

## **Role of HRM Practices on Business Success: The Case of Small and Medium Enterprises (SMEs)**

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**Abstract :** The aim of this study is to explore the role of HRM practices in SMEs success. The role of HRM practices in large enterprises is relatively known, on the other hand, small and medium enterprises (SMEs) companies have not been greatly studied in relation to the HRM practices in the past. Although, there is a lack of literature and empirical research in this area, several studies in the recent years emphasized on the importance of the HRM practices for the success of the SMEs. This study finds out relationship of HRM practices and SMEs performances. The objective is to analyze significant impacts of HRM practices (training, performance appraisal, compensation and employee development) on SMEs success, to determine whether SMEs recognize the importance of HRM practices in their businesses. To carry out this research a survey research strategy was followed. The sample frame for this study consisted of firms that belong to the services and commerce sector, employing at least 50 employees. The final research sample consisted of questionnaires. Descriptive statistical methods have been used during quantitative analysis to explore the relations. The findings of the study revealed that HRM practices have a significant influence on the performance of SMEs, and the better the HRM practice, the higher the performance of the SMEs. HRM practices, including, training, compensation, performance appraisal and employee development, have been found to be significantly and positively related to business success. Outcome of the study will provide useful guidelines to the business organizations. This study contributes to knowledge by providing insights on the impact of HRM practices on SMEs performance.

**Keywords :** compensation, employee performance, HRM practices, training

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