



## **SIMPLE TOOLS FOR HR PERFORMANCE EVALUATION IN ARGENTINEAN SME**

*Leandro Adolfo Viltard*

*Pontificia Universidad Católica Argentina (Buenos Aires). Graduate School of Business, Facultad de Ciencias Económicas, Universidad de Palermo, Buenos Aires, Argentina. Universidad del Pacífico, Ecuador. Universidad Nacional de La Pampa, Argentina, Universidad Nacional de Luján, Argentina. Universidad Nacional del Comahue, Argentina*  
*E-mail: lviltard@yahoo.com.ar*

*Juan Andrés Pérez*

*Universidad Nacional de Lujan, Argentina*  
*E-mail: perezjandres@hotmail.com*

*Submission: 5/19/2019*

*Revision: 9/18/2019*

*Accept: 10/2/2019*

### **ABSTRACT**

In Argentina SME turn out to be a major player in the economic and social environment, representing more than 90% of the total registered companies, and being the country's largest employer, surpassing the 60% of formal registered employees. However, a comparative analysis between the last two national censuses -2004 and 2014- shows an industrial decline with respect to large companies, highlighting a substantial deterioration in its economic growth and envisaging the need to work on their structural competitiveness. Consequently, SME require a special focus of attention in order to sustain their activity, working on competitive aspects in order to enhance employees' performance levels, for example, by implementing simple Performance Evaluation (PE) tools that can be used to professionalize their organization and, ultimately, help to sustain their structural competitiveness. The hypothesis of this study -which was corroborated- suggests that a simple PE tool, based on Administration By Objectives (ABO) can provide with significant benefits in terms of HR management while improving Argentinean SME structural competitiveness. It was used a quali-quantitative methodology, with a qualitative predominance. The study was exploratory and descriptive, with a not experimental and transversal design.



**Keywords:** Performance; Evaluation; SME; HR; Competitiveness; Objective.

## 1. INTRODUCTION

In the world and in Argentina, in particular, SME are a key player in the economy, generating formal and informal employment. According to the GPS de Empresas Argentinas del Ministerio de la Producción de la Nación (2019), Argentinean SME represent +90% of the total registered companies, employing +60% of the active registered people in the country.

Also, FOP (2017) mentions that this entrepreneurial sector maintains its activity and reaches better competitiveness levels based -among other things- on an adequate detection of training needs, which allows to raise employees' aptitudes and, consequently, to improve the organizational structure's professionalization. The study proposes that professionalization is an important factor for sustainability and competitiveness of every firm and -particularly- for SME. Additionally, these firms do not demand large expenditures but, rather, strategic decisions and concrete planning.

Moreover, Aghina et. al (2008) suggest that "traditional organizations seem mechanical, hierarchical and linear", and that what is needed are agile organizations, understood as organic, balancing dynamism with stability. As future is unpredictable and ever-changing, they need to adapt, depending on talent. That is why selection and training become key areas, highlighting personality traits for success such as handling ambiguity, agreeableness, extroversion, conscientiousness, and openness. Additionally, it is remarked the importance of work values across roles as: a) pride in product; b) customer centricism and inspiration; c) self-direction, as teammates control their own destiny; and d) conservation, as a meaning to know how to work with constraints, among others.

As a conclusion, these authors insist that are needed clear visions and inspirational product owners for which are required great teams, understood as people with the right personality, behaviors, and set of values for agility.

As a consequence, there is a direct and positive relationship between human resources professionalization -transversal to every process- and favorable organizational results. That is why it is relevant and urgent to approach the PE concept which is studied in this investigation.

As a result, this research will focus on deepening on the Argentinean SME current situation in connection to the overall HR management -in general- and -particularly- to the PE process. It is intended to contribute to a HR sector diagnosis and propose actions to evaluate

and improve individual and professional skills in order to enhance their performance and sustain the Argentinean SME sector's competitiveness.

The following questions allowed guiding the present investigation:

- Is it possible to professionalize Argentinean SME through a simple PE tool based on Administration By Objectives (ABO)?
- Can great teams and people with the right personality, behaviors, and set of values contribute to the structural competitiveness improvement of these kind of firms?

### **1.1. Hypothesis**

A simple Performance Evaluation (PE) tool, based on Administration By Objectives (ABO) can provide with significant benefits in terms of HR management, while improving Argentinean SME structural competitiveness.

### **1.2. General Objective**

Study the HR Performance Evaluation (PE) concept and Administration By Objectives (ABO), proposing simple ideas for their implementation in Argentinean SME in order to improve their professionalization/competitiveness.

### **1.3. Design methodology and analysis**

It was utilized a quali-quantitative methodology, with a qualitative predominance. The study was descriptive exploratory, with a non-experimental design and -within them-transversal, since the information was collected at a given moment of time.

The analysis unit refers to Argentinean SME of different industrial sectors, which had or had not implemented HR management systems and, specially, PE tools.

The field work included:

- Three interviews with key specialists: SME professionals and/or experts in HR management who allowed delving into the subject under analysis.
- A case study of an Argentinean SME.

Also, significant information has been studied from bibliographical sources in order to understand the topic under analysis.

This research took place in the period October 2018-June 2019, in Buenos Aires, Argentina.

#### **1.4. Research limitations/clarifications**

Within the scope of this investigation, were found some limitations/clarifications that are detailed below:

- Although it is difficult to ascertain that all relevant information has been included, the investigation refers to studies –some of them correspond to classical authors- obtained from significant secondary sources.
- The support of this work is referred to HR management, in general, and to PE, in particular. It was found literature related to PE but not many to simple tools applicable to SME. Anyway, the selected tools can be applied to every organization, regardless of the particular sector in which it operates.
- The present study is complex and multidimensional due to its highly social content. As a result, what is proposed is shown with an open mind and in a professional discussion tone.
- It could be found other tools applicable to SME, although the ones that are proposed are those that were judged as convenient to help to this investigation.
- The interviews with key specialists were held in their offices to minimize the impact on their environment and on the results as well. Were used semi-structured interviews in order to enrich, as much as possible, the investigation's outcome.
- The general conclusions are based on the elements that have been analyzed and that are part of the present study.
- Based on the understanding that the study has been -predominantly- qualitative, it is not possible to generalize the findings, although it is intended to contribute to the decision-making process regarding the studied topic.

The limitations/clarifications detailed above have not been an obstacle to reaching reasonable conclusions regarding the objectives and hypothesis of the present study.

Finally, it is indicated that the hypothesis was corroborated and the objective verified.

## **1.5. Findings**

As a general conclusion of the research process carried out, it is considered that in the Argentinean SME there were serious limitations to apply HR management tools like PE due to -in most cases- the difficult relationship that existed between what it was understood, applied and measured.

The use of a simple PE tool for evaluating SME's HR performance is not only possible, but also provides a series of direct and indirect benefits for individual and organizational development, such as better objectives' achievement and structural competitiveness' strengthening.

Additionally, it was verified that it is possible to apply PE based on ABO in order to achieve higher levels of professionalization, although they may be conditioned by a series of organizational's internal/external factors, which not only must be detected and recognized but, also, must be correctly addressed.

Moreover, the fieldwork revealed that there was little or not generalized knowledge on PE tools from Argentinean SME's executives/owners.

As a result, professionalization becomes a huge SME challenge, implying talent management and competencies improvement. To focus this "moon shot", owners and executives must focus on deep cultural aspects that impede their growth.

## **1.6. Originality and value**

Despite the fact that SME economic contribution to the Argentinean economy has been researched, it is highlighted that there are not specific studies on PE tools applicable to this type of companies. It is stated that their utilization can contribute to higher levels of results and achievements in this sector.

This study can help in either designing or enhancing policies to improve HR performance in these firms. Implications to this paper can refer to a wide basis, from the micro level -when executives focus on daily decisions- to the macro level, when government or non-government organizations prepare plans to support these firms.

## **2. THEORETICAL BACKGROUND**

The following paragraphs show the theoretical background that supports this study, which includes SME importance -particularly in Argentina-, professionalization by competencies, management by objectives and PE's need.



## 2.1. SME importance

Different authors and publications remark the economic significance of SME worldwide. Specifically, Lukács (2005) points out that these firms are one of the most important business groups worldwide and those in charge of sustaining the economies of many countries, generating the most genuine employment. That is why -in countries such as New Zealand, Australia, Japan, Canada and United States- 95% of the active work positions within the private sector are developed in these companies.

In Argentina, SME are also a key player in the economy, and on formal/informal employment generation. According to the GPS de Empresas Argentinas del Ministerio de la Producción de la Nación (2019), there are +600,000 Argentinean SME with less than 200<sup>1</sup> employees each one, which is equivalent to 99.4% over the total registered companies. As a result, it is indicated that this sector generates -directly- +4,000,000 jobs, corresponding to 64.4% of the total formal jobs registered in the country.

But, unfortunately, SME predominance are losing their path. According to FOP (2015) -that makes the comparison between the 2004 and 2014 National Census-, the large companies' production -leaders in their areas- increased 49%, while SME only 2%, showing a substantial decline in their growth, and pointing out the need of working on their structural competitiveness.

As a result, SME require a special focus of attention because of their economic and social impact. They are the most important employer in Argentina and, as such, generate a significant social economic impact for those who are directly or indirectly related to them. Consequently, it is imperative to identify their internal needs, raise their performance levels, allow their professionalization and, ultimately, sustain their competitiveness.

## 2.2. A professionalization need

Business is about talent growth. Its professionalization -through education, training and adequate management tools- becomes a need in the actual competitive landscape, and in our

---

<sup>1</sup> According to FOP (2013), there are different SME classification criterias. The World Bank understands an SME to be a firm with a staff of 10 to 300 employees, while the European Union considers a more limited range, from 10 to 240 employees. On the contrary, the Buenos Aires province take into account each organization's invoice amount, requiring a differentiation by activity. As this matter is not related to the core of this investigation it will not be deepened.

society. In the following paragraphs these problematic situations will be addressed in order to understand firm's requirements nowadays.

### *Professionalization as a development strategy*

In this complex society, specific and transversal skills must be understood and developed. Delors et al. (1996) mention that:

- Professionalization needs a contemporary gaze in this increasingly complex society.
- The individual and/or collective way in which people perform a task or an action in a formal way requires a learning process that allows improving specific skills (related to techniques, normally linked to their initial training) and other transversal ones (more personal, directly associated with relationships). In accordance with Albertti et. al (1999) it is a kind of process where HR and knowledge -whose need is detected in a performance evaluation and executed through a training and development plan- prepare and generate a professional collaborator.

Moreover and according to Chiavenato et. al (2007):

- Professionalization is about detecting needs, updating collaborators' knowledge and providing them with the required tools in order to satisfactorily perform their functions.
- Talent should not be seen as a cost; it is the main asset that drives organizational creativity. Therefore, it is imperative to rethink people as partners and not as mere resources, becoming necessary to train employees and let them occupy the right places in the organization.

### *Competencies, education and training*

Different authors make a distinction between education and training. For instance, Chiavenato et al. (2007) suggest that education prepares the person to perform in the environment in which he/she lives and training provides more specific tools for the workplace in order to satisfactorily respond to what it is required. In other words, training seeks to cover the current position's requirements, matching the individual aptitude with the job's needs by enhancing competencies (knowledge, skills and attitudes).

In addition, Werther (2014) says that most organizations conceive training as a cost, which is justified by the following main facts: a) is an action that takes time, interrupting productive and administrative processes, and b) requires planning, monitoring, evaluation efforts, and money, that can be used to purchase materials and make investments. In this way, the author highlights that it is true that training requires money and associated expenses, although it has multiple intangible benefits, not only for the organization but –also- to each person, like:

- Helps to clarify individual and organizational objectives.
- Aligns employees around the objectives, increasing productivity and improving the work quality.
- Powers and promotes organizational development and growth.
- Contributes to leaders' development.
- Improves communication, interpersonal relationships and –ultimately- the work environment.
- Eliminates fears, and increases confidence and satisfaction levels in the position.
- Contributes to reduce conflicts and personal goals achievement.

In this study, it is concluded that training is one of the best investments that a firm can make, being necessary to define its needs in order to direct organizational efforts, which cannot be the product of arbitrary and unilateral decisions but -rather- should be approached in a systematic, objective and formal way.

#### *Planning, human resources and SME success*

Business Planning is related to HR and talent growth. According to Entrepreneur (2007), it is observed that the majority of the SME's founding partners do not work on specific business planning mainly because they are not prone to delegate their functions and/or have scarce/null trust on their collaborators.

Consistent with this, Stoner et.al (1998) suggest that planning represents the process of setting goals and choosing appropriate means to achieve them. Their focus of attention is in obtaining results and, consequently, making the right decisions. Consequently, they say that

planning seeks to answer the following basic questions: what, for what, to whom, how, when, where, and by whom. To answer these questions implies to define:

- The contents, objectives, recipients and techniques to be used to carry out the training process, and to adapt competences.
- Start date and duration.
- Place of execution.
- Responsible for each stage.

But, this HR planning process may be considered an inadequate process for SME as they mostly fail in the short term. In fact and according to CAME (2012), the mortality of these firms -in Argentina- amounts to 50%, 70% and 90% in the first, second and third year, respectively. This information is more than worrying but -at least and from an encouraging perspective- could be reversed by improving the HR internal processes management, for which large investments are not required.

### **2.3. Performance Evaluation Management**

During the last century, HR were seen from different perspectives provoking a profound transformation in the way they were managed. A traditional management style (Administration By Instructions, ABI) gave way to another based on objectives (Administration By Objectives, ABO). As a result, Performance Evaluations (PE) changed, needing to improve the contact and communication between interviewer and interviewee, and –also- the tools that were applied. These matters will be approached in this section.

#### *Resources management and evaluation*

Working on companies' internal variables involves evaluating and constantly improving resources management, and –especially- HR, which are transversal to the entire operation. In correspondence with this, Krieger (2001) mentions that -between the 1950s and 1960s- the linear and traditionalist style of Administration By Instructions (ABI) was replaced by a management style by objectives (ABO, Administration By Objectives), which according to Ziade (2011) were called Model A -industrial period, between 1800 and 1950- and Model B -post industrial period, from 1950-, respectively. Model A considered HR as a mere production factor and Model B emerged as a better alternative to the traditional human factor paradigm and which -in essence- has three pillars, directly related to each other:

- Work on motivational aspects.
- Generate empathy and satisfaction on the work done.
- Improve each collaborator's performance and, ultimately, of the organization as a whole.

Under this Model, Krieger (2001) argues that employees contribute with their intelligence and creativity in pursuit of organizational development, participate in decision-making and are responsible for their acts and omissions. The organization conceives them as a fundamental resource and works actively to enhance their learning, and their personal and professional development. Likewise and according to his studies, the author concludes that the organization that adopts the ABO style obtains greater achievements, as follows:

- Generates an environment of fluid and effective communication.
- Raises mutual understanding.
- Improves planning.
- Promotes innovation and learning.
- Develops positive attitudes toward the PE system.

As a consequence, the author mentions that ABO gave the frame for PE systems' development and –also- alternative tools to measure the organization HR' talent in the following ways:

- Creating development opportunities as promotions and internal rotation.
- Directing efforts towards important matters and not over urgent ones.
- Mitigating or eliminating obstacles through a prospective perspective.
- Satisfying organizational objectives.

In addition, Chiavenato et al. (2007) complement that the ABO promotes a democratic and motivating performance management.

Finally and according to Werther (2014), PE represents a process by which an employee's overall performance is assessed. This process involves the utilization of formal, systematic and observational tools on what is being evaluated, giving priority to the evaluation process objectivity.

*Performance Evaluation Management (PEM): the interviews*

Werther (2014) mentions that the interviews that are conducted during the PE process by objectives represent the stage where conflicts are developed or evidenced. For this reason, they must be developed taking into consideration the following characteristics:

- Must be diagrammed and developed in an assigned space and time. It is suggested not to use the areas where the evaluated person carries out his daily activities.
- Must be uninterrupted with calls, emails or visits, and developed on an agreed day and time, blocking the agenda for that activity.

*Performance Evaluation Management (PEM): the evaluator*

Werther (2014) suggests that the evaluator's role becomes fundamental and that the following factors should be considered to successfully develop this process:

- Must know the evaluated individual as a person and –in addition- his/her role within the organization.
- Must be trained in the utilization and application of the evaluation tool.
- Must know the objectives pursued for the evaluated person and for the organization.

In addition, the author says that an objective PE is independent of those who develop it. In other words and regardless of who executes them, its results should be the same since they should be based on quantitative data. In this way, the evaluator's personal considerations should not affect the final results. Finally, the author adverts that objective evaluations are not an easy task, giving to its planning a key role in order to reduce distortions.

*Performance Evaluation Management (PEM): the tool choice*

The PE tool is crucial. Indeed, Wether (2014) mentions that there is not a perfect evaluation tool to measure the collaborators' overall performance as each one offers advantages and disadvantages in its preparation and application. Moreover, Gibson (2003) considers that a technique functionality depends not only on the organizational characteristics in which it is intended to be implemented -organizational culture, informal relationships, and family structures- but also on the overall economic and social environment. However, he suggests that impartiality and objectivity apply to all of them.

As already mentioned, Chiavenato et al. (2007) establish that the ABO technique has the advantage of dealing with performance objectives' setting and the collaborator's potential evaluation. As a consequence, they remark that it is better to evaluate future performance, which implies -instead of focusing on what has happened, which is unalterable- to envision what will come, about which there is still a change and improvement possibility. That is why it takes past performance in order to chart the way to future performance and towards the collaborator's development. For this reason, this technique has a more dynamic point of view in comparison with others that focus on what has happened. Werther (2014) groups this technique into a "past" classification, which are not the object of study in this work.

Moreover and according to Werther (2014) and Chiavenato et al. (2007), normally the ABO has a defined cycle that can be biannual or annual. However, periodic reviews are usually performed in shorter pre-established terms where objectives are verified against with results, in order to adjust and/or redirect efforts if it is convenient.

#### *Performance Evaluation Management (PEM): the need to communicate effectively*

As mentioned before, there are negotiation instances in which it is imperative that the evaluator and the person who is being evaluated use a correct vocabulary, given that an effective communication process -present in all the stages- makes the difference between the PE's success or failure, and -in short- between a human resources' conception as investment or expenditure.

Consequently, if the organization needs to carry out a PE process, it must have an effective communication system. In that sense, Gilli et. al (2013), mention that communication is one of the fundamental organizational pillars, not only allowing a group of people to think and see the reality but -also- giving them the opportunity to interact jointly and continuously. Other authors, such as Schmertz and Novak (1987) and Stanton (1989), mention that the effective communication process must be constantly improved, and is independent of the organizations's size, product/service and location as long as the organization pretends to become professional and survive in a hostile environment.

### **3. CASE ANALYSIS**

The present case arises from the interviews held -between February and March, 2019- with different executives and managers of BAH, an Argentinean SME .

### *The company*

BAH was a pharmaceutical company, located in the northern area of the AMBA<sup>2</sup>. Its manufacturing plant -3000 m<sup>2</sup>- was recognized as its Head Quarters and -at the time of this review- had different commercial subsidiaries in the Middle East and Southeast Asia as key points in its commercial expansion strategy.

It was created by a group of friends and -due to a family transition derived from the absence of one of the founding partners and meager overall results- began, in 2015, an employee's professionalization process.

At this time, an exhaustive and complete firm's analysis was performed, understanding that the expertise gained in past crises did not ensure -per se- the success in the current one. Consequently, this special moment should be analyzed and carried out adequately, considering the prevailing circumstances that were being faced.

### *Approaching the crisis*

During the last 10 years, various factors impacted on the firm's performance, leading to a very deep crisis. Knowing that the decisions that would be taken would mark the next years' course, two dilemmas had to be resolved that would trigger ABO implementation to evaluate HR performance:

- a) Determined the way to continue: An evaluation was done in order to know if the current crisis responded to purely external and conjunctural issues, or -on the contrary- if it was a reply to internal and structural factors. What was clear was that a change was needed and that the current direction could not be maintained. So, they understood that a deep modification in the management and strategic planning processes was required.
- b) The financial situation: As this second bottleneck could be solved with different alternatives available to the firm, no focus is being made in the present study.

After this study, a series of critical variables -associated with the first point- were analyzed, as follows:

### *External factors*

---

<sup>2</sup> AMBA: Área Metropolitana Buenos Aires – Metropolitan are of Buenos Aires.

It was observed a loss of competitiveness due to an unfavorable macroeconomic context, including the depreciation of the local currency against other currencies and an annual inflation of +30/40%. Since 2013, sales were sustained, but with losses in profitability and a considerable increase in fixed costs.

#### *Internal factors*

- Lack of a strategic vision and consensus among shareholders.
- Non existence of a clear commercial strategic planning to develop potential markets.
- Lack of an investment policy to support subsidiaries and, in specific cases, the generation of new units.
- Inexistence of a company R&D focus and –as a consequence- absence of an adequate product portfolio. After more than 30 years in the market, BAH had only two products under commercialization. As a result, knowledge obsolescence was undermining future possibilities.
- Absence of specific studies on current products' utilization and benefits.
- Productive dissociation between the following three áreas/factors: a) operations (raw materials, packaging, operative capacity and installed capacity), b) technology (obsolete machinery) and c) product formulas regulation.
- Lack of qualified personnel in the organizational structure and high turnover rate.

In general terms, it could be observed that none of the factors alone represented a great obstacle for the company. However, their coexistence and permanence over time were deteriorating the firm's economic and financial situation. In essence, the heavy financial burden resulting from meager results was an effect, and not the main cause.

It was concluded that there were two concrete reasons that led to a structural competitiveness' lack, basically two internal and transversal factors to the entire operation, as follows:

- Strategic planning absence.

- Inadequate HR assignment, as each position did not correspond to its profile and/or potential.

As a result, the decision was to evaluate all the organization's members, understand their skills and aptitudes, and act accordingly with a specific training and development program. Among all of the possible available techniques, the company decided to start with ABO PE.

#### *Initial results*

At the end of 2015 and having developed the first PE cycle, results did not generate a substantial organizational improvement. That was the reason why an HR consulting firm was hired, giving the following advise:

- ***In the short term:*** It revealed shortcomings on the PE process and, specifically, on the ABO tool used as it was inadequately prepared and adapted to the company needs. Six basic mistakes were pointed out:
  - 1) **Organization:** Organizational objectives and a formal strategic planning cycle were requested. Also, all family members were made independent from the organizational structure, giving priority to the needed profile for each position over the informal relationships.
  - 2) **Objectives:** They were determined in isolation by the employees and dissociated from the organizational horizon.
  - 3) **Job Descriptions (JD):** Collaborators were discouraged to write their own JD if there were no instances of subsequent adequate reviews.
  - 4) **Performance evaluations:** Each person's objectives were subordinated to his/her personal and work characteristics. In this way, the organization was forced to redefine the evaluated competences for each individual. The final purpose of this process was connected to providing objectivity and a value added to every member and to the organization as a whole.
  - 5) **Communication:** It was realized that the communication was slow, encouraging rumors and generating false expectations in its members.
  - 6) **Feedback and adjustments:** It was important to understand the tool that was being used. For the person that was being evaluated, it was necessary to interpret the degree of help it offered for his/her better positioning in the

company, and for the evaluator it was required to capitalize the knowledge acquired to the firm's benefit. As a consequence, the organization approached each individual's actual and future position in a collaborative and participatory framework of training and planned development.

- ***In the long term:*** It was suggested to solve the prior six issues, improve and adapt the ABO tool, and leverage the integral HR management area, establishing not only profiles and training needs, but –also- skills adequacy to each position. The final objective was to assure the whole HR process from selection, training, promotion and retainment, to final dismissal of an employee.

As a conclusion of this section, until 2015 BAH did not have an HR management process that would encourage professionalization and objectively evaluated employees' performance. A crisis -with financial problems associated- forced management to go deep on every key process, determining that it was necessary to focus on improving employee's professionalization. Talent was seen as a transversal factor across firm's operation which could sustain its competitiveness. As a result, it was decided ABO utilization as a performance management tool, and -in order to achieve its purpose- PE required to be evaluated, planned and adapted to the company's requirements; specifically, to the organizational culture, informal relationships, strategy and communications.

#### **4. INTERVIEWS WITH SPECIALISTS**

This section collects, through face-to-face interviews, the experience of three different professionals specialized in Argentinean SME. All of them had management responsibilities, and -out of the interviews- it was possible to summarize the following topics:.

- Professionalization was a critical variable and a need in these firms.
- Talent quality was connected with the SME location. Also, talent conditioned the evaluation tool choice and design.
- Internal and/or external factors influenced the implementation of employee's PE.
- In most manufacturing firms:
  - Managers lacked of strategic vision, concentrating knowledge as a power tool.

- It was seen a weak organizational culture, and a non collaborative and participative climate.
- The HR area was missing.
- In other industrial sectors and mainly because of high competence:
  - There was a professionalization need, but work was based on command-delegation.
  - It was seen a stronger culture, focused on better salaries and benefits to increase employees' loyalty.
  - The HR area was a must.
- Other SME could not grow as there were differences in power and knowledge concentration, depending –also- on where the company was located to find the right talent and on many managers' longevity. HR areas, if they exist, were more focused on documentation and salary payment than on talent acquisition and growth.

## 5. CONCLUSION

The theoretical framework agrees with the interviewed executives on the economic and social relevance of SME in Argentina, mentioning that their effect was even more pronounced when these firms were located outside the AMBA area, the industrial sector in which they compete and/or the higher competence they faced in their markets. As a result, a focus on internal/external needs becomes imperative in order to raise higher professionalization and performance levels, sustaining their competitiveness.

Different authors explain that professionalization –approached as a learning process- becomes a must for these firms, independently of the industrial sector in which they compete. It can be accomplished working on employee's skills, knowledge and attitudes, and providing them with adequate tools –creativity management, leadership and communication skills, for instance- to enhance their competences and boost their performance.

In fact, the interviewes revealed that attitudinal competences and –specifically- interpersonal relations were mostly not found in SME, while the opposite happened with technical knowledge. In their point of view, professionalization was seen as a critical variable for these firms, begining as a reactive effect after lean economic and financial results, absence of founding partners or other disruptive situations were found. This is the case of BAH, in

which they understood that the only way to cope with the crisis they were facing was to professionalize their organizational structure, as talent was seen as a transversal factor to the whole firm.

In addition, the strategic planning importance and a focus on intangible assets – suggested by different authors- was not consistent with what was collected in the field work: there was a planning and HR management absence in mostly all SME, and an operational short-term approach. In addition and taking into consideration that some authors remarked that talent should not be considered as a cost but as a fundamental asset to drive higher performance levels, mostly in these firms training and development needs were valued as an expense and not as an investment.

In accordance with the theoretical framework, SME should improve resources management and –specifically- HR in order to boost professionalization. That is why ABO could be understood as a simple tool in order to enhance collaborator’s motivation, empathy, satisfaction and performance. In contrast, the field work disclosed that SME’s internal and external factors conditioned PE tools’ implementation, making it impossible –in many cases- to obtain the desired results. The BAH case showed that -with its inconveniences and adaptations- a PE tool -based on ABO- is applicable in SME, impacting on the organizational culture, human relationships, leadership, strategy and communications.

As a conclusion of this work, higher levels of professionalization can be achieved using a PE tool based on ABO. However, the organizational preparation and adaptation process for its correct implementation exceeds -in most cases- many manager’s knowledge. As a consequence, professionalization becomes a huge SME challenge, implying talent management and competencies improvement. To focus this “moon shot”, owners and executives must focus on deep cultural aspects that impede their implementation.

As a result of this study, the hypothesis was corroborated and the objective verified.

The future of business and work depends -to a large extent- on SME and their evolution over time. The recipes of the past no longer apply in hostile and volatile competitive contexts like the current ones; competitiveness only includes visions of the future, and collaborative work of a series of people with the greatest possible talent, whose personal and work relationships confer an organizational identity.

As a result, difficult and novel decisions that must be executed within SME open new ways to successful results.



The aim of this investigation is to contribute to the development of a kind of company that is needed for the future sustainability of our society and the planet as a whole.

## REFERENCES

AGHINA, W.; HANDSCOMB, C.; LUDOLPH, J.; WASTE, D.; YIP, A. (2018) **How to select and develop individuals for successful agile teams**: A practical guide, McKinsey & Company. Retrieved from <https://www.mckinsey.com/business-functions/organization/our-insights/how-to-select-and-develop-individuals-for-successful-agile-teams-a-practical-guide?cid=other-eml-ttn-mip-mck&hikid=863ccce672024a44b697672e2363aa3b&hctky=2722681&hdpid=0eb31b75-7bc6-4fde-b8aa-5a0f649b16ad>, on 03/31/2019.

ALBERTTI, P.; DENDA, E. M.; DOVAL DE ANTOINE, I.; KENT, P.; LEWIN DE DOBRY, C.; OLMEDO, R. A.; SCHULMAN, D. R. (1999) **Administración**. Conceptos y procesos clave, Facultad de Ciencias Económicas, UNRC, Buenos Aires, Argentina.

CAME (Confederación Argentina de la Mediana Empresa) (2012) **Fórmula PyME**: elementos claves para afianzar la solidez de las pequeñas y medianas empresas, Redcame.org.ar, Ámbito Financiero. Retrieved from <http://redcame.org.ar/adjuntos/pymesSeptiembre2012.pdf>, on 03/15/2019.

CHIAVENATO, I.; MASCARÓ SACRISTÁN, P.; HANO ROA, M. (2007) **Administración de recursos humanos**: el capital humano de las organizaciones, McGraw Hill, México D.F., México.

DELORS, J. et al. (1996) **La educación encierra un tesoro**, Ediciones UNESCO/Santillana, Madrid, España.

ENTREPRENEUR (2007) **Pymes quiebran por falta de capacitación**, Entrepreneur.com/es. Retrieved from <https://www.entrepreneur.com/article/259356>, on 04/02/2019.

FOP (Fundación Observatorio PyME) (2017) **Informe especial**: Competitividad e inserción internacional de las PyMEs industriales argentinas, Observatoriopyme.org.ar. Retrieved from [http://www.observatoriopyme.org.ar/newsite/wp-content/uploads/2017/07/Informe-Especial-Abril-2017\\_Competitividad-e-insercio%CC%81n-internacional-de-las-PyME-industriales-argentinas.pdf](http://www.observatoriopyme.org.ar/newsite/wp-content/uploads/2017/07/Informe-Especial-Abril-2017_Competitividad-e-insercio%CC%81n-internacional-de-las-PyME-industriales-argentinas.pdf), on 02/27/2019.

FOP (Fundación Observatorio PyME) (2015) **Demanda de recursos humanos y estrategias empresariales de las PyMEs industriales**, Observatoriopyme.org.ar. Recuperado de [http://www.observatoriopyme.org.ar/newsite/wp-content/uploads/2016/02/FOP\\_IE\\_1512\\_Demanda-de-recursos-humanos-y-estrategias-empresariales-de-las-PyME-industriales.pdf](http://www.observatoriopyme.org.ar/newsite/wp-content/uploads/2016/02/FOP_IE_1512_Demanda-de-recursos-humanos-y-estrategias-empresariales-de-las-PyME-industriales.pdf). Fecha de consulta: 13/09/2017

FOP (Fundación Observatorio PyME) (2015) **Indicadores de actividad económica y producción**, Observatoriopyme.org.ar. Retrieved from [http://www.observatoriopyme.org.ar/newsite/wp-content/uploads/2015/05/FOP\\_IE\\_1504\\_Indicadores-de-Actividad-economica-y-produccion.pdf](http://www.observatoriopyme.org.ar/newsite/wp-content/uploads/2015/05/FOP_IE_1504_Indicadores-de-Actividad-economica-y-produccion.pdf). on 03/09/2019.

FOP (Fundación Observatorio PyME) (2013) **Definiciones de PyME en Argentina y el resto del mundo**, Observatoriopyme.org.ar. Retrieved from [http://www.observatoriopyme.org.ar/newsite/wp-content/uploads/2014/09/FOP\\_IE\\_1304\\_Definiciones-de-PyME-en-Argentina-y-el-resto-del-mundo.pdf](http://www.observatoriopyme.org.ar/newsite/wp-content/uploads/2014/09/FOP_IE_1304_Definiciones-de-PyME-en-Argentina-y-el-resto-del-mundo.pdf), on 03/12/2019.

- GILLI, J. J.; AROSTEGUI, A.; DOVAL, I.; IESULAURO, A.; SCHULMAN, D. (2013) **Diseño organizativo, estructura y procesos**, Granica, Buenos Aires, Argentina.
- GPS DE EMPRESAS ARGENTINAS DEL MINISTERIO DE LA PRODUCCIÓN. (2019) **Cuántas empresas hay en Argentina, qué tamaño tienen, qué producen, adónde se encuentran**, Produccion.gob.ar. Retrieved from [http://gpsemp.produccion.gob.ar/index.php/datos\\_analisis/](http://gpsemp.produccion.gob.ar/index.php/datos_analisis/), on 03/27/2019.
- GIBSON, J. (2003) **Las organizaciones: comportamiento, estructura y procesos**, McGraw Hill, Madrid. España.
- KRIEGER, M. (2001) **Sociología de las organizaciones: Una introducción al comportamiento organizacional**, Prentice Hall, Buenos Aires, Argentina.
- LUKÁCS, E. (2005) **The economic role of SMES in the world economy**, especially in Europe. European Integration Studies. Volumen 4, número 1, pp. 3-12. Retrieved from [http://www.matarka.hu/koz/ISSN\\_1588-6735/GTK\\_vol\\_4\\_no\\_1\\_2005\\_eng/ISSN\\_1588-6735\\_vol\\_4\\_no\\_1\\_2005\\_eng\\_003-012.pdf](http://www.matarka.hu/koz/ISSN_1588-6735/GTK_vol_4_no_1_2005_eng/ISSN_1588-6735_vol_4_no_1_2005_eng_003-012.pdf), on 04/10/2019.
- SCHMERTZ, H.; NOVAK, W. (1987) **El silencio no es rentable: El empresario frente a los medios de comunicación**, Planeta, Barcelona, España.
- STANTON, M. (1989) **Las técnicas de comunicación en la empresa**. Deusto, Bilbao. España.
- STONER, J.; FREEMAN R. E.; GILBERT Jr., D. R. (1998) **Management**, Pearson/Prentice Hall/Addison, Wesley, Longman, Naucalpan de Juárez, México.
- WERTHER, W. B. (2014) **Administración de recursos humanos: gestión del capital humano**, McGraw Hill Interamericana, Buenos Aires, Argentina.
- ZIADE, M. (2011) **La dirección por objetivos**, MBA Class, Universidad Nacional de Luján.