Chapter 72

Human Resource Management in SMEs: Action Referential Definition

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ABSTRACT

Although small and medium size companies perform a relevant role in world economies, the authors conclude that research in this field focuses more attention on bigger organizations in seeking to understand what happens about the HRM function. However, and looking to the special characteristics of SMEs, it becomes critical to carry out a study, focused particularly on its characteristics, which allow for drawing a conceptual framework capable of helping managers of this kind of organizations to implement HRM practices consistently and adjusted to organizational objectives. The purpose of this research is to develop a conceptual framework which allows a better understanding of the main HRM research lines in SMEs and the underlying importance to HRM professionals.

INTRODUCTION

Micro, small and medium enterprises (SMEs) play a central role in the global economy. These constitute an important source of entrepreneurial skills, innovation and employment. The world business community is made up mainly of SMEs. For example, SMEs in the enlarged European Union are around 23 million and provide approximately 75 million companies and 99% of the total enterprises. Contextually, The economic and social crisis evident across several public debates underlies the importance of SMEs for the Portuguese business. For current year, millions of euros have been spent in European funds for the modernization of SMEs. Programs such as SMEs training or QI-SMEs are just a few examples. For decades, SMEs were seen as companies with
HRM is gaining visibility in SMEs. There is a change of mentality within business and the proof is in increasing use of recruitment and selection, investment in training and development and greater relevance in the evaluation of employee performance. In the case of Portugal, the role of HRM has gone through an evolutionary process, as in other countries, which has been described and analyzed by some academics. However, little or nothing is known about the HR function, as mentioned by Cabral-Cardoso (2006). Studies focusing on HRM are rare and those that exist are associated with large enterprises. The choice of subject and its relevance to some extent are linked to the low investment in research in the management of SMEs. Another interesting aspect is that in SMEs, although the organizations are smaller in size, HRM is frequently presented as informal and less sophisticated and therefore less complex and structured.

The study aims to contribute to a better understanding of HRM in SMEs, something overlooked by the main studies. It mainly serves as a starting point for future research focusing more on specific aspects of HRM in SMEs. This study intends to establish a benchmark of action in relation to HRM policies and practices that will enable researchers and practitioners to better understand the conditions for the development of a model of HRM in SMEs. More specifically, it aims to:

- Identify the key studies of people management in SMEs;
- Build an explanatory model of HRM in SMEs; and
- Define modes of action for policies and practices of HRM in SMEs.

The aim of the study is not to develop a standardizing model of HRM, but rather presenting a series of information, scientifically based on enabling the leaders of companies a better and more efficient decision-making capabilities in the implementation of HRM.
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