Effective Human Resources Management in Small and Medium Enterprises:
Global Perspectives

Carolina Machado
University of Minho, Portugal

Pedro Melo
University of Minho, Portugal

A volume in the Advances in Human Resources Management and Organizational Development (AHRMOD) Book Series
MISSION
A solid foundation is essential to the development and success of any organization and can be accomplished through the effective and careful management of an organization’s human capital. Research in human resources management and organizational development is necessary in providing business leaders with the tools and methodologies which will assist in the development and maintenance of their organizational structure.

The Advances in Human Resources Management and Organizational Development (AHRMOD) Book Series aims to publish the latest research on all aspects of human resources as well as the latest methodologies, tools, and theories regarding organizational development and sustainability. The AHRMOD Book Series intends to provide business professionals, managers, researchers, and students with the necessary resources to effectively develop and implement organizational strategies.

COVERAGE
- Change Management
- E-Human Resources Management
- Employee Benefits
- Employee Communications
- Employee Relations
- Outsourcing HR
- Performance Improvement
- Strategic HRM
- Succession Planning
- Worker Behavior and Engagement

IGI Global is currently accepting manuscripts for publication within this series. To submit a proposal for a volume in this series, please contact our Acquisition Editors at Acquisitions@igi-global.com or visit: http://www.igi-global.com/publish/.

The Advances in Human Resources Management and Organizational Development (AHRMOD) Book Series (ISSN 2327-3372) is published by IGI Global, 701 E. Chocolate Avenue, Hershey, PA 17033-1240, USA, www.igi-global.com. This series is composed of titles available for purchase individually; each title is edited to be contextually exclusive from any other title within the series. For pricing and ordering information please visit http://www.igi-global.com/book-series/advances-human-resources-management-organizational/73670. Postmaster: Send all address changes to above address. Copyright © 2014 IGI Global. All rights, including translation in other languages reserved by the publisher. No part of this series may be reproduced or used in any form or by any means – graphics, electronic, or mechanical, including photocopying, recording, tapping, or information and retrieval systems – without written permission from the publisher, except for non commercial, educational use, including classroom teaching purposes. The views expressed in this series are those of the authors, but not necessarily of IGI Global.
Titles in this Series

For a list of additional titles in this series, please visit: www.igi-global.com

*Effective Human Resources Management in Small and Medium Enterprises Global Perspectives*
Carolina Machado (University of Minho, Portugal) and Pedro Melo (University of Minho, Portugal)
Business Science Reference • copyright 2014 • 374pp • H/C (ISBN: 9781466647312) • US $185.00 (our price)

*Strategic Approaches for Human Capital Management and Development in a Turbulent Economy*
Patricia Ordóñez de Pablos (Universidad de Oviedo, Spain) and Robert D. Tennyson (University of Minnesota, USA)
Business Science Reference • copyright 2014 • 346pp • H/C (ISBN: 9781466645301) • US $185.00 (our price)

*Building a Competitive Public Sector with Knowledge Management Strategy*
Yousif Al-Bastaki (University of Bahrain, Bahrain) and Amani Shajera (University of Bahrain, Bahrain)
Business Science Reference • copyright 2014 • 514pp • H/C (ISBN: 9781466644342) • US $185.00 (our price)

*Collaborative Communication Processes and Decision Making in Organizations*
Ephraim Nikoi (University of Wisconsin-Superior, USA) and Kwasi Boateng (University of Arkansas-Little Rock, USA)
Business Science Reference • copyright 2014 • 353pp • H/C (ISBN: 9781466644786) • US $185.00 (our price)

*Valuing People and Technology in the Workplace A Competitive Advantage Framework*
Claretha Hughes (RHRC/COEHP, USA)
Information Science Reference • copyright 2012 • 421pp • H/C (ISBN: 9781466602403) • US $175.00 (our price)

*Human Resource Management in the Digital Economy Creating Synergy between Competency Models and Information*
Susana de Juana-Espinosa (Universidad de Alicante, Spain) Jose Antonio Fernandez-Sanchez (Universidad de Alicante, Spain) Encarnacion Manresa-Marhuenda (Universidad de Alicante, Spain) and Jorge Valdes-Conca (Universidad de Alicante, Spain)
Information Science Reference • copyright 2012 • 445pp • H/C (ISBN: 9781613502075) • US $175.00 (our price)

*Distributed Team Collaboration in Organizations Emerging Tools and Practices*
Kathy L. Milhauser (George Fox University, USA)
Business Science Reference • copyright 2011 • 336pp • H/C (ISBN: 9781609605339) • US $180.00 (our price)

*Managing IT Human Resources Considerations for Organizations and Personnel*
Jerry Luftman (Stevens Institute of Technology, USA)
Business Science Reference • copyright 2011 • 424pp • H/C (ISBN: 9781609605353) • US $180.00 (our price)
Editorial Advisory Board

Chris Brewster, University of Reading, UK
Maria Emília Fernandes, University of Minho, Portugal
Ana Paula Ferreira, University of Minho, Portugal
Stephanie Jameson, Leeds Metropolitan University, UK
Oliver Mallett, Durham University, UK
Wayne O’Donohue, Griffith Business School, Australia
Teresa Carla Oliveira, University of Coimbra, Portugal
Cem Tanova, Eastern Mediterranean University, Turkey
Robert Wapshott, University of Sheffield, UK
Connie Zheng, Deakin University, Australia

List of Reviewers

Neeta Baporikar, Ministry of Higher Education, CAS – Salalah, Sultanate of Oman
Josh Bendickson, Louisiana State University, USA
Kenneth Cafferkey, Universiti Tun Abdul Razak, Malaysia
Burcu Özge Özşan-Çalışkan, Istanbul University, Turkey
Dababrata Chowdhury, University of Suffolk, UK
Nil Selenay Erden, Turkey
Maria Emília Fernandes, University of Minho, Portugal
Ana Paula Ferreira, University of Minho, Portugal
Maria Carmen Galang, University of Victoria, Canada
Brian Harney, Dublin City University, Ireland
Stephanie Jameson, Leeds Metropolitan University, UK
Eric W. Liguori, California State University – Fresno, USA
Oliver Mallett, Durham University, UK
Olimpia Meglio, Department of Law, Economics, Management, and Quantitative Methods (D.E.M.M.), Italy
Wayne O’Donohue, Griffith Business School, Australia
Gizem Öksüzoglu-Güven, University of Mediterranean Karpasia, Northern Cyprus
Teresa Carla Oliveira, University of Coimbra, Portugal
Pramila Rao, Marymount University, USA
Mercedes Rubio-Andrés, San Pablo CEU University, Spain
David Starr-Glass, State University of New York - Empire State College, USA
A. Suryanarayana, Osmania University, India
Cem Tanova, Eastern Mediterranean University, Turkey
Robert Wapshott, University of Sheffield, UK
Connie Zheng, Deakin University, Australia
## Table of Contents

Preface.................................................................................................................................................. xvii

Introduction......................................................................................................................................... xix

Chapter 1
The Antecedents and Consequences of Strategic HRM in Malaysian and Philippine SMEs.............. 1
  *Maria Carmen Galang, University of Victoria, Canada*
  *Intan Osman, Universiti Sains Malaysia, Malaysia*

Chapter 2
Human Capital in Malaysian SMEs: HR Practices, Uniqueness, and Value......................................... 28
  *Kenneth Cafferkey, Universiti Tun Abdul Razak, Malaysia*
  *Brian Harney, Dublin City University, Ireland*
  *Pua Eng Teck, Universiti Tun Abdul Razak, Malaysia*

Chapter 3
Effective Human Resources Management Practices in Small and Medium Enterprises: Global Perspectives of the MIST (Mexico, Indonesia, South Korea, Turkey) Economies ......................... 44
  *Anil Chandrakumara, University of Wollongong, Australia*
  *Pramila Rao, Marymount University, USA*

Chapter 4
The Synergistic Potential of Human Resource Management in Small and Medium Enterprises ....... 74
  *David Starr-Glass, State University of New York - Empire State College, USA*

Chapter 5
Managing Human Resources in Family Businesses: A Review on the Current State of Research and New Proposals for the Future................................................................. 96
  *Santiago Gutiérrez-Broncano, University of Castilla-La Mancha, Spain*
  *Mercedes Rubio-Andrés, San Pablo CEU University, Spain*
  *Pedro Jiménez Estévez, University of Castilla-La Mancha, Spain*

Chapter 6
HRM Practices and Problems in Family-Owned SMEs.................................................................... 113
  *Burcu Özge Özgeçan, Istanbul University, Turkey*
Chapter 7
Intergenerational Transition in a Small Family Business: Evidence from a Process Study .......... 131
  Carlo Mari, University of Molise, Italy
  Olimpia Meglio, University of Sannio, Italy

Chapter 8
The Role of Human Resources Practices in Conflict Management: Implications for Small-Medium
Enterprises ........................................................................................................................................... 148
  Nil Selenay Erden, Istanbul University, Turkey

Chapter 9
Occupational Health and Safety in SMEs: Overview as a Part of Management System .......... 167
  Burcu Özge Özslan Çalıșkan, Istanbul University, Turkey

Chapter 10
The Impact of the Entrepreneur’s Educational Level on the Employment Creation by New Small
and Medium Enterprises ...................................................................................................................... 183
  João Zambujal-Oliveira, Instituto Superior Técnico, Universidade de Lisboa, Portugal
  Luis Contente, Instituto Superior Técnico, Universidade de Lisboa, Portugal

Chapter 11
Placing SMEs at the Forefront of SHRM Literature ................................................................. 201
  Josh Bendickson, Louisiana State University, USA
  Eric W. Liguori, California State University – Fresno, USA
  Jeffrey Muldoon, Louisiana State University, USA
  Lindsay N. Newport, The Martin Agency, USA
  K. Mark Weaver, University of South Alabama, USA

Chapter 12
How SMEs in the Car Maintenance Services Industry Recruit Employees from the Dense Forest
of Hopeless Unemployed Youths: Case Study of Two Selected Cities in Tanzania ................. 222
  Felix Adamu Nandonde, Aalborg University, Denmark
  Pamela John Liana, Open University of Tanzania, Tanzania

Chapter 13
The Rise, Decline, and Regeneration of Industrial Districts: Enhanced HRM, SMEs, and
Location ............................................................................................................................................... 238
  Stuart Holland, University of Coimbra, Portugal
  Teresa Carla Oliveira, University of Coimbra, Portugal

Chapter 14
Self-Managing Teams in Small and Medium Enterprises (SME) ............................................ 280
  Mercedes Rubio-Andrés, San Pablo CEU University, Spain
  Santiago Gutiérrez-Broncano, Castilla-La Mancha University, Spain
  Luis Varona-Castillo, San Pablo CEU University, Spain
Detailed Table of Contents

Preface.................................................................................................................xvii

Introduction ............................................................................................................xix

Chapter 1
The Antecedents and Consequences of Strategic HRM in Malaysian and Philippine SMEs .......... 1

Maria Carmen Galang, University of Victoria, Canada
Intan Osman, Universiti Sains Malaysia, Malaysia

From a survey of Small and Medium-Sized Enterprises (SMEs) in Malaysia and the Philippines, the authors find that the adoption of strategic Human Resource Management (HRM) is at best at a moderate level. The adoption of strategic HRM by SMEs in both Malaysia and the Philippines is predicted from the positive effect of legal and regulatory requirements, the importance of business environment challenges, and the strategic role of the HR professional. Furthermore, regression analysis shows that in both countries, SMEs with strategic human resource management have better organizational performance in terms of human resource outcomes, operational outcomes, and financial outcomes, but the impact is larger in the Philippine SMEs. This study adds empirical evidence currently available from a small set of countries, mostly in North America and Europe. The authors end this chapter with implications for policy makers and HR practitioners and provide recommendations for future research.

Chapter 2
Human Capital in Malaysian SMEs: HR Practices, Uniqueness, and Value .............................. 28

Kenneth Cafferkey, Universiti Tun Abdul Razak, Malaysia
Brian Harney, Dublin City University, Ireland
Pua Eng Teck, Universiti Tun Abdul Razak, Malaysia

This chapter explores Human Capital in Malaysian SMEs. Malaysia has placed significant policy emphasis on indigenous SMEs as a basis for achieving economic growth and competitiveness. This renders the human capital infrastructure of SMEs of critical importance. However, the reality is that there is little information as to the nature of HR practices and their impact in Malaysian SMEs. This chapter aims to fill this void by exploring descriptive findings from a unique sample of over 200 Malaysian SMEs. Drawing on the work of Lepak and Snell in particular, the chapter offers insights into human capital uniqueness and human capital value in the firms investigated. The performance and policy implications of the research are discussed and future research avenues outlined.
Chapter 3
Effective Human Resources Management Practices in Small and Medium Enterprises: Global Perspectives of the MIST (Mexico, Indonesia, South Korea, Turkey) Economies .............................................. 44

Anil Chandrakumara, University of Wollongong, Australia
Pramila Rao, Marymount University, USA

This chapter explores HRM (Human Resource Management) practices in SMEs (Small and Medium Enterprises) in the MIST (Mexico, Indonesia, South Korea, and Turkey) economies. Researchers and consultancy firms such as Goldman Sachs have suggested that these nations will be potentially very strong trading economies for the next decade based on economic analyses. SMEs play pivotal roles in these nations as they contribute to a majority of their domestic employment and GDP (Gross Domestic Product). The focus of the chapter is based on a thorough investigation of secondary sources on HRM practices (recruitment and selection, training and development, performance management, and compensation) of SMEs in the MIST nations. Institutional theory and Strategic Human Resource Management (SHRM) perspectives are showcased in understanding these practices better. The findings of the study suggest that HRM practices adopted in the MIST countries, both individually as well as a cluster, reflect the aspects of universalistic, contingency, resources bases, and institutional perspectives of the Strategic HRM (SHRM) model. The evidence also indicates the simultaneous adoption of both convergence and divergence theories of international HRM. The chapter also presents a model of HRM practices adopted by the SMEs in the MIST nations. Theoretical and practical implications of findings are discussed and directions for future research are provided.

Chapter 4
The Synergistic Potential of Human Resource Management in Small and Medium Enterprises ........ 74

David Starr-Glass, State University of New York - Empire State College, USA

In large-scale operations, strategically orientated Human Resource Management generally has a structural function. In small- and medium-sized enterprises, however, strategic intent has to be more intimately matched to entrepreneurial behavior of core management. In these firms, HR is not an added layer but rather a key synergistic element in their strategic configuration. Considering the economic challenges faced by the small firm, it would seem that some form of strategically orientated HR is beneficial; however, it is often unconsidered. Taking a resource-based view of the firm and a configurational approach to strategy, this chapter considers the challenges to strategically orientated HR adoption in small entrepreneurial enterprises. It examines the characteristics of entrepreneur-founders, strategic orientation, and strategic configuration in an increasingly globalized context. Challenges to HRM adoption are identified, and a number of possible solutions are considered.

Chapter 5

Santiago Gutiérrez-Broncano, University of Castilla-La Mancha, Spain
Mercedes Rubio-Andrés, San Pablo CEU University, Spain
Pedro Jiménez Estévez, University of Castilla-La Mancha, Spain

Although a lot of research has been carried out in the field of family businesses in recent years, not much of it has focused on human resource management. After compiling the major studies, both negative aspects (e.g. nepotism) and positive ones (e.g. employee commitment) have been identified. Therefore, the authors propose high-performance human resources practices to reduce the negative impact of family in business and boost the positive effects, increase their human capital, and achieve a competitive advantage in this field. Finally, the authors provide key insights for practitioners, family business owners, and managers, and they propose future research directions.
Chapter 6
HRM Practices and Problems in Family-Owned SMEs ......................................................... 113
Burcu Özge Özaslan Çalışkan, Istanbul University, Turkey

In exchange for the need for more highly trained employees, there is not enough qualified labor in the market. Small- and Medium-Sized Enterprises (SMEs) play an important role in the economies of countries because of their characteristics about generating employment. Effective Human Resource Management (HRM) is becoming increasingly important in the modern knowledge-based economy and vital for the success of small- and medium-sized enterprises. However, there are few studies concerning HRM practices of SMEs. The purpose of this study is to analyze the current HRM practices of SMEs, especially which are family businesses, and to identify HRM practices and the problems within these SMEs. With the help of the literature review, helpful suggestions about HRM practices are developed for SMEs.

Chapter 7
Intergenerational Transition in a Small Family Business: Evidence from a Process Study ........ 131
Carlo Mari, University of Molise, Italy
Olimpia Meglio, University of Sannio, Italy

Family businesses constitute the key infrastructure of wealth creation across the globe. One of the most important human-resource challenges they face is intergenerational transition, an issue that has received considerable attention from scholars in various countries. Despite this great interest, academics are still attempting to understand the phenomenon and provide effective managerial guidance on how family businesses can make it to the second generation. This chapter seeks to contribute to family business research by offering a more nuanced understanding of intergenerational transition that builds on a conceptualization of the phenomenon as a process rather than the prevailing view of it as an instantaneous event. In order to capture the processual nature of intergenerational transition, evidence is presented from a field study carried out in a small Italian family business that was the arena of three different intergenerational transitions taking place at different time periods. The evidence gathered suggests that the process is shaped by interaction of the different parties involved, who renegotiate their roles as it unfolds, with various factors playing a part.

Chapter 8
The Role of Human Resources Practices in Conflict Management: Implications for Small-Medium Enterprises ................................................................. 148
Nil Selenay Erden, Istanbul University, Turkey

The aim of this chapter is to provide a conceptual basis on the role of HR (Human Resources) practices in conflict management in the context of small business. However, conflict management is not accounted as a formal function of HRM (Human Resources Management) such as selection, performance appraisal, or administrative services. Besides, HR functions in Small-Medium Enterprises (SMEs) are usually carried by owners or line managers while some practices might be outsourced, as well. Consequently, managing human resources is different in SMEs due to firm size, priorities of the owner, and informality. Therefore, the challenge is to build the link between HR functions and conflict management in the context of small business. In this respect, the chapter emphasizes the importance of managing human capital effectively in terms of managing conflicts.
Chapter 9
Occupational Health and Safety in SMEs: Overview as a Part of Management System ........................ 167
Burcu Özge Özslan Çalışkan, Istanbul University, Turkey

Employees of Small- and Medium-Sized Enterprises (SMEs) are exposed to higher risks than the employees of larger ones, and SMEs have difficulties in controlling risk. Many countries have noticed the potential of the SMEs, and they judge employment and economic growth to a great extent based on these enterprises. The studies regarding this subject have increased during the last decade, parallel to the political and economic interests in occupational health and safety in SMEs. The objective of this chapter is to reveal general conclusions on effective approaches to prevent occupational diseases and injuries in SMEs and to gain information related to employment, welfare and health facilities, health education, legislation, occupational health, and safety management as a part of integrated management systems and other safety activities. The chapter also aims to facilitate developing an informative perspective about Occupational Health and Safety Management Systems (OHSMS) in SMEs by emphasizing the drivers, benefits, and barriers of SMEs trying to adopt these systems.

Chapter 10
The Impact of the Entrepreneur’s Educational Level on the Employment Creation by New Small and Medium Enterprises .................................................................................................................. 183
João Zambujal-Oliveira, Instituto Superior Técnico, Universidade de Lisboa, Portugal
Luis Contente, Instituto Superior Técnico, Universidade de Lisboa, Portugal

This chapter examines the effects of different types of start-up rates on subsequent employment change. Longitudinal data on start-ups and employment in Portuguese regions in the period 1996–2007 is used for the analysis. The study addresses whether diverse types of new small- and medium-sized enterprise formation have heterogeneous effects on regional employment generation. It is found that, for the range considered, the seven types of start-ups led to significant and negative effects on the average variation of regional employment. It is also observed that these effects were more negative for start-ups with at least one business owner with higher education in engineering and for start-ups with at least one business owner with higher education in management. The last conclusion is that the share of highly skilled employees has a statistically significant and positive impact on the average employment change and, therefore, on regional development.

Chapter 11
Placing SMEs at the Forefront of SHRM Literature ................................................................. 201
Josh Bendickson, Louisiana State University, USA
Eric W. Liguori, California State University – Fresno, USA
Jeffrey Muldoon, Louisiana State University, USA
Lindsay N. Newport, The Martin Agency, USA
K. Mark Weaver, University of South Alabama, USA

High Performance Work Practices (HPWP) provide firms with resources to improve employee- and firm-level outcomes. While recent literature in this field begins to explore the role and benefits of HPWP in Small- to Medium-Sized Enterprises (SMEs), much remains unknown. To address this deficiency, the authors explore the dominant HPWPs used by SMEs, demonstrating that in some U.S. firms SMEs are just as human resource savvy as their larger counterparts. Ultimately, they both advance the SHRM literature and provide a better understanding of the common HPWPs (e.g., compensation, training, development, etc.) used by U.S. SMEs.
Chapter 12
How SMEs in the Car Maintenance Services Industry Recruit Employees from the Dense Forest of Hopeless Unemployed Youths: Case Study of Two Selected Cities in Tanzania

Felix Adamu Nandonde, Aalborg University, Denmark
Pamela John Liana, Open University of Tanzania, Tanzania

There is a general consensus among scholars that the HR practices by corporate companies cannot be imitated by Small and Medium Enterprises (SMEs). Even though it is a neglected sector, SMEs in Tanzania are considered to be a major contributor to the national economy in terms of tax payment and job creation. Using a case study, this chapter investigates human resource practices in the recruitment process among the SMEs in a car maintenance sub sector. The nature of doing business is more informal, whereby a customer can bring a car to the garage and the technicians work on the car without bargaining for the cost of the work. Accordingly, there have usually been complaints from customers regarding overcharging for the services offered and lack of trust among technicians, especially on matters relating to falsification on spare parts. In addressing this problem, garage owners have to make sure that they employ people with good character; those who cannot temper with customers’ property tarnish the image and reputation of the company.

Chapter 13
The Rise, Decline, and Regeneration of Industrial Districts: Enhanced HRM, SMEs, and Location

Stuart Holland, University of Coimbra, Portugal
Teresa Carla Oliveira, University of Coimbra, Portugal

Who does what, and how, is central to Human Resource Management (HRM). Where people do has been central to theories of location and the clustering of firms in industrial districts. Yet there has been little boundary spanning between HRM and location theories. This chapter seeks to redress this in relation to the rise and decline of industrial districts of small and medium firms and to draw implications for their potential regeneration. It relates this to cost-based models of locational and competitive advantage, theories of flexible specialisation, the “triple helix” concept of enterprise-university-government relations, and the challenges both for entrepreneurs and for policy makers in an era in which industrial districts are no longer only local but already have “gone global.” In forwarding the concept of “enhanced HRM,” the chapter advocates that public policies for SMEs should encourage surfacing tacit knowledge in new product innovation, achieving kaizen style continuous improvement, stretching core competences, profiling and extending latent abilities and implicit skills, and boundary spanning to synergise research with new high-tech start ups. While critical both of Michael Porter’s dismissal of tacit knowledge and kaizen, and of European research and regional policies, the chapter gives examples of success in such policies and how “enhanced HRM” can draw from them to regenerate industrial districts.

Chapter 14
Self-Managing Teams in Small and Medium Enterprises (SME)

Mercedes Rubio-Andrés, San Pablo CEU University, Spain
Santiago Gutiérrez-Broncano, Castilla-La Mancha University, Spain
Luis Varona-Castillo, San Pablo CEU University, Spain

Small and Medium Enterprises (SMEs) are looking for a sustainable and profitable business concept. They use a human resource model according to the situation and establish a democratic system with flexible work, focusing on responsibility and initiative and increasing the self-control of the team’s members. Self-managing teams have been used more and more in recent years in the business environment. They
are relatively autonomous work groups whose members share responsibility and leadership to accomplish their independent tasks. Their objective is to develop a type of collective knowledge that requires the pooling of individual knowledge. Their characteristics include independent, autonomous decision making, shared responsibility, and shared leadership. Sometimes, self-managing teams are also responsible for personnel decisions within the team, such as working hours, the selection and contracting of members, dismissal, and even determining salaries. In sum, the authors propose self-managing teams (such as High Performance Practices) as a good human resource management in small and medium enterprises and show how they can help to create organizational effectiveness and competitive advantage in SMEs.

Chapter 15
Decision Making in SMEs: Insights from Business Ethics and Entrepreneurship..............................301
Gizem Öksüzoğlu-Güven, University of Mediterranean Karpasia, Northern Cyprus

This chapter explores theories and concepts of ethical decision making in SMEs and how individuality of entrepreneurs affects their organisations. In order to investigate the entrepreneurial ethical decision-making process, the chapter crossbreeds the concepts of greed and power, cognitive moral development, ethical ideologies, and individual psychological characteristics as determinant of ethical decision making. Through discussion of relevant models, the chapter presents arguments on determinants of individual ethical decision making as well as external factors that influence the decision-making process. In doing so, it aims to provide a distinctive perspective on understanding decision making in SMEs through forming a bridge between individual moral psychology and entrepreneurial decision making. This understanding enables us to have an alternative reasoning when examining employment-related issues.

Chapter 16
Innovation Strategies in SME: Global Perspective..............................................................................315
Neeta Baporikar, Ministry of Higher Education, CAS – Salalah, Oman

Small and Medium Enterprises (SMEs) play a vital role in a country’s economic development. The current trend of economic growth and rapid industrial development has made many countries open up their economies to the world. In conjunction, governments the world over are devoting and designing SME development plans to assist the SMEs in meeting new business challenges in the competitive global business environment. The focus of this chapter is identifying and analyzing innovation strategies in SMEs, drivers of innovation in SMEs from global perspective, and understanding the need of effective HRM to drive innovation. This will help in getting an idea about the competitiveness facing SMEs in the global business environment since challenges of SMEs in a globalized market together with economic turmoil is the reality. Further, two mini-cases reflecting SME innovation strategies are provided for better understanding.

Chapter 17
Hierarchies and Holdings: Implications of SME Entrepreneurship for Enhanced HRM in Hospital Management.........................................................................................................................................342
Teresa Carla Oliveira, University of Coimbra, Portugal
Stuart Holland, University of Coimbra, Portugal
João Fontes da Costa, Instituto Politécnico de Coimbra, Portugal
Francisco Edinaldo Lira de Carvalho, University of Coimbra, Portugal

This chapter proposes that key features of New Public Management (NPM) in complex public service organisations, such as teaching hospitals, are less new than a reversal to Weberian hierarchy, Fordist concern with throughput rather than quality, Taylorist standardised performance criteria, and Foucauldian surveillance. While this judgement is severe, it illustrates that such management models combined with
market or quasi-market criteria have been dysfunctional in the UK in near trebling administrative costs, demotivating health professionals, and in the view of their professional associations, risk destroying the principles of a national health service. It proposes that those concerned to counter this could draw on more plural modes of management in public sector institutions such as holding companies as a model for reforms in hospital organisation, which could enable a degree of relative autonomy for individual services and units similar to that typical of small- to medium-sized firms. It distinguishes organisational logic as the basis for economic efficiency from operational logic as the basis for social efficiency in terms of psychological wellbeing of both health professionals and patients. It submits that doctors as managers of staff in different services and units need relative autonomy for effective implementation of Human Resource Management (HRM) practices at operational levels to be able to enhance purposeful engagement and vocational commitment to health as public service as well to enable psychological contracting into change. Informed by a case study within a socio-cognitive approach in a major European teaching hospital, it then draws implications concerning the merits of a holding company model for hospital organisation.

Chapter 18
HRM Evolution in SMEs: Recruitment and Selection Case ............................................................... 377
Pedro Ribeiro Novo Melo, University of Minho, Portugal
Carolina Feliciana Machado, University of Minho, Portugal

The enormous business competitiveness at a global scale and the constant search for sources of competitive advantage have led several scholars and practitioners to implement their studies to pay attention to the potential of HRM in the success of companies. Portugal, like others European countries, is not set apart from the question of HRM. However, it is rare and recent to find empirical literature on practice of HRM in Portugal, and even more scarce to find literature that focuses on SMEs. This study clarifies the situation of SMEs in the Portuguese context, serving as a basis for discussion on HRM in SMEs in an international context. This chapter looks to understand the role of recruitment and selection on Human Resource Management (HRM) at Small and Medium Enterprises (SMEs) in Portugal, as well as contribute to a better knowledge of this area, still little studied. More particularly, it aims to understand the level of implementation of recruitment and selection. Data was collected by questionnaire from 512 small and medium enterprises in Portugal, and from these, 3 hypotheses were formulated and tested using the SPSS program. From this study, the authors conclude that HRM is not yet a reality in SMEs. Recruitment and selection are the HRM practices more commonly used in SMEs, but in an informal way.

Chapter 19
Internationalization Services for Small and Medium Enterprises: A Case Study ................................. 393
Enrico Buggea, Politecnico di Milano, Italy
Roberto Castiglione, Politecnico di Torino, Italy
Tania Cerquitelli, Politecnico di Torino, Italy
Lorenzo Grosso, Politecnico di Torino, Italy
Giacomo Rontini, Politecnico di Milano, Italy
Arianna Scolari, Politecnico di Milano, Italy
Lei Xiang, Politecnico di Torino, Italy

To be successful exporters, SMEs have to penetrate foreign markets rapidly, at low cost, maintaining control of core technologies and products, while adapting product features to local customer requirements and preferences. Entrepreneurs have to find and evaluate potential partners, overcoming differences in business cultures and their ignorance of foreign accounting rules. Internationalization has deep and relevant implications in effective human resources management. In fact, the expansion of the firms allows
the creation of new job opportunities both in the home country and abroad. This process could be seen as a solution, or better as mitigation, for the current problem of unemployment that our society has to face in this period of crisis. SMEs need to be supported in their expansion abroad. In Italy, public and private agencies provide services to achieve this. The aim of this chapter is to analyze how they operate, what services they provide, and how much they support enterprises. As a case study, the authors examine services provided by Chinese agencies because China is one of the most active countries in international markets. Italian and Chinese agencies are compared focusing on the existing standard services provided and their customization according to specific domain needs. Finally, the authors present a global view of today’s scenario to define future directions of current internationalized services.

Chapter 20
Entrepreneurship Readiness in Turkey: Profiles from Istanbul-Kayseri-Van Provinces .................. 415
Leyla Tulunay, Hacettepe University, Turkey
Semra Güney, Hacettepe University, Turkey
M. Kemal Öktem, Hacettepe University, Turkey

The target group of the study is composed of the entrepreneurs having business in manufacturing and services in Istanbul (Marmara Region), Kayseri (Central Anatolia Region), and Van (Eastern Anatolia Region), Turkey. Istanbul is a first degree developed city, Kayseri is a second degree developed city, and Van is a fifth degree developed city. A questionnaire having three parts was developed to collect data for the study. The first part of the questionnaire was about the factors influencing the decisions of establishment of a new business, the second part was about the personality characteristics, and the third part was about the demographic features of the entrepreneurs. One-hundred-seventy-eight questionnaires were collected from the companies in the targeted regions, and their results are analyzed statistically.

Compilation of References.............................................................................................................................................427

About the Contributors...............................................................................................................................................493

Index........................................................................................................................................................................502
Preface

This book is dedicated to SMEs management with a special emphasis in Human Resource Management (HRM). It provides discussion and the exchange of information on principles, strategies, models, techniques, methodologies, and applications of HRM in SMEs in the field of public and private organizations. It aims to communicate the latest developments and thinking on the management subject worldwide.

More and more, big organizations are giving place to SMEs. However, we still see that, in what concerns SMEs, HRM strategies, policies, and practices, remain the same as those established and implemented in big organizations. Indeed, although very different in dimension/size and philosophy, the management developed is still the same. Drawing on the latest developments, ideas, research, and best practice, this book intends to examine the implications of the changes taking place and how they affect the management and motivation of human resources belonging to these organizations. It is important to know what is happening on both national and international fronts to be able to understand and develop effective responses to meet these new demands.

The book has a special focus in research on important issues that transcend the boundaries of single academic subjects and managerial functions. Among others, it assists readers to develop a coherent understanding about human resources management in SMEs and how lessons learned by the different perspectives presented might be transferred to new contexts.

The book has 20 chapters, which present different perspectives of the importance of human resources in these organizations and have a special focus on current and relevant issues in the field of HRM in SMEs. Topics covered in the book include:

- Human Resources Management (HRM) in family businesses.
- Strategic HRM in SMEs.
- Intergenerational transition in SMEs.
- Conflict management.
- Occupational health and safety in SMEs.
- Entrepreneur education/employment creation.
- Politics and practices of HRM in SMEs.
- Self-managing teams in SMEs.
- Business ethics and entrepreneurship.
- Innovation strategies in SMEs.
- International perspectives of HRM in SMEs.
The chapters do not need to be read in their given order, although it is recommended to do so. Indeed, each of them can be read independently as they offer a complete point of view about the particular topic on which they focus.

Today, the interest in this subject is evident not only for many important institutes and universities but also for different professionals around the world. Identifying the theoretical as well as practical implications of the work in SMEs, the book can be used by academics, researchers, managers, and other professionals in related matters with human resources management in SMEs.

Carolina Feliciana Machado  
University of Minho, Portugal

Pedro Manuel Ribeiro Novo de Melo  
University of Minho, Portugal
Introduction

OBJECTIVE OF THE BOOK

The main aim of this book is to provide a channel of communication to disseminate HRM in SMEs knowledge between academics/researchers and managers. It serves as a useful reference for academics, researchers, managers, engineers, and other professionals in related matters with HRM in SME. Taking into account these concerns, this book looks to:

• Find out how SMEs around the world are tackling today’s employment challenges and changes.
• Critically evaluate alternative strategies for improving working conditions and develop effective relationships between employers and their employees in SMEs.
• Identify the effective organizational and HRM strategies in SMEs.
• Keep at the forefront of innovative theories and the latest research activity relating to HRM in SME.
• Participate in an international, interdisciplinary exchange of information, ideas, and opinions about SME.
• Examine best practice on HRM in SME.
• Share knowledge through debate and information exchange about the best HRM practices and politics in SME.
• Keep up to date with current developments and emerging trends about HRM in SMEs.

Considered an important tool, both to academics and practitioners, as it contributes to a more effective advance and tools of communication in what concerns the understanding of key issues related to HRM in SME, this book looks to identify HRM strategies, politics, and practices necessary to develop and implement SMEs, allowing these organizations to obtain more efficient and competitive management models.

The book is written and organized in order to help readers develop a coherent understanding about HRM in SMEs, as well as to provide readers with original and cutting-edge contributions in the HRM and SMEs subject, allowing them to learn and transfer this new acquired knowledge to new and different situations.

CONTRIBUTIONS

Following these main aims, the contributors look to explore the different processes, politics, practices, and strategies of how to manage human resources in small and medium enterprises in a global perspective in order to contribute to a better understanding, as well as to improve an effective HRM in this type of organization.
After this introductory chapter, the concerns about the antecedents and consequences of strategic HRM in SMEs are explored in chapter 1. Here, the authors, from a survey of SMEs in Malaysia and the Philippines, find that the adoption of a strategic HRM is at a moderate level.

Chapter 2 explores human capital in Malaysian SMEs. Given the critical importance that the human capital infrastructure SMEs assume, this chapter, based in a sample of Malaysian SMEs, offers insights into human capital uniqueness and human capital value in these firms.

Effective human resources management practices in SMEs is the subject that follows. Focusing on the MIST countries (Mexico, Indonesia, South Korea, and Turkey), the findings of this study suggest that HRM practices adopted both individually and as a cluster reflect the components of universalistic, contingency, resources bases, and institutional perspectives of the strategic HRM model. A model of HRM practices adopted by SMEs in the MIST economies is also presented.

In Chapter 4, the synergistic potential of HRM in SMEs is explored. Considering HR as a key synergistic element in SMEs strategic configuration, this chapter examines the characteristics of entrepreneur-founders, strategic orientation, and strategic configuration in a globalized world.

Considered a specified type of SMEs, family business is also a relevant topic of study in what concerns the HRM subject. This is what happens in chapters 5, 6, and 7. Focusing on HRM in family business, chapter 5 makes a review on the current state of research, at the same time it presents new proposals for the future.

Chapter 6 studies the HRM practices and problems in family-owned SMEs. It looks to analyze the current HRM practices in this kind of organization, as well as to identify the existent practices and problems.

The intergenerational transition in a small family business is addressed in chapter 7. In order to analyze the processual nature of intergenerational transition, the authors have implemented a study in a small Italian family business seen as an interesting example of three different intergenerational transitions taking place at different time periods.

The next chapter attempts to develop an analysis about the implications for SMEs resulting from the role of HR in conflict management. Looking to provide a conceptual basis on the role of HR practices in conflict management in SMEs, this chapter emphasizes the importance of managing human capital effectively in terms of managing conflicts.

Chapter 9 focuses on the role of occupational health and safety in SMEs. It aims to facilitate the development of an informative perspective about occupational health and safety management systems in these organizations by emphasizing the drivers, benefits, and barriers of SMEs that are trying to adopt that system.

The entrepreneur’s educational level and its impact on the employment creation by new SMEs is the subject of chapter 10. In order to study the effects of different types of start-up rates on subsequent employment change, the authors have used longitudinal data on start-ups and employment in different Portuguese regions in a period of 11 years.

Chapter 11 looks to place SMEs at the forefront of strategic HRM literature. Advancing the strategic HRM literature, the authors provide a better understanding of the common high performance work practices used by U.S. SMEs.

Questions related to HR recruitment are explored in chapter 12. Based in a case study of two selected cities in Tanzania, this chapter studies HRM practices in the recruitment process among the SMEs in a car maintenance sub sector.
Considering that there has been little boundary-spanning between HRM and location theories, in chapter 13, the authors seek to redress this in relation to the rise and decline of industrial districts of SMEs, as well as to draw implications for their potential regeneration.

Self-managing teams in SMEs is the focus of the next chapter. The authors propose self-managing teams as a good way to manage HR in SMEs, looking to explore how they can help to create organizational effectiveness and, consequently, competitive advantages in SMEs.

Chapter 15 deals with the decision-making process, taking some insights from business ethics and entrepreneurship. The author looks to provide a different perspective about the understanding of the decision-making process in SMEs through the development of a bridge between individual moral psychology and the entrepreneurial decision-making process.

In a world characterized by changes and high complexity and diversity, the questions related with innovation are a challenge to organizations, namely SMEs. Taking into account this reality, chapter 16 looks to give us a global perspective of the innovation strategies in SMEs. In other words, it looks to identify and analyze the innovation strategies and drivers of innovation in SMEs from a global perspective, and to understand the need for effective HRM to drive innovation.

Taking back the subject of entrepreneurship, chapter 17 evaluates the implications of SME entrepreneurship for enhanced HRM in hospital management.

Chapter 18 addresses its attention to the study of recruitment and selection in SMEs. It looks to understand the role of recruitment and selection on HRM at SMEs in Portugal, as well as be a contribution to a better knowledge of this area, still briefly studied in this country.

Giving a special focus to the future directions of the current internationalized services, the following chapter addresses its attention to the analysis of the SMEs internationalization process, with a special attention to the services that are provided, as well as the support given by private and public agencies to international SMEs.

Finally, the concluding chapter explores the relationship between the entrepreneurship and entrepreneur’s characteristics, as well as the factors that influence the entrepreneurial decision in a particular country, namely Turkey.

Giving a global perspective of effective HRM in SMEs, the chapters presented in this book are a very important tool and can be very useful for academics, researchers, managers, engineers, and other professionals that are involved in different matters related with HRM, with a special emphasis in SMEs, both in private and public sectors.

The professional and scientific interest in this book and subject is evident for many universities/schools in the world with courses (graduate and undergraduate) in HRM, Management, Business Management, International Business, Production Engineering, among others.