AMERICAN UNIVERSITY OF BEIRUT

DEVELOPING HRM PRACTICES IN A LEBANESE SME- A CONSULTANCY PROJECT

by
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AN ABSTRACT OF THE PROJECT OF

Lamise Tarek Zo'or   for   Master of Human Resources Management
Major: Human Resources Management

Title: Developing HRM Practices in a Lebanese SME- a consultancy project.

The future belongs to small medium-sized enterprises (SMEs), they are the heart of every economy. This project is part of a large consultancy project conducted in a Lebanese SME with the purpose of developing formal human resource management (HRM) practices. An extensive literature review was executed studying the concepts of Strategic HRM and linking it to SMEs, globally and in the Lebanese context. Neglected research in this field lead to gap in literature between HRM and SMEs, hence this project strives to add value to the existing knowledge by presenting this project as an example that any firm, even with the least number of employees, can adopt. Presented here is a detailed methodology of developing job descriptions of occupied positions in the subject company and formalizing the recruiting strategy of sales assistants. This was executed through job analysis and interviews with selected employees and managers. The aim here is to show entrepreneurs and owners/mangers of SMEs the importance of HRM and investment in this function. Do not fear the financial burden of HR, SMEs can have formalized HRM practices, intension is the key.

Keywords: HRM, SMEs, Strategic HRM, HR planning, Recruitment and Selection, Job description

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My Beloved Family

CHAPTER I

INTRODUCTION

Human Resource Management is the route of attracting, retaining and motivating talents in a workplace to support the organization's mission, vision and strategy. Companies these days are challenged to find highly talented employees within a shortage of qualified labor. As a result of that comes the importance of Human Resource Management (HRM) practices to overcome such challenges. Another rising challenge is the trend towards small firms and hence the need for effective HRM practices in these firms as well.

Small and Medium-sized Enterprises (SMEs) are the heart of any country's economy. Generally constituting the majority of companies, SMEs empower a country's economy, heighten its competitive position, and alleviate its employment problems. According to the International Finance Corporation (IFC), a member of the World Bank Group, around 90% of companies worldwide are classified as SMEs. Similarly in Lebanon, according to a study done by the Ministry of Economy and Trade in 2014, SMEs also constitute 97% of the firms driving the Lebanese economy with the majority estimated to be family owned (MOET, 2014). However, attention to human resources (HR) in small businesses is not that common, which is why HR managers face certain key challenges in trying to make entrepreneurs see how Human Resource Management can help take their business to new heights. Research has shown that small firms make less use of professional HRM practices than large firms do; for example, less formalized recruitment and selection processes, less training to the employees and less use of formalized performance appraisals. In fact, many SMEs do not have any

person in a designated HR role, whereby this role's functions are handled by the owner/manager or even the accountant.

The limited proliferation of HRM practices in SMEs in Lebanon, and the lack of knowledge and understanding of the impact there on Lebanese SMEs, has presented a tremendous opportunity to research this issue and determine its impact and effect on the growth and development of SMEs. Accordingly, the following presents a proposal for a consultancy project to implement an HRM program at a company in Lebanon that possesses all the characteristics of an SME and that does not currently have an official HR program in place.

The aim here is to add value to the existing research of HRM in SMEs by presenting this project as an example that any firm, even with the least number of employees, can adopt. Here I try to highlight the importance of the human capital for the survival of the SME. This is important because SMEs are conservative with their spending rendering human resources as their competitive advantage and support system for survival in a turbulent economic world.

In light of all the above, and acknowledging that HRM practices are vital for a firm's survival, this project was created upon request of the owners of the subject company. The gap in available literature covering HRM practice and functions in SMEs provided an extra incentive to proceed with this project. The owner of this company always had the best interests of his employees at the same level as that of his company and is well aware of the essence of HRM practice and functions in any company. With the human capital as his vital resource, the presence of some formal HRM practices was inevitable for the firm to survive and grow. The project presented here is part of a larger consultancy project under development. The main objective of this project is to draft job descriptions of existing jobs, since job descriptions are the basis of most HRM

functions. In addition, the new recruiting strategy of sales assistants will also be

presented.

   The project is divided into two sections. The first section is an extensive

literature review of HRM tackling two main concepts; Strategic HRM and HRM in

SMEs, whereas the second section relates to the data collection and the output of this

project. I started with the literature review first by presenting the existing knowledge on

Strategic Human Resource and how the studies and work of researchers and

practitioners evolved from basic HRM to Strategic HRM. Section 2 is more specific to

SMEs. In that section, I evaluate the situation of HRM practices in SMEs, and how

SMEs can benefit from informality and formality of these practices, considering the

limited financial resources. I also looked at HRM in SMEs but from the context of the

Middle East, focusing more on the Lebanese environment since the company chosen for

this project is a small Lebanese firm.

   After analyzing the existing literature and critically pointing out the essentials

for this project, I move on to the second part (Starting with Section 3) which is data

collection and analysis of what was gathered. This includes a description of the research

methods used to conduct this assignment, where I only used qualitative methods,

namely interviews, in order to collect the data. These interviews were conducted with

the subject company employees, in order to gather insightful information about their

jobs and tasks. Further to the interviews and the presentation of the interviews' findings

comes the analysis of the gathered information. The analysis features draft job

descriptions of different positions based on previous knowledge and responses of

interviewees. In this chapter, a new recruiting strategy for hiring sales staff was

developed. Before concluding this exercise, the major factors limiting the extent of the

subject matter were raised for consideration, whereby future recommendations in

research and closing statements concluded my work.

CHAPTER II

HUMAN RESOURCE MANAGEMENT (HRM)

The future belongs to SMEs not only because they contribute to the economy in terms of productivity and employment, but also because they act as the ladder of success for many large firms. SMEs are largely characterized by being small in size in their market operations and reach, having limited access to finance and technology and normally not having any formal organizational structures. However, the situation is changing fast and SMEs are making their systems on par with larger organizations. SMEs have well realized their scope for the future, but one aspect that is still very much neglected relates to the Human Resource Management (HRM) in SMEs. In this project, we will shed light on the importance of developing HRM strategies and adopting professional HRM practices in SMEs and applying these specific practices within our company. This study will also focus on HRM practices and functions in SMEs, including developing job descriptions for current and future positions as well as setting the formal recruitment and selection processes. As detailed in this document, research pertaining to HRM in SMEs is becoming more common due to the increasing growth rate of SMEs and their growing influence in global business arenas and world economies.

The Human Resources Management (HRM) function includes a variety of activities; mainly staffing needs of an organization, recruiting and training the best employees, ensuring they are high performers, managing and measuring performance, and ensuring that the personnel and management practices conform to various regulations (Rao, 2000). HRM also includes managing the approach to employee

compensation and benefits, employee records and personnel policies. The main objective of HR is the maintenance of better human relations in the organization by the development, application and assessment of policies, procedures and programs relating to human resources to optimize their contribution towards the realization of organizational objectives (Schuler, 1990).

The main objective of human resources management and practices is to develop and align their strategy and objectives with those of the organization and this is known as strategic human resources management. Therefore, basically, the objectives of HRM are drawn from the organizational objectives and contribute to their accomplishment. How and with what style companies manage their Human Resources is a potential source of sustained competitive advantage.

Robert Clark explains HRM as a process of managing the relationships between the employees and the managers, with a sincere purpose in attaining the organizational goals. These relationships can be summarized as follows (Clark, 1994):

- HRM focuses on how the relationships between people should be managed and not on managing the people themselves.

- HRM highlights the goals of the organization, hence if these goals or aims change, then the way to manage the human resource has to change as well

- The organization has to be the main focus of HRM; its members are the alternative goal.

Human Resources Management as a function consists of seven different processes: recruitment and selection, training and development, compensation and benefits, performance appraisals, employee and labor relations, safety and health, and human resource research. Generally and in small organizations with less than a hundred employees, there may not be an HR specialist or department to begin with. Therefore,

an owner or manager is responsible for the functions of HRM. On the contrary and in

large organizations with a hundred employees or more, a Human Resources manager

will be present to coordinate the HRM duties reporting directly to the chief executive

officer (CEO) of the company.

   HRM is a process whereby all actions help to manage people and resources in

order to make them work successfully, accomplish the organization goals, and

strategically align goals of employees with those of the organization. HRM is an on-

going process that starts from the organization strategy about managing their HRM

functions until the people are out of the job. HRM is seen worldwide as a crucial criteria

for innovation, entrepreneurship and leadership. Thus, Human Resources should be

managed in order to create strength, competitive advantage and sustainability in the

company.

Strategic HRM

   People are the ones who make the difference. They create, design and provide

services and products. They are the ones who create and add value. Hence, it is

dependent on the people how economically and successfully can the company functions

be set. Almost every company proclaims that its staff are the most vital source of the

company; however, words are never enough. It has to always be remembered in words

and in action how important and fragile, this human asset is. Building on all the above

rises the acknowledgement that human knowledge and skills are a strategic resource that

should be skillfully managed and this is where HRM plays a fundamental role in an

organization (Bratton, Sawchuk, Forshaw, Callinan & Corbett, 2007).The basic

functions of HRM should be linked with the strategic decision-making and the overall

performance of a company, specifying what the necessary HRM determinants are and

what kind of role they play to add value to the company and improve its competitive

advantage (Barney & Wright, 1998).

If a company aims at developing the quality of their services and products and

present themselves as trustworthy to their stakeholders (customers and investors) then

this company has only one choice; make sure employees are engaged, committed and

perform at their best. Employee related issues are important for all companies but are

crucial in the context of SMEs due to their size and the fact that employees are their

vital resource.

Every company has a vision, mission and strategy with predefines resources

and plans for achieving its set of goals and objectives. The company's HR strategy

should at all times be aligned with the overall strategy with the aim to simultaneously

achieve both the HR goals and company goals (Boxall & Purcel, 2015). Accordingly,

the business strategy a company adopts and the human resources strategy implemented

along with the accomplishment of both are intertwined and one depends on the other.

Human resources aid in the implementation of the overall strategy and at the same time

this strategy builds the framework for HRM to be successfully executed (Lai, Saridakis

& Johnstone, 2016).

Traces of the HR strategy are and should be visible in the daily working

environment of the company, reflected through the HRM policies. These policies act as

the general guideline that governs decision-making processes and sets limits to what is

acceptable and what is not. The existence of clear and well-defined HRM policies help

managers be consistent in their everyday decision-making, avoiding any discriminatory

or unfair act. Agreeing with Bratton *et al*. (2007), HRM policies and practices shape the

nature of work and regulate employee-employer relationships. HRM policies are mainly

in the form of written formalized documents. However, in the case of most SMEs, they

are norms and models of operation; in other words informal and undocumented

(Hashim, Ismail & Hassan, 2016).

HRM is a global concept with no exclusive or main definition clearly

explaining its functions and practices. According to Bratton *et al*. (2007, p. 446), HRM

is "an approach to managing employment relations that emphasizes that leveraging

people's capabilities is important to achieving competitive advantages". Hence, and in

simpler words, practices that involve and relate to people in a company. HRM managers

struggle to design, establish and regulate staff-related matters, aiming mainly at

responding to rising challenges in the everyday job through recruitment, training and

development, career planning and performance evaluation (Dessler, 2003).

Bratton *et al*. (2007) presented eight key HRM functions, which were

identified from employment relation surveys. These are policies and practices designed

according to organizational goals and managed to achieve these goals. The functions

consist of:

- Strategic planning

- Staffing

- Training and development

- Motivation (includes rewards and benefits)

- Maintenance

- Managing relationship

- Change management

- Evaluation

HRM can also be perceived as a strategic approach, which accentuates human

capability in the quest of competitive advantage and integrates HRM functions while

managing and developing the company's employees (Bratton & Gold, 2007; Nguyen &

Bryant, 2004). This strategic approach is based on the idea that the exclusive entity of people in each organization is influenced by its characteristics and this allows the creation and sustainability of its competitive advantage. This competitive advantage can be attained in practice by incorporating HRM functions as a part of the general activities of the company where they will form a coherent entity will all other business functions with the aim of supporting the company's strategy and attain planned goals. (Beawer & Hutchings, 2004; Bratton & Gold, 2007). Thus, the concept of Strategic Human Resource Management (SHRM) has emerged in the literature of economic sciences and often mentioned alongside the context of HRM. It is crucial to note that a given competitive strategy can be accomplished through competent and motivated staff. The people of the organization, the human capital, create this competitive advantage. Additionally, while adopting strategic HRM, this means that the goals of HR are aligned with those of the company; and for this to be achieved; HR managers should be well aware of the business and are able to speak the language of this business.

Dessler (2003) describes SHRM as the ring linking HRM with the strategic goals and objectives of the company in whole in order to improve business performance and develop organizational cultures that foster innovation and flexibility. Bratton *et al.* (2007) confirms the later definition by characterizing SHRM as the process of linking the human resource function with the strategic objectives of the organization in order to improve performance.

In the past couple of years, HRM theorists and researchers have become more interested in measuring the connection between HRM and business performance, building their debate on the famous question "does HRM work?" Evidence that improved HR practices can or will certainly contribute to the organization's performance or 'the bottom line' has essential implications for whether or not an

organization should invest in HR interventions (Bratton *et al.*, 2007). The majority of

the HRM-related research has been intended to discuss and explain the context of large

corporations making it challenging to form a unified HRM theory that would help the

decision making of SME managers. SME's are not 'smaller versions' of large

organizations, thus the knowledge of HRM from these large organizations cannot be

simply and directly transferred into a SME. This being said, the literature of HRM

contains tools that can be modified and adopted in SME or be used to form more

adequate theories (Andersen, 2003).

In this research, we will be looking into specific HRM functions that are

critical and have to be carried out in all companies regardless of size and profitability.

Planning of HR resources and strategies are also studied in this research thus, they are

considered to have a vital role in all HRM contexts.

HR Planning

It is known that all companies practice some level of HR planning. At

minimum, this happens at the level of or form of thoughts about the future changes in

the mind of the entrepreneur or manager. The duration of this sort of planning is often

short and this elevates the risk of inconsistencies stemming from speedily made

decisions. Large corporations have human resources specialists who are experts in

forecasting both long-term and short-term changes and able to design scenarios and

action plans for all HRM related issues from recruitment to training to career planning

to change management and last but not least to performance evaluation. In the best case

the HR planning is based on the company strategies intertwining perfectly with all the

other corporate planning. In SME's HR planning has an affinity to be less formal and it

often takes place in discussions between decision makers (Hashim *et al.*, 2016). Yet,

formal HR planning enables the company to utilize their human resources more

efficiently. Ivancevich (1995) claims that formal HR planning supports the company to

ensure equality and fairness to all employees creating job satisfaction and engagement,

which enhances performance. All functions in a company should cooperate to ensure

that HR planning is aligned with company strategies that eventually leads to effective

outcomes (Ivancevich, 1995).

      The key objectives of HR planning are:

- Managing the quantity and quality of the workforce.

- Sustaining level of competence sufficient for achieving desired goals

- Anticipating development needs (training programs and training cost)

- Anticipating HR

HR planning aims to ensure that the company is true to correct structures of

HRM allowing the company to maintain the right number of staff in all periods of time.

Well-designed HR planning allows managers to make sure that the company has the

needed number of employees in the right positions and guides them to develop

recruiting and selection processes suitable for the company needs. One success factor

that managers need to always maintain is anticipating the future with all the hurdles the

company may face. The importance of this success factor reflects when designing and

adjusting strategies. Knowing this, forecasting the needs of HR development and HR

cost are some of the most important aspects of HR planning. The process of HR

planning is strongly linked to the company's strategy counting in the decisions of what

positions the company needs to fill and how they will be filled. Therefore, HR planning

usually interacts closely with the rest of the company's arrangements (Greiner, 1997).

      Operational managers are usually in charge of the HR planning of the

department they are responsible of. These managers then pass on the information to the

people coordinating the HR planning. In SME's HR planning usually takes place in

conversations between the owner and the managers flexibly and often informally (Hashim *et al.*, 2016).

HR planning is strongly linked with recruitment, rewards and benefits and development of company functions. Dessler (2003) argues that people creating HR plans need to forecast three things: personnel needs, supply of internal candidates and supply of external candidates. Understanding employees' needs will help the people in charge to forecast employee turnover as a result of projected resignations or terminations allowing them to consider ways to motivate and engage the employees to commit to the company. The competences of existing employees defines whether projected vacancies can be filled internally or it requires recruiting new employees (Dessler, 2003).

The coming chapter sheds light on the recruiting process, as this is the main part of the work to be presented in this consultancy project.

The Recruiting Process

This chapter describes the recruiting process as a concept through a variety of possible strategies, channels and methods of selection.

Recruiting Strategies. Recruiting is the concept of obtaining employees to fill vacant position in a company. However, the key in this process is recruiting the right person for the right position. Effective recruiting is more and more important today. According to Dessler (2003) this is due to several reasons; first, the straightforwardness of recruiting tends to stream with economic and unemployment levels. Hence, the people responsible for the recruiting process must be alert to the surrounding world and business environment just as much as the people in marketing and sales. And again here comes the importance of human resources specialists to know the business they are in very well. Finding the suitable persons for certain positions can be challenging due to

limitations in the number of applicants. Just as companies have their "corporate image" in the minds of customers, they also have an 'employer image' at the employment market that affects their ability to hire desired talents. Therefore, companies should work on being more attractive; in better words, they want these talents to want to join their organization (Carroll, Marchington, Earnshaw & Taylor, 1999). In principal, employer image originates from the company image that is created by marketing messages, experiences from customers and how the public views the company. Finding the right enticements for attracting and hiring skilled talent can be noticeably hard for a company that is already a desired work entity. Employer image is also affected by how and in which ways employees are treated in the company. Do they recommend it to acquaintances as a place to consider for a job position? Company management, HRM and HR development, wages, rewards and benefits and culture are all topics that effectively affect word of mouth around employment in an economic market. In fact, the understanding and opinions potential employees get from friends' experiences strongly affects employer image much more than the effect of marketing messages. Therefore companies must stand up to their marketing messages and strive to make sure that word of mouth and their official messages do not contradict (Dessler, 2003).

The recruiting process in a company is and should be an ongoing process, not as a consequence of a sudden vacancy or termination (Bratton & Gold, 2007). Recruiting of new employees can be pretty expensive and that is why a successful recruitment is considered as a long-term investment. Hiring of a new employee is an extensive decision for the organization, first financially and second any flaw in this process will create threats to the company and to the recruited person. Henceforward, the term "right person in the right position" is of great importance. Cost incurred in the recruiting process includes in addition to the cost of recruitment itself the cost of the

orientation period, how much it takes this new employee to get used to work and environment and the cost of mistakes made by this new employee. Studies have shown that it requires a new employee about twelve months in the job to get used to the new work and environment and become productive. On the other hand, a new recruit to the company brings with him/her new education, experiences and skills, which can add value to the company. The company's recruiting process is a repeating short-term process always directed by the recruiting strategy that is aligned with the HR strategy, which in turn reflects the company's overall strategy. The recruiting strategy is the guidance outline for the recruiting process; it defines what employees should look for and which processes to be outsourced. Guiding principles for selecting the different recruiting channels to use are also defined in the recruiting strategy. It is true that a successful recruiting strategy is the one aligned with business strategy of the company, however, certain situations require a more flexible recruiting strategy. Company size is a significant determinant of decisions made: the smaller the company the more cautious and planned the decisions should be. Hence, it is imperative for an SME to ensure that the recruiting strategy is aligned with the company's goals and strategy (Bratton *et al*., 2007).

Recruiting Channels. Dessler (2003, p. 98) said: "recruiting may bring to mind employment agencies and classified ads, but current employees are often the best source of candidates."

Recruiting can be carried out by using external channels from the employment market or internally from already existing employees. Choosing between both choices depends on the current recruitment situation: the period needed to fill the vacancy, financials and if any of the existing, staff have the required competencies to fill the job position. The most obvious advantages of internal recruitment is speed and reliability.

Pre-existing knowledge about the strengths and weaknesses of an applicant, in the case of internal recruitment, saves times and is more trust worthy. In additional to this internal recruiting enhances motivation and satisfaction among employees; it makes them feel more appreciated and effective in their work environment. With internal recruitment being adopted in a company employees become more and more encouraged to develop themselves as they see themselves valuable. This increases their morale and benefits the organization. One of the main goals of all companies at all times is to retain, motivate and attract employees. Cost wise internal recruiting saves up on expenses incurred on orientation and training of a new talent as well as time needed for this person to become productive. It would be less expensive recruiting a new employee to entry level jobs than it is to middle and senior. Nevertheless, internal recruiting entails the risk of being unable to obtain fresh talent who will enhance the company's innovation ability and competitive advantage.

When a vacancy emerges and it needs to be filled with a person and not with some quick rearrangements then a thorough analysis, called a job analysis is required. This analysis demands a detailed look into the nature of the position and the required abilities and skills the person to sit in this position should have. Carroll *et al*. (1999) described job analysis as the description of the mental and physical abilities required from the employee based on the job description, the responsibilities and the working environment. Succeeding the job analysis, detailed requirements for the educational background, personal experience and capabilities for the position can be set out. External recruiting process often is a subsequent of the failure of the internal recruiting to find the needed number and qualified talents (Carroll *et al*., 1999; Megginson, Byrd, & Megginson, 2000).

Schuler & Jackson (1995) argue that the majority of large organizations juggle

between internal and external recruiting whereas SMEs often stick to external recruiting dude to shortness in their existing human resources. They also add that recruiting externally is typical of companies that are passing through a growth phase and are in constant need for new talents. Using external recruiting requires management to make several decisions regarding recruiting channels, procedures and methods of selection (Schuler & Jackson, 1995; Carroll *et al*., 1999).

Companies can either execute their recruiting process in-house or ask for external service from consultants. HR-managers usually employ different public and private employment agencies, trade unions, student organizations and academies for the sake of recruitment. Again and as mentioned above, obtaining new people with fresh ideas and views for the company, is a particular benefit of using external recruiting? When internal recruiting required re-training and educating an employee, external recruiting is the easier, faster and cheaper way to fill a vacancy (Schuler & Jackson, 1995; Megginson *et al*., 2000; Dessler, 2003).

Several companies outsource the recruiting process by buying this service from external consultants such as headhunters and consulting companies who in this case are responsible for searching, interviewing and selecting the employees. They can be given full or partial authority in doing this task. These consultants are highly experienced and are more effective at finding appropriate ways to fill vacancies. Consultants are often perceived as skilled professionals, thus information presented by them is easy and reliable. In SMEs particularly the lack of time, professionalism, and specialized recruiters, all this easily leads into a situation where the backgrounds of the candidates are not thoroughly checked out (Atkinson & Storey, 2016). Accordingly, SMEs turn to consultants and buy their services, which provide a more reliable opportunity to appraise the appropriateness of the applicant for the position. Consultants often support

their interviews and evaluation tests with recommendations and opinions from

background checks from the candidate's previous employers, peers or other people.

However, using consultants may not always be the guaranteed way to a successful

recruiting process. However and in the case of SMEs in particular the fact of hiring an

external consultant to do the recruiting process might be a bad idea due to the

importance of the fit between the employee and the culture of the company. In SMEs,

adapting to the culture there is an important factor for the success of the recruitment of

the employee. But, often the usage of consulting services will save up on time for the

company and with their skilled experience in the field; this will lead to decreased risks

and failure in completing the process. In addition to consulting services, the most

common recruiting channels are:

- Ads in newspapers, television, radio and internet (social media platforms)

- Customers, subcontractors, suppliers, competitors, other stakeholders

- Mergers and fusions

- Employment agencies, and companies that offer intermediary services

- Recruiting fairs, schools, and recruiting services of schools

- "People banks" of trade unions

- Personal networks of the members of the organization

- Posters in public or the company facilities

- Spontaneous job applicants

Dessler (2003) debates that the distinct differences between these recruiting

channels create complexity for decision-making. The choice of the recruiting channel is

usually based on the recruiting strategy and the available resources of the company and

the nature of the required position.

Even though the process of seeking and recruiting a new employee consumes a

significant amount of time and resources, the most important phase is yet to come. In recruitment you can find the best possible candidate for the required position but there comes the part related to agreeing on an employment contract that satisfies both parties. The process coming next is the selection process which depends majorly on the company culture.

   Employee Testing and Selection. Once the company has received a decent number of potential job applications, the people in charge of the HR process start to sort out the best candidates from the pool of applicants who will best suit the position and the company's organizational culture using various methods of testing and decision-making. Dessler (2003) defines the selection process as an attempt to gather specific information about the candidates and to predict how they would perform in the position by means of different selection procedures. The criteria for the selection can be based upon different cognitive, motor, physical, or people skills. The ability to acquire the right person for the right job is one of the most vital success factors for a company. Competent employees add value to the company and any failure in the recruiting process may generate considerable cost. As a matter of fact the chances of unsuccessful selection decrease if the applications and CVs are carefully analyzed with needed information gathered and confirmed (letter of recommendations, back ground checks, etc...). This will aid the decision-makers to find out any untruthful claims and to discard the applicant in an early stage of the process. It is significant and crucial to note that all processes included in the selection process should be fair treating all applicants equally with no discrimination what so ever.

   The start of the selection process is upon screening the applications gathered from the recruiting process. This usually means sizing down the applicant pool by using screening tools such as tests, assessment centers, and background and reference checks.

After all this is done, the HR manager can interview the potential candidates, evaluate

their skills and personalities and make the sound decision of hiring the best fit for the

job and company culture. Interviews are typically the most used way for selection.

Interviews come as structured, semi-structured and unstructured. In addition to the

interviews HR managers have to also evaluate the education and experience of the

applicant to support the decision-making in the selection process. This is very important

because previous experience serves as a good indicator of competences and attitudes

providing also a reference of the potential employee. Additional assessment can reveal

additional information about the applicants that has not become clear as the result of the

interviews. This can be done through psychological testing, personality testing, abilities

testing, and additional interviews. Different tests provide information about the

applicant's enthusiasm, ability to tolerate stress, his self-esteem, responsiveness,

creativity, and social behavior that all have a direct effect on performance. Dessler

(2003) recommends that the tests used in such evaluations should be used mainly to

provide additional information and to support the decision-making. Applicants may also

go through tests where they are to perform job-related tasks in a controlled environment

such as a simulation or an audition this is known as a role play test. The most significant

difference between this type of testing and the others is the ability to evaluate the actual

job performance instead of merely estimating the capabilities. A great benefit of this

type of tests is reliability. Testing or simulating prove to be the fairest way of testing the

applicants from the aspect of discrimination. Auditioning or performing a simulation,

better known as role play, may be more practical to a representative of a minority than

psychological testing due to their tendency to underline middle-class standards and

concepts (Bratton & Gold, 2007).

HRM in SMES – A Critical Review

Reaching agreement on what constitutes an SME was not easy. A very important point to highlight is that not all SMEs are entrepreneurial start-up firms; many basically inherit or replace existing, proven forms of small business. It follows that the respective contexts of either newness or smallness will each yield specific HR challenges (Cardon & Stevens, 2004). The typical and most obvious link is to the number of employees as the most relevant measure of size (Kalleberg & Van Buren, 1996). One central problem with employment-based, numerical definitions is that actual categories used to distinguish between large and small firms can be arbitrary and may differ across sectors. There are also national differences in defining SMEs, United States (US) studies for example define small as up to 500 employees (Raby & Gilman, 2012). However, the European Union (EU) definition disaggregates between micro firms (fewer than ten employees), small businesses (10–49 employees) and medium-sized enterprises (50–249 employees). In addition, the later definition uses dimensions relating to annual turnover and ownership which ensures that the status of firms as non-subsidiary and independent is also raised (EC, 2005). Regardless of the accurate definition that is applied, the numerical and economic significance of SMEs cannot be overstated. Under the canopy of SMEs lives a huge variety of organizations (Nolan & Garavan, 2016).

SMEs have a number of distinctive characteristics which are likely to have specific human resource (HR) consequences. These include the role of concentrated ownership, proximity to external environmental forces, a hierarchically contracted structure, which means close relations between management and employees, and a large degree of informal practice (Dundon, Grugulis & Wilkinson, 2001). SMEs are thought to exhibit better communication and greater flexibility as well as little bureaucracy than

large firms.

Theory and Practice in SMEs

      With the current financial market constraints and the limited growth in demand, SMEs are focusing progressively on how to exploit their existing resources more efficiently and effectively (Gallego, Rubalcaba & Hipp, 2012). Knowing their resource limitations, SMEs have fewer options than larger firms to improve performance. However, one resource common to all organizations and that has been the focus of growing theoretical, empirical and practical attention in SMEs is that of human resources. Scholars such as Michie & Sheehan (2008); Patel & Cardon (2010); Razouk (2011); Williamson, Cable & Aldrich (2002) have suggested that adopting certain HRM practices can improve small firm performance and sustain competitiveness. Human resources management in the small and medium enterprises has been less researched which has created a gap in this area for the longest time; but with the up-rise of start-ups and small firms, this research has bloomed. HRM is one of the most important functions in an enterprise. Most theories and literature about HRM give their attention to HRM in large organizations. Large organizations normally have a well-defined HRM to run their business operations (Razouk, 2011). However, in the case of small to medium enterprises, most if not all cannot afford to outsource their HRM or spend a lot in training and developing their HRM practices. For this reason, a majority of the concepts and literature of the relationship of HRM and firms are focused on large enterprises and overlooked small enterprises (Wilkinson, 1999). One reason why research on HRM and strategic HRM is focused mainly on large organizations is because organizations worldwide share common characteristics to base studies on (Kazalauskaite, Autio, Gelbuda & Šarapovas, 2015). SMEs on the other hand, do not just vary in features but also in the way they are defined in different regions of the world. It is important to

know that SMEs are not small versions of large organizations, nonetheless they are individual entities with their own policies and cultures and that what works in large companies cannot be simply generalized on these firms (Atkinson & Storey, 2016). Additionally, reliable and valid quantitative data from SMEs is very limited and hence making it harder to study them (Garavan, Watson, Carbery & O'Brien, 2016). Our aim in this coming section is to look deeper into the common HRM practices in SMEs and how does the existence of these practices affect the performance of both employees and organization.

The increasing attention to HRM in SMEs is a comparatively new phenomenon and research in this area is becoming more popular to investigate because of SMEs growth rate, their increasing number and influence in world economies, and the diversity in them (Atkinson & Storey, 2016). However, even with this increasing interest, there are still many gaps and fundamental principles from previous research that need to be further studied (Lai *et al*., 2016).

SMEs need HRM in them in order to create more innovation, develop their organization, and support their organization's growth to achieve their goal. For these same reasons, the owner of the company under study decided to implement an effective HRM program to capitalize on the benefits of HRM and support the achievement of company goals. HRM is a strategic approach to managing employees, and is crucial for the achievements of all firms, irrespective of their size (Barrett & Mayson, 2007, p. 309).

HRM can contribute to understanding the issues that the entrepreneur of a small business has to face; for example the contribution of HRM practices to the survival of a small new business, human resource acquisition and deployment during start up, and the role of resource allocation, acquirement and development, and the

direction and speed of growth in high growth firms (Baron, 2003). However, most commonly found is that HRM in small firms reflect operational needs and pragmatic concerns: record-keeping, staffing activities such as recruiting and selecting, and retention and motivation activities such as compensation and reward practices (Barrett & Mayson, 2007, p. 308).

Since HRM is a significant function in a firm, we tried to explore how HRM can be used in SMEs in order to apply it in this company. However, scholars and researchers usually gave their attention to how HRM is exploited in large organizations. In reality, SMEs also need HRM in their firm in order to achieve their goal and create innovation too. Research has clearly shown that size is not the sole determinant of HR practice. According to the extensive British Work Employment Relations Survey, Bacon & Hoque (2005) found that the nature of the workforce and value chain relations, either developmental or exploitative, were most likely to predict the nature of HRM in place in SMEs. Research has also discovered key possibilities related to HRM in SMEs in more depth. Formality has been found to be important in enabling growth beyond. Ownership is also a dimension that has been found to significantly impact HR. Overall discussions concerning HRM in SMEs are broadly informed by assumptions related to denaturing SME from large firms or specifying certain practices to SME. An important basis for advancing understanding may come from studies of employees working in SMEs. Here it has been found that although employees are generally subject to less sophisticated HR practices, lower pay and poorer terms and conditions, they typically exhibit greater levels of trust, engagement and satisfaction compared to their larger firm counterparts (Forth, Bewley & Bryson, 2006). Indeed, research has indicated that up to certain size thresholds, formal HR practices can actually decrease satisfaction (Tsai, Sengupta & Edwards, 2007). This obviously all goes back to the special open and

flexible relation that employees experience with the owner/manager while working in SMEs. In fact this flexible owner/employee relationship is also reflected in our company where employees directly report to the owner with concerns, leave requests and whatever it is that they might need. Keeping in mind that the owner also manages administration and HR related issues.

Generally, HRM that is used and practiced in SMEs can be described in an informal way of management (Wilkinson, 1999). Greiner (1997) developed a five-stage model of organizational growth that describes a firm's growth via a series of revolutionary and evolutionary stages. The five-stage model of organizational growth consists of Creativity, Direction, Delegation, Coordination and Collaboration. Revolution or crisis usually precedes a change to a new phase, where more evolutionary growth can happen (Greiner, 1997). The first three stages, which include Creativity, Direction and Delegation, are of particular significance to small and medium firms. The authors do not speak about the last two stages which are Coordination and Collaboration because these two stages are not relevant to SMEs. The first stage, creativity, is the characteristic of most small firm management. In managerial leadership, the best characteristics have to do with the informal conversation and communication and also involved with the control structures. The founder is usually the one who creates the vision and inspiration in the organization, and this makes management within the organization stretchy and unstructured. When the firm grows to a scale and complexity, it cannot be easily handled by the founder of the firm. Therefore, the firm needs to set up the professional managers to deal with the leadership crisis. This next stage, direction, features the introduction of systems to ensure coordination and control. Then, once the scale and scope grow too large, the firm experiences a crisis of independence, whereby sub-units within the firm search for greater freedom from central control. This

forces the firm to enter the next stage, delegation. Here, the firm is restructured into

divisions with decentralization of managerial control pushed down to the sub-unit level

(Greiner, 1997).

Figure 1

Greiner five stage model of organizational growth
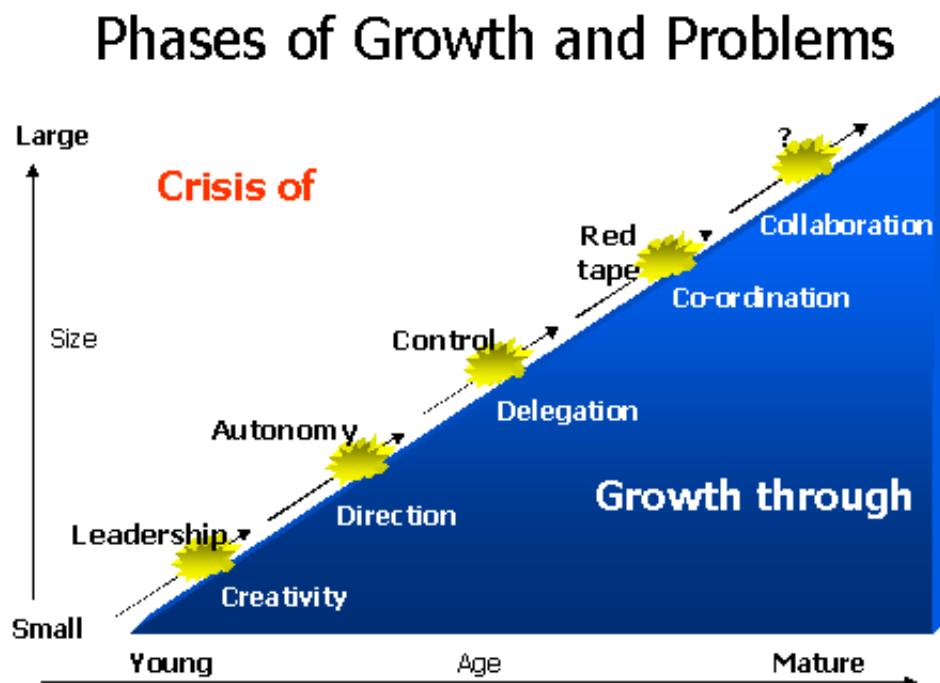
Many studies point out the fact that small firms practice HRM in an informal

way. They argue that reward practices and staffing remain essential in HRM issues for

small firms, but more research is still needed, as is "a greater application of HRM

practices in smaller firms" (Barrett & Mayson, 2007, p. 308). HRM gives firms the

internal ability to adjust and adapt to their competitive environments by aligning HRM

policies and practices, such as training and development, recruitment and selection, and

reward systems, with business strategies (Barrett & Mayson, 2007, p. 309). Others

found that selection process tools, such as reference checks, job tryouts, face-to-face

interviews, and application forms, were chosen for simplicity of use and convenience

(Barrett & Mayson, 2007, p. 310).

       Usually in SMEs, the entrepreneur or the owner of the firm will be the one who

overcomes the managerial capacity problem and makes decisions about the important

factors of HRM performances in the firm to bring about the best outcome for the firm's

performance (Cassell, Nadin, Gray & Clegg, 2002). It is difficult for SMEs to have a

Human Resource department in their organization because HRM is considered to be too

costly in a small firm (Mazzarol, 2003). A company that has less than 100 employees

can probably operate successfully without full-time Personnel or a Human Resource

manager. However, once the employee base exceeds 150, a professional Human

Resource manager might be required. With over 200 employees, a Human Resource

department may become necessary in the company (Mazzarol, 2003, p. 28). In this

project, and since the company of study consists of only 35 employees, we will be

working on designing the structures or in other words formalizing the important and

basic HRM practices to create a foundation for later stages in this organization's life

cycle.

       The small and medium sized companies are usually not making expenditures

on employee training and development (Matlay, 1999) and there is often a concern by

the owner-manager over delegating significant tasks, which may result in serious

consequences to small firms, if not handled appropriately (Mazzarol, 2003). Although

training is recognized as an important HRM issue for many small firms, research shows

that most small and medium firms do not provide much formal training (Barrett &

Mayson, 2007, p. 310). Most of the training that happens in such companies is on the

job training or training on product knowledge. Storey & Westhead (1997) present two

explanations for this. First is the "market" explanation, where the cost of training is too

high for small firms. Second is the "ignorance" explanation, where training is not

provided because the advantage of training is misjudged by the small firm

employer/manager. Retaining and recruiting high quality staff is also a most important

challenge for a small and medium business entrepreneur (Mazzarol, 2003, p. 31).

Many small firms use external advisors to help with HRM issues, while others

seek guidance from the company's accountant or lawyer (Barrett & Mayson, 2007, p.

311). We all know how external advisors are expensive and that advice from a non-HR

specialist is a definite mistake; hence, and to save money in the long run, SMEs should

invest in HRM. The company we study here is a company in a growing phase and the

owner has come to the conclusion that HRM is no longer an expensive decision;

however it is a necessity now. From here, we rely on this literature review to know what

HRM practices should be implemented and how these practices will affect the

organization.

Mazzarol (2003, p. 45) illustrates from his study that the Human Resource

practices and policies in SMEs are impacted by four key elements:

- "The owner-manager's personal characteristics (e.g. management style, experience and personality style and level of managerial education)

- The external market conditions facing SMEs (e.g. political, economic, market growth or decline and technological forces, as well as the behavior of competitors, customers and suppliers)

- The nature of the work environment operating within the company (e.g. whether worker specialization, autonomy or skill is high or low and the routine or unique nature of the work process)

- The company structure (e.g. ownership – partnership, single owner or family business – low or high levels of organizational

complexity and change and whether it is a single or multi-site operation)

These factors have an impact on the nature of Human Resource policy and practice within the business and determine the nature of HRM outcomes as the firm grows."

Since SMEs are increasing in their growth rate, they must incorporate HRM into their system of organization or adjust their HRM system to make their company more efficient and organized. Growth in small firms typically involves increasing the number of employees engaged in the business, as well as the overall density of the enterprise. According to Mazzarol, what hinders the growth of SMEs is their ability to recruit, motivate and commit qualified employees. The more engaged and satisfied the employees are the less the turnover rate. This is one of the company's objectives to be achieved especially with cost reductions as the main objective. As the enterprise grows, the owner or the manager of the company will experience pressures to hand over responsibility within the firm and build an effective team (Mazzarol, 2003, p. 29). The company under study is also experiencing growth and thus the pressure to hand over responsibility and build an effective team. In conclusion, all the research work in literature and in practice has indicated how important HRM is to the sustainability of a firm regardless of its size. Practices of HRM may vary according to the firm's goals and objectives but the main practices are crucial for all firms (Barrett & Mayson, 2006). While growing, SMEs, including the company under study need HRM to support and sustain this growth to reach an advanced stage of operation and financial success. From the above we learned that we need formalized recruitment and selection procedures to attract and hire desired talents. We also need to implement training and development strategies that would benefit our employees' performance at work and not rely on simple on-the-job training. We also learned that career development is crucial for all

employees; even if there is no room for promotion due to the limited positions in the
company, there are other forms of career development.

Similar to the majority of companies, the main goals are to increase
productivity and profit while trying to cut costs. These objectives shall be reflected by
the HRM practices to be implemented. Our main objectives in this regard are to
decrease the turnover rate by increasing the levels of engagement and satisfaction
among our employees and to provide them with the proper work environment and
training opportunities so that they can be more productive.

Formality and Informality of HRM in SMEs. In this section, we describe
informal and formal HRM as practiced in small to medium-sized firms. A pattern of
HRM can be found in small businesses but in an unstructured way of management.
Generally, in small firms, an HR department and HR manager are considered costly to
appoint. One person who delegates HRM tasks will be the owner or the manager of the
firm. In this section, we will discuss the formality and informality of HRM to have a
better picture of how it is practiced (Nguyan & Byrant, 2004).

As the number of staff employed with in the firm increases, the need for a more
formal HRM becomes of greater importance (Mazzarol, 2003, p. 28). Nonetheless, as
small firms grow, managers use their informal staffing contacts and needs to build up
more formal methods in order to recruit employees to sustain growth (Barrett &
Mayson, 2007, p. 310). In fact, small firms' capabilities to motivate, retain, and attract
employees by offering suitable rewards and competitive salaries are linked to the firm's
performance and growth. Small firms tend to prefer informal HRM in the start-up stage
(Barrett & Mayson, 2007). Therefore, while the formalization of HRM becomes
inevitable as the firms grow, the capability for this to happen in small companies
depends on the acknowledgement of the owner or manager of the need for task and then

the possibility of delegating that assignment. Furthermore, the formalization of HRM is dependent on the consciousness of legislation and legal requirements on HRM and employment matters such as unfair dismissal, official health and safety insurance, etc. According to literature review, it is necessary for growing small firms to carefully select, motivate, retain and recruit employees, if the small firms' growth rate is to be sustained. Barrett & Mayson (2007) said that small firms in their growing stages are more likely to use a choice of rewards for performance to stimulate employee engagement and commitment through bonuses and incentives, additional time-off, training and promotions.

The financier of a small firm, who at the same time is the manager, is confronted with the burdens of being a small business, which are comprised of age and size of the firm. The young firms' difficulty is lack of experience, which makes it less formalized in recruiting and reduces formalized training and more informal employee management systems. In small firms, there is no abundance of resources both human and financial, which leads to difficulty in recruiting and sustaining employees (Cardon & Stevens, 2004). When these firms are growing, the number of employees and operations are increasing. Thus, these firms develop and improve their Human Resource system in order to maintain growth, effectiveness, and survival. Kotey & Slade (2005) examine the implementation of formal HRM practices with increasing firm size. They found that the increase of employees leads to formalization of Human Resource systems such as division of labor, documentation, hierarchical structure and more administration. In general, HRM in SMEs, particularly in micro and small firms, is adopted as an informal system. They argue that SMEs practice HRM more formally as the firm grows. The HRM practices are as follows (Kotey & Slade, 2005):

- Recruitment and Selection - used in a formal way, such as newspaper

advertising, agencies, employee referrals

- Training – shifting the role of owner-managers to managing managers

- Performance Appraisal – use of peer and self-appraisals

- Development of Human Resource Policies and Records – health and safety

care, incentive, administrative procedures

Results from previous research illustrate a move from an informal system and simple structure to a formalized and functional structure, which are the consequences of increasing in size of the firm; both employees and managers. Firms start to become more sophisticated in their growing phase (Greiner, 1997). As firms grow and number of employees increase, they need formal HRM for use and practice in their firms. More functional and structured HRM will be applied and performed in order to satisfy and engage the employees, sustain growth and maintain a competitive advantage for the firm. It is of great importance to point out that limitation of informality as firm grows may become apparent in some HR functions more than others. Research has shown that formality of specific HR practices may seem to do more harm than good (Hargis & Bradley, 2011). Employees in small firms have recorded more engagement and satisfaction than those in large firms and this is mainly due to the fact that in small firms these employees experience better job quality, flexibility in the relationship with owner, and informality in communication, information sharing and involvement in decision making (Cardon & Stevens, 2004). What gets affected are the ability-enhancing HR practices such as training and development and career planning that get neglected and which play an important role in building the employees' skills that would lead to promotions and better job opportunities.

In conclusion, HRM changes from an informal to a formal state, which is more structured and documented, as the company starts to grow. In other words, small firms

and while in their startup phase rely on informal HRM practices and in the transitional

phase just before the actual growth starts they use a mixture of informal and formal

HRM to move into formality once the growth phase is reached. The challenge that faces

SMEs lies in introducing an applicable level of formalization during the startup phase to

effectively manage and improve performance while avoiding damage to the benefits of

informality. As Ram, Edwards & Gilman (2001) noted, "all firms combine formality

and informality just as they combine control and consent … the balance differs with

conditions" (p. 859). Moreover, here lies the key to sustained growth and competitive

advantage; this is the secret for surviving the startup phase and growing strong along the

coming stages of its lifecycle.

HRM and Resource Based View. The resource-based view (RBV) investigates

how firms are able to build, access, control, and influence firm-specific resources for

sustainable competitive advantage (Barney, 1991). This is crucial for SMEs because this

means that they can accomplish competitive advantage by focusing on their human

capital especially with their low financial capabilities. RBV of management proposes

that several forms of capital; financial, physical and human, create a reliable source of

competitive advantage if they fulfill four distinct criteria (Barney & Wright, 1998). First

capital must add value to the business, second this capital should be unique and rare.

Third, each form of this capital should be unique and difficult to imitate or duplicate

and fourth each form of it should be difficult to substitute with other available products

or services. Additionally and according to Barney (1991) in order for firms to sustain

competitive advantage, they must attain and operate rare and unique resources. The

resource-based view of management relates to Human Resource by proposing that a

firm will be most successful when the human resource strategies and practices upon

evaluation enable the firm to sustain its competitive advantage. This is where this

concept applies to SMEs creating the competitive advantage through human resource
(Kazalauskaite *et al.*, 2015).

Researches argued that in applying the concepts of value, rareness,
inimitability, and substitutability, the HR practices could not form the basis for
sustainable competitive advantage since any individual HR practice could be easily
copied by competitors. Instead, they proposed that the pool of skilled workers within an
organization had more potential to sustain a viable competitive advantage. Here is
where the resource base view relates to human resources, i.e., the knowledge, skills, and
abilities of employees within the firm, by suggesting that a firm will be most successful
when they commutatively evaluate the human resource practices and strategies that
enable the business to remain competitive (Kazalauskaite *et al.*, 2015). Employees are
considered a source of competitive advantage when their knowledge and skills add
value, are rare and difficult to imitate, and cannot be substituted by technology or other
resources. Employees are the human capital, a strategic and crucial resource for all
firms regardless of size.

Boxall (1996) developed the resource-based view of HRM and stated that the
advantage of human resources depends up on the ability of the firm to hire potentially
talented and skilled workers and the ability to develop employees and teams in such a
way as to create an organization capable of learning within and across industry cycles.
Boxall (1998) then expanded upon this basic model presenting a more comprehensive
model of strategic HRM. He argued that one major task of organizations is the
management of mutuality (i.e., alignment of interests) in order to create a talented and
committed workforce. It is the successful accomplishment of this task that results in a
human capital advantage.

The practice of strategic human resource management builds off at the

resource-based view of management and focuses on how small and large businesses should structure and implement their human resource management practices in an effort to build their human capital. Strategic human resource management emphasizes on internally aligning each component of human resource management system so that each part flawlessly feeds into other components of the human resource system. This means internally aligning independent human resource practices in a way that maximizes the capabilities of "the human resources" which are the employees so that they contribute to firm performance and longevity. Not only should the independent human resource practices be internally aligned but these practices should individually and collectively support the vision, mission and strategic goals of the business. These practices help the employee see how his or her performance ties into the company and helps the company maintain its competitive advantage. Strategic human resource practices are very important for small firms because they do not have the resources that more established firms do in other words their human capital is their most important resource (Boxall & Purcel, 2015).

After shedding light on the theory and practice of HRM in SMEs globally, it is time to look at this concept in the context of the Middle East and Lebanon.

Lebanese Context

SMEs are the driving force in the Lebanese economy. According to a study done by the Lebanese Ministry of Trade & Economy in 2013, SMEs account for 97 % of total enterprises in Lebanon and estimates reveal that they employ more than 51% of the working population. The retail trade sector alone hosts around 44%, sale and maintenance of vehicles, machines and motor bicycles 11% and services to individuals 5.5%. Others include sectors such as textiles and leathers, paper and paperboard, printing and editing, non-metal products, tools and equipment, water, electricity and

gas, among other. There is no formal definition of SMEs in Lebanon. The figure

typically referenced is less than 50 employees based on census of establishments' data

(MOET, 2014).

The Lebanese government has been very active in the past few years in

developing and implementing measures to address a wide range of economic and

business issues facing SMEs. Despite these efforts, SMEs still face challenges. Below is

a list of the initiatives and challenges facing SMEs in the Lebanese economy (El

Khoury, 2013):

Table 1

List of initiatives and challenges facing SMEs in the Lebanese economy

Initiatives:
❖ Introduced Interest rates subsidies
❖ Established the loan guarantee agency Kafalat
❖ Attracted International Donors such as IFC, EIB, AFD, AFSED that provide cheap and long term financing for SME
❖ Established a unit to improve the business environment of Lebanon "IBEL"
❖ Established an investment authority IDAL that not only promotes investment but also offers export supporting service
❖ Created 3 business development centers that offer different support services such as incubating, consulting, mentorship, hosting, business space, financial expertise, advice, network etc…Berytech, BIAT, and South BIC
❖ Established units to support SMEs, improve the quality of their goods though quality control and standardization, and modernization of their production (SME Support Unit/Enterprise Team, Qualeb, LIBNOR, ELCIM etc…)
❖ Increased access to market through the signature of many trade agreements and partnerships
❖ Created platforms for networking among entrepreneurs
On-going Initiatives:
❖ Formulating an exhaustive support strategy for SMEs
❖ Committing to adopt an ambitious legislative and regulatory reform to improve the business environment in Lebanon
❖ Negotiating an agreement with the World Bank and Kafalat to provide early stage financing and concept development grants
❖ Developing economic zones

Table 1

"Continued"

Challenges:
❖ Political and security concerns
❖ Macroeconomic uncertainty and increasing production costs
❖ Legal, regulatory and administrative inefficiencies
❖ Weak rule and enforcement of law
❖ Limited access to finance particularly equity financing and high levels of collateral
❖ Limited levels of compliance with international standards, limiting access to markets
❖ Weak research and development on the public and private levels
❖ Unreliable structure
❖ Mismatch between the skills acquired at university and the necessities of business
❖ Limited data and research

Moreover, given that the Lebanese economy is service-based, it relies on its human capital to deliver quality services and products. To better govern this human capital, support it and make sure optimum performance is achieved; an effective HR function should exist. For many years and until the early 2000s, HR function was more of a personnel department, handling administrative roles such as payroll, social security and insurance, employees' files and complaints. This concept is popular in the whole Middle East region. The reason behind this lag in HR development is due to the intriguing societal perception that HR is more of a feminine position that deals with employees and their problems. Adding to this is the "wasta", a term used in Lebanese colloquialism to define people's use of personal connections to be hired, and nepotism. Mainly, HR employees are people hired through "wasta" or the daughter or wife of the company's owner (Afiouni, Ruel & Schuler, 2014).

However, with the rise of the banking and health care sectors (hospitals in specific), and with the requirements imposed by national organizations for accreditation, companies have reformed the concept of HR in Lebanon from administrative and

personnel to an actual formal function that supports the company in achieving desired goals and performance (Afiouni *et al.*, 2014). This was accompanied with an introduction of HRM function in university curricula, designing degrees and courses to educate students on what is HRM and how functional it is in the life cycle of any company. Currently, all large companies in Lebanon are interested in having an effective HR function and this interest has spread to SMEs that have acknowledged the importance of HRM in supporting and sustaining their growth.

Additionally, Human Resources with all its related practices and functions has been highly concentrated on and shown interest in due to the influence of the appreciation of this function by United Arab Emirates mainly Dubai and the companies operating in this economy (Budhwar & Mellahi, 2016). Not only is this due to the presence of many multinational companies with well-structured HR functions that promoted this but the work of the governments and the support they provided for HR. These governments provided support for HRM practitioners as well as researchers to conduct more studies in order to decrease the gap in literature regarding HRM in the Middle East. With lots of Lebanese expats working Dubai and many Lebanese companies opening branches in Dubai, this allowed for more investments in HRM practices and the change in how it is perceived (Budhwar & Mellahi, 2016).

By acknowledging all this, emerged the consultancy project presented here. As previously stated, this study is part of a project aimed to develop the HRM practices of a medium sized Lebanese company that functions in the retail industry. This company is comprised of 30 employees distributed between 10 retail stores and the head office. Similar to every SME, the owners themselves are the managers. In this project, we will only be discussing the recruiting strategy developed as well as creating the job descriptions of all current functional positions in this company.

CHAPTER III

RESEARCH SETTINGS AND METHODOLOGY

This is part of a larger consultancy project under development, based on the request of the owner of the subject company. The purpose in this regard is to develop the building blocks of the HR department, set the HR plan and formalize HRM practices. This project however, will only cover the drafting of job descriptions of the currently occupied positions, and designing the general recruiting strategy of the company.

The company under study is a small firm operating within the confines of the Lebanese economy and is specialized in the retail industry, the clothing business specifically. It is owned and managed by a father and his two sons. As with most SMEs, it is a family-owned business. However, no other family members are employed. The company owns ten stores across Lebanon with two planned for opening within the coming months. Thirty employees comprise the workforce, with the majority in sales as sales staff and shop managers. The rest of the employees work in the main office, whereby one employee occupies the position of Office Manager, one employee as Accountant, the Operations Manager (OM), the General Manager (GM) and the CEO. The OM and the GM positions are occupied by the two sons, whereas the father is the CEO of the company. The GM of the company will be the direct interface while working on this project, as he is the one responsible for all the administrative work in the company.

In order to complete this project, an extensive literature review was done on the topic of Strategic HRM and how HRM is practiced in SMEs. I also looked at how

SMEs adopt HRM practices both in the Middle East and in Lebanon in specific,

considering that the company under study is Lebanese. Once all the needed information

was gathered, several brain storming sessions were carried out with the company's GM

in order to determine what output was required at the end of this project. Some of the

questions posed for gathering information and getting insights on how and what to work

on included:

- What is the purpose for creating this new department?

- How were human resource activities handled in the past and by whom?

- What is the culture of the workplace?

I also gathered information about the company under study, including mission

and vision, number of employees, organization chart, policies and procedures, decision-

making strategy, among others. As a result of the meetings conducted, I decided to start

with job descriptions of existing positions, considering this was one of the main

dilemmas facing the owners and the employees. In addition, I decided to set the general

recruiting strategy to be followed knowing that two stores are scheduled to open in the

coming months and new employees are to be recruited and selected.

Additionally we will ask shop managers to give us insights regarding the duties of

responsibilities of sales assistants as they are their supervisors. As for the other job

positions; shop managers, office manager and accountant, this information will be

gathered from the GM himself. This will confirm the findings from interviews and may

add extra information that interviewees didn't mention.

For the job descriptions, a qualitative data collection method was executed by

conducting six semi-structured interviews with key individuals carrying out supervisory

and non- supervisory positions. The sample of interviewees targeted in this study is

comprised of well performing and experienced key individuals. This will entail

interviewing two sales staff, two shop managers, the office manager, and the accountant since these are the positions that need their respective job descriptions filled. These interviews are to be pre-scheduled in a one-on-one format. The logic behind conducting such interviews is to gather information on what type of work they perform daily, their tasks, whom they report to, and what competencies and skills they think are best fit for the position. Prior to scheduling of interviews, an email was sent to all staff introducing the interviewer and the project under development and asking them to participate, while explaining the benefits of this exercise to them and the company. Subsequently, another email was sent to each interviewee regarding the time and place of the interview. Interviews with sales staff and shop managers were conducted right after the end of their shift at a coffee shop near their work location. The sales staff to be interviewed were selected from the busiest two store locations. As for the office manager and the accountant, the interviews were scheduled during office hours and took place at the company's main offices. Upon the start of the interviews, interviewees will be asked to sign an informed consent form explaining the interview procedure, notifying them that all conversations will stay confidential and asking their approval to record the interview All interviews were recorded using a phone, whereas another recording device was used in case the first one fails. Interview questions are asked in English. However, employees were free to respond in both English and Arabic. Below are questions asked to staff during the above mentioned interviews:

- What do you enjoy most about working here?

- What changes do you expect with the implementation of HRM practices?

- Will you support the coming change?

- Can you please explain more about your job?

- What tasks do you perform daily?

- List five competencies essential for your job position.

It is important to note that weekly meetings were conducted with the owner/manager to keep him posted on the progress, to get his insight on what was done and to discuss coming steps.

After completing the interviews, the recordings were transcribed and information about every position was gathered for analysis. Additionally, information and samples of job descriptions of similar positions as those under study were gathered from professional online websites: O*NET Online and SHRM (Society of Human Resource Management). Both websites used are specialized resource centers credited by HR professionals and practitioners. I will be using the information in their job description sample to benchmark my findings.

As for the recruiting strategy, it was discussed with the owner and shop managers during a general meeting since they are the ones handling this process. Currently, job vacancies are advertised in the shop windows and each shop receives a number of applications that are reviewed by the shop manager in each branch. They decide which applications will be raised to the owner's attention. After each application is analyzed by the owner, prospective employees are asked to be interviewed the last phase before hiring. What I will be doing here is formalizing the process by adding new recruiting channels, drafting the job application that applicants need to fill upon applying for the position. We will also develop the interview questions for selecting sales staff, as this is the position with the highest turnover given the fact that new stores are opening soon. These questions will be standardized to minimize bias and error and result in a successful selection process.

It is vital to note that I will only be providing consulting work for this project. After finalizing this project, the management of HR and the implementation of the

HRM practices are to be handled by the owner or someone he appoints internally. Once

ownership decides to create the actual HR department, it will appoint an HR

professional to handle the HR related work. The objective of this work is to formalize

the HRM practices to an extent that should be on paper in order to create the HR

building blocks and support the company. The company is still considered a small

company and it is important to maintain a healthy balance between formality and

informality in HRM practices. The following section presents a discussion of these

interviews in detail and provides a thorough analysis of the output and information

gathered.

CHAPTER IV

RESEARCH RESULTS

The research is composed of two parts, the literature review and the qualitative data collection done via interviews. In this part of the project, I will be demonstrating the findings of each stage followed by a complete analysis of the outcome as well as the presentation of the final outputs: the job descriptions and the recruiting strategy.

Data Analysis

Existing Knowledge

Looking back at the literature review (Section 2) under the title of HRM, it was clear that most of the research in the field of HRM is headed towards Strategic HRM and how HR can add value and contribute to the business. At the same time, the increased alertness of the fundamental role of SMEs in current economies is supported by a rich flow of scientific research on entrepreneurship and small business economics. The overlap between these elements of research is still limited, as is my current understanding of HRM practices within SMEs. The available empirical information on HRM within SMEs suggests that smaller firms make less use of high performance HRM practices than larger organizations do. HRM in SMEs is mainly informally practiced, whereby recent studies show that for a small firm to survive through the growth phase, a certain balance should be established between formal and informal practices (Ram *et al.*, 2001). At the company under consideration for this project, I deduced that no formal practices exist, no formal policies or procedures and not even practices; everything is verbally set and supposedly known by everyone. There are no clear set rules and

regulations for employees to abide by. A very good relationship exists between the owner/ manager and his staff. However, employees need to have formalized HRM practices to better manage this human capital, as they are the main resource of this company and any company for that matter, especially if it is a small firm.

Semi-Structured Interview Results

All interviewed personnel from the different departments highlighted their urge to have HRM policies and practices in the company. The purpose of these interviews is to try and learn what tasks are required from each job and what competencies are required in order to best develop the job descriptions. As a recap, the positions targeted are sales staff, shop manager, office manager and accountant. Employees in smaller firms often have to perform a greater variety of tasks than do employees in larger firms; hence, it was of great importance to learn the requirement of the jobs from those performing them. The majority of the interviewed staff do not really know what HRM and HR can provide them and the company. All they know is that they want "HR", and by "HR", they refer to the personnel figure from HR that they are used to from previous work experiences. For the longest time, HRM in Lebanese firms was more of a personnel and administrative symbol rather than a strategic partner in the business. It was very clear from all interviewed staff that they are not aware of what is exactly required from them to perform, since in many cases they do everything. Sales staff for example, in addition to the known tasks of a sales person, are required to make sure housekeeping perform their duties every day at the shop and that lights are fully functional. As for the shop managers, and due to their years of experience, it is important to point out that all shop managers have been with the company for a minimum of 5 years, they aid in placing orders and attending to exhibitions with owners in order to select the upcoming collections. With respect to the accountant, and since

only one person is in charge of this position, they are responsible for executing both entry level and managerial work, ranging from the day-to-day basic accounting tasks, payroll, finalizing documents and reports for owners, weekly and monthly accounting reports and finalizing government related documents. The interview conducted with the employee running the position of the office manager was rather interesting, where it was revealed that she not only does not know what is specifically asked from her as office manager, she has new tasks added to her every now and then. She is mainly responsible for all the administrative work, HR-related work, secretarial tasks, and even handles communication with suppliers and clients. The following lists the tasks performed by the office manager:

- Arrange company meetings

- Communication with suppliers on placing orders and brand related issues

(reports, orders, payments, etc...)

- Place shipments and track them until goods reach warehouse

- Follow up with clients on orders and payments

- Handle employees' requests and personnel issues

- Handle all shop requirements

- Manage and organize all travels of employees and managers

- Responsible for posters and shops' window displays

- Managing the company's website

- Responsible for quotations and follow up with designers and suppliers

In summary, this person does the work of three people of different backgrounds and job positions. This also supports the reason why this employee has submitted her resignation twice in her three years working for this company. It is very clear that having clear and structured job descriptions for each position provides

guidelines for their everyday work and builds that trust between the employees and the employer.

As for the recruiting strategy, there is no formal adopted method to recruit for any of the existing company positions. From what was inferred in the interviews regarding recruitment of sales staff, signs are mainly posted on the entrance doors of shops advertising the open vacancy and asking interested applicants to send their CVs and passport size photo to any of the stores. Once CVs are received, shop managers sift through the received CVs removing all non-relevant applicants and keeping what seems to them as eligible talent. After this process is completed, all CVs are handed to the owners, in this case the OM and the GM where they sit with two of their shop managers to discuss the CVs of the applicants. Interviews are then conducted in the presence of the shop manager and one of the managers as a selection means. With respect to the shop managers' positions, this process has never been applied for new applicants, since all hired shop managers have been promoted from within the existing sales staff. As for the remaining two positions, the office manager and accountant, recruitment is handed to a recruiting agency that takes care of finding the pool of talent and recruiting the best to be then selected by the managers and interviewed for final hiring decision.

The purpose here is to highlight the importance of having the basic HRM procedures and practices, formalized and made clear, even for a small firm. This not only supports the firm's growth, but also allows the employees to feel the support from management and be more satisfied and engaged.

Discussions and Implications of Developing the HRM Practices

A job description is a basic HR management tool that helps to increase individual and organizational effectiveness. For each employee, a good job description

helps the incumbent to understand their duties and responsibilities, the relative importance of what they do, and how their position contributes to the mission, and vision and goals of the company. As for the firm itself, good job descriptions contribute to organizational effectiveness by ensuring that the work carried out by staff is aligned with the organization's mission and helps management to clearly identify and select the most appropriate employee for any new duties and redistribution of workloads. Job descriptions are known to be also the foundation for most of the HRM practices, hence the importance of the work being achieved in this project in drafting the job descriptions of the existing positions. In case of recruitment and selection, job descriptions aid specialists in developing the recruitment strategy that clearly states the duties and the qualifications needed for the job. Job descriptions also support the process of creating interview questions for selection, which are based on the duties and competencies it outlines. When it comes to training and development of employees, job descriptions are revised and areas where an employee's performance lags are identified, whereby a training and development strategy is developed based on these results. One of the main benefits of a clearly structured job description is in drafting compensation and benefit strategies where it is used to develop a reliable salary structure for each position and level based on the duties, responsibilities and competencies specific to this job. The practice of Performance Management is highly dependent on job description due to the fact that it is used as a base as well as the work plan in order to monitor and measure performance. Moreover, if an employee is to be terminated for poor performance, an accurate, complete and up-to-date job description will help support the organization's decision.

As a side note, pay structure will not be discussed in this project and hence won't be included in the job descriptions. This is a sensitive issue that is being negotiated

between the CEO and the managers. However it is important to note that currently there exists a pay and rewards scale on which employees are being compensated but this topic will be further worked on while developing the compensation and benefits strategy.

The first step in developing any job description is job analysis, which is the process of systematically collecting information about the job under study, fully understanding what is actually done and how. Job analysis allows the determination of the knowledge, skills and abilities required to do the job. In this project, a comprehensive job analysis was performed through the interviews that were conducted with the employees where they were asked to provide information pertaining to the duties each employee achieves during his/her working hours and what responsibilities they handle and to whom they report. They were also asked what skills and abilities they believe are required to best perform the job, keeping in mind that the interviewed employees were selected due to their great performance and good experience in their job. In the next part of this project, I will be analyzing the different duties, responsibilities and competencies for each position under study in order to come up with a well-structured job description. During this process, I will also be looking at job description samples from two worldwide certified websites which are 'O*NET Online' and 'SHRM' (Society for Human Resource Management). I will also be looking at job descriptions of sales assistants and shop managers at Calvin Klein. The logic behind choosing Calvin Klein is that its store size is similar to the subject company's and because the company under study here sells this line of clothing in their shops.

In the coming sections, I will explain the different features included in each job description. Detailed job description samples for each position are included in the Appendix I.

Job Description for Sales Assistant

Two of the highest performing and most experienced sales staff were interviewed in order to know what and how they perform their job on a daily basis. Below is the list of duties, responsibilities and competencies identified as a result of the interviews:

Duties and Responsibilities:

- Ensure that each customer is properly welcomed and greeted with a friendly tone. Ensure that customer service is the most important priority.

- Demonstrate product knowledge and maintain an awareness of all product information, merchandise promotions, test merchandise and advertisements.

- Maximize sales volume and reach set targets.

- Assist in floor moves, merchandising, and display maintenance.

- Make sure housekeeping performs its duties as scheduled and the shop is tidy.

- Assist in processing and replenishing merchandise; participate in receiving and monitoring floor stock; ensure re-wraps are done promptly.

- Adhere to all company policies, procedures and practices.

- Properly placing pricing tags on all merchandise as requested by the shop manager.

- Accurately and efficiently complete all sales transactions and maintain proper cash and media accountabilities at the POS registers.

- Works as a member of a team to accomplish goals set forth in the store.

- Must be flexible to work rotating hours, as assigned by management.

- Communicate customers' requests to management.

Competencies:

- Customer Focus

- Good communication skills

- Organizational skills

- Ethical conduct

Qualifications:

- Minimum six months of experience as sales assistant

- High school diploma as a minimum

- Oral and written fluency in the Arabic and English language, French is a

plus.

- Ability to communicate with customers and store personnel; maneuver

around sales floor and stock room; lift heavy objects, stretch, and bend; operate cash

register and office computer.

- Ability to work a flexible schedule to meet the needs of the business, which

may require evenings, weekends and holidays

Job Description for Shop Manager

I interviewed two current shop managers from two different locations to learn

more about various aspects of their job.

Duties and Responsibilities:

- Ensure that each customer is properly welcomed and greeted with a friendly

tone. Ensure that customer service is the most important priority.

- Analyze and measure business trends; develop and implement plans to

maximize sales and meet or exceed goals and objectives.

- Ensure appropriate merchandise stock levels, merchandise adjacencies and

presentations; signing, and assortment in all departments.

- Ensure selling floor is adequately stocked.

- Compare shop and report results; share information with operations manager and make appropriate price adjustments.

- Review department/store trends, recommends and initiates changes for maximizing goals and objectives.

- Ensure compliance with all policies and procedures through regular store management and staff meetings, store walk-through and audits, etc.

- Recognize problems, analyze causes, and generate alternatives and solutions.

- Train and develop store management in all aspects of the business; direct and monitor training and development for all store personnel.

- Communicate professionally and effectively with employees and all support services within the company; act as the primary contact for corporate communications (Human Resources, Loss Prevention, Operations, Merchants).

- Hire, train, motivate and supervise management and sales staff with a keen sensitivity to hiring people who have strong presentation and communication skills representative of the company's image.

- Develop all employees to be knowledgeable in areas of product, merchandising, operations, customer service, sales and growth within the company.

- Effectively supervise the sales floor to ensure customer / associate awareness at all times.

- Demonstrate teamwork within store and company and ensure that staff is treated professionally, respectfully and courteously.

- Lead by example

Competencies:

- Customer focus

- Ethical conduct

- Excellent communication skills, verbal and written

- Leadership

- Learning ability

- Performance management

Qualifications:

- Minimum of three years' experience in a similar position, preferably in the

retail-clothing sector.

- High school diploma as a minimum. Bachelor's degree in business fields

preferred.

- Oral and written fluency in Arabic and English language, French is a plus.

- Physical capacity to maneuver around sales floor, stock room and office

- Excellent communication skills

- Aptitude with cash register and office computer

- Willingness to work a flexible schedule to meet the needs of the business

Job Description for Accountant

As mentioned earlier, only one employee handles the accounting department of

the company; hence, his work is spread between entry level and managerial tasks.

Duties and Responsibilities:

- Examine accounting records, including financial statements and other

financial reports to assess accuracy, completeness and conformance to standards defined

within the department.

- Process payroll in an accurate and timely manner.

- Advise management on matters of fiscal procedure and importance for the
organization based on fiscal reports developed for this matter.

- Process purchase orders in an accurate and timely manner.

- File taxes so that all requirements are met while avoiding overpayment.

- Finalize monthly closings and sends reports to managers in a timely manner.
Reports should be sent by the 7th of each month.

- Review all invoices for appropriate documentation and approval prior to
payment.

- Print and obtain signatures on all accounts payable checks.

- Prepare analysis of accounts, as required.

- Process expense reports in an accurate and timely manner and in accordance
with departmental procedures.

- Communicate with co-workers, management, clients and others in a
courteous and professional manner.

- Conform with and abide by all regulations, policies, work procedures and
instructions.

Competencies:

- Financial Management

- Ethical Conduct

- Communication proficiency

- Technical Capacity

- Problem Solving and Decision Making

- Leadership

Qualifications:

- Minimum of three years of experience in accounting.

- Minimum Bachelor's degree in business with a concentration in accounting.

A Master's degree is a plus.

- Oral and written fluency in Arabic and English language, French is a plus.

- Excellent communication skills

- Familiar with Lebanese legislations and a member of the Lebanese

Association of Certified Public Accountants.

Job Description for Office Manager

Developing the job description for this position was more of a challenge because the tasks required are too much for one person to handle. The person working in this position currently expressed her clear frustration from all the workload she has and the fact that she does not really know what she is expected to deliver. After conducting the interview, it was concluded that the managers demand different tasks from this employee without considering the rest of the required deliverables. She also expressed her dissatisfaction with the pay, since according to her it does not match with all the work performed. However, the topic of jobs wages is not part of this project's scope so it will not be featured nor have any impact on the analysis or conclusions of this project.

Duties and Responsibilities:

- Prepare and follow up on all kinds of quotations with suppliers and clients.

- Follow up and ensure implementation of all contracts with brands.

- Arrange all company meetings for managers and owners inside and outside

Lebanon.

- Handle communication with suppliers on placing orders and brand related issues (reports, orders, payments, complaints, etc...).

- Coordinate shipments with suppliers and shipping agency and track them until goods reach warehouse.

- Follow up with clients on orders and payments.

- Handle employees' requests and personnel issues. Manage insurance and social security documents for employees.

- Supervises the maintenance and alteration of shop areas and equipment, as well as layout, arrangement and housekeeping of shops.

- Manage and organize all travels and bookings of employees and managers.

- Responsible for posters and shops' window displays.

- Responsible for managing the company's website. Ensure all available stock is posted with the correct pricing.

- Follow up with the software company on all issues regarding IT and software.

Competencies:

- Communication proficiency

- Ethical conduct

- Leadership

- Time management

- Initiative

- Organization skills

Qualifications:

- Minimum of three years' experience in administrative work, preferably in a

similar position.

- Oral and written fluency in Arabic and English language, French is a plus.

- Bachelor's degree in business marketing or in design.

- Excellent communication skills, written and verbal.

- Excellent organizational and time management skills.

- Excellent computer and administration skills.

All of the above gathered information will be drafted in job description templates, to be documented and used whenever needed. These job descriptions are to be revisited and reviewed for updates every year unless changes occur during this period that require modification in job roles. This is very essential and vital to be done knowing that the company is growing and with growth comes changes in job roles and added tasks.

In the following section, I will discuss the new recruiting strategy procedure for hiring sales assistants. The logic for looking at this position in detail is because, as mentioned before, the company is about to open two new stores in the coming months. Hence, it is vital to recruit the best talents based on a formalized strategy.

Recruiting Strategy for Hiring Sales Assistants

Now that a job description has been developed, it makes it less challenging to recruit the right sales staff to best serve the customers and perform the job well. Ads for the job vacancy will be advertised not only on shops' windows, but will also be posted on social media platforms such as Instagram, Facebook and LinkedIn. Social media has now become the go-to advertisement media as it has been shown that the average person spends 50 minutes a day checking social media platforms, while considering how easy it is to deliver a message through these pages. Now that the recruiting channels have been widened, a larger number of interested talents is expected to be targeted.

Additionally, an email has been created to receive all CVs as soft copies with cover letters. When CVs are received, the number received is to be divided among all shop managers in order to check for the appropriate candidates whose credentials align with the qualifications and competencies mentioned in the job description. After this selection starts, qualified applicants are asked to attend interviews as the last screening process before decisions are taken. Interviews are to be conducted by one of the mangers accompanied by a shop manager. However and to avoid interview biases and provide more reliability and validity, a set of standardized interview questions and assessment tools will be created for this position in order to make sure that all employees are fairly selected. These questions will be developed to target and test for the qualifications and competencies required to best perform the job. The set of questions used will be open ended with probes to test for different situations. These will be frequent questions asked by most interviewers for such positions. This is an entry-level position and hence the important factor is to make sure that the talent to be chosen is qualified.

- Tell me about yourself.

In this question, the interviewer looks for an answer where the interviewee focuses on his/her personal qualities such as strengths and skills that make him/her suitable for the job. It would be beneficial to the process if the applicant can include tangible examples and avoid lengthy stories.

- What is your psychology of selling?

The aim here is to get a personal success story achieved in his/her previous work and the reason why this person still wants to be in sales. Behaviors to look for in the answer are customer focus during the sales process and what communication styles he/she depending on different customers.

- Why did you leave your last job?

The interviewer here is looking to know more about the interviewee's personality. An answer related to the environment, pay or management is not the one needed; the requested answer is what the applicant is trying to find from this new job or opportunity that did not exist in the last one. It would be an encouraging sign if the answer specifies a positive comment of the previous one.

- What motivates you to sell?

This question sets the stage for highlighting the positive attributes of this person as a salesperson. One looks for answers such as goals, pleasing the employer or being among the high performers. This question lets the interviewer better determine whether the interviewee will be a good fit in the company and how to motivate him/her if offered the job.

- Give me an example of how you handled a difficult client in order to get the sale and what did you learn from the experience?

This is a situational question in order to test for the critical incident technique and know exactly how this person would act in real life. The body language expressed while answering this question is a vital sign to be taken into consideration. The interviewer here looks for excellent customer conduct skills as well as communication skills in order to convince the customer. The interviewee must express calmness and ability to understand the needs of the customer in order to finalize the sales deal.

- Tell me about a time you persuaded others to accept your idea.

A situational question to test persuading abilities. Interviewer should look for behaviors such as ability of interviewee to select the style of communication and interaction for the situation and individual dealing with.

Interviewers are urged to take notes next to every question regarding every

person interviewed. At the end of each interview, these notes are to be analyzed in order

to reach common grounds. It is preferable when selecting the best fit that all

interviewers participating in this selection process meet and discuss each application

and interview in order to reach a collective decision and avoid prejudices. After

agreement on those best fit for the job according to job requirement, the talent is hired

for a probationary of three months.

For the sake of this project, the purpose is to only develop the job descriptions

of the main job positions currently existing in the company. This is highly critical for

employees in order to know what is required from them in this particular job. It also

forms the base for training and development plans to be developed in the larger project,

and for the sake of specifying the desired qualifications in the next employee to be

hired.

CHAPTER V

LIMITATIONS OF STUDY

This consultancy project has generated fundamental findings, but there are some limitations that have to be tackled. Beginning with the literature review, the majority of the research in the field of strategic HRM and HRM has been focused on in large firms with very well structured HR functions and practices. However, research of HRM in SMEs has been neglected for a long time. It was only resumed in the past few years, coinciding with the rise of the number of SMEs globally and with their increased importance in driving the worldwide economy. Most of this research is actually based on case studies from very few writers. Additionally, the major drawback here is the lag in studies and research in the context of the Middle East and specifically in Lebanon. When looking at HRM in the Middle East, only one reference was found, where a group of researchers gathered their output from each country into a book. The only country in which numerous studies were provided was the UAE, which was not very relevant to the Lebanese context considering the different economies. Going back to Lebanon, the most recent study we found on SMEs was one done by the Ministry of Economy and Trade back in 2013. A lot has happened in the Lebanese economy since then and that has affected SMEs and their growth. Regarding HRM in Lebanese firms, there is not enough research on the subject knowing that many of the Lebanese firm have moved from the concept of personnel to a more specialized HR concept.

As for the qualitative study I conducted, the first limitation is my sample size, which may be a bit small, especially for the sales assistant position. Moreover, there may be additional limitations for using a single method, interviews, to collect data. The

questions, which the interviewees were asked, add another limitation, since additional results could have been obtained if more questions were asked or if they were asked in different contexts.

CHAPTER VI

CONCLUSION

The presence of HRM practices and functions is vital for the survival of any company, regardless of its size and profitability. In this project, the main objective was to highlight the importance of strategic HRM, especially in the context of SMEs. Owners/mangers tended to neglect this function by giving their attention to what they believe are more essential functions, knowing their limited financial resources. However, the expectation with this project is to prove to owners of SMEs and entrepreneurs the importance of having the basic HRM practices formalized. They enhance employee satisfaction and engagement and support the company during its growth, allowing it to survive any sudden issues or unforeseen changes during its life span. In this project, job descriptions of the jobs occupied in the chosen company were drafted, highlighting that this step was essential to the different HRM functions from recruitment to training to performance management, reaching compensation and rewards. The recruiting strategy of hiring sales assistants was also modified to be based on the developed job description. Knowing that the company operates in the retail industry, sales staff reflects its image to customers and it is crucial to recruit and select the best fit for the position and company culture.

The hope and intension is that this consultancy project presented will be of value to owners and managers in SMEs in Lebanon and that they will benefit from the generated findings. There is faith that Lebanese SMEs will soon get on the right track regarding establishing HRM practices in their firms, to maintain that healthy balance between informality and formality that by which SMEs are characterized.

As a final message, the concept of HRM in SMEs particularly in Lebanon is vital and should not be neglected anymore. Adopting formalized HRM practices in such organizations can be done even on a small scale just by developing job descriptions, the building blocks of all HRM practices, which benefit both the organization and its employees. This is a small investment with a larger impact in the future. Every entrepreneur and owner of a SME has a dream of growing the small firm into a successful and larger one and this can be done with the strategic support of HRM and its functions.

APPENDIX I

JOB DESCRIPTION TEMPLATE

For Sales Assistant

Salary Grade/Level/Family/Range

[To be inserted upon agreement with General Manager.]

Reports to

Shop Manager

Date

Created: April 13, 2017

JOB DESCRIPTION

Summary/Objective

The sales/cashier position is responsible for maintaining customer service, generating sales, housekeeping, merchandising, signing, pricing, cash register operations (POS) and loss prevention in adherence to all company policy/store standards.

Essential Functions

Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

- Ensure that each customer is properly welcomed and greeted with a friendly tone. Ensure customer service as most important priority.
- Show product knowledge and maintain an awareness of all product information, merchandise promotions, test merchandise and advertisements.
- Maximize sales volume and reach set targets.
- Assist in floor moves, merchandising, and display maintenance.
- Make sure housekeeping attends as scheduled and shop is tidy.
- Assist in processing and replenishing merchandise; participate in receiving and monitoring floor stock; ensure re-wraps are done promptly.
- Adhere to all company policies, procedures and practices
- Responsible for properly placing pricing tags on all merchandise as requested by shop manager.
- Accurately and efficiently complete all sales transactions and maintain proper cash and media accountabilities at POS registers.

- Works as a member of a team to accomplish goals set forth in the store.
- Must be flexible to work rotating hours, as assigned by management.
- Communicate customers' requests to management

Competencies

- Customer Focus
- Good communication skills
- Organizational skills
- Ethical conduct

Supervisory Responsibility

This position has no supervisory responsibilities.

Work Environment

This job operates in a professional office environment. This role routinely uses standard office equipment such as computers, phones, photocopiers, filing cabinets and fax machines.

Physical Demands

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job.

While performing the duties of this job, the employee is regularly required to talk and hear. This position is very active and requires standing, walking, bending, kneeling, stooping, crouching, crawling, and climbing all day. The employee must frequently lift and/or move items over 50 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception and ability to adjust focus.

Position Type/Expected Hours of Work

Occasional evening and weekend work may be required as job duties demand.

Travel

No travel is expected for this position.

Required Education and Experience

- Minimum six months of experience as sales assistant
- Minimum high school diploma
- Oral and written fluency in Arabic and English language, French is a plus.

Additional Eligibility Qualifications

- Ability to communicate with customers and store personnel; maneuver around sales floor and stock room; lift heavy objects, stretch, and bend; operate cash register and office computer.
- Ability to work a flexible schedule to meet the needs of the business, which may require evenings, weekends and holidays.

Other Duties

Please note this job description is not designed to cover or contain a comprehensive listing of activities, duties or responsibilities that are required of the employee for this job. Duties, responsibilities and activities may change at any time with or without notice.

Signatures

This job description has been approved by all levels of management:

Manager_____

HR_____

Employee signature below constitutes employee's understanding of the requirements, essential functions and duties of the position.

Employee_____ Date_____

For Shop Manager

Salary Grade/Level/Family/Range

[To be inserted upon agreement with General Manager.]

Reports to

Operations Manager

Date

Created: April 13, 2017

JOB DESCRIPTION

Summary/Objective

A store manager is responsible for establishing and maintaining customer services, oversees and is accountable for the operation of a store ensuring maximum sales and profitability through merchandise, inventory, expense control, human resources management, and managing operating costs.

Essential Functions

- Ensure that each customer is properly welcomed and greeted with a friendly tone. Ensure customer service as most important priority.
- Analyze and measure business trends; develop and implement plans to maximize sales and meet or exceed goals and objectives.
- Ensure appropriate merchandise stock levels, merchandise adjacencies and presentations; signing, and assortment in all departments.
- Ensure selling floor is adequately stocked.
- Comparison shop and report results; share information with operations manager and make appropriate price adjustments.
- Review department/store trends and recommend and initiate changes for maximizing goals and objectives.
- Ensure compliance with all policies and procedures through regular store management and staff meetings, store walk-through and audits, etc.
- Recognize problems, analyze causes, generate alternatives and solutions
- Train and develop store management in all aspects of the business; direct and monitor training and development for all store personnel.
- Communicate professionally and effectively with employees and all support services within the company, act as the primary connection for corporate communications (Human Resources, Loss Prevention, Operations, Merchants)
- Hire, train, motivate and supervise management and sales staff with a keen sensitivity to hiring people who have strong presentation and communication skills representative of the company's image.

- Develop all employees to be knowledgeable in areas of product, merchandising, operations, customer service, sales and growth within the company
- Effectively supervise the sales floor to ensure customer / associate awareness at all times
- Demonstrate teamwork within store and company and ensure that staff is treated professionally, respectfully and courteously
- Lead by example

Competencies

- Customer focus
- Ethical conduct
- Excellent communication skills, verbal and written
- Leadership
- Learning ability
- Performance management

Supervisory Responsibility

This position has no direct supervisory responsibilities, but does serve as a coach and mentor for other positions in the department.

Work Environment

This job operates in a retail environment with merchandise displays and items available for purchase in inventory.

Physical Demands

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job.

While performing the duties of this job, the employee is regularly required to talk and hear. This position is very active and requires standing, walking, bending, kneeling, stooping, crouching, crawling, and climbing all day. The employee must frequently lift and/or move items over 50 pounds. Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception and ability to adjust focus.

Position Type/Expected Hours of Work

This is a full-time position, and hours of work and days are Monday through Friday, 8:30 a.m. to 5 p.m. This position regularly requires long hours and frequent weekend work. Shop managers are expected attend to work during holidays and high season sale days.

Travel

This position requires travel once or twice a year.

Required Education and Experience

- Minimum three years of experience in similar position, preferably in retail clothing sector.
- Minimum high school diploma. Bachelor's degree in business fields preferred.
- Oral and written fluency in Arabic and English language, French is a plus.

Additional Eligibility Qualifications

- Physical capacity to maneuver around sales floor, stock room and office
- Excellent communication skills
- Aptitude with cash register and office computer
- Willingness to work a flexible schedule to meet the needs of the business.

Other Duties

Please note this job description is not designed to cover or contain a comprehensive listing of activities, duties or responsibilities that are required of the employee for this job. Duties, responsibilities and activities may change at any time with or without notice.

Signatures

This job description has been approved by all levels of management:

Manager_____

HR_____

Employee signature below constitutes employee's understanding of the requirements, essential functions and duties of the position.

Employee_____ Date_____

For Accountant

Salary Grade/Level/Family/Range

[To be inserted upon agreement with General Manager.]

Reports to

General Manager

Date

Created: April 13, 2017

JOB DESCRIPTION

Summary/Objective

The accountant position is responsible for serving as a leader in the finance department and ensuring the department creates accurate and timely financial records for the organization.

Essential Functions

- Examine accounting records, including financial statements and other financial reports to assess accuracy, completeness and conformance to standards defined within the department.
- Process payroll in an accurate and timely manner.
- Advise management on matters of fiscal procedure and importance for the organization based on fiscal reports developed for this matter.
- Process purchase orders in an accurate and timely manner.
- File taxes so that all requirements are met while avoiding overpayment.
- Finalize monthly closings and sends reports to managers in a timely manner. Reports should be sent by the 7th of each month.
- Review all invoices for appropriate documentation and approval prior to payment.
- Print and obtain signatures on all accounts payable checks
- Prepare analysis of accounts, as required
- Process expense reports in an accurate and timely manner and in accordance with departmental procedures
- Communicate with co-workers, management, clients and others in a courteous and professional manner.
- Conform with and abide by all regulations, policies, work procedures and instructions

Competencies:

- Financial Management
- Ethical Conduct

- Communication proficiency
- Technical Capacity
- Problem Solving and Decision Making
- Leadership

Supervisory Responsibility

The accountant has no direct supervisory responsibilities, but does serve as a coach and mentor for those in the accountant II role.

Work Environment

This job operates in a clerical, office setting. This role routinely uses standard office equipment such as computers, phones, photocopiers, filing cabinets and fax machines.

Physical Demands

This is a largely sedentary role; however, some filing is required. This would require the ability to lift files, open filing cabinets and bend or stand on a stool as necessary.

Position Type and Expected Hours of Work

This is a full time position. Days and hours of work are Monday through Friday 8:30 a.m. to 5 p.m. Some flexibility in hours is allowed, and this is to be approved by the General Manager upon negotiations with the employee.

Travel

No travel is expected for this position.

Required Education and Experience

- Minimum three years of experience in accounting.
- Minimum Bachelor's degree in business with a concentration in accounting. Masters is a plus.
- Oral and written fluency in Arabic and English language, French is a plus.

Additional Eligibility Qualifications

- Excellent communication skills
- Familiar with Lebanese legislations and member of the Lebanese Association of Certified Public Accountants None required for this position.

Other Duties

Please note this job description is not designed to cover or contain a comprehensive listing of activities, duties or responsibilities that are required of the employee for this

job. Duties, responsibilities and activities may change at any time with or without notice.

Signatures

This job description has been approved by all levels of management:

Manager_____

HR_____

Employee signature below constitutes employee's understanding of the requirements, essential functions and duties of the position.

Employee_____ Date_____

For Office Manager

Salary Grade/Level/Family/Range

[To be inserted upon agreement with General Manager.]

Reports to

General Manager

Date

Created: April 13, 2017

JOB DESCRIPTION

Summary/Objective

The office manager position is responsible for overall front office activities, including the reception area, mail, large purchasing requests and facilities. Also responsible for directing and coordinating office services and related activities, including developing and supervising programs for the maximum utilization of services and equipment. Responsible for arranging internal office moves and providing arrangements for office meetings.

Essential Functions

- Prepare and follow up on all kinds of quotations with suppliers and clients.
- Follow up and ensure implementation of all contracts with brands.
- Arrange all company meetings for managers and owners inside and outside Lebanon.
- Handle communication with suppliers on placing orders and brand related issues (reports, orders, payments, complaints, etc...)
- Coordinate shipments with suppliers and shipping agency and track them until goods reach warehouse.
- Follow up with clients on orders and payments
- Handle employees' requests and personnel issues. Manage insurance and social security documents for employees.
- Supervises the maintenance and alteration of shop areas and equipment, as well as layout, arrangement and housekeeping of shops.
- Manage and organize all travels and bookings of employees and managers
- Responsible for posters and shops' window displays
- Responsible for managing the company's website. Ensure all available stock is posted with the correct pricing.
- Follow up with software company on all issues regarding IT and software

Competencies:

- Communication proficiency
- Ethical conduct
- Leadership
- Time management
- Initiative
- Organization skills

Supervisory Responsibility

This position manages all employees and office related issues.

Work Environment

This job operates in a professional office environment. This role routinely uses standard office equipment such as computers, phones, photocopiers, filing cabinets and fax machines.

Physical Demands

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job.

While performing the duties of this job, the employee is regularly required to talk or hear. The employee frequently is required to stand; walk; use hands to finger, handle or feel; and reach with hands and arms. This position requires the ability to occasionally lift office products and supplies, up to 20 pounds.

Position Type/Expected Hours of Work

This is a full-time position, and hours of work and days are Monday through Friday, 8:30 a.m. to 5 p.m.

Travel

No travel is expected for this position.

Required Education and Experience

- Minimum three years of experience in administrative work, preferably in a similar position.
- Oral and written fluency in Arabic and English language, French is a plus
- Bachelor's degree business marketing or in design.

Additional Eligibility Qualifications

- Excellent computer and administration skills.

- Excellent communication skills, written and verbal
- Excellent organizational and time management skills.

Other Duties

Please note this job description is not designed to cover or contain a comprehensive listing of activities, duties or responsibilities that are required of the employee for this job. Duties, responsibilities and activities may change at any time with or without notice.

Signatures

This job description has been approved by all levels of management:

Manager_____

HR_____

Employee signature below constitutes employee's understanding of the requirements, essential functions and duties of the position.

Employee_____ Date_____

APPENDIX II

INTERVIEW QUESTIONS GUIDELINE AND ASSESSMENT TEMPLATE FOR SALES ASSISTANT POSITION

- **Tell me about yourself.**
  - In this question, the interviewer looks for an answer where the interviewee focuses on his/her personal qualities such as strengths and skills that make him/her suitable for the job. I would be great if the applicant can include tangible examples and avoid lengthy stories.

- **What is your psychology of selling?**
  - The aim here is to get a personal success story achieved in his/her previous work and the reason why this person still wants to be in sales. Behaviors to look for in the answer are customer focus during the sales process and what communication styles he/she depending on different customers.

- **Why did you leave your last job?**
  - The interviewer here is looking to know more about the interviewee's personality. An answer of because of the environment, pay or management is not the needed one, the requested answer is what the applicant is trying to find from this new job or opportunity that didn't exist in the last one. It would be a great sign if the answer specifies a positive comment of the previous one.

- **What motivates you to sell?**
  - This question sets the stage for highlighting the positive attributes of this person as a sales person. You looks for answers such as goals, pleasing the employer or being among the high performers. This question lets the interviewer know whether the interviewee will be a good fit in the company and how to motivate him/her if offered the job.

- **Give me an example of how you handled a difficult client in order to get the sale, and what did you learn from the experience?**
  - This is a situational question in order to test for the critical incident technique and know exactly how this person would act in real life. The body language expressed while answering this question are vital signs to be taken into consideration. The interviewer here looks for excellent customer conduct skills as well as communication skills in order to convince the customer. The interviewee must express calmness and ability to understand the needs of the customer in order to finalize the sales deal.

- **Tell me about a time you persuaded others to accept your idea.**
  - A situational question to test persuading abilities. Interviewer should look for behaviors such as ability of interviewee to select the style of communication and interaction for the situation and individual dealing with.

Ratings:

1. Communication Skills
2. Customer Focus
3. Organization Skills
4. Ethical Conduct

Competency	N/A	Poor	Average	Good	Outstanding
Communicated answer effectible					
Successfully persuades and influences others					
Relates to other in a confident and relaxed manner					
Able to understand customer needs					
Good communication skills					
Applies own expertise effectively					
Open to new ideas and experiences					
Handles situations and problems with innovation and creativity					

APPENDIX III

ORGANIZATION CHART

Below is the organization chart specifying the flow of authority and the different positions functioning in this company.
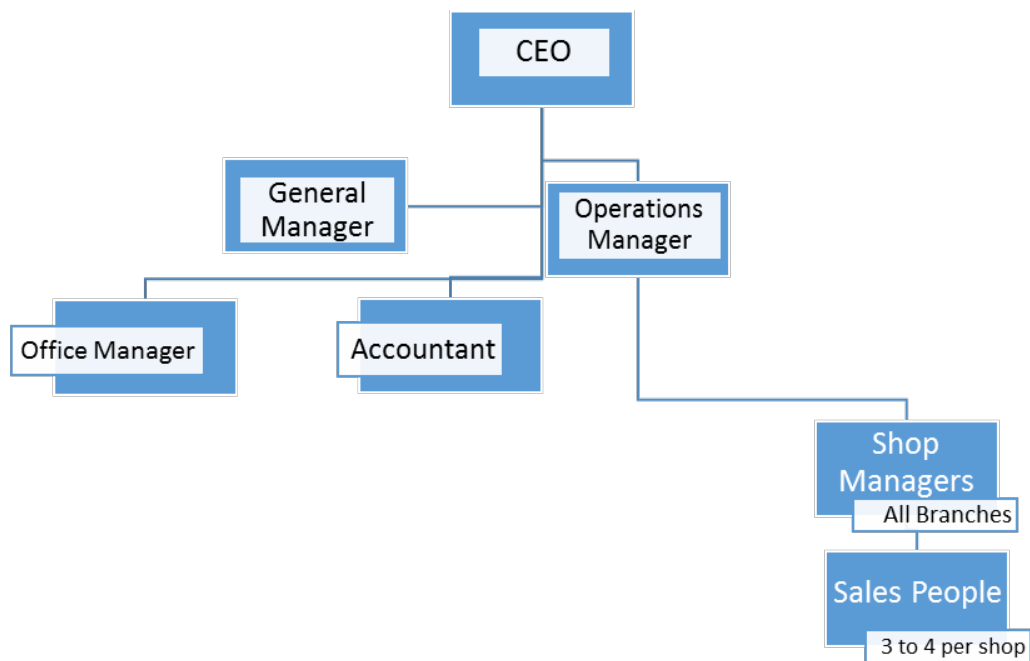
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