

# Managing HR in SMEs

What are advantages and challenges of HR in SMEs?

What is an SME?



Roles  
and responsibilities

Individual processes



**What are characteristics  
of SMEs from the point  
of view of HR?**

**Please write 3 in  
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# SME classification



Enterprise category	Staff headcount	Turnover	or	Balance sheet total
Medium-sized	< 250	≤ € 50 m		≤ € 43 m
Small	< 50	≤ € 10 m		≤ € 10 m
Micro	< 10	≤ € 2 m		≤ € 2 m

Source: European Commission (as cited in Komulainen et al., 2019)

# Qualitative characteristics of SMEs



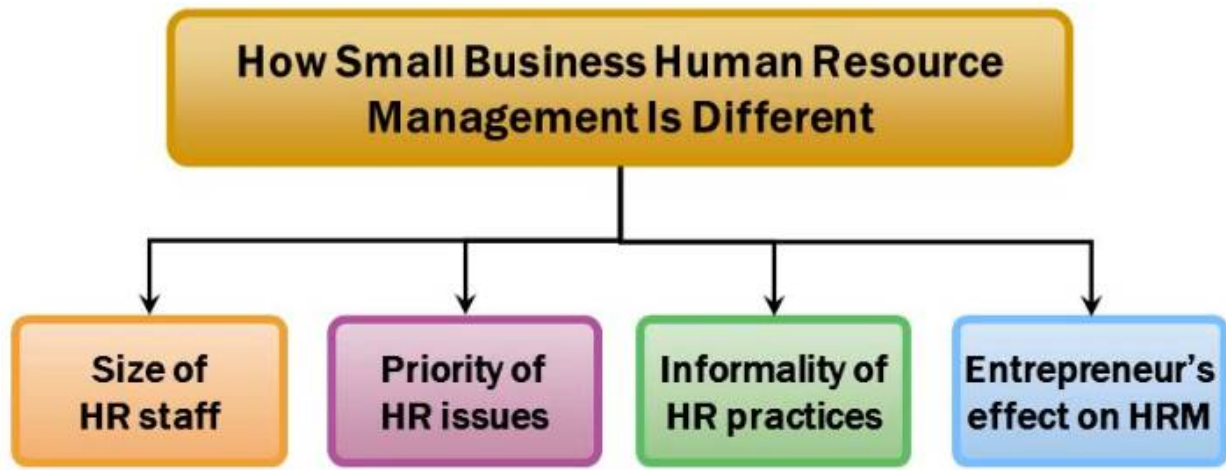
Criterion	Characteristics
Management	<ul style="list-style-type: none"><li>- Partial leadership of the owner</li><li>- Less group decisions</li><li>- Less strategic orientation and planning</li><li>- Immediate participation in operational processes</li><li>- Low compensation capabilities after wrong decisions</li></ul>
Organisation	<ul style="list-style-type: none"><li>- manageable, flat hierarchy</li><li>- direct information channels</li><li>- low level of formalism</li></ul>
Employees	<ul style="list-style-type: none"><li>- presence of broad specialist knowledge</li><li>- presence of interdisciplinary knowledge</li><li>- less specialists are available</li><li>- high job satisfaction as a result of manageable processes</li><li>- close contact between employee and manager</li></ul>

# Qualitative characteristics of SMEs in selected European countries

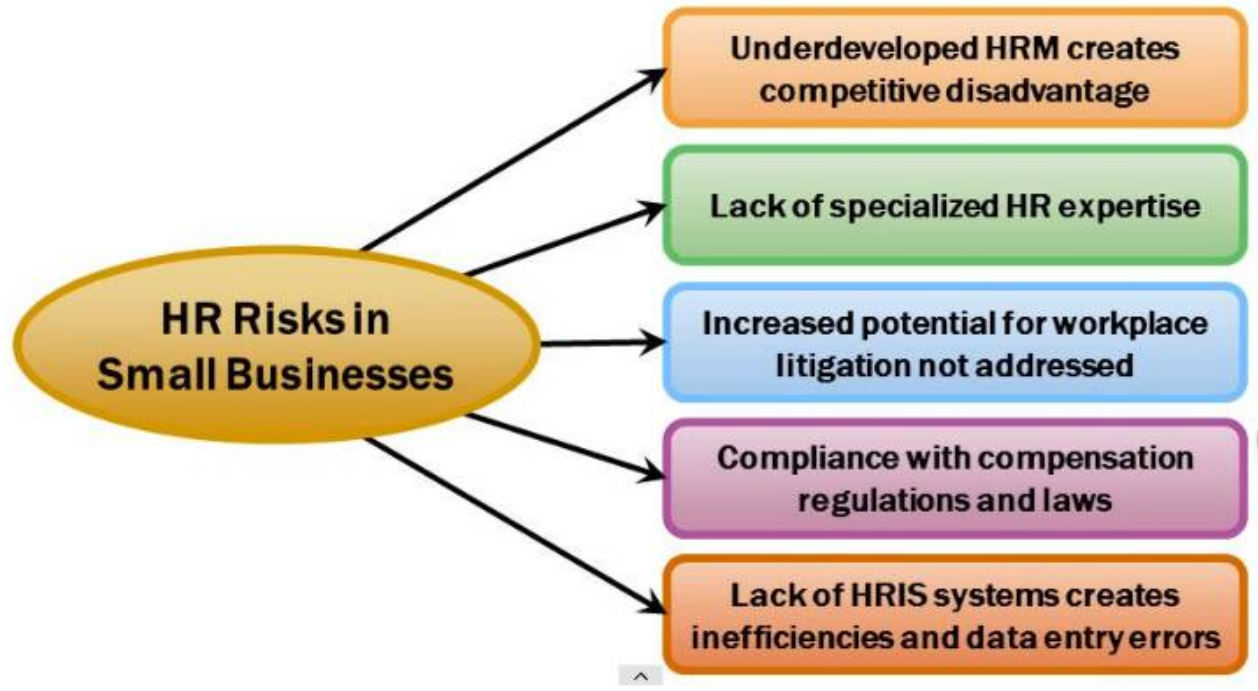


Similarities	Differences
<b>(highly) industrialised: many SMEs (with available jobs)</b>	SMEs of different sizes (e. g. in Germany there is a very large number of SMEs with more than 200 employees)
<b>Demography: shrinking and aging population</b>	economic structure (very diverse sectors)
<b>Big distance to metropolitan centres</b>	Structure of skilled employees (different numbers of highly qualified specialists)
<b>Universities with many students (Generation Y)</b>	Historical development of SMEs
<b>Emigration of students after graduation</b>	

# Qualitative characteristics of SMEs in selected European countries



# Qualitative characteristics of SMEs in selected European countries



<https://slideplayer.com/slide/6243626/>

# Special characteristics offered to employees in SMEs



- Communicate family working atmosphere to attract and retain young candidates
- A high degree of informality enables creative work and increases motivation.
- Flat hierarchies enable interdisciplinary work.
- Innovative ideas of employees can be implemented more quickly (Prouska & Psychogios, 2019).



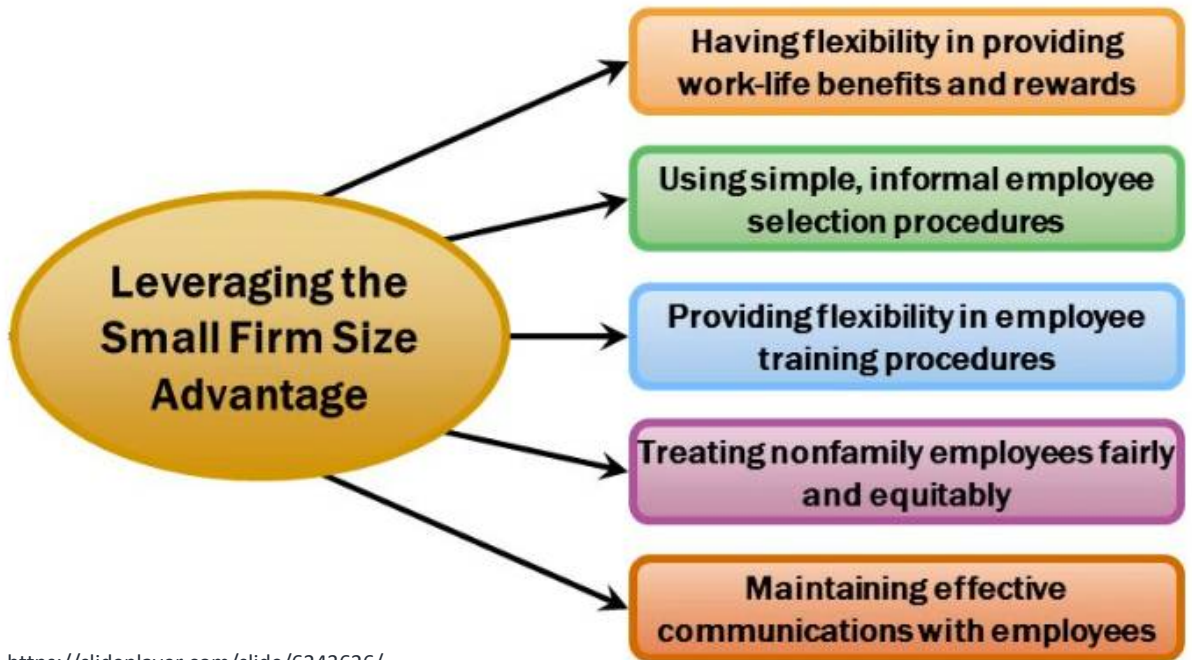
# Special characteristics offered to employees in SMEs



All characteristics of SMEs for all HRM tasks have to be considered!

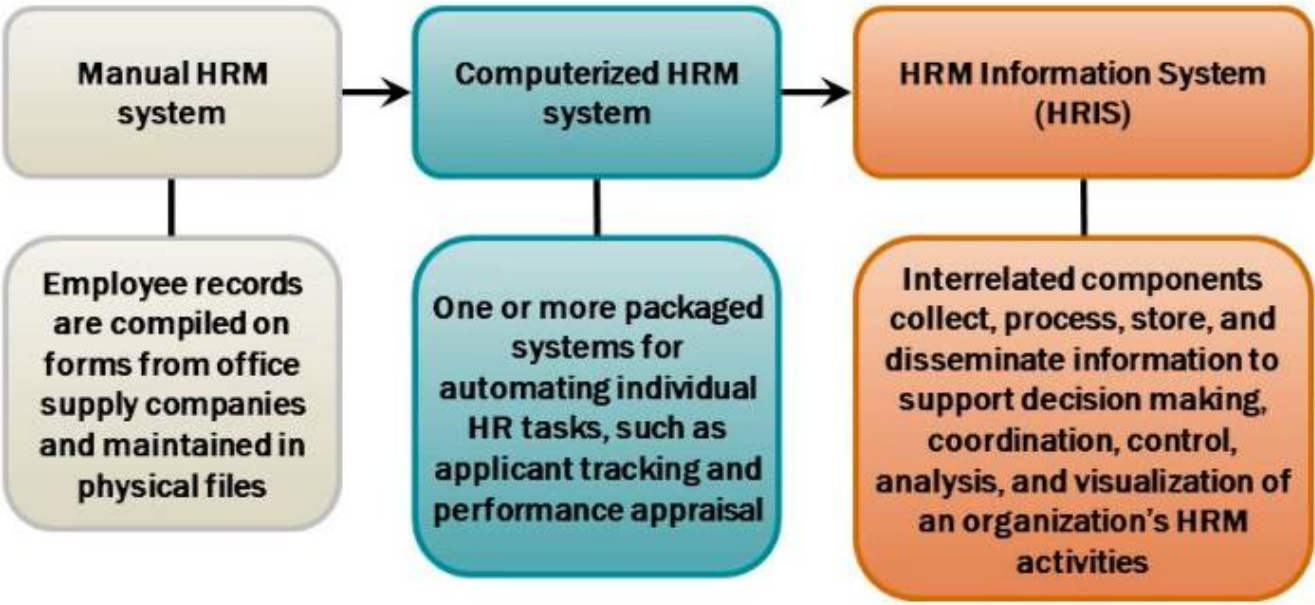
- in the development of the HR strategy → limited resources available
- in recruiting → importance of establishing employer brand
- in pay and reward management → include non-financial rewards to remain competitive (Prouska & Psychogios, 2019).

# Qualitative characteristics of SMEs in selected European countries



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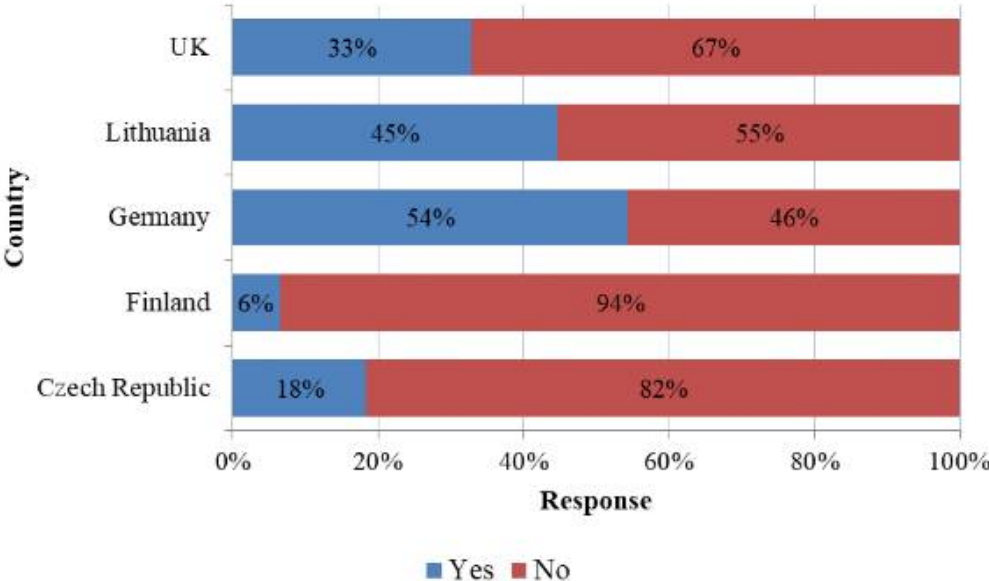


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# HR department in SMEs in selected European countries



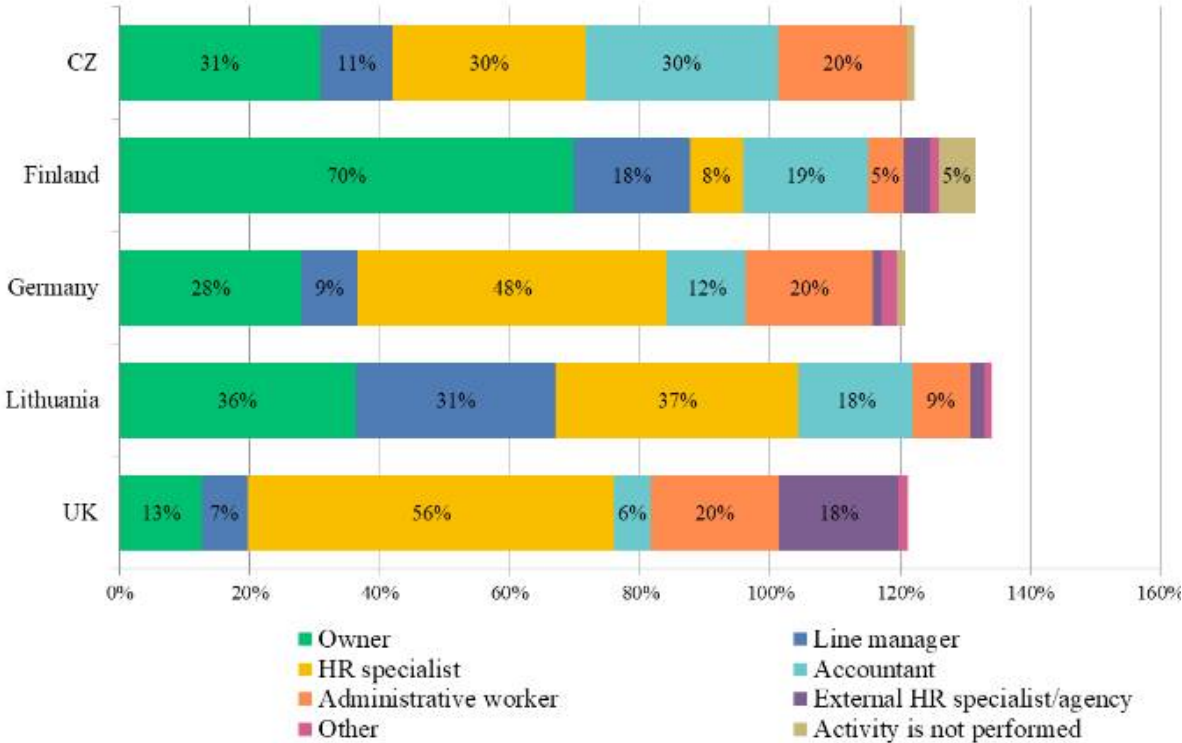
Figure 8. Does your organisation have an HR department?



# HR department in SMEs in selected European countries



Figure 10. Who performs HRM administration in your organisation?



Source: Maršíková et al. (2019)

# Selected HR processes in SMEs

