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## The Perceptions of Entrepreneurs on the Strategic Role of Human Resource Management

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### Abstract

In literature, many researches on human resource management and entrepreneurship have been developed. However, there are only few researches on the perception of entrepreneurs on the strategic role of human resource management.

This study investigates the role of human resource management on developing sustainable entrepreneurship and describes how human resource management practices and procedures can be used to help entrepreneurs to navigate their companies. Furthermore this study was applied to 85 entrepreneurs who attended “Entrepreneur Support Programme” in the Aegean Region of Turkey, supported by the Republic of Turkey Small and Medium Enterprises Development Organization (KOSGEB) in 2011. The obtained data from the questionnaires are analyzed through SPSS for Windows 17.0.

It is resulted from the study that entrepreneurs have positive approaches toward human resource management contrary to our biases during the pre survey period about entrepreneurs’ perceptions. Before conducting the survey, it was expected from entrepreneurs that money is the first important motivator for their start-up firms. However, results of the survey indicate that human is more important rather than money for entrepreneurs. On the other hand, surprisingly, entrepreneurs have at least average level knowledge on human resource management and its functions.

*Keywords:* Human resource management; entrepreneurship; entrepreneur; small business and self employment; management; manager; business; human resource functions

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### 1. Introduction

Entrepreneurship plays a strategic role in economic development by accelerating economic activities and job creation. Human resource management is also a strategic and comprehensive function of business which enables employees to contribute effectively and productively to overall company benefit and accomplishment of organization's goals and objectives.

Unfortunately, due to economic concerns, entrepreneurs as owners of small and medium sized companies focus on core business issues that they overlook one of their most potentially serious and costly issues human resources. However, if entrepreneurs as smaller business owners focus on human resources management, this will lead a sustainable development in the company.

The purpose of this study is to extend the understanding about the strategic role of human resource management and reveal the perceptions of entrepreneurs on this matter. Thus, firstly, by the review of literature, the concepts as entrepreneurship, entrepreneur, small business and self employment, business, management, manager, business, human resource management, and human resource functions were drawn out. Then, a

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questionnaire based qualitative research was conducted to 85 start-up business owners who attended “Entrepreneur Support Programme” in the Aegean Region of Turkey supported by the Republic of Turkey Small and Medium Enterprises Development Organization (KOSGEB). The main goal of implementing a questionnaire based survey is to understand actual behavior of entrepreneurs and their perceptions on the strategic role of human resource management.

The results of the survey will be analyzed and discussed that these outputs will lead recommendations to change and/or improve entrepreneurs’ perceptions on the strategic role of human resource management.

## 2. Literature Review

### 2.1. *Entrepreneurship & Entrepreneurs*

The concept of entrepreneurship has a wide range of meanings. Its definitions include the bearing of uncertainty, the carrying out of new combination of production resources, the ability of entrepreneurs to fill market deficiencies through input-completing activities, the ability to deal with disequilibrium, and the ability to make judgmental decisions about coordination of scarce resources. Hence, entrepreneurship is often related to creative and innovative actions which are the missing link between investments in new knowledge and economic growth. By serving as a conduit for knowledge spillovers, entrepreneurship is an important mechanism permeating the knowledge filter to facilitate the spillover of knowledge and ultimately generate economic growth (Zheng, Hu and Wang, 2009).

A useful conceptual definition of *entrepreneurship* is: Entrepreneurship is an activity that involves discovery, evaluation, and exploitation of opportunities to introduce new goods and services, ways of organizing, markets, processes, and raw materials through organizing efforts that previously have not existed (Sirec, Mocnik).

According to research carried out at Harvard by Professor McClelland (1961), entrepreneurship is not only linked to the birth of organizations or self-employment but rather, it has been claimed that it allows them to function properly. Thus, entrepreneurship is more than just starting new businesses (McClelland, 1961).

Traditionally, the field of entrepreneurship focused on the individual, the *entrepreneur*. The environment provides the opportunities and resources that attract enterprising individuals to start new or expand existing businesses and operate them successfully. Entrepreneurs add to resource within the environment and enhance the opportunities available (Kotey, 2006)

*Entrepreneurs* are defined as individuals who are self-employed, who have started their own business or who run and own an incorporated business. Entrepreneurs are often seen as the engine of the economy, responsible for sustained levels of competition, the creation of jobs, and new innovative processes and products, thereby displacing ageing incumbents in a process of ‘creative destruction’ (Hartog and Brinj, 2007).

Thus, the conception of the ‘entrepreneur’ has evolved over time, just as economic activities have become more complex too. At the dawn of the industrial revolution, entrepreneurs were sorts of intermediaries; they were seldom the ‘producers’. They were characterized by their aptitude to take risks. Then they became the cornerstone of economic development, starting to produce and innovate, while still taking the risk (Fayolle, 2007). Moreover, entrepreneurs are often considered to have a major impact on the economy and social progress of nations (Özbilgin, 2009).

### 2.2. *Small Business and Self Employment*

There are many ways to describe a small business owner. However, the word used most often is ‘entrepreneur’ in literature (Özcan, 1995).

A small firm (small business) is one that has only a small share of its market, is managed in a personalized way by its owners or part-owners and not through the medium of an elaborate management structure and which is not sufficiently large to have access to the capital market (Özcan, 1995). Also, the owners manage the business in a normal way, expecting normal sales, profits, and growth (Megginson, Byrd, Scott, Jr., Megginson, 1997).

Although many people associate management primarily with large businesses, effective management is also essential for small businesses, which plays an important role in the country’s economy. In fact, most of the nation’s businesses are small. In some respects, effective management is more important in a small business than in a large one. A large firm can easily recover from losing several thousands of money on an incorrect decision; even losses of millions would not threaten their long-term survival. But a small business may afford even a much smaller loss (Griffin, 2002)

### 2.3. Business

A business enterprise is created and managed by people and not by forces. Economic forces set limits to what management can do; they create opportunities for management's action. However, they do not by themselves determine what a business is or what it does.

A business cannot be defined or explained in terms of profit. Asked what a business is, the typical businessman is likely to answer, "An organization to make a profit." The typical economist is likely to give the same answer. This answer is not only false, it is irrelevant.

To know what a business is we have to start with its purpose. Its purpose must lie outside of the business itself. In fact, it must lie in society since business enterprise is an organ of society. There is only one valid definition of business purpose: to create a customer. Markets are not created by God, nature, or economic forces but by businessmen. They want a business satisfies may have been felt by the customer before he was offered the means of satisfying it. It is the customer who determines what a business is. It is the customer alone whose willingness to pay for a good or for a service converts economic resources into wealth, things into goods. The customer is the foundation of a business and keeps it in existence. He alone gives employment. To supply the wants and needs of a consumer, society entrusts wealth-producing resources to the business enterprise (Drucker, 1978)

When we consider the purpose of the entrepreneurship, it aims to introduce new goods and services, ways of organizing, markets, processes, and raw materials through organizing efforts that previously have not existed that all of these efforts are for creating customer and making profit as seen on business, too.

Moreover, in terms of business, entrepreneurial behaviour can be further refined by examining six critical dimensions of business practice. These six dimensions are the following: Strategic orientation, the commitment to opportunity, the resource commitment process, the concept of control over resources, the concept of management, and compensation policy (Sahlman, Stevenson, Roberts & Bhide, 1999)

### 2.4. Management

Management creates economic and social development. Development is a matter of human energies rather than of economic wealth. And the generation and direction of human energies is the task of management. Management is the mover, and the development is a consequence.

Management is a set of activities (including planning and decision making, organizing, leading and controlling) directed at an organization's resources (human, financial, physical, and information) with the aim of achieving organizational goals in an efficient and effective manner. Efficient means measuring resource wisely and without unnecessary waste. For example, a firm like Toyota Motor Corp. that produces high-quality products at relatively low costs is efficient. Effective means doing things successfully. A firm could produce black-and-white console televisions very efficiently but still not succeed because black-and-white televisions are no longer popular (Griffin, 2002). In that sense, most people find it easy to recall a distinction made by Drucker (1979) that 'efficiency is concerned with doing things right, effectiveness with doing the right things'. Effectiveness, in his view, is the foundation of success, while efficiency is a minimum condition for survival after success has been achieved (Lundy and Cowling, 1995). In general, successful organizations are both efficient and effective. Although there has not been reached any exact definition of management, any definition of management includes three main characteristics

1. It is the process of series of continuing and related activities.
2. It involves and concentrates on reaching organizational goals.
3. It reaches these goals by working with and through human and other organizational resources (DeCenzo and Robbins, 1988).

The Hawthorne Studies which was conducted in 1924-1932, sparked the human relations movement, a people-oriented approach to management in which the interaction of people in organizations is studied to judge its impact on organizational success. To put it simply, when management stimulates high productivity and worker commitment to the organization and its goals, human relations are said to be effective; and when management precipitates low productivity and uncommitted workers, human relations are said to be ineffective. Human relations skill is defined as the ability to work with people in a way that enhances organizational success (Hodgets, 60).

The human relations movement has made some important contributions to the study and practice of management. Advocates of this approach to management have continually stressed the need to use humane methods in managing people (Certo, 2000)

## 2.5. Manager

A *manager* is someone who works with and through other people by coordinating their work activities in order to accomplish organizational goals. That may mean coordinating the work of a departmental group, or it might mean supervising a single person. It could involve coordinating the work activities of a team composed of people from several different departments or even people outside the organization such as temporary employees or employees who work for the organization's suppliers (Robbins and Coulter, 2002). Basically, a manager is someone whose primary responsibility is to carry out the management process (Griffin, 2002). For the start-up firms, entrepreneurs are the owners and the managers of their firms that it is important to understand the roles of managers.

Managers are not just responsible for specific and unchangeable tasks, and also entrepreneurship is made up from start-up process in the rapidly changing and uncertain environment. Thus, the job is complicated even more by rapid changes, unexpected disruptions, and both minor and major crises. The manager's job is unpredictable and fraught with challenges, but it is also filled with opportunities to make a meaningful difference. Many of the characteristics that contribute to the complexity and uncertainty of management stem from the environment in which their organizations function (Griffin, 2002).

## 2.6. Human Resource Management

Understanding the customers and how the product or service can be made to fit their needs is a question of good management. Understanding the economics of the business's products or services and how they can be turned to the advantage of the business is a question of good management. Understanding which opportunities to pursue and equally which to avoid can also be a question of good management. Good management means directing all the resources of the business: design, production, quality control, finance, sales and customer service towards the aim of satisfying customer needs. It is the mechanism by which the entrepreneur can turn the product/service idea into a successful business (Burns and Dewhurst, 1993). Thus, in order to provide this success the management of human resources is one of the key elements in the coordination and general management of work organizations.

Human resource management is the management of people (Werther, Jr. and Davis, 1989) who have a strategic importance on the success of the enterprise. It is impossible to make maximal use of material resources if the enterprise lacks qualified, enthusiastic workers who have the stamina to perform their jobs. The human resource transforms material resources into goods and services, and the quality of this transformation depends on a combination of knowledge, skill and attitude (Mozina and Stanley, 1987).

Human resources' distinct combination of strategically relevant characteristics, including inherent uniqueness, non-depletion with use, and free will, can make managing human beings to generate economic rents especially challenging and exceptionally valuable (Chadwick and Dabu, 2009)

## 2.7. Human Resource Functions

Human resource functions are set of activities, practices, roles, responsibilities and structures in an organization concerned with human resource management that may be carried out by any and all employees (managers and non-managers) (Schuler, 1995). According to the review of the literature there are lots of titles and subtitles for the functions of the Human Resources Management. Also, functions are called as areas [The American Society for Training and Development (ASTD) (DeCenzo and Robbins, 1997)], and activities (Bolton, 1997). Rather than specifying just one model, three widely used models have been consolidated as: Preparation and selection (planning and selection); Development and Evaluation; Compensation and Protection (Retaining and Maintaining Employees).

Once an organization grows beyond a few employees, attempts are made to estimate the organization's future human resource needs through an activity called human resource planning. With an idea of future needs, recruitment seeks to secure job applicants to fill those needs. The result is a pool of applicants who are screened through a selection process.

Since new workers seldom fit the organization's needs exactly, they must be oriented and trained to perform effectively. Subsequent human resource plans reveal new demands upon the organization. These demands are met by recruitment of additional workers and by development of present employees. Development teaches employees new skills to ensure their continued usefulness to the organization and to meet their personal desires for advancement.

To check on these various activities, individual performance is appraised. Not only does this activity evaluate how well people perform, but it also indicates how well human resource activities have been done. Poor performance might mean that selection, training, or development activities should be reconsidered. Or there may be a problem with employee relations.

When employees perform, they receive compensation in the form of wages, salaries, or incentives, along with a wide variety of employee benefits such as insurance and vacations. Some rewards are required services dictated by legal compliance-such as social security contributions, safe working conditions, and overtime pay. Communications and counseling efforts are other techniques used to maintain employee relations.

When employees are dissatisfied, they may band together and take collective action. Then management is confronted with a new situation: Union-management relations. To respond to collective demands by employees, human resource specialist may have to negotiate a labor agreement and administer it.

### **3. Methodology**

#### *3.1. Research Goal*

In this study, we aim to identify the actual behavior of entrepreneurs and their perceptions on the strategic role of human resource management. Therefore a qualitative research was conducted to start-up and small business owners by using a questionnaire. This questionnaire includes, beside information on participated entrepreneurs, questions about each of the human resource management functions.

The survey was made in screening model. A screening model is an approach which describes a past or still existing circumstance as it appears. The occasion, individual or object which is subject of the research will be determined as it is and in its own circumstances. No affords of changing or effecting of those subjects can be made. Everything required to be known exists. Important thing is to 'observe' and determine appropriately (Karasar, 2009).

#### *3.2. Sample and Data Collection*

Due the fact it is very time consuming and expensive to observe the main group as a whole, when analyzing topics in the research, it is preferred to determine a sample group which can represent the main group. Target population of the research is 85 entrepreneurs who "Entrepreneur Support Programme" in the Aegean Region of Turkey, supported by the Republic of Turkey Small and Medium Enterprises Development Organization (KOSGEB) in 2011.

As a data collection tool questionnaire was used in the research. When evaluating research indicators SPSS (Statistical Package for Social Sciences) for Windows 17.0 was used for statistical analysis. When evaluating study data, complementary statistical methods (Number, Percentage, average, standard deviation) were used.

#### *3.3. Analyses and Results*

To understand the perceptions of entrepreneurs on the strategic role of entrepreneurs on human resource management, the instrument was a questionnaire including three sections. In the first part, there are 10 questions in order to understand the profile of the entrepreneurs in terms of demographics; their recent jobs and the expectations on overall number of employees. Furthermore, by eleventh question, the factors that encouraged each of the start-up business owners for being an entrepreneur, is tried to be introduced.

The second and the most important part includes 17 multiple choice questions that each of the questions refer to one of the human resource management functions which are conducted in relation with the theoretical part of this study. Thus, according to the last part of the questionnaire, there are survey questions which each of them refer to different human resource management functions such as Preparation and Selection (Planning and Selection); Development and Evaluation; and Compensation Management.

The last 3 questions (18, 19, 20), are the conclusion part of survey questions which are asked to justify the second part of the survey.

The results according to the demographics of the sample group are: There are 85 female and male participants. Most of the participants are between 30-40 ages (% 47,1) and females (%69,4). Entrepreneurs participated at this survey are getting used to live in big cities with a high percentage as %85,9 (not totally clear according to their big city perceptions). %51,8 participants are married and %60 of them have children. Entrepreneurs are educated people with the education levels as undergraduate (%41,2) and high school (31,8). Approximately half of the entrepreneurs have experiences on making their own businesses (%56,5) while the

rest have never experienced (%45,5). And, among these entrepreneurs, according to their works before attending the “ The Support for New Entrepreneur” program, few of them were in a family owned company while they were mostly in private sector (%47,1) and self-employed (%33). In terms of company objectives: 33 (% 38,8) entrepreneurs are interested in other sectors such as industry, entertainment and production to run their businesses by a high targeted percentage of %74,1 micro level companies with a total number of 1-9 employees. Moreover, 21 (% 24, 7) participants are interested in Restaurant / Fast Food / Catering, while only 2 (% 2, 4) entrepreneurs are interested in tourism sector.

Table 1 The Frequency Distribution on Question 11 The factors that encouraged you for being an entrepreneur	The	Frequency	Percentage (%)
Being economically independent		56	65,9%
To stand high in public's favour		24	28,2%
Working independently		43	50,6%
Earning more money		40	47,1%
Freely implementing my own business/product idea		64	75,3%
Being unemployed for a long time		6	7,1%
Necessity to earn money		17	20,0%
Providing job opportunities for people		40	47,1%
To experience a sense of accomplishment		55	64,7%
Prefer being a boss rather than an employee		18	21,2%
To improve the statute and prestige of myself and my family		33	38,8%
Managing the company and the employees as I want		5	5,9%
Support programmes of KOSGEB		29	34,1%

In terms of factors which encouraged a participant for being an entrepreneur is ‘the independency for implementing his/her own business/product idea’ with 75,3 percent. And also, 56 (% 65, 9) participants chose ‘Being economically independent’ that it can be said that ‘sense of the independency’ is the most important motivation factor for the entrepreneurs.

For the second part of conclusion, the cross tabulations are taken into consideration for understanding entrepreneurs’ perceptions through their answers to 20 questions which were designed detailed in correlation with each of human resource management functions.

Thus, ‘human resource planning’ as a key factor for both of the start-up firms and human resource management, is also crucial for entrepreneurs with a percentage of %88,2 by giving answers as ‘Planning is very important because I have to meet the product service/ demands of my customers immediately without gaining time to my competitors’.

Also business plan and human resource planning have to be implemented in correlation to each other that %56,5 participants prefer long term planning while % 32,9 prefer reasonable time plannings. This answer is also the verification of the first question that people who believe in human resource planning, also believe in long term plans. Moreover, as it is mentioned on theoretical part, planning is related with proactivity which entrepreneurs should have for a long term and sustainable competitiveness.

Job analysis is another key factor in human resource management which has a great influence on enterprises’ successes that by the preparation and collection phases of job analysis, human resource departments obtain information about jobs and encourage right person for the right job ideal. Thus %78,8 of the participants on survey are agree with the importance of job analysis for avoiding waste of time rather than waste of money (%12,9). This data is important indicator to show the priority of time on money as opposed to the common idea as money is the first aim of entrepreneurs.

Entrepreneurs prefer finding the employees by using both of the formal and informal recruitment and searching methods.

In searching duration, entrepreneurs prefer to share educational experience, physical skills etc. which they look for in a candidate with a high percentage of %62,4. It is also verification of entrepreneurs’ perceptions toward job analysis.

For the selection process after recruiting, it can be said that entrepreneurs are aware that a professional attribution to placement is needed, hence a high percentage (%75,3) of participants chose both interview and test techniques for selecting.

In the recruitment/selection/placement process, for the final decision as called placement, there are some significant points which effect the owner as: the amount of salary, capacity to do just specified job and/or the value adding potential of an employee to the company. %68 of entrepreneurs chose or the value adding potential

of an employee to the company, and interestingly just one entrepreneur believes the importance of the wage/salary expectation of employees.

Orientation enables new hired employees to adopt work environment, colleagues and work itself that entrepreneurs also believe in the importance of orientation as an important human resource function.

Compensation management is one of the key factors in human resource management that it is a dynamic process from the begin on, and needed to be managed carefully for both of cost control and pleasure of employees. There are different techniques to decide the amount of salaries that %43,5 entrepreneurs have hierarchical point of view as pay according to the employee's position in the company paying according to the employee's position in a company. Performance management and wage and salary surveys as tools of compensation management has equally distributed significance for entrepreneurs as %27,1. Just an entrepreneur wants to pay same salary to each of employees which support the idea that compensation management is a crucial HRM factor for entrepreneurs.

Human resource development and training enables companies to adopt highly competitive environments much easier. Thus, %95,3 entrepreneurs also believe in the importance of their employees' development and training activities. However, this high percentage reduces to %64,7, when training courses such as computer, management, administration, technical etc. are come into agenda. Probably this can caused due to the cost control or the unsuccessful trainings that an entrepreneur experienced before.

%89,4 of entrepreneurs believe in the importance of reward management as seen on their answers 'Overtime payments, private health insurance and additional payments such as transportation and food allowances are needed, which makes an employee happier and motivated.' However, according to their perceptions toward performance management has changed as if an employee delivers an outstanding performance, %62,4 of entrepreneurs prefer to congratulate an employee verbally. As a result, it can be said that entrepreneurs prefer non-financial reward system rather than the financial ones.

Employee health and security is very important for entrepreneurs that %98,8 of them think that it is necessary to prevent occupational accidents and diseases by occupational health and safety measures.

Both money and human are the most significant resources for a company whether it is micro, small or large that as the owner of start-up firms, entrepreneurs think that human is more important than money. Thus, %45,9 answered question 'What is the most important resource in your company?' as 'human' while %27,4 preferred 'money'.

However, in time of crisis, an entrepreneur who believes the importance of human in a company, has a tendency to close down human resources department with a percentage of % 45,9, followed by Public Relations with % 42,4.

It is explored on the last part of the survey that %35,3 of entrepreneurs think, financial problems can be the fundamental problem for their companies. This is an expected answer in terms of the insufficient financial resources of start-up firms.

Moreover, entrepreneurs' answers given to the question 'Which one of the followings can be the biggest problem between the employer and the employees?' are %32,9 as lack of clearness for tasks and responsibilities to be done. This answer also justifies their positive attributes toward job analysis.

Finally, %42,4 of entrepreneurs believe in the importance of job satisfaction of employees which can be achieved directly by a well managed human resource planning, compensation and performance management systems.

### 3.3.1. Significant Datas from Cross Tabulations

There is a strong link between increasing age and positive approach toward human resource planning when focusing on most significant answers. However, in terms of making business plans, younger entrepreneurs (20-30) take more care on long term plans, and employees' value adding potentials is crucial for this age group. Also, in terms of searching duration, especially the age between 20-30, prefer to share job specifications with candidates. When comparing general statement that there is a positive approach on increasing age and human resource planning, surprisingly older people tend to close down human resource department in times of crisis.

Both of the male and female entrepreneurs have tendencies toward long term business plans, but females also need consultancy for making human resource planning.

'Time' is the significant motivator for both of the female and male entrepreneurs to believe in job analysis. They believe that before recruiting an employee, deciding on job features and then recruiting is very important to prevent waste of time.

Cost and pleasure of employees are not considered important by female entrepreneurs in terms of rearranging works.

Job specifications are crucial for both of the male and female entrepreneurs that salary is the last detail, they want to share with candidates during searching duration.

For married people, job analysis is an important human resource function to reduce costs by hiring right people.

For widowed entrepreneurs (%100), the most important resource in their companies is raw material. And also, most of the divorced people (% 62,5), think public relations is the first department that has to be closed in time of crisis.

Education level has a significant role on the perception of human resource planning. When analyzing the question on job analysis hence only %57,1 primary school entrepreneurs answered this question as very important while %88,9 high school entrepreneurs, %77,1 undergraduate entrepreneurs and %87,5 graduate degree entrepreneurs think job analysis is very important in terms of time efficiency. Similar situation can be seen when analyzing the question about rearranging works in certain periods, the information which will be used with the candidates on searching duration, selection methods that will be used, the biggest problem they can face with employees, and accepting employee job satisfaction as an important.

According to the business sector variable, there is no homogeneous structure between human resource management functions and the perceptions of entrepreneurs. Nevertheless, behavior of entrepreneurs regarding to their business sectors are in correlation with the current situation of the business sector itself.

The difference between entrepreneurs from urban to rural areas is, entrepreneurs in urban areas make long-term plans rather than short-term.

Financial problems are fundamental problems for entrepreneurs who spent most of their life in urban areas as opposed to rural areas.

Employment satisfaction is more important for people who spent most of their lives in rural areas rather than people who spent their life mostly in urban areas or abroad.

At an overall analyze of having experience as business owner correlated with human resource management, there are few or no differences on the perception of human resource management compare to an entrepreneur with no business experience. Only human factor in question what is the most important resource in your company, differs in a significant way. (Business owner %54,2 and non-business owner %35,1). A reason for this could be experience as business owner in terms of managing people and knowledge of the importance of human resource factor. Former business owner underline the employee job satisfaction is important (%47,9), while only %35,1 non-business owners say the same. Surprisingly, former business owners tend to shut down human resource department (%52,1) higher than non-business owners (%37,8).

Entrepreneurs who have previous work experience in a private sector (%92,5) think that human resource planning is crucial, hence only %75 entrepreneurs with family owned enterprise background gave same answer. This could give us the assumption that people with private sector background take more care on sustainable growing.

For a self-employed person time factor is an indicator for taking job analysis important (%87,9).

Unexpectedly, when asking about the information they will share with candidates, entrepreneurs with family-owned enterprise background, underline the importance of job specifications (%75) while others answered the same question with only %60 / %60,6. Same appears on the question for factors affecting placement decision, where entrepreneurs with family owned enterprise background think that value adding potential of an employee is the most crucial point (%91,7).

Comparing entrepreneurs with private sector and self-employed backgrounds, their perceptions on compensation management change in terms of position based payments, from %55 (working in a private sector) to %30 (self-employed).

In terms of rewarding, private sector and self-employed entrepreneurs give same importance to reward management to motivate employees with more than %90.

There is a significant correlation between size of the targeted company and Long-term planning. While entrepreneurs who target a medium size company (50-249) prefer long run business plans (%80), entrepreneurs with the target of running a micro size company (1-9) prefer long run business in just %52,4. Moreover, job analysis is more important for entrepreneurs who targeted micro level companies (%81) than employers who targeted micro level (%60).

Human is not the only important factor for entrepreneurs with the target of running a micro size company (1-9); money, human and raw materials have approximately same importance for them. However, for the ones targeted small firms, human is the most important capital (%52,9) and all of the medium size targeted entrepreneurs (%100) choose human, too.

Employee job satisfaction is less important for entrepreneurs who target micro size company (1-9) (%49,2), while it is only important for %23,5 of small-size, and %20 medium size company targeted entrepreneurs.

#### 4. Conclusion

Throughout the main body of this study, by reviewing a large scale of literature, both of the concepts entrepreneurship and human resource management are explained by referring to their intersection points with each other. Also, these two concepts are directly related with business and management that their relations with business and management are underlined in order to give deeper understanding. As a result, it has stated expressly that human resource management is a strategic partner of entrepreneurship and entrepreneurs as a strategic partner for the long-run effectiveness of start-up firms.

Thus, the study helps the determination of what factors affecting and shaping the important role of human resource management on entrepreneurship. And also, by understanding this role, both of current and prospective entrepreneurs will take advantage of human resource management.

On the other hand, survey is the second and complementary part of this study that by exploring the perceptions of entrepreneurs toward human resource management, a relationship will be established between entrepreneurs and human resource management. As a result, the survey outputs will guide to change and/or improve entrepreneurs' perceptions on human resource management which will give capacity to start-up firms.

Consequently, it is resulted from whole of the study that entrepreneurs have positive approaches toward human resource management contrary to biases we have about entrepreneurs' perceptions before conducting survey.

Before conducting survey, it was expected from entrepreneurs that money is the first important factor and motivator for their start-up firms. However, it is resulted from survey that human is more important than money for entrepreneurs.

On the other hand, surprisingly, entrepreneurs have at least average level knowledge about human resource management and its functions. It is also explored that if entrepreneurs are oriented toward human resource management, they will establish effective human resource management on their firms.

By this survey, it is foreseen that by implementing human resource management specific state and private supported programmes to start-up and/or small and medium sized companies; it will improve their capacities to operate effectively by an accurate management of their unique asset 'human'.

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