medium enterprises (SMEs) are known for their complexity and as such are influenced by various factors (Kotey & Slade, 2005). Due to

the nature and characteristics they have, SMEs face different challenges at all times. At one side, these enterprises face external problems as a result of changes in the economic situation of the country, social, political problems, competition, and other

problems, while, on the other hand, they also face problems arising from internal factors, such as problems of production, marketing, finance, human resources, and other internal factors (Bhoganadam, Rao, & Dasaraju, 2017). Among the most prominent problems of SMEs in the context of human resource management (HRM) are: recruiting, motivating, and retaining employees. For this reason, personnel management in SMEs is considered the second most important management activity (Benmore & Palmer, 1996).

The way SMEs operate, the management style, the structure of the enterprise, the size of the enterprise in one form or another can make it difficult to implement human resources practices and as a result, various problems can arise. When reviewing resources related to human resource (HR) management practices it appears that numerous studies have been conducted in this area, but these studies have been conducted with large enterprises. Models developed for large enterprises related to HRM may not be applicable to small or medium enterprises. Because small enterprises lack adequate systems to ensure efficient human resource management. Moreover, in most small enterprises the personality of the owners is manifested, and they are directly involved in the management of the enterprise as the founder of the enterprise (Mazzarol, 2003).

Taking into account the situation of enterprises in Kosovo, we can prejudge that SMEs in Kosovo may have even greater challenges both in recruiting staff and in general in implementing human resource management practices. As in other countries, companies in Kosovo face great competition, and to be as immune to the competition it is necessary to practice HRM because the function of HRM is considered a critical factor in the success of the enterprise (Harney & Nolan, 2014). The main purpose of HRM is to ensure the continuity of the enterprise by finding suitable candidates by implementing recruitment practices. In some researches that have been done regarding SMEs, it has been concluded that the lack of staff with the necessary features, respectively trained employees is one of the obstacles that prevent the development and growth of the enterprise (Bacon & Hoque, 2005). For this reason, it is vital to thoroughly analyze the recruitment processes and implement appropriate methods to meet the needs of the enterprise.

On the other hand, as a result of the problems that Kosovo has faced from its past, especially the obstacles in education, it has resulted that in terms of education Kosovo lags behind when compared to other countries. Based on data from a survey by the Riinvest Institute, only 13% of the Kosovar population aged 25-64 have a higher education qualification (18% of men and 8% of women), compared to 23% of men and 20% of women in the EU, 36% of men and 32% of women in Japan and 37% of the entire US population. This low percentage of people with higher education and the growing demands of the labor market for this type of qualification will put pressure on the education system in Kosovo to increase its capacity (Institut Riinvest, 2005). These statistical data can help us to have a fair perception of Kosovo enterprises. The education of the population or lack of education also has an impact on the way enterprises are managed.

As a result of the situation in Kosovo as a developing country, the motivation to conduct research in the field of HRM has increased even more in order to identify the problem faced by SMEs in the context of recruitment processes as a way to meet the needs of SMEs per staff. Without the ability of business owners and informal practices to provide staff with the required qualifications may adversely affect the performance of the enterprise. Considering the situation in Kosovo, we, through the results of this paper, will be able to present an overview to better understand the situation of these enterprises, the role of owners in these processes, as well as the results of this research, can open new doors for further research in this area.

The aim of this paper is to identify the formal experience related to HRM, in particular, the experience of the recruitment process of Kosovo SME owners and its connection with the implementation of formal HRM practices and manifestations of informality as a result of the lack of formal experience of the owners of these enterprises. Also, to examine the extent of implementation of formal HRM practices in SMEs in Kosovo. This paper aims to understand the reasons for the non-implementation of HRM practices, the causes of informality, and the lack of formal experience of the owner in the enterprise. Also, to understand which recruitment techniques were used and how much informality is involved in the recruitment process. What are the causes of informality in the recruitment process. The role of the enterprise owner in the implementation or non-implementation of the human resource management function. Several research questions have been raised in this regard:

RQ1: Is there a link between the formal experience of the enterprise owner and the implementation of HRM practices and recruitment processes?

RQ2: Is there a link between the owner's formal experience and formal HRM practices in SMEs in Kosovo?

RQ3: What are the reasons for not implementing formal recruitment practices in SMEs of the Republic of Kosovo?

RQ4: Does the non-implementation of formal recruitment practices have anything to do with the background (experience), education and management style of the owner or owners?

RQ5: Is the enterprise owner an obstacle in establishing formal human resource management, as well as formal recruitment processes?

The remainder of this paper is structured as follows. In Section 2 of the paper, the literature review is done. Section 3 of the paper is devoted to the role of the owner in the recruitment processes in SMEs. While in Section 4, the methodology used in this research has been presented. Section 5 presents the results of the research, while in Section 6, the conclusion and the discussion on the results of this paper are given.

2. LITERATURE REVIEW

In this section of the paper, we focus on identifying the problems of SMEs in the context of HRM practice, with particular emphasis on the challenges that arise as a result of the non-implementation of HRM practices and recruitment processes.

SMEs are considered as promoters of economic development because they affect the growth of employment in a country. For this reason, many scientific works have been done (Bacon & Hoque, 2005). But these papers have not been adequately addressed in the context of HRM. When reviewing the human resources literature, it is clear that SMEs have been treated as “second-class citizens” by HRM researchers. In other words, scholars in this field have not paid enough attention to it. Even between 1984 and 1999, only 17 works were found in this field. Also, these topics have not been adequately addressed even by authors of books who have written books on human resources (Tansky & Heneman, 2004).

Studies on the use of HR practices in SMEs have shown that they lack staffing policies, have limited HR planning, and do not have a strategy developed for their use of human resources (Benmore & Palmer, 1996). SMEs also have a hierarchical structure that is based on informal relationships between staff and the owner of the enterprise as a result of informality (Harney & Nolan, 2014). The other problem for SMEs is the size and limited resources of the enterprise. As is well known, SMEs are not large enough enterprises to formulate formal human resource policies. On the one hand, because of the high cost, while, on the other, because of the long time required to design HRM policies. There are even researchers who consider SME policy-making as unnecessary (Mayson & Barrett, 2006). In spite of the problems that SMEs have in terms of implementing HRM practices, we can not deny that SMEs have a number of unique characteristics that are related to HRM (Harney & Nolan, 2014).

SMEs are established as small or micro-enterprises, but over time these can grow, depending on the performance they show. As the enterprise grows, so does the need for new employees, and as a result of the increasing need for employees, the ability to design HRM policies as well as the ability to implement these policies are required. Although studies have been conducted on the recruitment of employees in SMEs, it appears that SMEs do not have professional policies to recruit staff for the needs of the enterprise (Mayson & Barrett, 2006).

In particular, if incompetent people are involved in the recruitment process, it will cause problems of various natures. For this reason, in the process of identifying and selecting staff, SMEs should carry out formal activities and these should be documented (Stewart & Knowles, 2000).

In addition to the difficulty of recruiting employees suitable for the needs of the enterprise, SMEs have such problems related to the development (advancement) and retention of skilled employees in the enterprise. Finding and retaining employees in the enterprise is considered necessary to achieve the objectives of the enterprise (Bacon & Hoque, 2005, p.1978). From this, it appears that SMEs, respectively owners or managers should be able to find suitable employees and possess the skills that employees do not leave (leave) work. Simply put, enterprise owners or managers need managerial skills to perform various functions and activities, which should not be based on old and informal human resource recruitment practices (Kotey & Slade, 2005).

Failure to use management practices greatly reduces the productivity, respectively the overall performance of enterprises. When comparing SMEs with large enterprises, it appears that large enterprises are more committed in terms of implementing management practices than SMEs. The use of management practices will contribute to the growth of SMEs, but also increase the productivity of the enterprise (Forth & Bryson, 2018). Staff recruitment practices for enterprise needs are also important to enterprise performance, as the success or failure of the enterprise is directly related to the right selection of staff and the implementation of other HRM practices.

In general, in the literature dealing with topics in the field of HR, namely in descriptive resources, it seems that there is a considerable amount of information that helps managers to recruit good employees for the needs of the enterprise. But, it seems that these guidelines for selecting employees are mainly for large entrepreneurs. On the other hand, it seems that there is a lack of literature that helps SMEs related to the recruitment process of employees (Carroll, Marchington, & Earnshaw, 1999).

In the studies that have been conducted regarding the recruitment of employees in SMEs, it has been seen that these enterprises, for the recruitment of employees, in general, have relied on informal methods. Meanwhile, large category enterprises are those enterprises that have a human resources department and as a result, rely on formal recruitment methods (Jameson, 2000). In terms of implementing recruitment practices, it appears that large enterprises are more committed to implementing formal and bureaucratic practices than of smaller firms (Barber, Wesson, Roberson, & Tazlor, 1999).

HRM practices, such as recruitment, are critical to business growth and sustainability. SMEs usually tend to bypass formal recruitment practices when compared to large enterprises. The capacity and opportunities of SMEs to adapt HRM practices are small, as these depend on the availability of resources, such as time and money (Greenidge, Alleyne, Parris, & Grant, 2012).

3. THE ROLE OF OWNERS IN THE RECRUITMENT PROCESS IN SMES

In the enterprise, to provide employees suitable for the needs of the enterprise, the owner or manager of the enterprise must have certain skills related to the recruitment process. The recruitment process includes a number of activities initiated by the enterprise, respectively by the head of the enterprise in order to identify suitable candidates and their inclusion in the enterprise for a certain period of time (Taylor & Collins, 2000). The recruitment process is also defined as a process of meeting the requirements of both parties, on the one hand, where candidates are looking for attractive jobs with the best possible conditions and, on the other hand, companies are looking for qualified candidates (employees) (Barber et al., 1999).

Recruitment is considered as the most important function of HRM for the success and survival of the enterprise (Taylor & Collins, 2000).

It can be said that the success and survival of the enterprise are related to recruitment practices because these can increase the motivation and performance of employees. In addition, it enables employees to continue working in the enterprise for a long time, in other words, it prevents the turnover of employees. From this, it can be concluded that the organizational capability of an enterprise helps in strategic execution and increases competitive advantage. In other words, all this performance has to do with recruitment recognition processes (Phillips & Gully, 2015).

Despite the benefits of knowing the recruitment process, it seems that the majority of SMEs do not require techniques other than the usual ones. Also, in the majority of SMEs, the reference of relatives is preferred as a technique to recruit employees. Even in the candidate interview phase, unstructured interviews take place (Mayson & Barrett, 2006) and many irregularities may be encountered during the recruitment of employees. For the selection of a new employee, the interview is considered the most popular technique in the process of recruiting staff to SMEs. Meanwhile, large enterprises use other techniques as well (Kotey & Slade, 2005), which increase the possibility to select the most suitable employee among the candidates. These techniques which are implemented by SMEs are a result of the owners' approach. In other words, the practice of HRM by owners or managers also depends on the owner's awareness of the importance of HRM. But SME owners prefer to establish informal and direct relationships in SME processes. Lack of formal HRM in SMEs is owner preference (Jack, Hyman, & Osborne, 2006) and this attitude of the owner results in the emergence of informal recruitment practices. These recruitment methods are usually implemented by owners or managers with no experience in HRM (Jameson, 2000).

A study conducted in European countries shows that SME owners and managers do not prefer laws, rules, and other formal staff recruitment processes. Laws and regulations are considered a burden on business owners and these have a negative impact on more than 31% of SMEs in the recruitment process (Bacon & Hoque, 2005). These attitudes of the owners can also be considered as an obstacle to the growth of enterprises. SME growth requires more commitment from enterprise owners or managers by establishing formal structures, policies, and practices that enable employees to take on greater responsibilities and be an active part of enterprise teams. The formalization of HRM policies and practices is essential for the growth of the enterprise (Mazzarol & Reboud, 2020).

Although in small and medium enterprises in normal conditions there is no department for HRM, nevertheless in almost every enterprise activities are carried out for recruiting people to meet the needs of the enterprise. Recruitment activities are not very professional and usually, these are carried out by the owner of the enterprise. Owners of companies that deal with recruitment, on the one hand, waste time due to lack of experience in the field of human resources, on the other hand, engaging in jobs that are not known, prevent them from dealing with the management or administration in the success of the enterprise (Cardon & Stevens, 2004).

SME owners are usually also the managers of the enterprise and as a result, have shortcomings in terms of professional management. Being an owner does not mean that you are a good manager. They do not have clear goals for the future of the enterprise and the decisions they make regarding policies, enterprise management, are based on intuition. They also make staff selection decisions on their own by not implementing HRM practices that could benefit the entrepreneur.

The lack of willingness of the owners to make changes will prevent SMEs from moving to formal management and as a result, the recruitment of employees will be carried out in the way they are used to doing them.

4. RESEARCH METHODOLOGY

The qualitative research method has been used as the research method. The qualitative research method is a research method in which a process is followed to discover perceptions and events in the natural environment in a realistic and holistic way, in which qualitative data collection methods, such as observation, interviews, and document analysis are used (Yıldırım & Şimşek, 2006).

The preferred research model in this research is the "case study". The case study is a qualitative research model in which each process, event, subject, or person is examined and explained in detail in their context (Yin, 2018). The research and explanatory goals are emphasized in this study, as it aims to determine the level of implementation of HR practices, in particular, emphasize staff recruitment practices and understand the reasons for these practices and the problems they face.

Search field

In the sample selection, the definitions defined by SMEs are taken into account. SMEs are divided into three groups, according to the number of employees: up to 10 employees, from 11 to 50 employees, and from 51 to 250 employees (Belas, Gavurova, & Toth, 2018, p. 597). Enterprises that have from 10 to 249 employees are included within this paper. Due to the nature of the research, we are focused on conducting research with medium-sized enterprises, without excluding small-category enterprises.

Sample selection

Random sample selection method was used for this study. In some cases, due to the purpose of the study and the cognition of the population, the selection of the sample is done according to the purpose of the paper. This type of sample is called intentional sampling (Temmuz, 2009).

Due to the nature of the work, 5 enterprises were selected, which are categorized among the medium enterprises with which a direct meeting was conducted. These enterprises are medium enterprises according to EU standards that Kosovo is also based on these standards. In the Republic of Kosovo, enterprises are classified according to EU standards and are based on the number of employees. Enterprises are divided into 4 categories

according to their size. Enterprises with a number of employees 1-9 are considered micro-enterprises, enterprises with 10-48 employees are considered small enterprises, enterprises with 50-249 employees are considered medium enterprises, with more than 250 employees are considered in a category of great enterprises. 98.4% of enterprises in Kosovo are micro-enterprises, while 1.4% of enterprises are small enterprises, while 0.2% of enterprises are in the medium category. On the other hand, large enterprises have only 0.1% (Beqiri, 2016).

5. RESULTS

Demographic data on business owners, data related to enterprises, including dates of establishment, sectors, number of employees, and the results achieved after defining topics and categories are presented in this section of the paper. Within the paper three (3) topics are defined (owner experience, HRM practice, and recruitment and informality), then these topics are divided into different categories to provide support for research questions posed in this paper.

Table 1. Demographic data of business owners

<i>The owner of the enterprise</i>	<i>Gender</i>	<i>Age</i>	<i>Education</i>
O1	M	55	High school
O2	M	58	Bachelor
O3	M	61	High school
O4	M	53	High school
O5	M	57	High school

From Table 1, it can be noticed that all participants in this paper, respectively the owners of the enterprise are male. While everyone is in adulthood. As for their education, it seems that only one of them is highly educated, in a direction that has nothing to do with the management of

enterprises and the other owners are with high school. The names of the owners are not given in this paper. Instead of the name, they are coded with the letter "O", which means "Owner of the enterprise" and the numbers to distinguish the owners from each other.

Table 2. Data on the enterprise

<i>Enterprise</i>	<i>Year of establishment</i>	<i>Sector</i>	<i>Number of employees</i>
A	1974	Construction sector	73
B	1988	Production of non-alcoholic beverages	55
C	1991	Market chains	134
D	1989	Trade in agricultural equipment	58
E	1991	Wholesale and retail trade	75

Table 2 presents information regarding the dates of establishment of enterprises, sectors, and the number of employees. From this, it appears that the oldest enterprise was established in 1982 while the newest in 1991. These enterprises were

selected from different sectors which are presented in Table 2 and the number of employees presented in the table confirms that the enterprises were selected among small and medium enterprises.

Table 3. On the topic "owner experience", categories and the opinion of participants

<i>Topic</i>	<i>Categories</i>	<i>Examples from participants' opinions</i>
Owner experience	Owners education	"I finished primary school in Theranda, whilst high school in Prizren. Due to my economic situation, I have not been able to pursue higher studies" (O1). "I finished high school in Rahovec" (O4).
	Formal knowledge of human resources	"Due to the situation in those periods I did not pursue my studies even though I was a good student in high school. In terms of training, I have not received any training for human resources, but I believe that I have gained experience within these years, because from the age of 17 I have been engaged in the company" (O1). "I have no formal experience in managing the enterprise [...] I also have not received training in human resource management" (O2).
	The impact of the past on gaining experience in enterprise management	"There is no doubt that this situation that was aforesaid, has also affected our experience, although we have gained experience over time, but this can not be compared with that of the new generations, because they are educated in good conditions, they also had the opportunity to receive training" (O2). "There is no doubt that it has had a negative impact on this aspect, but fortunately after the war the situation is completely different. Young entrepreneurs have had the opportunity to learn about enterprise management" (O3). "I remember that at the time when we opened the enterprise there were not many private enterprises, most of the enterprises were social enterprises and this in a way prevented the development of entrepreneurship and as a result the owners did not manage to gain experience in efficient enterprise management" (O4).
	Knowledge of the recruitment process	"I have no knowledge in the professional sense, but I know it has to do with employment" (O2). "I do not know how it is defined, but it is a field that deals with finding employees for the company" (O3).

To understand the connection between the formal experience of business owners we have created topics and categories to provide the most accurate results that support the research questions of our paper. In this context, the “owner experience” is defined as the topic, and several categories are defined as supporting the theme, such as education of the owner, formal knowledge of human resources, the influence of the past on gaining experience in managing the enterprise and knowledge of the recruitment process. From the data provided it appears that business owners do not have formal knowledge of HRM as well as recruitment processes. In the first place, with the exception of one, all high school educated. In addition, it appears that the owners did not attend any training that would enable them to be provided with formal knowledge related to HRM or recruitment processes. The statements of the owners of the enterprises prove that the lack of formal owners’ experience is related to the economic system of the past, as well as to the tense situation that prevailed in pre-war Kosovo. All business owners have stated that the pre-war situation and the then economic system have negatively affected the owners’ experience of

HRM, as well as the recruitment process. Because these enterprises were established at a time when the country had not yet fully transitioned to a free market system and it was also a period when problems of various kinds began to appear. To illustrate this, we are once again presenting the comment of one of the owners regarding the influence of the socialist system on their experience, the owner of the enterprise:

“I remember that at the time when we opened the enterprise there were not many private enterprises, most of the enterprises were social enterprises and this in a way prevented the development of entrepreneurship and as a result the owners did not manage to gain experience in efficient enterprise management” (O4).

When asked by business owners what they mean by recruitment, it was noted that all owners are aware of what “recruitment” is. But it is understood that they have no knowledge of formal recruitment processes. From this, it appears that the owners of these enterprises do not have formal experience or knowledge regarding HRM as well as the recruitment process.

Table 4. Topic on “HRM practice and recruitment”, categories and the opinion of participants

Topic	Categories	Examples from participants' opinions
HRM practice and recruitment	Preparations before the recruitment phase	“We do not make any special preparations before we start recruiting new employees” (O2). “We make a plan for the needs of the company, then determine the criteria and features that the candidate should have” (O3). “We do not do any of these, we just set the criteria for admitting a candidate” (O4).
	Use of recruitment techniques	“If it is an administrative or managerial position, we advertise on the websites, publish the job positions, then interview the candidates who are evaluated as good, but if it is a position for employees for the production processes, then we do not advertise, in these cases the selection of employees is done through the proposals of relatives or on the proposal of colleagues” (O1). “Even though we have not hired any employees for several months, due to the pandemic we have even been forced to remove some of them. In our company the hiring of employees is done after the identification of needs for employees. First we make an announcement on social networking sites, then we make an evaluation to choose the most suitable candidate. If we assess that the candidate is suitable for the enterprise, we make a contract with the candidate” (O2). “In order to provide employees for our company, an analysis of needs is made, based on the goals of the company, then a preparation is made for the characteristics of the employee for the vacant position, afterwards the announcement is made on the websites and in the newspaper for the positions, and then an evaluation of the applications is made, afterwards the interviews with the candidates are conducted and finally the selection of the candidate is done” (O3).
	Evaluation of candidates through interview	“Depending on the situation, we usually do not develop it. Only if it is for a high position” (O5). “If from the submitted CVs we have any doubts about the candidates we evaluate, or if we face a dilemma among some candidates for their suitability, then we estimate that the interview helps us to choose the appropriate candidate, otherwise we do not interview the candidates” (O5).
	Tests as an evaluation technique	“We do not conduct tests for the evaluation of candidates, the evaluation is done only through interviews. But even then we do not interview every candidate.” (O1). “We have never done tests, but we do interviews from time to time, usually for an important position, if it is for another position that has less weight for the company, then we consider that his past is enough and we also have a conversation or a brief announcement with the candidate” (O2).

After conducting interviews with the owners of these enterprises, it was realized that most of them, respectively, 4 of the enterprises are not implementing human resources practices, with particular emphasis on recruitment processes. Of these enterprises, only one implements HRM practices when compared to other enterprises. The owner of the enterprise (O3) has delegated the work related to human resources to his son who

has completed adequate education to carry out these works. Meanwhile, from the results of other enterprises, we can understand that HRM and recruitment practices are partial or not implemented at all. For example, the question that has been asked regarding the use of the interview as a technique for evaluating candidates, it seems that companies do not see the interview as a necessity, related to this one of the owners of companies has stated that

"[...] only if it is for a high position", the interview is used as an evaluation technique, which means that the interview was used only for specific cases. On the other hand, it seems that tests as a means of evaluating candidates are not used at all by these enterprises. In this regard, one of the owners of the enterprises said: "We do not conduct tests for the evaluation of candidates, the evaluation is done

only through interviews. But the interview is not carried out with every candidate". From these data provided, it appears that in the recruitment process the interview as a tool of candidate evaluation is used in special cases, while tests or psychological tests are not among the evaluation techniques. In other words, it appears that the SMEs interviewed are not enterprises that implement HRM practices.

Table 5. Topics related to "informality", categories and the opinion of the participants

Topic	Categories	Examples from participants' opinions
Informality	Existence of HR department	"Our company is not big enough to have departments, in fact there are no departments" (O4). "No, there is no department. I estimate that we are able to manage without having a department for human resources" (O5).
	Existence of human resource managers	"I deal with hiring people, I also decide on the person to be hired" (O2). "Little brother is more concerned with finding new employees, but that does not mean that we do not deal with it. Meanwhile, the decision to hire a new worker is made together with the brothers" (O4). "Usually I deal with the recruitment of employees. I also decide on the candidates that should be included in the company" (O5).
	Types of interview	"They are unstructured" (O1). "They are semi-structured" (O3). "Unstructured" (O4).
	Reference of relatives	"Reference of relatives is important. In certain cases, we have taken employees on the proposal of relatives" (O1). "We consider the reference important. In some cases, even the candidate's degree or experience is not enough. The reference also helps us to know the characteristics of the candidate" (O4).
	Orientation to job	"We are not doing anything special. We tell the new employee the duties, the place where he will work and if it is necessary, how to properly perform the obligation. Of course, depending on the position" (O4). "We make a contract with the employee and show the rules of our company" (O5).

Informality is also related to the experience of the owners or managers of the enterprise. To identify the extent of formality or informality in HRM we have defined the topic "informality" and to support this we have defined several categories, these categories are as follows: the existence of HR department, the existence of HR managers, types of interview, relative reference, orientation to job. From the results of this research, it seems that none of the enterprises has a department for human resources and consequently does not have a human resources manager. It can be said that the lack of department in one form or another increases the extent of informality in the enterprise. The owner of one of the enterprises considers the existence of the department as unnecessary, saying "No, there is no department. I estimate that we are able to manage without having a human resources department" (O5). This statement of the owner of the enterprise can be commented that the owner of the enterprise is not sufficiently informed about the role of the department to establish a formally managed enterprise. On the other hand, it seems that the interviews conducted in these enterprises are unstructured, which is another indicator of informality. It also seems that in the recruitment process reference is considered important, even according to the statements of some business owners it seems that there are cases when people are hired only by reference. Apart from these, it seems that the orientation phase after the decision for employment of an employee is not done according to the practices performed in institutionalized enterprises.

6. DISCUSSION

The success of SMEs is related to various factors. One of the factors of success in SMEs is the experience of the people who manage these enterprises. Given that SMEs are usually managed by owners or founders of enterprises, we can conclude that they may face various problems as a result of the lack of experience of owners. Lack of experience of the owners can also result in a lack of success. The education of the owners or their experience helps to increase the performance of the enterprise and as a result, the reputation of the enterprise will also increase. The reputation of the enterprise is directly related to the quantity and quality of the candidates. In other words, companies that have a good image are more preferred by the candidates (Collins & Han, 2004) and as a result of selecting the right people for the enterprise, the success of SMEs can also increase.

But the situation of SMEs in Kosovo, unfortunately, is not in good condition due to the lack of experience. This is evident from the results of research conducted with 500 SMEs operating in Kosovo, where it is understood that the problems faced by these enterprises are a result of the lack of experience in specific areas at the time of the establishment of these enterprises (Latifi-Mustafa & Havolli, 2020).

This paper links the experience of owners with HRM practice and formal recruitment processes as well as the manifestation of owners' lack of experience with increasing informality.

The results of this study have shown that there is a correlation between the experience of SME owners with the implementation or practice of formal HRM practices. We can also say that there is another connection between the experience of SME owners and the informality of practices. In other

words, the smaller the formal experience of enterprise owners, the less formal HRM practices and recruitment practices may seem. Lack of experience could also increase informality in the enterprise. The lack of experience of the owners, in one way or another, will be manifested in the overall performance of the enterprise.

7. CONCLUSION

As a basis for the above discussion, we have the results provided by the owners of these enterprises themselves where it is understood that the owners of enterprises have no formal knowledge of HRM, as well as knowledge of the recruitment process. On the other hand, as a result of the tense situation that prevailed in Kosovo before the war, the war itself, the poor conditional educational status in schools had become an obstacle for these owners to develop the field of management. All these situations have negatively affected these owners to advance themselves for good management. On the other hand, it is understood that business owners are not implementing human resources practices, with particular emphasis on recruitment processes most companies do not conduct tests or interviews to get to know better the candidates who have applied for employment in these companies. Also, as a result of the lack of human resources department and the approach of the owners of these enterprises to the need of the department can give us an overview of the extent of informality seeing that among the owners who see the human resources department as unseen necessary. Even in certain cases, employment in these enterprises is made without opening a job

vacancy at all, which is also another indicator of informality.

To increase HR formality in SMEs, business owners can include managers who are familiar with the HR field. The results obtained from this study show that these business owners did not delegate work to professional managers. Through these managers, the company in the first place will be able to recruit employees who best meet the requirements of the company on the other hand will deal with other work related to the employees of the enterprise. Another way of overcoming this situation is to use external resources. In this context, SMEs operating in Kosovo can cooperate with other organizations, in particular with consulting organizations that deal with HRM processes.

There is no doubt that this paper also has its limitation. The main limitation of this paper is due to the research method. A qualitative method was chosen for this study and as a result, 5 interviewees were conducted with a limited number of responses with SME owners, which is considered to be a limitation and an obstacle to making generalizations. To make generalizations it would probably be necessary to conduct research with the same topic but using the quantitative method with a large number of respondents. In this form, we could provide even more detailed information and it would enable us to emerge new perspectives to conduct further studies in the field of HRM in SMEs operating in the Republic of Kosovo. It would also be reasonable to conduct a study in the future trying to see if there are differences in the context of recruiting local SMEs and foreigners operating in Kosovo.

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