Module 4
Financing & Managing Venture

Five Stages in Venture Capital Financing

There are five stages in venture capital financing, and they include:

#1 Seed Stage

At the seed stage, the company is only an idea for a product or service, and the entrepreneur must convince the venture capitalist that their idea is a viable investment opportunity. If the business shows potential for growth, the investor will provide funding to finance early product or service development, market research, business plan development, and setting up a management team. Seed-stage venture capitalists participate in other investment rounds alongside other investors.

#2 Startup Stage

The startup stage requires a significant cash infusion to help in advertising and marketing of new products or services to new customers. At this stage, the company has completed market research, has a business plan in place, and has a prototype of its products to show investors. The company brings in other investors at this stage to provide additional financing.

#3 First Stage

The company is now ready to go into actual manufacturing and sales, and this requires a higher amount of capital than the previous stages. Most first-stage businesses are generally young and have a commercially-viable product or service.

#4 Expansion Stage

The business has already started selling its products or services and needs additional capital to support the demand. It requires this funding to support market expansion or start another line of business. The funding may also be used for product improvement and plant expansion.

#5 Bridge Stage

The bridge stage represents the transition to a public company. The business has reached maturity, and it requires financing to support acquisitions, mergers, and IPOs. The venture capitalist can exit the company at this stage, sell off his shares, and earn a huge return on his investments in the company. The exit of the venture capitalist allows other investors to come in, hoping to gain from the IPO.

Structure of a Venture Capital Firm

A venture capital firm is structured in the form of a partnership, where the venture capital firm serves as the general partners and the investors as the limited partners. The limited partners may include insurance companies, wealthy persons, pension funds, university endowment funds, and foundations. All the partners have an ownership stake in the venture firm fund, but the general managers serve as the managers and investment advisors to the companies invested in.

The profits from the investment of the venture capital firm are split between the general partners and limited partners. The general partners, who are also the private equity fund managers, get 20% of the profits as a performance incentive. They also receive an annual management fee of up to 2% of the capital invested. The limited partners who invested in the fund share with the general partners the other 80%.

Sources of Finance

1. Personal investment

When starting a business, your first investor should be yourself—either with your own cash or with collateral on your assets. This proves to investors and bankers that you have a long-term commitment to your project and that you are ready to take risks.

2. Love money

This is money loaned by a spouse, parents, family or friends. Investors and bankers considers this as "patient capital (def.)", which is money that will be repaid later as your business profits increase.

When borrowing love money, you should be aware that:

- Family and friends rarely have much capital
- They may want to have equity in your business
- A business relationship with family or friends should never be taken lightly

3. Venture capital

The first thing to keep in mind is that venture capital (def.) is not necessarily for all entrepreneurs. Right from the start, you should be aware that venture capitalists are looking for technology-driven businesses and companies with high-growth potential in sectors such as information technology, communications and biotechnology.

Venture capitalists take an equity position in the company to help it carry out a promising but higher risk project. This involves giving up some ownership or equity in your business to an external party. Venture capitalists also expect a healthy return on their investment, often generated when the business starts selling shares to the public. Be sure to look for investors who bring relevant experience and knowledge to your business.

BDC has a venture capital team that supports leading-edge companies strategically positioned in a promising market. Like most other venture capital companies, it gets involved in start-ups with high-growth potential, preferring to focus on major interventions when a company needs a large amount of financing to get established in its market.

4. Angels

Angels are generally wealthy individuals or retired company executives who invest directly in small firms owned by others. They are often leaders in their own field who not only contribute their experience and network of contacts but also their technical and/or management knowledge. Angels tend to finance the early stages of the business with investments in the order of $25,000 to $100,000. Institutional venture capitalists prefer larger investments, in the order of $1,000,000.

In exchange for risking their money, they reserve the right to supervise the company's management practices. In concrete terms, this often involves a seat on the board of directors and an assurance of transparency.

Angels tend to keep a low profile. To meet them, you have to contact specialized associations or search websites on angels. The National Angel Capital Organization (NACO) is an umbrella organization that helps build capacity for Canadian angel investors. You can check out their member's directory for ideas about who to contact in your region.

5. Business incubators

Business incubators (or "accelerators") generally focus on the high-tech sector by providing support for new businesses in various stages of development. However, there are also local economic development incubators, which are focused on areas such as job creation, revitalization and hosting and sharing services.

Commonly, incubators will invite future businesses and other fledgling companies to share their premises, as well as their administrative, logistical and technical resources. For example, an incubator might share the use of its laboratories so that a new business can develop and test its products more cheaply before beginning production.

Generally, the incubation phase can last up to two years. Once the product is ready, the business usually leaves the incubator's premises to enter its industrial production phase and is on its own.

Businesses that receive this kind of support often operate within state-of-the-art sectors such as biotechnology, information technology, multimedia, or industrial technology.

6. Government grants and subsidies

Government agencies provide financing such as grants and subsidies that may be available to your business. The Canada Business Network website provides a comprehensive listing of various government programs at the federal and provincial level.

Criteria

Getting grants can be tough. There may be strong competition and the criteria for awards are often stringent. Generally, most grants require you to match the funds you are being given and this amount varies greatly, depending on the granter. For example, a research grant may require you to find only 40% of the total cost.

Generally, you will need to provide:

- A detailed project description
- An explanation of the benefits of your project
- A detailed work plan with full costs
- Details of relevant experience and background on key managers
- Completed application forms when appropriate

7. Bank loans

Bank loans are the most commonly used source of funding for small and medium-sized businesses. Consider the fact that all banks offer different advantages, whether it's personalized service or customized repayment. It's a good idea to shop around and find the bank that meets your specific needs.

In general, you should know bankers are looking for companies with a sound track record and that have excellent credit. A good idea is not enough; it has to be backed up with a solid business plan. Start-up loans will also typically require a personal guarantee from the entrepreneurs.

BDC offers start-up financing to entrepreneurs in the start-up phase or first 12 months of sales. You may also be able to postpone the principal (def.) payments for up to 12 months.

Criteria for evaluating new-venture proposals

Financials

Assess the company's financial performance or potential financial performance. Evaluate historical sales revenues, profit margins of products and services, recent sales trends and cash flow. Examining cash flow lets you determine when you will get your money in and how much credit you might need to obtain. For example, your business might have excellent sales, but if the customers don't pay for 60 days, you might have to delay your salary, operate using your savings while you wait for your bills to be paid, or take out a loan to buy materials. If you are launching a new business, look for trade association data that shows financial trends for similar companies and expected trends for the coming year.

Sales

A thorough sales assessment will give you insight into how sales have taken place and where you might improve them. Spot trends by analyzing where products are selling and to what types of customers. For example, if a business is selling exclusively through independent retailers, you might have a chance to grow market share by entering mass retailers. Items with high profit margins might be producing most of the company's profits, but causing it to lose sales. Adding low-margin items might help it expand. Certain geographic territories with low sales may not be underperforming, but are simply underserved, offering opportunities to grow the business.

Market Data

Researching the marketplace will help determine if it is being underserved or possibly saturated. Detailed demographic data can show that even if the marketplace contains significant competition, you have an opportunity to successfully introduce a new business or improve the performance of an existing one. Demographics such as gender, age, race and marital status will help you better understand who your potential customers are. Analyzing the price points of your competitors will also give you insight into why people might be buying a particular product or service. Look at market trends, such as sales during the last three years, and look for advances in technology that might affect the marketplace. For example, a shift from PCs to mobile devices causes a decrease in demand for traditional hardware and software and more demand for smartphone apps.

Assets and Liabilities

Look at the assets of an existing business to determine how it depends on them. The business might depend on a recipe, trademark, copyright or patent for its unique selling proposition. A company's location, specific manufacturing process, grandfathered agreements or no-compete agreements with a supplier might be giving the business an edge, without which it would struggle to compete. A franchise might be thriving because of a restricted territory it owns or specific benefit it has been receiving from the owner's status as a minority. Check the assets of any business you plan to purchase to determine what would happen if you lose them. Look for liabilities, such as debts, lawsuits and expiring contracts and assets.

Relationships

Key factors in a small business's success often include personnel, endorsements and relationships. Key personnel, such as a well-known chef, IT whiz or top sales performer can make or break a business. Having a professional sports league or a celebrity endorse a business might be key to driving its sales. Having official sponsor, supplier or partner status of a trade association or other organization can also boost sales. Assess the impact of losing a key relationship on sales and revenue, and look at contracts before you buy a business that relies on any.

Opportunity Costs

Look at what entering a new business will cost you, in terms of lost revenue, personal time or sales connected to other business or opportunities you have. For example, using your cash to buy a business reduces your ability to pay down debt, lower interest payments, improve or upgrade current facilities, increase advertising and make other investments with that cash. You will need to devote your personal time to the new business. Accurately assess the number of hours you will need to spend on a new business venture and calculate the revenue your time would generate spent on another opportunity.

Management of Venture

Venture management is a business management practice that focuses on being both innovative and challenging in the realm of introducing what could be a completely new product or entering a promising newly emerging market.

It is possible that the product or service already exists, but through venture management efforts, it can be rebranded or updated with new innovative features to respond on new requirements and opportunities. This practice can be applied to any type of industry, big or small from a small mom and pop operation to a steel conglomerate.

Strategic Planning is Key

As with any business venture, embarking on a new project involves decent strategic planning. This is where the tried and true SWOT analysis applies. Creating this analysis will allow the venture manager to evaluate the strengths, weaknesses, opportunities and threats that could make or break the proposed project. After evaluating all identifiable internal and external factors, the manager will determine whether the project is likely to be successful.

How Does Venture Management Compare to Traditional Management?

In many aspects, venture management goes against what is practiced with more traditional management methods:

- With regard to sales, traditional management dictates that market focus should be on established customers, while venture management seeks to find new emerging markets to exploit. With an emphasis on speed in getting a new service or product to market, a high-growth venture will go against the traditional practice of sacrificing speed to ensure that are Ts are crossed and Is are dotted.

- When it comes to market research, the venture manager is ready to react and begin experimenting immediately to favorable data. Meanwhile, the traditional manager will want to devote more time to analyzing and reviewing the data gathered all in the name of reducing risk.

Bigger the Risk, the Bigger the Profit

For ambitious entrepreneurs and managers who are willing to accept risks, the possibility of big profits is what makes venture management so attractive for them and their shareholders who invest in their projects. Based on new technical innovations or customer ideas, these entrepreneurs are willing to take a gamble on new markets where they can attempt to exploit the wants and needs of consumers. Therefore, they will experiment with these new ideas to flesh out new areas of growth.

Management; however, must be prepared to take chances that sometimes will go against what the going trend may be for that particular market. A capable venture manager must be able to look toward the future and predict milestones that are to be obtained, which is often considered a novel approach for a new business entity to undertake in light of a risky market.

Vital to success of a venture marketing -based approach is the effective and efficient implementation of technology-enabled business intelligence. Business intelligence stands for a set of techniques and tools for the acquisition and transformation of raw data into meaningful and useful information for business analysis purposes.

Objectives and Functions of Management

Thus, the functions of management may be classified as:

1. Planning,

2. Organising,

3. Staffing,

4. Directing, and

5. Controlling.

Function # 1. Planning:

Planning is concerned with the determination of the objectives to be achieved and the course of action to be followed to achieve them. Before starting any action, one has to decide how the work will be performed and where and how it has to be performed. Thus, planning implies decision-making as to what is to be done, how it is to be done, when it is to be done and by whom it is to done. Planning helps in achieving the objectives efficiently and effectively. Planning involves selecting of objectives and strategies, policies and programmes and procedures for achieving them.

Planning function is performed by managers at every level because planning may either be for the entire enterprise or for any section or department thereof. Planning pervades the entire gamut of managerial activity, and also it is continuous and never-ending. While the managers at the top level devote more time on planning, the managers at the lower level follow the policies, programmes and procedures laid down by the top management.

Function # 2. Organising:

According to Fayol, "to organise a business is to provide it with everything useful to its functioning — raw materials, tools, capital and personnel." Thus, organising involves bringing together the manpower and material resources for the achievement, of objectives laid down by the enterprise.

Organising involves the following process:

(a) Determining and defining the activities involved in achieving the objectives laid down by the management;

(b) Grouping the activities in a logical pattern;

(c) Assigning the activities to specific positions and people; and

(d) Delegating authority to their positions and people so as to enable them to perform the activities assigned to them.

Organising function helps in increasing the efficiency of the enterprise. Further, by avoiding repetition and duplication of activities, it reduces the operation cost of the enterprise.

Function # 3. Staffing:

Every enterprise is very much concerned with the quality of its people, especially its managers. The staffing function is concerned with this aspect of management. According to Harold Koontz and Cyril O' Donell, "the managerial function of staffing involves manning the organisational structure through proper and effective selection, appraisal and development of personnel to fill the roles designed into the structure."

Thus, the staffing functions involve:

(a) Proper selection of candidates for positions;

(b) Proper remuneration;

(c) Proper training and development so as to enable them to discharge their organisational functions effectively; and

Function # 4. Controlling:

Controlling is related to all other management functions. It is concerned with seeing whether the activities have been or being performed in conformity with the plans. According to Haimann, "Control is the process of checking to determine whether or not, proper progress is being made towards the objectives and goals and acting if necessary to correct any deviation." Koontz and O'Donnell have defined controlling "as the measurement and correction of the performance of activities of subordinates in order to make sure that enterprise's objectives and the plans devised to attain them are being accomplished."

Thus, controlling involves the following sub-functions:

(a) Determination of standards for measuring work performance.

(b) Measurement of actual performance.

(c) Comparing actual performance with the standards.

(d) Finding variances between the two and reasons for variances.

(e) Taking corrective actions to ensure attainment of objectives.

For control to be effective and fruitful, it must be based on a plan; there must be measurement of actual performance to ascertain deviations and to take action to remedy the deviations.

Scientific Management

What is scientific management?

Scientific management, also called Taylorism, is the application of Frederick Taylor's theory to the workplace to improve economic efficiency. Taylor published "The Principles of Scientific Management" in 1911, which explains his process of using scientific studies to analyze, optimize and standardize workflow.

Scientific management can be summarized in four main principles:

1. Using scientific methods to determine and standardize the one best way of doing a job
2. A clear division of tasks and responsibilities
3. High pay for high-performing employees
4. A hierarchy of authority and strict surveillance of employees

How to apply scientific management in the workplace

You can use the principles of scientific management in the workplace by following these steps:

1. Analyze work processes

You can help determine the most efficient way of completing a task by experimenting with several different methods to find out which method takes the least amount of time and the fewest steps to complete. Scientific management takes these findings and standardizes the most efficient way of doing the task, retraining employees as needed.

2. Define and delegate tasks

Instead of assigning one employee to do a variety of tasks or complete a project from start to finish, managers can break up complicated projects by assigning employees to one specific task. This will allow the employee to become efficient at completing their part of the project. The next step is assigned to the next employee until the project is completed.

3. Use employees' skills and offer incentives

Company managers should strive to recognize employees' skills and assign employees to tasks best suited to their talents so they can be as productive as possible. Managers can establish goals for productivity and provide bonuses or raises to high-performing employees who consistently meet or exceed those goals.

Managers and supervisors can also evaluate employees' performance and provide feedback by conducting a performance review.

4. Establish a professional hierarchy

Ensuring that each employee understands what is expected of them and who to report to can help define a workplace's hierarchy. Employees without supervisory roles should answer to their supervisors. Supervisors should report to company managers who answer to the company's directors. The manager's primary role is to establish the work process and spend their time training employees, planning and overseeing work while employees follow managers' direction and complete tasks.

General and Strategic management

What Is Strategic Management?

Strategic management is the management of an organization's resources to achieve its goals and objectives.

Strategic management involves setting objectives, analyzing the competitive environment, analyzing the internal organization, evaluating strategies, and ensuring that management rolls out the strategies across the organization.

Example of Strategic Management

For example, a for-profit technical college wishes to increase new student enrollment and enrolled student graduation rates over the next three years. The purpose is to make the college known as the best buy for a student's money among five for-profit technical colleges in the region, with a goal of increasing revenue.

In that case, strategic management means ensuring the school has funds to create high-tech classrooms and hire the most qualified instructors. The college also invests in marketing and recruitment and implements student retention strategies. The college's leadership assesses whether its goals have been achieved on a periodic basis.

Special Considerations

Helping their company find ways to be more competitive is the purpose of strategic management. To that end, putting strategic management plans into practice is the most important aspect of the planning itself. Plans in practice involve identifying benchmarks, realigning resources—financial and human—and putting leadership resources in place to oversee the creation, sale, and deployment of products and services.

What is strategic management?

Strategic management is the process of setting goals, procedures, and objectives in order to make a company or organization more competitive. Typically, strategic management looks at effectively deploying staff and resources to achieve these goals. Often, strategic management includes strategy evaluation, internal organization analysis, and strategy execution throughout the company.

Why is strategic management important?

In business, strategic management is important because it allows a company to analyze areas for operational improvement. In many cases, they can follow either an analytical process, which identifies potential threats and opportunities, or simply follow general guidelines. Given the structure of the organization, a company may choose to follow either a prescriptive or descriptive approach to strategic management. Under a prescriptive model, strategies are outlined for development and execution. By contrast, a descriptive approach describes how a company can develop these strategies.

What is an example of strategic management?

Consider a large company that wants to achieve more ambitious online sales rates. To meet these goals, the company will develop a strategy, communicate this strategy, apply it across various units and departments in the organization, integrate this with employee goals, and execute accordingly. If an effective strategy is applied, ideally, it will help the company achieve its targets through a single, coordinated process.

Introduction to Human Resource Management

Human Resource Management (HRM) is an operation in companies designed to maximize employee performance in order to meet the employer's strategic goals and objectives. More precisely, HRM focuses on management of people within companies, emphasizing on policies and systems.

In short, HRM is the process of recruiting, selecting employees, providing proper orientation and induction, imparting proper training and developing skills.

HRM also includes employee assessment like performance appraisal, facilitating proper compensation and benefits, encouragement, maintaining proper relations with labor and with trade unions, and taking care of employee safety, welfare and health by complying with labor laws of the state or country concerned.

The Scope of HRM

The scope of HRM is very wide. It consists of all the functions that come under the banner of human resource management. The different functions are as follows –

Human Resources Planning

It is the process by which a company identifies how many positions are vacant and whether the company has excess staff or shortage of staff and subsequently deals with this need of excess or shortage.

Human Resource Management: Planning

1. **Determining the Objectives of Human Resource Planning**: The foremost step in every process is the determination of the objectives for which the process is to be carried on. The objective for which the manpower planning is to be done should be defined precisely, so as to ensure that a right number of people for the right kind of job are selected.

   The objectives can vary across the several departments in the organization such as the personnel demand may differ in marketing, finance, production, HR department, based on their roles or functions.

2. **Analyzing Current Manpower Inventory:** The next step is to analyze the current manpower supply in the organization through the stored information about the employees in terms of their experience, proficiency, skills, etc. required to perform a particular job.

   Also, the future vacancies can be estimated, so as to plan for the manpower from both the internal (within the current employees) and the external (hiring candidates from outside) sources. Thus, it is to be ensured that reservoir of talent is maintained to meet any vacancy arising in the near future.

3. **Forecasting Demand and Supply of Human Resources:** Once the inventory of talented manpower is maintained; the next step is to match the demand for the manpower arising in the future with the supply or available resources with the organization.

   Here, the required skills of personnel for a particular job are matched with the job description and specification.

4. **Analyzing the Manpower Gaps:** After forecasting the demand and supply, the manpower gaps can be easily evaluated. In case the demand is more than the supply of human resources, that means there is a deficit, and thus, new candidates are to be hired.

   Whereas, if the Demand is less than supply, there arises a surplus in the human resources, and hence, the employees have to be removed either in the form of termination, retirement, layoff, transfer, etc.

5. **Employment Plan/Action Plan:** Once the manpower gaps are evaluated, the action plan is to be formulated accordingly. In a case of a deficit, the firm may go either for recruitment, training, interdepartmental transfer plans whereas in the case of a surplus, the voluntary retirement schemes, redeployment, transfer, layoff, could be followed.
6. **Training and Development:** The training is not only for the new joinees but also for the existing employees who are required to update their skills from time to time.

   After the employment plan, the training programmes are conducted to equip the new employees as well as the old ones with the requisite skills to be performed on a particular job.

7. **Appraisal of Manpower Planning:** Finally, the effectiveness of the manpower planning process is to be evaluated. Here the human resource plan is compared with its actual implementation to ensure the availability of a number of employees for several jobs.

At this stage, the firm has to decide the success of the plan and control the deficiencies, if any.

Job Analysis

Job analysis in human resource management (HRM) refers to the process of identifying and determining the duties, responsibilities, and specifications of a given job. It encompasses the collection of data required to put together a job description that will attract the right person to fill in the role. Job analysis in HRM helps establish the level of experience, qualifications, skills and knowledge needed to perform a job successfully.

Job Analysis Method: Interview

With this job analysis method, job analysts conduct interviews with incumbents to collect information about their tasks and how they are coping with them. Interviews can be structured and unstructured depending on your corporate culture.

Structured interviews follow a systematic approach where employees are interviewed accurately and consistently, following a preset format. In a structured interview, you typically see that:

- All interviewees are asked the same questions in the same order.
- Interviewers record, compare and evaluate answers against standardized criteria.
- The interview process remains the same even if the interviewer changes.

Job Analysis Method: Questionnaires

As the name suggests, the questionnaire job analysis method requires employees, supervisors, and managers to fill out forms, namely questionnaires. It's one of the most widely used job analysis methods because it's inexpensive to create and easy to distribute to numerous individuals at a faster rate. Questionnaires can have different question forms, such as open-ended questions, multiple choice, checklists or a mix of all of them.

Questionnaires used for job analysis collect data about all aspects that influence how a job is completed, including both internal and external factors. These are the most common areas that questionnaires focus on:

- Knowledge, skills, experience, and qualifications
- Duties performed daily
- Duties performed less frequently
- Equipment and materials used for duties
- Time spent on different job duties
- Physical and emotional input
- Level of job satisfaction
- Salary and compensation
- Work conditions
- Additional comments

Job Analysis Method: Observation

The observation method enables job analysts to observe employees in their daily routines. The information collected through observation is extremely useful and reliable since it's via first-hand knowledge. Observation is the only job analysis method that allows the job analyst or HR professional to directly obtain the data, whereas other job analysis methods collect data indirectly and in an orchestrated environment.

When using this particular method, a job analyst observes an employee and records what they do and do not do. This helps job analysts and HR professionals reach a more reliable conclusion. However, even the observation method comes with flaws. Some of the disadvantages of using the observation job analysis method include:

- Distortion of information if an employee is aware of the observation.
- Awareness may affect the work output during the observation.
- Not all job duties and reactions can be observed in the set time frame.
- Higher managerial and executive roles may be difficult to observe fully.

What is Recruitment?

Recruitment is the process in which people are offered selection in an organization. It is when prospective employees are searched for and are then encouraged to apply for jobs within the organization.

This is just one step in the process of employment however it is a long process that involves a series of tasks, starting with an analysis of the job requirements and ending with the appointment of the employee. Specific tasks involved in the process of **recruitment** include:

- Analyzing job requirements
- Advertising the vacancy
- Attracting candidates to apply for the job
- Managing response
- Scrutinizing applications
- Shortlisting candidates

What is Selection?

Selection is the process of identifying an individual from a pool of job applicants with the requisite qualifications and competencies to fill jobs in the organization. This is an HR process that helps differentiate between qualified and unqualified applicants by applying various techniques.

The term 'selection' comes with the connotation of placing the **right person** in the **right job**. Selection is the process in which various strategies are employed to help recruiters decide which applicant is best suited for the job. Some activities include:

- Screening
- Eliminating unsuitable candidates
- Conducting an examination (aptitude test, intelligence test, performance test, personality test, etc.)
- Interviews
- Checking references
- Medical tests

The Difference Between Recruitment and Selection

The difference between recruitment and selection can be understood by comparing the two processes against the same characteristics or factors. See the chart below.

Comparison	**Recruitment**	**Selection**
Meaning	An activity of searching for potential candidates and encouraging them to apply.	A process of selecting the best candidates and offering them the job.
Approach	Positive – seeking out an increase in the applicant pool.	Negative – seeking out ways to reduce the applicant pool until one ideal candidate is identified.
Objective	Inviting more candidates to apply for a vacant position.	Choosing the most suitable candidate and rejecting the rest.

Key Factor	Advertising the job.	Appointing the candidate.
Sequence	First.	Second.
Process	Vacancies are notified by the organization through various sources, then an application form is made available to candidates.	The organization makes an applicant go through various levels (submitting a form, writing a test, undergoing an interview, etc.) to deem whether they're an appropriate fit.
Specifications	The recruitment policy specifies the objectives of recruitment, providing rules and regulations for the implementation of the recruitment program.	The selection policy consists of a series of methods/steps/stages by which the evaluation of the candidate will be done.
Contractual Relation	Recruitment only implies communication of vacancies and open positions – therefore, no contractual relation is established.	Selection involves the creation of a contractual agreement between the employer and employee.
Method	Economical.	Expensive.

Self-learning Topics

- https://www.startupindia.gov.in