

# **COSTS AND PERFORMANCE OF HR ATTRACTIVENESS IN SMALL LEBANESE COMPANIES**

**Jack KASSAB**  
ISEOR Research Center  
University Jean Moulin Lyon 3  
(France)  
University of Balamand  
(Lebanon)

## **PROBLEM STATEMENT**

Small companies have trouble upgrading their employee's quality because they cannot recruit highly skilled employees that have graduated from prestigious universities. Even if they were able to recruit them they will have a hard time to motivate and retain them.

### **A- PROBLEMS IN RECRUITING**

Candidates with good education from prestigious universities or with an impressive work experience do not find in small companies' attractive employment prospects:

- 1- The small company does not have the name brand that big companies have, so people might accept to work for much less in a well-known big firm rather than get more money in a small unknown company.
- 2- The small company does not have enough managing positions that the new candidates can hope to reach, whereas such positions are much more available in big companies.
- 3- The salaries offered by the small companies might be better in the beginning but candidates tend to look at the salaries of the top management employees that they hope to get once they climb the management ladder. The limited top employee salary in a small company might discourage a good ambitious candidate to apply to a small company.
- 4- In small companies there are no well-developed career plans for the employees. This is another major disadvantage compared to the big companies that have large HR departments who can develop such plans.
- 5- Most small companies are family businesses in which the owners are probably the managers. This puts ambitious candidates in front of three major problems:
  - a- They will never become general manager: limit in ambition.
  - b- They will always have someone to tell them what to do: limit in authority
  - c- They will probably face the threat of new family candidates that could replace them even in sub-management positions that they would have earned: insecurity.

6- The large companies have in their websites a section that invites applicants for jobs to fill applications on line. This information helps big companies to select the best with little effort or costs. The small companies cannot invest so much in IT development because they can't afford it and they probably won't need it for HR purposes. Besides even if they have a website few people visit their sites compared with those of big companies.

7- Large companies have a much bigger survival rate than small companies especially in their first 5 years. Almost half of small startup companies do not survive the first 5 years.

8- Large companies have training programs that small companies cannot afford.

9- The technological updates are much faster in big companies while small companies are very reluctant in investing in high-tech early on. So staying in small companies, employees will be deprived of the updated skills needed in the industry.

## **B- PROBLEMS IN MOTIVATING EXISTING EMPLOYEES**

How to motivate good employees in small companies?

1- They are probably in the top available management position so there is no room for position improvement.

2- They are probably getting good salaries: how much more can a small company pay them?

3- What kind of targets or new challenges can still be used to motivate them? And how to reward them?

4- How to relax their insecurity feelings?

a- Lack of retirement plan: financial insecurity.

b- Threat of replacement by younger and cheaper employees: job insecurity.

c- Threat of replacement by new family members: job insecurity.

d- Threat of becoming obsolete, i.e. technologically unskilled causing lack of self-confidence.

e- Threat of new systems undermining their authority: fear of losing control.

f- Lack of full medical coverage, lack of complementary insurance coverage for what the Social Security does not cover.

5- How to give employees a sense of accomplishment?

Employees might feel stuck in their position in a small company and might wonder: "Is this all that I have accomplished?" leaving them with a feeling of a poor achievement record.

6- How to make employees feel that they have done something they were destined to do?

Most good employees feel that they missed their opportunity in doing something great and that their jobs did not actualize their dreams and did not give meaning to their life. How to make them live their jobs as means to actualize their dreams?

### **C- PROBLEMS IN RETAINING SKILLED EMPLOYEES:**

Skilled educated and efficient employees are very attractive for competition. Accordingly, they will be offered all kinds incentives to leave the small companies and join the large ones.

Their websites give these employees an opportunity to throw discreetly their application to see what these big companies can offer them, in terms of better salaries, positions, benefits and possibilities for climbing the management ladder. They offer better job titles in much better known companies.

They offer sophisticated training programs that small companies cannot afford.

#### **CORE HYPOTHESIS**

The quality of an organization is determined by the quality of its staff and the assets that are in its disposition. Accordingly, it is in the interest of all organizations to upgrade its staff. This can be done by training the existing staff to master needed skills or by recruiting already qualified employees.

As small companies struggle to attract highly skilled employees that have graduated from prestigious universities what should they do to upgrade the quality of their staff?

In the process of this research we were exposed to professors, fellow researchers, managers and employees of the company that was the field of this research. They all helped me in finding many answers to how a small company should act in order to upgrade its staff quality. So far we have reached some important results that have changed a lot our approach to the problematic.

It is not by recruiting employees with prestigious backgrounds that small companies will upgrade its staff quality. In fact even if small companies were successful in recruiting such employees they will have a hard time to motivate or retain them. These employees should only be recruited after the company was big enough to be able to benefit from them. In the meantime it is the management's duty to transform these small companies into efficient training facilities where the existing staff learn all needed skills to become as efficient as possible. Their increased efficiency should lead in a substantial increase in output results which in turn will push the company to become bigger both in assets and eventually need more employees. It is only when this small company reaches the level where it has at least 4 or 5 levels of management then it will need the high profiled employees.

The second very important finding of our research was that the common belief that the HR manager is needed in small companies to accompany it towards its growth was completely wrong. In fact working with SEAM and our advisors I have learned that it was an essential part of every manager to do the HR manager's job for his team. It made a lot sense in the company that the research was done which has 51 employees and is planning to grow. Should they employ an HR manager? That meant that they should either give this job to an existing employee that would control all the employees or recruit a new one that knows nothing in the company. In both cases this was going to create a lot of friction, additional cost and communication, cooperation and coordination issues. When all managers are trained to recruit, evaluate, motivate and supervise over their teams the efficiency of the whole team becomes much better in every aspect and with no additional cost.

Descriptive Hypotheses	Explicative Hypotheses	Prescriptive Hypotheses
DH01: Small companies need to upgrade the quality of their staff.	EH01: Small companies have all kinds of trouble to recruit valuable employees	PH01: Small companies should first upgrade their existing staff and only search to recruit for valuable employees after growing and having at least 4 or 5 levels of management
DH02: Small companies don't have an HR manager.	EH02: Small companies can not afford to have a skilled HR manager.	PH02: Small companies don't need an HR manager. They should give this task to every department manager after training them of how to do it.
DH03: Working conditions in small companies does not attract valuable employees	EH03: Small companies have relatively poor working conditions. Valuable potential employees will find it humiliating and uncomfortable to work in such an environment.	PH03: Small companies should pay more attention on working conditions and should invest in upgrading them. This will give a better image of the company not only to potential valuable employees but also to customers, suppliers, etc... It will also increase substantially in the valorization of the company
DH04: Poor work organization discourage potential valuable employees to join small companies	EH04: Poor work organization gives a bad image of the small company with no clear carrier path and no training possibilities.	PH04: A Serious upgrade of the work organization especially in the training system gives a better image of the company and makes it more attractive. The upgraded level of the skills and the efficiency of the employees reflect the quality of the company.
DH05: Loyalty in small companies is smaller than in big companies	EH05: Valuable employees are quickly offered better offers by big companies	PH05: In reality it is not always true. If a small company takes good care of its employees they might have bigger chances in retaining their employees than in big companies that have less personal human relationships.
DH06: Small companies do not have a famous brand names	EH06: Valuable employees are more attracted to work in companies with big branded names.	PH06; Small companies can work on upgrading their image especially by engaging in corporate social responsible activities.

DH07: Small companies do not have high salaries that valuable employees hope to get.	EH07: When a valuable employee wants to join a company he looks at the salaries of the highest level management that he hopes to reach. The small companies cannot compete with the bigger ones.	PH07: Small companies could offer other kinds of income or ownership to valuable employees like a share of the profit of a project they would be responsible of or even become a partner in a segment of the company.
Dh08: Small companies do not have many layers of management that a valuable employee could hope to reach.	EH08: Highly valuable would probably start in a managerial position that is already the best position the company can offer to them.	PH08: The company should push these highly skilled employees to help in growing the company and creating higher levels that they could occupy.
DH09: Small companies do not have a training program that would elevate the skills of a potential valuable employee	EH09: mall companies usually cannot afford or neglect to put scheduled important training programs for their employees	PH09: Small companies should not hesitate to invest in graining as it will upgrade the efficiency of their existing employees and attract new valuable employees to join them.

In conclusion and after the research done so far we have come to the conclusion that SEAM directly solves the requirements needed for small companies to first upgrade its existing “actors” and attract new and valuable ones.