

Organizational Culture in the Middle East

Organizational Culture in the Middle East:

A Lebanese Perspective

Edited by

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Cambridge
Scholars
Publishing



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This book first published 2022

Cambridge Scholars Publishing

Lady Stephenson Library, Newcastle upon Tyne, NE6 2PA, UK

British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library

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ISBN (10): 1-5275-8080-6

ISBN (13): 978-1-5275-8080-0

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INTRODUCTION

SAM EL NEMAR AND SAMER NAKHLE

Organisational culture by and large can be labelled as a set of common norms, beliefs, and principles that describe the distinctive behaviour of each organisation's character (Willcoxson & Millett, 2000; Brown 1995). Sinclair (1993) describes organisational culture as one determinant of how people behave in organisations. It is also increasingly understood as an attribute that management can and should influence to improve organisational performance. In addition, organizational culture appears to have some influence on attitudes toward organizational change (Abdul Rashid et al., 2004; Ahmed, 1998; Lorenzo, 1998; Silvester and Anderson, 1999; Pool, 2000).

Understanding organisational theoretical culture in the Middle East is challenging as many theories on cultural aspects in the workplace are derived from North American origins. As Shahin and Wright (2004) explain, these theories may not be appropriate for worldwide application, especially in cultures which differ significantly from the American culture.

This book is a collection of scholarly articles that explore organizational culture in the Middle East.

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CHAPTER ONE

LINKING CORPORATE ENTREPRENEURSHIP AND HUMAN RESOURCE PRACTICES IN SMEs

CHÉRINE JNEID

Abstract

Firms have an urgent need to turn to corporate entrepreneurship in order to maintain their status in a complex and dynamic environment. Businesses search for new opportunities to sustain their differentiated organizational performance. The main components of corporate entrepreneurship are creativity, organizational development and individual commitment. Therefore, HRM practices are obviously a central driver for success. This chapter assesses the evidence in the relationship between corporate entrepreneurship and the human resources practices in the context of SMEs in Lebanon since SMEs have an important role on the economic and social development of this country. 52 case studies are followed by SMEs of different industries. Data was collected through interviews with the senior managers and HR managers of firms. This research identifies the level of effectiveness of HRM practices to encourage corporate entrepreneurship as well as the challenges facing HRM for more involvement at corporate entrepreneurship.

Keywords: corporate entrepreneurship, organizational performance, HRM practices, SMEs in Lebanon, case studies.

Introduction

Corporate entrepreneurship depends on a firm's capacity to gain lessons through both exploring new knowledge and exploiting existing ones (e.g., Floyd & Wooldridge, 1999; McGrath 2001; Zahra, Nielsen, & Bogner, 1999). Therefore, a firm, that encourages a corporate entrepreneurship strategy strengthens the reengineering and restructuring of its processes,

services, strategies and products (e.g., Covin & Miles, 1999) to ensure its competitive advantage. The human and social capital of firms are considered the main organizational learning processes (e.g., Nahapiet & Ghoshal, 1998; Stevenson & Jarillo, 1990; Kanter, 1983, 1985).

Researchers have been giving growing attention to assess the association between human resources management practices and corporate entrepreneurship. The research varies largely depending on the adopted dependent variable since corporate entrepreneurship is not a one-dimensional construct. It includes innovation, venturing and strategic renewal activities (e.g., Guth & Ginsberg, 1990), may be internally or externally oriented (e.g., Zahra, Jennings, & Kuratko, 1999) and may have both formal and informal aspects (e.g., Burgelman, 1983). For the Human Resources Management (HRM) dimensions, some research has examined the individual HRM practices such as compensation (e.g., Balkin & Gomez-Mejia, 1984, 1987) while other research has studied the influence of entire HRM systems (e.g., Laursen, 2002). In addition, it is demonstrated that the HRM practices are powerful tools to change organizational culture (e.g., Deal & Kennedy, 1983; Schein, 1992). Therefore, HRM reinforcement of innovation culture at firms will surely influence corporate entrepreneurship (Chandler, Keller, & Lyon, 2000).

As firms are strategically relying on entrepreneurship and innovation (e.g., Meyer & Heppard, 2000), the purpose of this paper is to address the following problem: how can HRM practices promote an appropriate working environment for corporate entrepreneurship in SMEs in Lebanon?

For this purpose, the study aims to analyse the HRM practices in small and medium enterprises (SMEs) that can encourage or discourage corporate entrepreneurship. The research methodology is based on a case-study approach to respond to the following research questions:

- What are the HRM practices that promote corporate entrepreneurship in SMEs?
- How effective are current HRM practices in encouraging corporate entrepreneurship in SMEs?
- What are the main inhibitors that limit the effectiveness of the HRM practices in promoting corporate entrepreneurship in SMEs?
- What are the main HRM motivators that encourage the corporate entrepreneurship in SMEs in Lebanon?

Data was collected through interviews with senior managers and HR managers at 52 SMEs in Lebanon.

Literature Review

Managing corporate entrepreneurship

The growing uncertainty and the increasing power of knowledge in firms has led to a shift in the thinking of management from traditional to corporate entrepreneurship (Kanter, 1985). In times of complexity, uncertainty and dynamism, firms are urged to quickly choose among multiple competing courses of action, frequently when there is insufficient information to decide on purely rational grounds (e.g., Busenitz & Barney, 1997). Management in companies should shift to decentralization, increased participation in decision making and enhancement of the culture of risk taking and innovation (Luchsinger & Bagby, 1987). The requirements shown above for a successful implementation of the corporate entrepreneurship culture in firms rely enormously on the alignment of the HRM practices with these needs.

Managing corporate entrepreneurship means management of its different activities. Guth and Ginsberg (1990) consider that innovation, venturing and strategic renewal are the three main entrepreneurial activities to define corporate entrepreneurship. Researchers refer to innovation as a process of changing a current status to more marketable products, services or processes within existing firms. Venturing includes the creation of a new business at an existing firm through partnering with other entities, introduction of a new business unit or acquisition of a new business (Guth & Ginsberg, 1990). Finally, strategic renewal is the least observed in businesses (Covin & Miles, 1999) because it involves the change of the strategic values on which the firm was built initially (Guth & Ginsberg, 1990).

Figure 1 shows the general frameworks to understand corporate entrepreneurship.

Therefore, in the literature review, we will examine the impact of HRM practices in practices in corporate entrepreneurship and its different components, whether these are individual HR practices, HRM system or organizational culture.

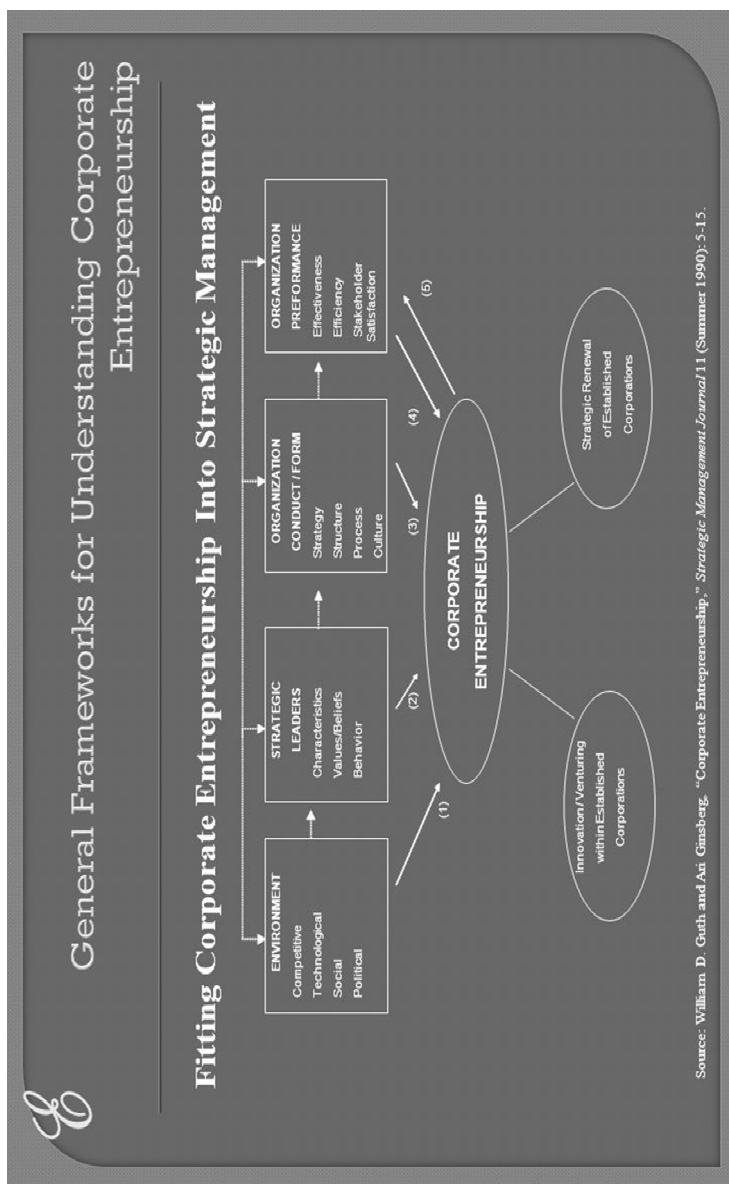


Figure 1: General frameworks for understanding corporate entrepreneurship.

Corporate entrepreneurial environment and strategies

Corporate entrepreneurship depends enormously on the extent to which a firm's internal environment encourages employees to be risk averse, creative and responsible. This environment is characterised by management support for corporate entrepreneurship, agreement on explicit goals, a system of feedback and reinforcement, a focus on individual responsibility and a reward system encouraging risk taking behaviour (Kuratko et al., 1990). In addition to the formal organization in firms, the informal social communication system between individuals demonstrates an important role in corporate entrepreneurship, especially with the creation of new ideas related to business (Kuratko et al., 1990).

Companies seeking corporate entrepreneurship should ensure an effective environment where necessary resources are accessible for employees to experiment with new ideas (Hamel, 1999). Managers have an important role to support corporate entrepreneurship by adjusting their management styles to encourage sharing information about new ideas, supporting change and innovation, and considering failures or mistakes in business organizational learning opportunities (Kanter, 1985, 1986; Schuler & Jackson, 1986; Hamel, 1999; Hornsby et al., 1992).

Research demonstrates that the adoption of corporate entrepreneurship thinking introduces a lot of changes to the original enterprise. The existing employees have to either acclimate to these changes by enhancing their creative skills, teamwork and risk taking or leave the company (Schuler & Jackson, 1986; Kanter et al., 1986; Hornsby et al., 1999). Top management and managers have to set a clear corporate entrepreneurship strategy to be clearly communicated to all employees to gain their support, remove the perceived obstacles and indicate the added value of this change. In this context, firms are shifting from the traditional centralised decision making on strategy development and strategic actions to the urgent need to involve all employees at all levels in the organization (Hamel & Prahalad, 1996). Entrepreneurial thinking promotes collaborative planning rather than top-down strategic planning.

The role of the employee becomes critical as it has a direct impact on the organizational structure. The structure of organizations must facilitate the emergence of new ideas and support the innovation process. Businesses that are promoting corporate entrepreneurship must develop organizational structures to enhance communication and interaction between employees at all levels. Traditional departments are not supposed to perform independently.

Individuals and groups must work collaboratively (Hamel & Prahalad, 1996, Meyer & Heppard, 2000). The communication system in entrepreneurial firms encourages the sharing of information and open discussions to make decisions instead of only informing employees about the decisions during traditional meetings.

Another crucial challenge for corporate entrepreneurship is the development of entrepreneurial competencies in the firms. Drucker (1998) considers that firms must find the necessary resources for employees to enable them to acquire these important skills. These resources are difficult to find because they are not present in one division or department. Researchers consider that many firms do not have the capacity to find these resources and to pull them together (Drucker, 1998; Meyer & Heppard, 2000).

Inhibitors and motivators of corporate entrepreneurship

We described previously the environment that promotes corporate entrepreneurship. Many researchers have examined the factors that may lead to the success or failure of corporate entrepreneurial strategy in firms (Hornsby et al., 1992). We will discuss these factors for a better understanding of the context of corporate entrepreneurship in firms.

Inhibitors to corporate entrepreneurship

- a. Traditional organizational structure that promotes bureaucracy ensures conformity of outcomes with settled policies: this structure is characterized by specialized tasks, centralized decision making and formalisation: the higher the degree of bureaucracy is, the greater the conflict with corporate entrepreneurship will be (Morris & Jones, 1993).
- b. Lack of management support is another factor that leads to failure of corporate entrepreneurship: the employees prefer following a safe process to perform their job even if they are missing opportunities for innovation and creativity. They are not motivated to take risks so as to avoid failures or mistakes that may affect their performance at work negatively and consequently threaten their job security (Kuratko et al., 1990; Amabile, 1998)
- c. Resource availability is examined by many researchers also as an inhibitor to corporate entrepreneurship: employees are discouraged to act responsibly as agents of change when challenged by limited time and

budget allocated to research for innovation and change (Kuratko et al., 1990; Sathe, 1985; Kanter, 1985).

- d. The design of the rewarding system may limit corporate entrepreneurship if not strictly linked to motivate the actions leading to innovation and risk taking without penalizing mistakes and failures (Sathe, 1985; Kanter, 1985). In addition, a one system fits all without considering the corporate entrepreneurship performance criteria discourages employees from applying effort for entrepreneurial actions (Sathe, 1985; Kanter, 1985; Kuratko et al., 1990).

Motivators to corporate entrepreneurship

- a. The directional statements in firms such as the mission, vision and values statements should show commitment to corporate entrepreneurship (Schuler & Jackson, 1986; Kuratko et al., 1990). Meaningful and well communicated statements will create an organizational culture orienting all employees towards taking the necessary actions that are aligned with the firm's values such as organizational learning, teamwork, innovation and risk taking.
- b. The autonomy of employees to make decisions and to take proper action on their work has proved to enhance motivation at work and the effectiveness of their contribution which enhances the quality of processes and products (Kuratko et al., 1990).
- c. The rewarding system is designed to compensate for risk taking, individual responsibility towards achieving goals and innovation (Schuler & Jackson, 1986; Jones et al., 1995; Hornsby et al., 1992) will foster the motivation of employees to practise corporate entrepreneurship behavior in firms (Hornsby et al., 1999; Morris & Jones, 1993).
- d. Time and money availability are considered the two main resources that affect corporate entrepreneurship behavior at work (Amabile, 1998). Job design is to be restructured to provide for employees the time for organizational learning, problem solving and other practices of corporate entrepreneurship. Additionally, firms have to financially support the new assignments and the burden of mistakes and failure.
- e. Training at the workplace has proven to be a milestone for a successful corporate entrepreneurship strategy. Employees at work have to follow a development plan that includes training on the best practices and tools

for successful corporate entrepreneurship so they will gain more self-confidence, show more self-efficacy and be more motivated for effective contribution (Kanter, 1985; Schuler & Jackson, 1986; Kuratko et al., 1990; Amabile, 1998).

Role of HRM at strategic corporate entrepreneurship

The strategic approach of the Michigan school demonstrates the necessity to interrelate business strategies, organizational structures and HRM practices (Fombrun et al., 1984). Accordingly, the effectiveness of corporate entrepreneurship in firms depends on HRM's ability to create an organizational culture where employees are motivated to act as entrepreneurs (Pinchot, 1985,). HRM practices should be strictly aligned to the entrepreneurial strategy in the firm (Porter, 2000).

Lately, HRM upgraded its focus from a micro focus on how HRM practices influence individual behaviour to a macro focus on how HRM policies not only shape individual behaviour but also affect the organizational performance (Butler et al., 1991).

HRM has consequently become an important role player in creating an entrepreneurial environment. We will describe how HRM practices may foster corporate entrepreneurship thinking in firms.

HRM practices are obviously interrelated to support the achievement of strategic goals. We will describe the HRM practices which should be aligned with corporate entrepreneurship in firms:

- a. Planning is considered to be the backbone for the implementation of other HRM practices (Morris & Jones, 1993). Here is the process to depict a corporate entrepreneurship strategy in the firm to HRM objectives. HRM planning that aims to support corporate entrepreneurship should be long-term oriented with a focus on employee involvement. HRM planning must include change on job designs to empower decision-making and place emphasis on risk taking at all levels rather than conformity in the processes (Schuler & Jackson, 1986; MacMillan et al., 1986). Additionally, HRM planning should consider the removal of rigid structures and procedures that constrain corporate entrepreneurship behavior (Schuler & Jackson, 1986; Morris & Jones, 1993).
- b. Recruitment is another key in HRM activity. HRM practitioners are challenged by setting selection criteria that are aligned with the

demands constraints of entrepreneurial behavior, and recruiters must be able to detect personality traits in job candidates such as a risk profile, the will to adapt to change and the will to learn (Drucker, 1998).

- c. Performance management is increasingly oriented as a strategic management program in charge of all managers and employees, not only the HR specialists. HRM has an important role to shift this activity from an administrative task to a strategic one through involving employees at all levels, encouraging setting goals, enhancing the quality of communication through continuous feedback and considering risk taking, the innovation and the creativity as performance criteria (Balkin et al., 1987).
- d. Training is recognized as an important factor to sustain the competitive advantage in a context of accelerated change (Schuler & Jackson, 1986; Balkin et al., 1987). HR specialists have to align the training plans to improve the skills, knowledge and abilities that are aligned with corporate entrepreneurship strategies.
- e. Compensation has shown to be a critical activity for HRM since its influence is proven on the shaping of behaviours in firms (Balkin et al., 1987). HR personnel are more oriented to design combined compensation plans which include the fixed pay and the variable pay (Noe et al., 2003) to fit with the requirements of corporate entrepreneurship in firms.
- f. Motivation to adopt corporate entrepreneurship thinking is another challenge for HRM. HR specialists have to support managers to shift their role from supervision and control to developing and providing opportunities for employees to use their capabilities, including entrepreneurial competencies (Meyer & Heppard, 2000).

The role of HRM is critical in encouraging corporate entrepreneurship in firms. However, HRM is increasingly involved in the strategic planning of downsizing for cost saving purposes which makes the implementation of adequate HR practices hard to achieve. Researchers state that the downsizing effect is severe on the reputation of the companies as well as the morale and the creativity of the employees. It is obvious that top management in these companies should transparently decide on which strategy to adopt and back up the HRM practices that lead to the success of this strategy.

The SMEs in Lebanon

Lebanon has an open free market relying heavily on SMEs activities which represent 95% of the global firms in Lebanon with the main concentration on wholesale, retail and repairs, as per the World Bank report (2018). These SMEs have critical importance on the development of the economic and the social environments in Lebanon, especially because they provide 50% of the employment opportunities. The aforementioned study surveyed investors in Lebanon to indicate that 42% of these investors consider the access to finance and the economic slowdown in the country as major constraints to growth and sustainability.

Even though Lebanon is considered one of the countries to have a considerable number of graduates per capita, the study showed that 41% of the investors state that the skill gap between the educational system and the needs of the business and the lack of capacity to support innovation at SMEs are important problems challenging the possibility to access foreign markets.

The study advises SMEs to take some strategic actions to improve innovation at work by enhancing training on critical skills and supporting risk taking at all levels in firms.

The researcher will gather data on the applied HRM practices at SMEs in Lebanon within the above theoretical framework, specifically the HRM practices that support corporate entrepreneurship in firms in order to assess the components of the research problem: how can HRM practices promote an appropriate working environment for CE in SMEs in Lebanon?

First, we will focus on exploring the SMEs, subject of our research, and the current HRM practices that are intentionally applied to promote corporate entrepreneurship. Accordingly, and in the same context, we will assess the effectiveness of these HRM practices. Thus, the researcher will investigate with the SMEs investors the main constraints that inhibit the effectiveness of perfectly aligning the HRM practices with the corporate entrepreneurship strategy in their firms. Based on all the previous data gathered from the previous steps, the study will show the similarities and differences between the provided information and the theory to identify how the quality of the HRM practices can be enhanced to encourage corporate entrepreneurship thinking in SMEs in Lebanon. These important objectives will provide the necessary answers to our research questions:

- What are the HRM practices that promote corporate entrepreneurship in SMEs?
- How effective are current HRM practices in encouraging corporate entrepreneurship in SMEs?
- What are the main inhibitors that limit the effectiveness of the HRM practices to promote the corporate entrepreneurship at SMEs?
- What are the main HRM motivators to encourage corporate entrepreneurship in SMEs in Lebanon?

Research Methodology

Qualitative data is considered the best method to assess how events, processes and structures are meaningful to people and to understand their perceptions (Van Maan, 1977). Consequently, the researcher adopted a qualitative research methodology to assess the applied HRM practices in SMEs, their effectiveness and the HRM motivators and inhibitors to support corporate entrepreneurship thinking.

The case study research method is the most appropriate because of the reasons below:

- **The types of questions:** Referring to Yin (1994), when the types of questions are mainly identified as “how” and “why” then the case study is the most recommended for research.
- **The extent of control over behavioral events and the degree of focus on current events:** The case study method is the best when the researcher has no control over the contemporary events Yin (1994).

The researcher relies on multiple sources of evidence including extensive literature review, secondary data such as reports from international organizations and governmental websites and in-depth interviews to increase the construct validity of the case study method (Yin, 1994).

The methods used to increase internal validity and credibility are mainly pattern matching (Yin, 1994) and the triangulation. The findings of this study are deducted from the textual analysis of the interview transcripts. The research findings are compared to the theories stated in this research, and the data is collected over a period of two months through interviews and check up on reports and documents.

The external validity of the case study method is ensured by using multiple case studies. The evidence is collected from 52 SMEs in the local Lebanese market to offer a convincing paper and strong research (Yin, 1994).

The researcher created a case study database to allow the check up on the accuracy of the data analysis in order to ensure the reliability of the case study method (Yin, 1994).

Selection of cases

The research focus is the SMEs in the Lebanese market. The criteria adopted for this study are Lebanese owned SMEs who have less than 500 employees.

Lincoln and Guba (1985) advise increasing the number of cases to the point of redundancy. The number of SMEs considered for this study is 52. The researcher insists on including the SMEs which export to foreign markets and the others which only operate at the local market level to detect any similarities and/or differences on the subject of social entrepreneurship strategy.

Data collection techniques

Interviews and documentation are the main techniques used for this paper.

The interviews are focused since the interviewers followed a set of questions (Yin, 1994) to ensure consistency of the data collection. 82 senior managers and HR managers were interviewed across the 52 SMEs, noting that all the SMEs of our study are family businesses which are managed by the family members.

The interviewer introduced the subject to the interviewees with a brief explanation of the concept of corporate entrepreneurship. This section was followed by open-ended questions directly related to the research questions. The interview closed with one question about any recommendation or comment from the interviewee.

The interview questions for senior managers focused on the level of awareness on corporate entrepreneurship thinking, the types of their employees, the level of rigidity of the procedures and rules, the workload of their employees, the management of failure and risk taking with all levels of employees and the HRM practices on training, compensation and motivation of the employees.

The interview questions addressed to HR managers in these firms have the purpose to examine the alignment of the HR planning with the strategic planning in their firms and to examine the practices applied in recruitment, training, performance management and compensation to match with our literature review. The HR managers were also asked to identify the factors that inhibit and motivate the HRM practices to encourage corporate entrepreneurship thinking.

For the documentation, the researcher reviewed the websites and any formal HRM documents in existence in the SMEs participating in our study.

Pilot case study

The research case studies were conducted all over Lebanon except Mount Lebanon where the pilot case study was carried out. The founder/ CEO of the SME and the HR manager were interviewed and the pilot interviews confirmed the relevance of the questions and the appropriateness of the process.

Findings and Results

The senior managers interviewed for this study were mainly family members (founder or sons) of the family-owned SMEs. In case of absence of the HR manager, another key manager was interviewed, mainly the marketing manager. Consequently, only 30 HR managers were interviewed for our study.

The SMEs are all Lebanese owned: 20% of these SMEs have branches outside Lebanon, 35% have branches in different Lebanese regions, 15% have only one location and export their products to Arab countries and the remaining SMEs of our study have only one location and rely only on the Lebanese market.

12% of the SMEs have more than 400 employees in Lebanon, 24% have between 200 and 400 employees, 32% have between 50 and 200 employees and the remaining SMEs employ less than 50 employees.

Between these SMEs, only 22% have international certificates as ISO, HACCP, etc. and 55% of these SMEs have a position of HR manager while administrative officers are in charge of the personnel and the HR administrative duties in the remaining SMEs.

Findings from the interviews with the senior managers

The 52 senior managers are aware of the concept of corporate entrepreneurship. The interviewers registered their important answers and recommendations.

30 senior managers acknowledged that they “don’t need to re-invent the wheel” at their firms and consequently corporate entrepreneurship is not important. They rely on adopting successful practices from international companies or similar firms. It is more time efficient and cost saving. Only 13 respondents are planning to take serious actions for corporate entrepreneurship in the future because of the challenges of the characteristics of the Lebanese market, the increased competition and the urgency for differentiation to maintain their status in the market. These senior managers believe that many factors are challenging them to shift towards a corporate entrepreneurship strategy.

30 senior managers considered that they are challenged by the types of employees in their firms. Most of their workforce is comprised of part timers who have the operational expertise but lack the educational background. They explain that the labour cost of full timers is the main constraint to upgrade the quality of the employees in their firms.

46 managers believed that their rules and procedures are rigid in order to avoid deviation in production. They mainly punish unnecessary risk taking and failures at all levels. The punishment varies from a verbal warning to dismissal. The main reason behind this management style is that failures and unnecessary experiments are time consuming and may lead to loss in production. Almost all these SMEs have their workforce doing overtime increasingly, especially since the economic situation of the country is forcing the firms to consider downsizing.

39 senior managers stated that they rewarded the head of department for successful suggestions even though they are not sure whether the head of the department is the initiator of the idea or an employee in the department.

44 senior managers who have an HR department in their firms believed that the HRM is operational. The CEO is the decision maker on recruitment, compensation and the training budget while the administrative duties are handled by the HR department. They believe that the HRM is a service department whose main role is to follow the directions of operational departments and respond adequately to their needs.

21 interviewees stated that they invest on the training of their employees to improve their skills, but they mainly focus on the technical skills for operational reasons rather on the skills related to corporate entrepreneurship. This result matches with the previous findings showing that these SMEs do not consider corporate entrepreneurship as important.

51 senior managers explained that the compensation rates in their firms were uniform. They mainly pay a fixed salary and do not adopt the variable compensation. Findings include that the HRM practices aim at the service of operational departments and do not motivate corporate entrepreneurship thinking.

The absence of an HR department in the majority of the SMEs under study was explained by the interviewees as 'no need for a mediator between the top management and the employees. Senior managers perfectly know the needs and the expectations of the employees, they observe their performance on a daily basis and there is a direct and open communication between all divisions at the firm.'

Only 13 senior managers stated that they run brainstorming sessions and communication meetings about important strategies in their firms such as cutting costs, downsizing, and a safety culture. These meetings involve top management with middle managers meaning that not all levels of employees are concerned. The middle managers are in charge of disclosing the results to the remaining employees in the company.

44 managers considered that bottom-up communication depends on the management style of each head of department, and it varies from an open-door policy to authoritarian. There is an absence of an organizational culture supporting corporate entrepreneurship at these firms.

To conclude, the majority of senior managers believe that they have rigid rules and procedures in their firms to secure the expected levels of production. They are far from supportive of the shift in HRM from an operational to a strategic role and are wary of any action towards change and innovation. The employees in these companies are mostly not qualified enough and lack time to be involved in corporate entrepreneurship thinking.

The main finding from these interviews was obviously the low level of importance given by the senior managers to corporate entrepreneurship in SMEs in Lebanon. The researcher may consider the family business structure as a main reason to explain this result. Studies show that the family business in Lebanon is characterized by the power of the founder to take all

strategic and operational decisions, and the difficulty to delegate responsibilities to others, even if to family members. The traditional culture in these firms tends to heavily constrain the introduction of corporate entrepreneurship thinking in SMEs in Lebanon. Family-owned SMEs businesses in Lebanon are challenged by the capacity to sustain their status in the market, especially with the second and third generation managers.

Findings from the interviews with the HR managers

We will illustrate the findings from the interviews with 30 HR managers in the SMEs who were the s subject of our study.

26 HR managers believe that they are supervising operational departments and responding to ad-hoc requirements in the firm. There is obviously no HR planning or alignment with the firm strategy. The interviewees are aware that the HR departments have to be more effective in SMEs in Lebanon. Only 8 HR managers from the interviewees attend strategic meetings and are deeply concerned by the HR planning to support the strategic planning in their companies. The researcher found out when analysing the data that these 8 people are family members of the family-owned SMEs. We realize that their power is mostly linked to the family status more than to the HR position in these firms.

Almost all the HR managers believe that the senior managers in their firms are aware of corporate entrepreneurship, but they find alternatives for innovation such as importing successful stories to their companies rather than investing in a corporate entrepreneurship culture.

In addition, 25 of the respondents consider that the employees are overloaded by the daily and repetitive tasks, meaning that they cannot be afforded extra time for corporate entrepreneurship actions.

All the HR managers stated that new ideas or suggestions are not implemented without a formal approval from the CEO in these firms. Only minor changes in the departments can be implemented after the approval of the head of the department only. This statement clarifies that the investment in time and effort to encourage corporate entrepreneurship is mediocre.

Only two HR managers use competency-based interviews at recruitment to check competencies related to corporate entrepreneurship. However, they explain that:

nonconformists are not hired. We recruit only those who fit with our way of doing things, especially the respect of policies and procedures. We believe that abiding by attendance policy is more important than innovation and creativity while risk taking and failure are not encouraged.

Only three HR managers informed us that the employees in their firms did follow training sessions in specific topics related to corporate entrepreneurship as change management and creativity.

23 HR managers stated that they have performance appraisals evaluating their employees based on the scoring point, but these are not regularly used. The performance evaluation is conducted once every 3 or 4 years preceding the raise on salaries in the firms. Only 7 HR managers explained that they attach a developmental plan to the performance appraisal.

12 HR managers clarified that the innovation is a performance criterion for middle managers and above while teamwork, abidance to policies and quality at work are considered as performance criteria at all levels. The respondents are not sure that all managers discuss the performance evaluation with the employees. Consequently, the feedback is control oriented and obviously does not encourage corporate entrepreneurship thinking.

All interviewed HR managers agree on what the senior managers stated above about the uniformity of compensation rates. The compensation plans are designed for individual performance. Even though the teamwork is evaluated at the performance appraisals, the HR managers agree that they do not have incentives for team performance and obviously not for organizational performance.

25 respondents explained that the communication is mainly informal and an open-door policy is highly adopted at their firms.

Even though 23 HR managers stated that they have a suggestion box in their firms to encourage the employees to share their ideas and points of view, the interviewees did not deny that the top management does not consider these suggestions seriously. The top management simply wants the employees to perform their job effectively and efficiently to maintain the existing customers and attract new ones.

Briefly, 28 HR managers believe that the HR practices in their departments are not designed to support corporate entrepreneurship thinking. These findings are aligned with the assigned role given to HRM by top

management as described above. Once again, findings corroborate that the HR managers confirm the operational role of their departments which is far from encouraging corporate entrepreneurship thinking.

The researcher also discussed the factors that motivate or inhibit the HRM practices in encouraging corporate entrepreneurship in SMEs in Lebanon.

All the HR managers believed that the role of the HR department is highly dependable on the support of top management in these firms. They clarify that the family-owned SMEs still mainly rely on the authority and power of the founder, and they have conservative rigid policies and procedures. The culture in these firms is a major constraint for the development of corporate entrepreneurship thinking.

Other inhibitors were mentioned. 26 HR managers stated that the high cost of labour in Lebanon is also limiting the financial capacity of the SMEs to introduce more incentives to encourage the desired behaviours related to corporate entrepreneurship. The uniform compensation is the most widely adopted, and there is no clear rewarding system for exceptional performance. The raise on salaries, promotions and fringe benefits are few and not regular. They depend on the recommendations of the direct managers and the approval of the top management. The respondents agree that these facts affect employees' behaviour in organizations who keep their performance to the minimum requirements of the business.

22 HR managers explained that the recruitment of an increased number of part timers and freelancers in the SMEs may be another constraint to the development of corporate entrepreneurship. These employees are engaged with many responsibilities in many companies, and they lack time for corporate entrepreneurship thinking. In addition, 27 HR managers stated that full timers are expected to do daily overtime, even unpaid at many times, for the sake of finishing the multiple tasks and responsibilities. Consequently, the full timers are overwhelmed by the repetitive and routine tasks which make corporate entrepreneurship behaviour difficult to implement.

24 HR managers believed that many HR actions must be considered to ensure the success of a corporate entrepreneurship strategy, if adopted by the top management. These HR actions include the necessary training on the related subjects, the change in policies and procedures and the change in the organizational culture of failure and risk taking. When a corporate

entrepreneurship strategy is adopted at a firm, all HRM practices should be aligned to ensure its success.

When invited interviewees to identify the factors that may motivate the HRM practices to encourage corporate entrepreneurship thinking in SMEs in Lebanon:

29 HR managers considered the design of a compensation plan that rewards the required behaviours for a successful corporate entrepreneurship strategy as a powerful motivator.

25 interviewees considered that the recruiters should focus on the assessment of the candidates on a pre-set cluster of skills needed for a successful corporate entrepreneurship strategy.

24 HR managers identified the training opportunities in the firms on topics, such as creativity, change management, risk taking, finding new opportunities as another motivator for the employees.

23 HR managers believed that the performance criteria of corporate entrepreneurship, such as risk taking profile, creativity and desire to learn, should be regularly evaluated in the performance evaluation system.

Conclusions

The research problem addressed in this paper is how can HRM practices promote an appropriate working environment for corporate entrepreneurship in SMEs in Lebanon?

This paper shows the currently applied HRM practices as described by senior managers in SMEs in Lebanon and by HR managers in these firms. The HRM practices and the policies and procedures are not designed to support corporate entrepreneurship thinking. They are supportive of effective productivity without any tolerance for failure or for unsuccessful suggestions.

As previously stated, inhibitors and motivators of HRM practices to encourage corporate entrepreneurship thinking were widely described by HR managers.

The main inhibitors that limit the effectiveness of the HRM practices to promote corporate entrepreneurship in SMEs can be summarized as the bureaucratic organizational structure, the criticism and punishment of risks

and failures, the lack of availability of resources and finally the compensation system in these firms.

The main HRM motivators to encourage corporate entrepreneurship in SMEs in Lebanon as suggested by HR managers are the entrepreneurial vision, the tolerance of failure, the availability of resources and adequate training and compensation systems.

This research suggests that the HRM inhibitors and motivators as described by the HR managers match perfectly with the literature review.

No evidence was found during our extensive literature review of research on this subject in Lebanon. This research is an assessment of the current applied HRM practices in SMEs in Lebanon with suggestions of motivators that can be applicable in these firms.

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