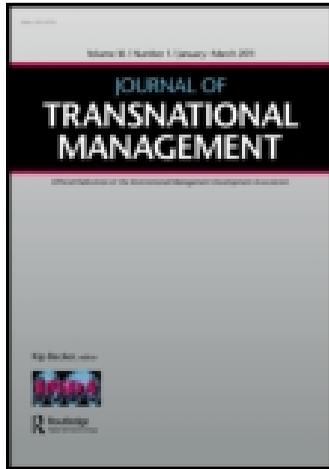


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### Human Resource Management Practices in Small- and Medium-Sized Enterprises in Egypt

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## **Human Resource Management Practices in Small- and Medium-Sized Enterprises in Egypt**

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*Small- and medium-sized enterprises (SMEs) are significant contributors to economic performance in every country. Ironically, relatively little research has been undertaken in SMEs compared to large organizations. We know significantly more about factors contributing to the success of large organizations, particularly the role of employees and human resource management practices (HRM) than factors accounting for success of SMEs. This investigation addresses this gap.*

*The present study examines the relationship of use of professional HRM practices and small- and medium-sized business performance in Egypt. Relatively little HRM research has been carried out in Egypt. One objective of this study is to begin to address this gap in understanding of factors contributing to organizational effectiveness in this country. It replicates an earlier study carried out in Turkey using the same measures.*

*Data were collected from a single manager/professional respondent representative from 88 different SMEs in Alexandria and Cairo, Egypt, who completed a questionnaire that contained both open-ended and structured questions. Respondents indicated fairly widespread use of the HRM practices and rated their effectiveness generally highly as well. Respondents indicating both greater use of these HRM practices, and greater perceived effectiveness of their use, rated the effectiveness of their SME generally higher this year than last year. Personal demographic characteristics of the respondent, and characteristics of the SME, were relatively independent of the HRM practices, however. Implications for managerial practice and future research are offered.*

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*KEYWORDS* Egypt, human resource management, small and medium-sized businesses

Although there are considerably more small- and medium-sized enterprises (SMEs) than large organizations, relatively little research has been carried out in SMEs (Katz, Aldrich, Welbourne, & Williams, 2000). We know more about factors contributing to the success of large organizations than of SMEs as a consequence (e.g., Kaktzenbach & Kahn, 2011; Sisodia, Wolfe, & Sheth, 2007; Ulrich & Brookbank, 2005) across a variety of different sectors (Burke & Cooper, 2012; Burke, Noblet, & Cooper, 2013; Spurgeon, Burke, & Cooper, 2012). There are more SMEs than large organizations; SMEs have more total employees than large organizations in every country, and some SMEs grow into large organizations (Cooper & Burke, 2011). The 2008 global economic recession resulted in more employees who were downsized moving to SMEs, and women and men who feel frustrated with their work and careers in large organizations, often move to SMEs in search of greater satisfaction and, for women particularly, greater workplace flexibility.

SMEs represent at least 95% of all business in Canada and the United States (Heneman, Tansky, & Camp, 2000; Williamson, Cable, & Aldrich, 2002). SMEs created 66% of new jobs and contributed 39% to the gross national product of the United States, Thus the performance of a country's economy is strongly linked to the SME sector (Hamilton & Dana, 2003). In addition, the success of SMEs hinges on their employees energy and talent, and on human resource management practices (Brand & Bax, 2002; Burke & Singh, 2010; Carlson, Upton, & Seaman, 2006; Cooper & Burke, 2011; Kotey & Slade, 2005; Tocher & Rutherford, 2009; Way, 2002).

There has been relatively little HRM, management, and organizational effectiveness research carried out in Egypt. There are several reasons for this. Managers were leery of the collection of organizational data for fear that the findings would reflect poorly on them. Few schools of business had faculty capable of and interested in carrying out such research.

Emerging evidence suggests that use of HRM practices can contribute to the effectiveness of SMEs (see Castogiovanni, 2011; Collins, 2001; Cooper & Burke, 2011; Rauch, 2001). These HRM practices can contribute to improvements in employee attraction and selection, motivation, development, and retention, with these improvements then reflected in higher levels of SME performance.

## DEFINING HRM

Tocher and Rutherford (2009, p. 457) view HRM as "a set of distinct but inter-related activities, functions and processes that are directed at attracting, developing, and maintaining (or disposing of) a firm's human resources." HRM policies and practices, if well developed and implemented, can help

SMEs improve their effectiveness. All SMEs then use HRM practices, often informally. Many SMEs do not have a formal HR department or trained HR personnel on staff. SMEs do not use HRM policies and practices as frequently as large organizations do (Kotey & Folker, 2007; Kotey & Slade, 2005). SMEs that use HRM policies and practices tend to perform at a higher level (Chandler & McEvoy, 2000; Hayton, 2003).

Carlson, Upton, and Seaman (2006) reported in a study of 168 fast-growing family owned SMEs, that faster-growing SMEs made greater use of several HRM practices such as training and development, recruitment tactics, attempts to improve employee morale, performance appraisal packages, and competitive pay and incentive systems.

### COMMON HRM PRACTICES

DeKok, Uhlaner, and Thurik (2006) provide the following important examples (2006, p. 460).

- *Recruitment* – the use of a recruitment and selection office, temporary employment agencies, magazines, the Internet, referrals by employees, references from other sources, and open houses.
- *Selection* – the use of written job descriptions, job analyses, psychological tests, and interview panels.
- *Compensation* – the use of performance pay, competitive wages, wages based on acquired skills, group incentive programs, individual incentive programs, profit sharing, annual bonuses, and other financial benefits such as insurance and savings plans.
- *Training and development* – the offering of training to employees, making a formal training budget available, formal in-house training of staff, external training programs, and use of management and development training.
- *Appraisal* – the use of rating scales, management-by-objectives, goal setting efforts, and having employee appraisals conducted by line managers.

Managers working in SMEs sometimes do not appreciate the value of these HRM practices nor feel they have the time to carry them out. DeKok, Uhlaner, and Thurik (2006) found that family-owned SMEs make less use of professional HRM practices.

Burke, Koyuncu, Acar, and Wolpin (2010) undertook a study of 172 SMEs in Kayseri, Turkey, that examined the use and effectiveness of HRM practices. Data were collected from a single knowledgeable professional/managerial informant in each SME using brief anonymously completed questionnaires. Respondents indicated only moderate use of HRM practices and rated their effectiveness as only moderate as well. Respondents indicating greater use of these HRM practices generally rated the effectiveness of their SMEs higher

than their competitors and higher in the current year than in the previous year. Informant ratings of the effectiveness of their HRM practices were generally unrelated to perceived SME performance, however. Informant personal demographic characteristics and SME demographic factors were inconsistently related to use of these HRM practices. Use of particular HRM practices were associated with perceptions of higher levels of SME performance suggesting potential applications of the results.

The present research attempted to replicate the findings of the Turkish study in Egypt. There has been relatively little HRM, management, and organizational effectiveness research carried out in Egypt. There are several reasons for this. Managers were leery of the collection of organizational data for fear that the findings would reflect poorly on them. Few schools of business had faculty capable of and interested in carrying out such research.

### THE EGYPTIAN CONTEXT

Burke and El-Kot (2011) provide a detailed look at the Egyptian economy, workforce, employee attitudes and values, and the wider Egyptian context. Considering the SME situation, more directly, the SME sector in Egypt, as in most countries, plays an important role in the Egyptian economy in terms of its contribution to Egypt's GDP (Economic Research Forum, 2007). There are currently more than two million SMEs in Egypt. In addition, the number of Egyptian SMEs continues to grow yearly. Most Egyptian SMEs are small in size, typically under 50 employees. Most Egyptian SMEs are in wholesale and retail, followed by manufacturing. The Egyptian government is attempting to increase the size of the SME sector by making financing available, addressing corruption in the SME sector, and streamlining government bureaucracy. Very little research has however been undertaken in the Egyptian SME sector, particularly on their management of human resources.

Some HRM and organizational research has been undertaken in larger organizations in Egypt (see Burke & El-Kot, 2009, 2010; El-Kot & Leat, 2008; Leat & El-Kot, 2007; Mostafa, 2003; Sadler-Smith, El-Kot, & Leat, 2003;). Burke and El-Kot (2011) organized a special issue of *Review of Management* that included their guest editorial on the Egyptian context as well as four research studies. Their goal was to showcase recent HRM and organizational studies carried out in Egypt, highlight this work to a broader international audience, encourage more Middle East scholars to include HRM and management factors in their organizational research, and support collaboration of international researchers with Egyptian colleagues, either in Egypt or in their home countries. Articles in this special issue considered role stress, supervisor support, and both job satisfaction and company loyalty in a sample of about 500 women and men working in the service sector, antecedents, processes, and consequences of sexual harassment, the relationship of core self-evaluations

and job attribute preferences, and the role of both knowledge management and organizational innovativeness as sources of competitive advantage in 94 Egyptian software firms.

## OBJECTIVES OF THE RESEARCH

This exploratory study examines the use and effectiveness of professional HRM practices in SMEs in Egypt, replicating the Burke, Koyuncu, Acar, and Wolpin (2010) investigation.. It considers the same research questions.

1. What are the major HRM issues reported by managers in Egyptian SMEs?
2. What HRM practices are used in Egyptian SMEs?
3. How effective are these HRM practices seen to be?
4. Is there a relationship between use of HRM practices and perceptions of SME performance?
5. Is there a relationship between effectiveness of these HRM practices and perceptions of SME performance?
6. What role do SME characteristics play in the use of HRM practices, their effectiveness, and SME performance?

## METHOD

### Procedure

Data were collected between February and May 2010. Members of the research team approached SMEs in Alexandria and Cairo to solicit their participation in the research. All organizations were small or medium sized. All data were collected using anonymously completed questionnaires from human resource representatives, individuals having human resource responsibilities, managers

**TABLE 1** Personal Demographics of Respondents

	N	%		N	%
<u>Age</u>			<u>Gender</u>		
25–35	44	50.0	Male	68	77.3
36–45	23	26.1	Female	20	22.3
46–55	17	19.3	<u>Level of education</u>		
55 and older	4	4.5	High school	3	3.4
<u>SME tenure</u>			Attended college	5	5.7
5 years or less	36	40.9	College graduate	53	60.2
6–10 years	19	21.6	Post graduate	27	30.7
11 years or more	33	32.5	<u>Management tenure</u>		
			5 years or less	43	48.9
			6–10 years	19	21.6
			11 years or more	26	29.5

**TABLE 2** Characteristics of SME Sample

	N	%		N	%
<u>SME Age</u>			<u>SME Size</u>		
Less than 5 years	7	8.0	100 or less	21	23.9
5 to 10 years	10	11.4	100–500	19	21.6
11 to 15 years	10	11.4	501–1000	6	6.8
156 years or more	61	69.3	1,000 or larger	42	47.7
<u>Has HR Department</u>			<u>Has HR Professional</u>		
Yes	86	97.7	Yes	78	88.6
No	2	2.3	No	10	11.4
<u>Ownership</u>			<u>Industry Sector</u>		
Family-run	18	20.5	Manufacturing	28	31.8
Not family-run	70	79.5	Retail	13	14.8
			Services	45	51.1
			Wholesale		
			Distribution	2	2.3

and other professionals having relevant knowledge. About 150 organizations and respondents were invited to participate and 88 provided completed surveys (a 59%) response rate. All questionnaires were distributed in the workplace and collected when completed by members of the research team.

### Respondents

Table 1 presents the personal demographic characteristics of respondents ( $N=88$ ) providing the SME data. The majority of respondents were 35 years of age or younger (50%), were male (77%), were college graduates (60%), had five years or less of company tenure (41%), and had been in their managerial jobs for five years or less (49%).

Table 2 shows the descriptive characteristics of the 88 SMEs. All were located in Alexandria and Cairo, Egypt's two largest cities. Most were not family-managed (80%), had HR departments (98%), had at least one experienced HR professional (89%), were in the service sector (51%), and had more than 1,000 employees (48%), and were more than 15 years old (69%).

## MEASURES

Data were collected using both open-ended and structured survey questions.

### Own Development of Knowledge and Managerial Skills

Respondents indicated (yes/no) whether they had undertaken each of six developmental activities (e.g., attended courses or seminars, reading materials, from other SME owners and managers). These were then combined into a total score ( $\alpha = .41$ ).

### Three Most Important/Urgent HR Challenges

Respondents indicated the three most important or urgent HRM challenges or issues facing their SMEs.

### Current SME Performance

Current SME performance was measured by three items.

1. Respondents compared their SMEs to major competitors (performing better, performing the same, and performing worse);
2. Respondents compared their SMEs current performance to one year ago (performing better, performing the same, performing worse); and
3. Respondents indicated changes in the number of employees in their SMEs; employees now compared to one year ago (more employees now, about the same employees now, fewer employees now).

These three items were then combined into a total score ( $\alpha = .04$ ). Most respondents expressed difficulty in providing estimates of how their SME was performing in these three areas, however. In addition, in retrospect, these items may in fact represent different facets of SME performance and not be positively or significantly correlated. Thus given the low reliability of these composite measures, each of the three performance estimates was treated separately.

### HRM Practices

Respondents indicated for each of 29 professional HRM practices (see De Kok, Uhlaner, & Thurik, 2006, for an explanation of how these were identified), grouped into five categories (staff recruitment, selection, compensation, training and development, employee appraisal) whether each was used in their SMEs, and if used, how effective they found its use. Use was measured by a three-item scale developed by De Kok, Uhlaner, and Thurik (2006): (1) not used at all; (2) used for some jobs or positions; (3) used for all jobs or positions. Effectiveness was assessed on a 5-point scale: 1 = not effective, 3 = somewhat effective, 5 = very effective. Items included a recruitment and selection office, psychological tests, competitive wages, external training, and appraisals conducted by line managers.

The reliabilities for the use of each of the five professional HRM practice categories, and a total scores combining the five categories of professional HRM practice were as follows: recruitment, .58, 7 items; selection, .67, 4 items; compensation, .72, 7 items; training and development, .82, 8 items; appraisals, .73, 3 items, and the total score, .87, 28 items.

The reliabilities for the effectiveness of the five professional HRM categories were: recruitment, .71, 7 items; selection, .80, 4 items; compensation, .84, 7 items; compensation, .87, 8 items; use of appraisals, .93, 3 items; and the total score, .92, 29 items.

## RESULTS

### Own Development Activities

Table 3 shows the use of six personal development and learning activities by respondents. Each was used by some respondents. Most commonly used sources of learning and development were: from more experienced managers (93%), from courses or seminars (84%), and from reading books and other written materials (70%). Respondents rated considerable use of the six developmental and learning activities, the mean being 1.3 (1=yes, 2=no) and respondents, on average, made use of four of the six learning and development activities.

Respondents engaging in a greater number of learning and development activities also rated the performance of their SMEs higher than that of their competitors ( $r = .28, p < .01$ ). But there was no relationship between the number of personal development and learning initiatives undertaken by respondents and reported use or effectiveness of the various areas of professional HRM practice.

Respondents were also asked to indicate their single most important developmental and learning activity. On-the-job work experiences ranked the most important by 68 respondents (77%), followed in turn by seminars and courses ( $n = 13, 15\%$ ) and on-the-job training and development efforts ( $n = 7, 8\%$ ).

### Most Important HRM Issues and Challenges

As expected, there was considerable variety in the HRM issues and challenges reported. A total of 11 types of issues or challenges were noted

**TABLE 3** Personal Learning and Development Initiatives

Development initiatives	N	%
Courses and/or seminars	74	84.0
From more experienced managers	82	93.2
From reading materials	70	79.5
From government programs	30	34.1
Other SME managers	48	54.5
From consultants	53	60.2
	60	68.2

with almost all of these types observed in the three most important HRM issues or challenges. Recruitment, ineffective performance of management, and compensation and benefits, and poor teamwork received most mentions across the three HRM issues or challenges: recruitment ( $n = 86$ ), ineffective performance of management ( $n = 56$ ), compensation and benefits ( $n = 32$ ) and poor teamwork ( $n = 26$ ).

### SME Performance

Most respondents saw their SME performing better than their competitors and better than one year ago. Fifty-six percent rated their SME performance better than their competitors, 73% as performing better than one year ago, and 50% indicated that their SME now had more employees than one year ago. Respondents rated the performance of their SME at 1.5, *s.d.* = .40, and thus indicated generally higher performance of their SME than that of their competitors.

### HRM Practices-Use and Effectiveness

Table 4 presents the mean scores for use and effectiveness of the five areas of professional HRM practice, and a total score for both use and effectiveness across all five areas of professional HRM practice. Respondents indicated relatively high use of all areas of professional HRM practice (Mean = 2.4) and rated them as generally highly effective (Mean = 3.7). Total use of these HRM practices and total rated effectiveness of them were positive and significantly correlated ( $r = .58$ ,  $p < .001$ ).

Respondents indicating greater use of any one of the five aspects of professional HRM practice also indicated making greater use of the four other areas of professional HRM practice; the mean inter-correlation being .40 ( $p < .001$ ). Similarly, respondents indicating the effectiveness of any one area of professional HRM practice also indicated similar levels of effectiveness on all other areas of professional HRM practice; the mean inter-correlation was .54 ( $p < .001$ ).

### Use and Effectiveness of Professional HRM Practices and SME Performance

Table 5 shows the correlations ( $n = 88$ ) between respondents ratings of their SME performance against their major competitors, against their last years'

**TABLE 4** Scores on Subscales of Professional HRM Practices Measures

Use of Professional HRM Practices						
Recruitment	Selection	Compensation	Training and Development	Appraisal	Total	
1.9	2.5	2.3	2.4	2.7	2.4	
Effectiveness of Professional HRM Practices						
3.0	4.0	3.6	3.8	4.0	3.7	

**TABLE 5** Use and Effectiveness of Professional HRM Practices and Rated SME Performance

Use of professional HRM practices	Compared to competitors	Compared to last year	Employee growth
Recruitment	.00	.12	-.07
Selection	.08	.27*	-.03
Compensation	.29**	.10	.06
Training and development	.06	.10	.08
Appraisal	.13	.19	.17
Total use of HRM Practices	.16	.22*	.06
<u>Effectiveness of Professional HRM Practices</u>			
Recruitment	-.04	.39***	.05
Selection	-.00	.51***	.05
Compensation	.25*	.32**	.04
Training and development	.13	.25**	-.00
Appraisal	.04	.50***	.16
Total effectiveness of HRM Practices	.10	.50***	.02

a  $N=88$  for all correlations.

\* $p < .05$ .

\*\* $p < .01$ .

\*\*\* $p < .001$ .

performance, and whether their SME had more employees now than last year, and both extent of use of and effectiveness of the professional HRM practices. Respondents indicating greater use of Compensation HRM practices, and rated their use of Compensation practices more effective, rated their SMEs as higher performing than their competitors. In addition, respondents indicating greater use of Selection HRM practices, and a greater use of all professional HRM practices indicated higher levels of performance now than last year. Respondents rating the effectiveness of their use of Recruitment, Selection, Compensation, Training and Development, and Appraisal professional HRM practices, as well as greater effectiveness of their total professional HRM practices, also rated the performance of their SMEs higher now than last year. Finally, neither use of any of the professional HRM practices, nor ratings of the effectiveness of their use, had a significant correlations with employee growth over the past year.

### Personal Demographics and Professional HRM Practices

Given the exploratory nature of this research, an examination of various personal demographic characteristics, and SME characteristics, with HRM practice use and effectiveness and learning initiatives was undertaken. Correlations were computed between all personal demographic measures and use and effectiveness of professional HRM practices, assessment of SME performance compared to competitors, and learning and development undertakings. The following statistically significant relationships were present.

- Older respondents rated the performance of their SME higher than their competitors ( $r = .25, p < .01$ ).
- Older respondents indicated greater use of Recruitment HRM practices ( $r = .24, p < .01$ ).
- Older respondents indicated greater effectiveness of HRM Recruitment practices ( $r = .28, p < .01$ ).
- Managerial job tenure was positively related to use of Recruitment, appraisal, and total use of all five professional HRM practices ( $r_s = .25, .23$  and  $.22, p < .05$ , respectively).
- Respondents having longer management tenure also rated Appraisal HRM practices more effectively, and the effectiveness of total professional HRM practices as more effective ( $r_s = .21$  and  $.21, p < .05$ , respectively).

Level of respondents' education, gender, and company tenure were unrelated to any of these measures.

### SME Characteristics and Professional HRM Practices

Correlations were computed between SME characteristics and use and effectiveness of professional HRM practices, ratings of SME performance compared to competitors, and learning and development activities of respondents. The following statistically significant relationships were observed.

- Larger SMEs (more employees) made greater use of professional Recruiting practices ( $r = .26, p < .05$ ).
- SMEs having an HR department or HR unit made greater use of professional Selection practices ( $r = .26, p < .05$ ).
- SMEs having an HR professional on staff made greater use of Recruitment practices ( $r = .21, p < .05$ ).

Firm age and industrial sector were unrelated to any of these outcomes.

## DISCUSSION

### The SMEs in the Study

The SMEs in the present study were more advanced in their HRM practices (see Tables 2 and 4) than reported in other studies (Burke, Koyuncu, Acar, & Wolpin, 2010; Kotey & Folker, 2007; Kotey & Slade, 2005). Most had HR departments or units and HR professionals on staff and most used professional HRM practices at a higher level than reported by De Kok, Uhlaner, and Thurik (2006) in their study of Dutch family-owned SMEs and the Burke et al. (2010) study of Turkish SMEs. This difference may be explained in part by the fact that family-owned SMEs tend to use fewer HRM practices than non-family owned

and managed SMEs, and there were few family-owned and managed SMEs in the Egyptian sample. Though it was sometimes difficult for some respondents to assess the performance of their SMEs in their business environment, participants in this study generally rated the performance of their SMEs fairly high.

### The Respondents Providing Data

SME informants who completed the survey were highly educated and undertook a wide variety of initiatives to support their learning and skill development while performing their jobs (see Tables 1 and 3). On-the-job learning and learning from observations of and discussions with more experienced managers and professionals were the most commonly used initiatives. These were followed by courses and seminars and the reading of potentially relevant and helpful materials and books. These undertakings seemed to fit the high level of education of the informants and their relative newness in their jobs. Dyer and Ross (2008) in a study of Canadian SME owners found that frequency of advice seeking was positively related to SME owner's perceptions of their business performance.

### Major HRM Issues or Challenges

Informants indicated both obstacles and opportunities in their listing of major HRM issues facing their SMEs. Obstacles included poor levels of skill and performance in management ranks, and poor teamwork and cooperation among those in supervisory and management positions. Opportunities included better use of recruitment HRM practices and more effective application of pay and benefit programs. Others (Cardon & Stevens, 2004; Hornsby & Kuratko, 2003) have reported similar major HRM issues in their studies. Interestingly, Tocker and Rutherford (2009) found that SME owners and managers of high performing SMEs were less likely to be aware of HRM problems but SME owners and managers who had more experience, more education, and worked or managed larger SMEs observed more major HRM problems.

### Use and Effectiveness of HRM Practices and SME Performance

This exploratory study provided some evidence for a relationship between use of HRM practices, and perceptions of how effective use of these practices were, and SME performance, particularly in performance gains during the past year (see Table 5).

### Practical Implications

There are several practical implications and areas of application that follow from these findings. First, the results highlight the important role played by HRM practices in organizational effectiveness and success (Cardon & Stevens,

2004; Ulrich & Ulrich, 2010). Second, this information supports the inclusion of HRM content in in-house management training initiatives and supervisory coaching and mentoring (Kotey & Folker, 2007). Third, our findings serve as useful content in business courses offered by universities as well as business seminars for practicing SME owners and managers. Fourth, creating case studies of highly successful Egyptian SMEs using De Kok, Uhlaner, and Thurik's (2006) HRM content categories would support the role of HRM in SME success (see Conley, 2007; Seijts, 2011, for examples), give credibility to our results, and perhaps provide an indication of the processes necessary to bring about cultural change. Finally, the inclusion of HRM content in government programs supporting the creation and performance of SMEs would serve a useful purpose.

### A Caveat

Our findings were only partly consistent with our expectations and previous research, particularly with regard to SME characteristics. There were several potential explanations for this. First, our SMEs were larger than those typically considered. Horsnby and Kuratko (2003) observed that larger SMEs were more likely to have more formal HRM policies and practices, perhaps accounting for the high levels of professional HRM practices displayed in our sample. Second, they were older than those typically studied. We had expected our sample to contain more small SMEs and younger SMEs. Third, our sample was likely unrepresentative of Egyptian SMEs as a result.

### Comparing the Turkish and Egyptian Findings

There were both differences and similarities in the nature of the SEM samples and results in the earlier Turkish and present Egyptian studies. Differences include the following: Egyptian SMEs were significantly larger than the Turkish SMEs; since SME size was associated with more advanced HRM operations in the Turkish study, more Egyptian SMEs had HR departments, less were family owned and managed, Egyptian SMEs were older, Egyptian SMEs made more use of HRM practices, and viewed the HRM practices they used as more effective. Similarities included the following: informants in both Turkish and Egyptian SMEs have similar personal demographic characteristics, informants in both countries undertook similar amounts of on-the-job learning and development activities, and SMEs in both countries making greater use of HRM practices reported higher levels of SME performance and success.

### Limitations of the Research

All research has limitations and this investigation is no exception. First, the sample of SMEs was relatively small ( $n = 88$ ) and not necessarily representative of all Egyptian SMEs. For example our SMEs tended to be larger, not

family-owned and operated, and had been in existence for longer periods than is likely typical of SMEs. The sample was from two large cities and is best described as a convenience sample. Second, all information was obtained using self-report surveys from one informant within each SME raising the possibility of response-set tendencies, common method factors, and bias. Third, some of the measures had levels of internal consistency reliability below the generally accepted standard of .70. Fourth, the data were collected in 2010 while Hosni Mubarak was still president of Egypt and the country was relatively stable. It is not clear the extent to which the events of the Arab Spring and the following violence in Egypt would have influenced the results.

### Future Research Directions

As research on the role of professional HRM practices in SMEs is just developing, particularly in Egypt, several promising research directions are evident. First, future studies should employ larger, more representative samples of SMEs. Second, there is a need for research replicating previous published work, which this study does in replicating identical research carried out in Turkey. Thus using De Kok, Uhlalner, and Thurik's (2006) measure in future studies would be worthwhile. Third, objective measures of SME performance would complement the use of respondent-provided perceptions. Fourth, collecting employee perceptions of these HRM practices would provide more meaningful views on their use. Fifth, undertaking and evaluating efforts to upgrade the use of these HRM practices, and examining the results of these initiatives over some time, would allow researchers to consider the causal role played by use of these HRM practices.

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