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How to attract high-potential executives into SMEs?

Abstract

Few studies have been conducted about high –potential profile, most of them come from North America and concern exclusively big enterprises. On the contrary, the application field of this Master Thesis is French Small and Medium Enterprise (SME), and particularly the way they use to recruit executives. In that context, the study shows clearly that the term “experienced executive” is better than “high-potential executive”.

Using interviews of SME managers, executives recently hired, but also consultants from recruitment agencies, this research paper emphasizes the role of the SME manager in term of human resources management (HRM), including the recruitment process. Nevertheless, no evidence of relation between managers typology and recruitment practices are demonstrated, except a link between the manager education level and the number of executives in the firm.

Furthermore, the study shows that a lack of knowledge in HRM implies an under-performing of the experienced executives’ recruitment. To improve the SME attractiveness, the author recommends developing a communication plan directed to several stakeholders. Internally, the communication plan includes a folder on global pay policy, and externally it targets many structures like employers association, or engineer and business schools.

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Introduction

This present report corresponds to a work done in a frame of a master thesis realised during the Audencia MBA programme. During this rich year of learning, many subjects have been tackled, from marketing to finance, from human resources management to strategy, etc. Furthermore, many lectures were illustrated by interesting practical case studies. However, an assessment of these case studies shows clearly a trend to use big companies as example. The contradiction mind which leads the author, but above all his taste for small business structure give a field for this research study: **SME**.

According to official French statistics of year 2000, 64% of French employees worked for SMEs in all activity sectors (<http://www.pme.gouv.fr>). This figure in itself explains that SME has a great impact on economics, at local level, at national level and also at international level. Moreover, this figure of 64% is linked to the official SME definition, but most probably a biggest value should be found, considering our SME definition given in following sections.

A great paradox is often underlined when we consider the SME field. In one side, we have a **big** number of firms¹, but in the other side each company has a **small** number of employees. Indeed, a labour pool greater than two third of all employees is interesting in term of macro economics study, but too far from practical management issues encounter by SME in their life. Among these practical management issues, those linked to the small number of employees seem interesting too. Instead economics approach, a study on **human resources management** was preferred.

Once again, the HRM field is very huge, and the time allocated to this master thesis forces to focus on a particular domain. For the second time, the Audencia MBA programme gives inspiration to the author; indeed these programmes have the reputation to teach to high-potential executives. In addition, if we consider that many author's mates have to search for a new job after graduating, an interesting question is asked: **how to attract high-potential executives into smes?**

So, this study will try to answer this question. To do that, the first stage will be to organize the current knowledge on the subject. The first chapter of this report, named "Literature review", will help us to formalize this knowledge. To reassure the reader, the author does

¹ In most of OECD countries members, more than 95% of enterprises are SMEs (OCDE 2000).

not match the high-potential executives with MBA student; that is why the literature reviews begins with a **definition of high-potential executives**. We have seen at the start of the introduction that SME could be interpreted in several ways, here again the scope of **SME definition** will be done. Then, the literature review will show that as soon as HRM practices are studied inside SME, a central actor appears: **the manager**. Consequently, a review of managers' typology will be done to better understand how SME works. The last part of the chapter will review HRM issues from an academic point of view. Of course this review will concentrate more on **recruitment**, that is why from the social-mix² we will focus on **employment and pay policies**

The second chapter describes the **methodology** used to validate (or not) four hypothesis deducted from the literature review, and of course relative to the initial question. In particular, its first section will explain why this research thesis can be interpreted as an **exploratory study**. The following sections describe how data are collected from several sources through **interviews**.

Finally, the third and last chapter presents **results**. This chapter follows the plan developed during the literature review, but also adds some specific sections, which emphasise relevant points or discussions. The four hypothesis introduced in the methodology chapter are validated (or not) all along the chapter. The last section, named "How attracting high-potential?", makes a full synthesis of the chapter and gives some recommendations.

As expected, a conclusion will end the report by a recall of main results. In particular, hypotheses, which have been written in the methodology chapter, are validated or not. Then, few recommendations are given to answer the initial question. Finally, few ideas are set for possible improvements of this study.

² The notion of social-mix (Mahé de Boislandelle, 1998) is explained in the chapter "literature review".

Literature Review

Regarding the initial question, *How attracting high potential executives into SMEs?*, several different parts seem interesting to study. Firstly, it is important to define what a **high-potential executive** is. Secondly, the question issues are placed in the SME context. We have to introduce this frame, including the **SME definition** but also the **SME manager profile** who will allow us to better understand some topics. The last part of this section will tackle the **recruitment practices** concern.

High Potential Executive Definition

Before regarding definition given by researchers, it is interesting to have a look at dictionaries (Makins, 1991; Rey, 2001; Sinclair, 1987; and <http://Dictionary.com>). Of course there is no problem to define “high”; hence we will focus on the term “potential”. We learn that noun “potential” comes from the Middle English **potencial**, from Old French **potenciel**, from Late Latin **potentialis** (that means powerful) and from Latin **potential** (that means power). Potential in the sense that interests us in this study is defined by Makins (1991) as “latent but unrealized ability or capacity”. The word **potenciel** appears in the 20th century with an appropriate definition: “capacité d’action, de production, de travail” (Rey, 2001). Sinclair (1987) sums up by “if someone has **potential**, they have an ability to succeed or to do something well, although this may not be happening yet”. From all these definitions, we can retain the notion of **capability**.

Outside dictionaries, several other definitions exist. Cope (1998) mentions two different definition in her article. The first one used by Westcoast Energy is the individual who “demonstrates a pattern of success in new and tough situations, leaves tracks in the sand, takes personal risk, and makes professional sacrifices”. The second one is very precise and concerns 3M employees; “At 3M, a high potential is an employee who consistently contributes at a significantly high level. Confidence exists that this individual will likely move into the next job band within the next three years”. Besides, Alldredge³ (& al 2003) adds a list of ten expectations for 3M’s High Potential Leaders (see Table 1). These expectations can be considered as qualities or competencies that HIPO must have or acquire.

³ Margaret Alldredge is responsible of the training program for High Potential Leaders inside 3M.

Expectations for 3M's Leaders	
➡	Stronger execution of strategy
➡	Consistent delivery of results
➡	Faster, more flexible organizations
➡	Greater sense of urgency
➡	Measurement and accountability for results
➡	Leverage of size, scale, and global presence
➡	Improved prioritization and resource allocation
➡	Early identification, development, and reward of leadership talent
➡	Operational discipline for profitable growth
➡	Clear and candid communication

Table 1 - Expectations for 3M's High Potential Leaders

Cummings and Oldham (1997) strongly insist on the main characteristic that a high-potential employee must have: the **creativity**. Talking about companies, “they must first hire people with the potential for creativity, and then they must structure their employees’ environment in order to bring out this creative potential”. The second part of the previous sentence is important because they show in their study that creativity capabilities in itself are not sufficient to produce more creative work. For Cummings and Oldham, to collect the quintessence of the creativity potential of an employee, you must give him/her a complex job to do. One definition of the High Potential Executive could be the one who has creative capabilities and is able to handle complex job.

In her research paper, Burke (1997) quotes a definition of “a high-potential employee (HIPO), someone who is characterized by a fast rate of lateral movement through various roles in the firm, a carefully monitored career, and an elite but usually secretive status. As future leaders of their firms, HIPOs move quickly into new positions, receive special coaching and mentoring, and are expected to deliver superior performance.” Beyond the accuracy of this definition, two questions could be opened; 1) Does all the definition seen previously adapted to our SME context?; 2) Which definition should we adopt?

Indeed many other research papers mention a definition of a HIPO, and it is clear that any consensus exists. In fact, it appears that only few common points are shared between all

the set of definitions. Nevertheless, one main characteristic of these studies is the company context where they have been done: ie. **big companies**. Unfortunately, the environment that interests us is on the other side: ie. **SMEs**. Furthermore, these studies concerns people who have already been hired in the company, which is not our concern. During my research, another fact disturbs me: the French literature does not treat the high-potential subject. Of course the word appears sometimes, but very rarely comparing to the American literature. Moreover, once again, when high-potential employees are mentioned in the French research studies, inevitably the environment is linked to big enterprises. So, the answer to the question 1) is NO, even if probably some characteristics are independent from the size of the company.

In fact, we cannot easily associate SME with high-potential employee because this kind of enterprise has not the capacity to address the uncertainty which is linked with HIPO – remember the dictionary definition of “potential” by Makins (1991): “latent but unrealized ability or capacity”. Among all characteristics used to define HIPO, one is generic, consensual and independent from the company size: the **competence**. “Beginning with competencies as its foundation (Cope 1998)” a HIPO will be able to deal with complex job (Cummings and Oldham 1997). In order to try to define a scope to our study, it seems interesting to suppress the uncertainty part associated to SME context. In that case, several words remain, competence or capability, and we can reduce the uncertainty by adding some proof, in other word the **experience**. To conclude this section and to answer the question 2) we can simply define the high-potential executive for SMEs as an **experienced executive**.

SME Definition

SME is a term often employed but it seems necessary to recall several definitions and/or perceptions. Sometimes authors are pessimistic, like Guilhon (1996) who reports about SMEs: “the heterogeneity of these enterprises and the reality of their functioning in the environment, put them continuously in a disequilibrium state and precariousness. They are more than others influenced by the environment, sometimes capable to adapt, but never in position to dominate. There is such a multiplicity of SMEs, that definition of SME does not exist...”

Indeed, the task is not easy to define “SME”, but seems needed, at least on a legal point of view. Besides, the European Commission argues in that sense on the website (http://europa.eu.int/comm/enterprise/enterprise_policy/sme_definition/): “Micro, small and medium-sized enterprises are socially and economically important, since they represent 99 % of all enterprises in the EU and provide around 65 million jobs and contribute to entrepreneurship and innovation. However, they face particular difficulties which the EU and national legislation try to redress by granting various advantages to SMEs. A legally secure and user-friendly definition is necessary in order to avoid distortions in the Single Market”. That is the way the European Commission defines “SME” on **quantitative criteria** in its recommendation 2003/361/EC. The following Table 2 sums up this definition. Moreover, the directive gives restrictions according to the typology of the enterprise: autonomous, partner or linked, and the capital owner(s).

Enterprise category	Headcount	Turnover	or	Balance sheet total
medium-sized	< 250	= € 50 million		= € 43 million
small	< 50	= € 10 million		= € 10 million
micro	< 10	= € 2 million		= € 2 million

Table 2 - SME definition from the European Commission (2003)

This definition has one merit, you can say without ambiguities if a company is inside or outside the scope. But this status is very static; what happens if the company turnover changes? What happens if a threshold is exceeded? Even, if a strict definition is important to control some economic policies in favor of SME, in our case, the executive recruitment process in SMEs, this is not required. Furthermore, definitions based on quantitative criteria can cause big confusions as Barrow (1993, p7) notes: “In Denmark, a small business is one under 49 employees, a medium one has 50-199 employees and a large business employs over 200 people. Denmark has only 400 firms that meet the large business definition; if it adopted the American definition⁴ they would have virtually no large business”.

⁴ In the American definition, a large business employs over 500 people.

Since a definition based only on quantitative criteria seems inappropriate, let us have a look at definitions based on **qualitative criteria**. As Bourcieu (2004) quotes in his thesis, several definitions exist based on market-share part, on management style or relative to the ownership. All these definitions are more or less pertinent, but as quantitative ones, none of them emerges.

The difficulty to define SME is confirmed by GREPME (1994, Introduction). This book draws up an exhaustive inventory of SME typology in more than 15 pages. But the joint publication concedes also that “according to the wanted perspective or the privileged discipline, typologies put the emphasis on one item or another one, on many items or only few of them, and will be more or less complex”.

After this review of definition, the Guilhon’s pessimism at the beginning of this section could be shared! Nevertheless, in the scope of our study, a clear and unambiguous definition could not be necessary. Therefore, a quantitative definition like the one from the European Commission with few constraints relaxation can be adopted. Of course the constraint relaxation must not affect the scope of the thesis, in other words the human resource management aspect. For instance, a small business which is a subsidiary of a non SME company⁵, has the same human resource problem as a true SME. In addition, we will see in the following sections that many research studies always consider enterprises which have more than 250 employees.

To continue this study, we will adopt the following classification:

- Very Small Enterprise (VSE < 10)
- Small Enterprise (10 = SE < 50)
- Medium Enterprise (50 = ME < 500)

SME manager profile

Why it is important to have a look at the profile of the person who manages a small business. Mainly because many studies tally on the influence of that person on the HR management practices. “L’homme fait l’entreprise”⁶ says Paradas (1998), explaining the very big influence that SME managers have both on the structure and on the functioning

⁵ In that case the small business can’t be considered as SME by the European Commission directive.

of their firms. As Mahé de Boislandelle (1998) shows page 47, whatever the kind of SME about 88% of CEO are implied in the recruitment process. This idea is reinforced by Bayad and Nebenhaus (1996) findings: “Some HRM tasks or concerns are frequently mentioned by SME managers. These concerns are tackled either on several enterprise functions angle ... or stated as HRM perspective”.

According to Julien and Marchesnay (1996) an entrepreneur can be classified in two distinct categories: the PIG and GAP approach⁷. The PIG side is link to patrimonial logic, “the entrepreneur looks for a capital accumulation, assets with usage or sale value. Therefore, he gives a priority to the **P**ermanence of his business. He wishes also preserved the capital **I**ndependence, refusing partners or external loans. Finally, the **G**rowth of the company is reactive, that means that growth is acceptable if it is not against the permanence and the capital independence”. The GAP side is link to entrepreneurship logic. “The entrepreneur favors activities with high **G**rowth, and probably risky (while PIG avoids risk). He looks for decision **A**utonomy but he is not interesting by capital independence problems... On the other hand he is not preoccupied about business permanence (he could easily change for another activity, except in case of tremendous success)”.

One advantage of the Julien and Marchesney characterization is its simplicity, and we will try to find in this study a link between this typology and some executive recruitment practices.

In his article, Duchéneau (Duchéneau 1997) shows that managers can be characterized statistically by several items. Many items are shared whatever the size of the company from the SE (Small Enterprise) to the BE (Big Enterprise). However some particularities are clearly shown by the study between managers from a small or a medium enterprise, as shown in the following Table 3.

⁶ This French sentence shall be translated as: “The man makes the enterprise”.

⁷ The PIG and GAP approach is a translation of the PIC and CAP acronyms used by Julien and Marchesney (1996) in their book. **PIC** is for *P*érennité, *I*ndépendance, *C*roissance – **CAP** is for *C*roissance, *A*utonomie, *P*érennité.

Differential characteristics between ME managers versus SE managers	
Status and Capital Holders	Further vice-president or CEO, less managers. Less creation and further buyout or inheritance (recruitment in case of VP)
Initial Education	Further graduates from highest levels
Cultural and Social Openness	On the whole more extended (daily reading, chamber of commerce fellows, associations, language usefulness)
Management modes	Hierarchical structure more expanded, further strategists and used to delegate, more open to advices, more aware of managerial competencies importance.
Motivations	Further concerned about exercise of the power.
Perspectives	Will to develop the company. Anticipation about environment changes.

Table 3 - Differential characteristics between ME versus SE managers (Duchéneaut 1997)

In the same article (Duchéneaut 1997), it is explained that main differences between managers from SE and ME are reinforced when we have a look at the main differences between ME managers and BE managers. In other words, these differences are linked to the size of the company (statistically speaking of course).

In Duchéneaut (1996) a mapping of SME managers is developed, and two groups appear: “solitary persons” and “village headmen”. Each group can be divided in three families as shown in the following table:

Group	family	Size		
Solitary persons	Craftsmen	22 %	66 %	100 %
	Medians	32 %		
	Eagles	12 %		
Village headmen	Electrons	14 %	34 %	
	Mediators	15 %		
	Strategists	5 %		

Table 4 - SME managers typology (Duchéneaut 1996)

This typology comes from a very comprehensive statistical study taken into account many criteria. To obtain his mapping, Duchéneau uses two levels of criteria. The first level applied to all the manager population can characterize the group; the second level can distinguish the family. The following Table 5 shows which criteria have been taken into account to characterize a family. However, it does not mean that values are the same; for instance the first criterion “Time spent during meeting and contacts” is low for “solitary persons”, but high for “village headmen”.

Criteria		Craftsmen	Medians	Eagles	Electrons	Mediators	Strategists
First level	Time spent during meeting and contacts	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Technical skill level	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Managerial skill level	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Possible absence period > 1 week	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Meeting with employees	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Size considered insufficient	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Wish a high growth	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	High level education	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Company size	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Second level	Precise management of time	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Commercial skill	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Financial skill	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	High or very-high delegation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Lead	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Listen to	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Order	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Motivated by social status	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Motivated by compensation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Motivated by power	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Table 5 - Criteria to characterize managers (adapted from Duchéneau 1996)

Compiling a huge amount of data, Duchéneaut represents the manager's typology on a two axes map (see Figure 1).

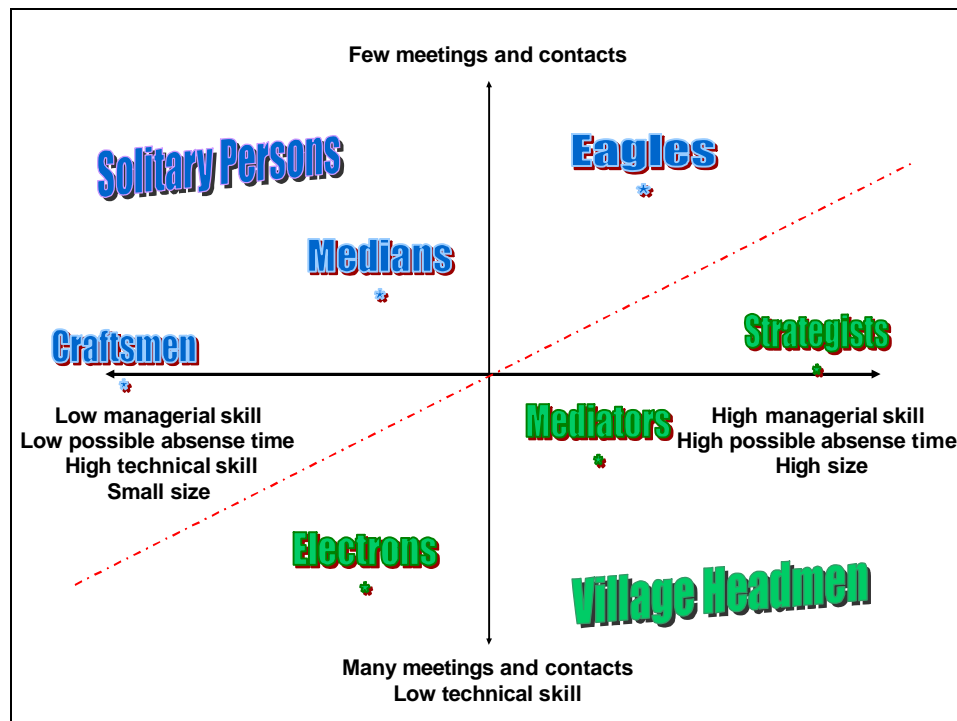


Figure 1 - SME managers mapping (Duchéneaut 1996)

An interesting question is to know if the recruitment practices are influenced by the manager characteristics. In other word, in our context of high potential executive recruitment into SME, can we find correlation between managers' typology and enrollment opportunities? Before trying to answer, let us describe more accurately the Duchéneaut typology.

Solitary Persons Group

This group is larger and represents two-third of the managers. The main characteristic of this group is the small amount of time dedicated to contacts, meetings and interviews (one-third of a day). Managers from this group are on average on other criteria, but with great discrepancies between families.

“Craftsmen” family

Managers for smallest company, they are surrounded with a tiny team, and they present the weakest score on delegation criterion. They have some difficulties to manage their time and they have the feeling to cannot leave the company for a long period. They are above the average on technical skill but below other managers on other domains, in particular on management skill.

Motivations about social status and compensation are under other managers, but they expect the same independence. Education level is clearly under the average. Another interesting characteristic is that very few Craftsmen wish to develop strongly their business if they have the possibility.

“Medians” family

This family is the biggest one, with roughly one-third of the SME managers. The name of the family is link to the fact that a “Medians” manager represents the spitting image of SME director. Except for the time spent on meeting and with contacts (the main discriminator of the Solitary Persons Group), all other criteria are close to the average of the overall population. We can also notice that education level is below the average but not so far.

“Eagles” family

Managers for SME bigger than average, they present the strongest score on delegation criterion. Their education level is very high. Eagles have the best score on time management. They are above the average on management and financial skills but below on technical skill. Compensation but also power are two important criteria that motivate this kind of managers. Another interesting characteristic is that many managers from this family wish to develop strongly their business if they have the possibility.

“Obviously, these managers are organizers, confident in their skills, using a large delegation, and a management like an “eagle flight” (taking distance and observing) that implies fewer meetings or contacts. Their solitude is organized”.

Village Headmen Group

This group represents one-third of the overall managers. The main characteristic of this group is the big amount of time dedicated to contacts, meetings and interviews (three-quarter of a day).

“Electrons” family

Like Craftsmen, Electrons are below average on self-organization. They consider their skill (technical, financial, and management) clearly under other managers’ families, except for the commercial skill. From the six families, Electrons are the less educated. They are less interesting in Power than others, and as craftsmen very few of Electrons wish to develop strongly their business if they have the possibility.

As Duchéneaut notes “this group is very specific, with managers who give the impression to be always in touch with colleagues or clients, counting on relationship, without formal skills. They move around their interlocutors like electrons around the nucleus, or like butterfly flitting from flower to flower”.

“Mediators” family

Like Medians, Mediators are around the average on many criteria. Nevertheless three criteria differ: they are in the village headmen group because they spend three-quarter of the day with colleagues or contacts; the level of education is significantly higher than the average, and their management style is in favor of a large delegation.

“Strategists” family

On the opposite of the Craftsmen, “Strategists” family is also very well-drawn. This family is the smallest one, but Strategists manage the biggest SMEs. They are well organized and spend lot of time in meetings. The education level is the highest, and probably it explains they do not suffer from a lack of skill. They find motivation in power and compensation. Finally, 91% of them want to develop strongly their company.

Recruitment Practices

Importance of recruitment inside HRM function

Very often Human Resource Management (HRM) is not considered by SME managers as a priority. In the goal of developing a hierarchy of enterprise functions, Mahé de Boislandelle (1988) builds a classification thanks to opinions given by SME managers about priority activities for their enterprise. Human Resources Function comes at the fourth rank with 4% of opinion⁸. Perhaps this ranking explains that HRM is more studied in BE than in SME.

In the context of SME, we have seen that HRM is not really studied in an academic approach, nevertheless pragmatic books are available. In this poor environment, recruitment practices inside SME are just a part of HRM, and cannot be considered as a well know discipline.

In their study, Bayad and Nebenhaus (1996) show clearly a gap between concerns of SME managers about the recruitment. On their sampling, it goes from 10% to 100%, depending on the class of managers as shown by the following table:

Concerns in %	Class 1	Class 2	Class 3	Class 4	Class 5
Recruiting	100	73,6	15,3	30,8	10

Table 6 - SME Managers concerns (according to Bayad and Nebenhaus (1996))

It is interesting to understand what are differences between the two first classes and the three others. It exists only one characteristic that opposes class 1 and 2 against 3, 4 and 5: the existence of a **written organization chart**; this kind of chart exist only in class 1 and 2 enterprise. Other characteristics can explain differences shown in the Table 6, but they show differences between class 1,2 and 4,5 (class 3 seems not impacted):

- The **size of the company**. For class 1, 54% have more than 100 employees, and the size is between 50 and 99 for 31%. For class 2 we have respectively 36% and 32%. On the other side, 44% of class 4 have between 10 and 49 employees. This value is 37% for class 5, and 32% of class 5 have less than 9 employees.

⁸ In the decreasing order, the functions are ranked as following : Commercial (42,47%) ; Manufacturing and techniques (38,36%) ; Financial (6,85%) ; Human Resources (4,09%)

- The **delegation of HRM**. In many case, managers from class 1 and 2 can “sub-contract” some HRM tasks to colleagues (VP, financial director, etc.). But this is extremely unusual for class 4 and 5 managers.
- The **planning outlook**. Only 14% of class 5 managers (respectively 32% of class 4 managers) have a planning outlook for their business over one year. In the case of class 1 and 2, this percentage is 60%.

Nevertheless, if recruitment reveals differences between classes, other concerns are more homogeneous. And for some of them, it exists a real link with recruitment. It is the case for example of the “appropriateness between needs and human resources” or “compensation and wages”.

Mahé de Boislandelle (1998) confirms the previous study and shows that main HRM difficulties can be found in the three following items⁹:

- **Recruitment problems**; finding the good employee
- **Employee qualification**; shortcoming or inappropriateness
- **Motivation, ambition, willpower**

The social-mix

The social-mix is a concept developed by Mahé de Boislandelle (1998). Like the marketing-mix helps to define a complete marketing policy using several axes¹⁰, the social-mix helps to define the HRM policy using four complementary axes:

- **Employment policy**. Decisions on this axe treat about recruitment, lay-offs, employee turnover, employee ageing, etc.
- **Pay policy**. This axe concerns wages and compensation, but also incentives, rules, calendar, fringe benefits, etc.
- **Development policy**. Here we can find the training policy, the flexible working time, the employee assessment, etc.

⁹ Mahé de Boislandelle, 1998 - page 53 – Table 13

¹⁰ A definition of the marketing-mix is given by Kotler and Armstrong as “the set of controllable tactical marketing tools “4Ps” that the firm blends to produce the response it wants in the target market”. The “4Ps” corresponds to **P**roduct, **P**rice, **P**lace, and **P**romotion. (Kotler Philip, Armstrong Gary, 2001, “Principles of Marketing - 9th edition”; Prentice Hall, Upper Saddle River; ISBN 0 13 028329 0)

- **Participation policy.** The internal communication is part of this axe, and we can find also collaborative groups for progress or quality, etc.

Furthermore, Mahé de Boislandelle explains that all HRM decisions come from these axes and have results on seven axes: the four we described and three others, which are the social climate, the social image and the economic performance.

If we make a focus on our problematic, recruitment of experienced executives, the four axes are not at the same level. Without going further in details, it is obvious that the axe **Employment** is more important than the axe **Participation**. That is why an important part will be developed in the continuation and in the result section on the two first: employment and pay.

Employment policy

Concerning the employment policy, Mahé de Boislandelle (1998) reveals that managers mix up the function and the person. In many case this confusion is due to a lack of formal organization in the company. Therefore one particularity of SME compared to BE is that HRM can be qualified as **human being management** rather than **function management**.

The employment policy inside PME is characterized by a huge diversity of practices: often informal, intuitive and not much planned (GREPME 1994, Chapter 10). The **organization chart** is one of the major tool used in the HR planning, and about 30 to 40% of SMEs have a functional organization chart, and the percentage is proportional to the size of the company.

Among several activities link to the employment policy, one seems important in our case: the **job description**. Mahé de Boislandelle (1998, p 137) warns us that this good practice is not really used by SMEs because they fear that job description implies rigidity and does not favor flexibility, a great advantage of SMEs. GREPME (1994) confirms the importance of the job description, which is “often the unique activity observed inside SME as an employment policy practice”. Here again, statistical studies show a direct relation between this practice and the size of the company.

An important part of the employment policy concerns the **recruitment**, and it is also the core question of this thesis. As said previously, whatever the kind of SME about 88% of CEO are implied in the recruitment process (Mahé de Boislandelle (1998, p47)).

GREPME (1994) confirms the importance of the manager, but gives some nuances, explaining that delegation of this function appears when the company size grows. In their book devoted to recruitment practices for SME, D'Aboville and Bernie (1991), describe the recruitment process in several sequential activities: preparation, announcement, selection, and conclusion. As for GREPME (1994), the process is divided in three parts: recruitment, selection, and welcome. Whatever the source, the scope of the recruitment seems clearly defined and coherent, even if formalization is seldom the rule. When we have a look at the Table 7, we can note that all recruitment sources are used. Obviously, this multiplicity of practices informs us that none of them seems better than another.

By categories of organization size	VSE	SE	ME	BE
Recommendation of employee	40 to 75%	45 to 75%	50 to 75%	30 to 55%
Unsolicited application	35 to 60%	45 to 65%	50 to 65%	75 to 80%
Newspaper advertisement	25 to 50%	30 to 60%	50 to 65%	70%
Transfer or promotion	-	-	35 to 50%	-
Former employees	-	-	30 to 45%	-
Government job center	20 to 40%	20 to 35%	25 to 50%	25 to 40%
Teaching institutions	15 to 20%	20 to 25%	20 to 35%	30 to 45%
Private job agencies	10 to 20%	15 to 25%	25 to 30%	30%

Table 7 - Recruitment sources used in SME (from GREPME 1994)

Does a method more adapted to experienced executives recruitment? Unfortunately, there is no answer in current research studies. So we will see in the result chapter, if we can go further...

Pay policy

The pay policy is defined by Mahé de Boislandelle (1998, p175) as “the set of monetary or fringe benefits given to employee in exchange of his/her work or his/her enterprise membership”. To represent this notion Donnadiou (1993) gives a clear figure showing the “pay policy pyramid” (see Figure 2). This exhaustive description concerns the France, but

is easily adapted to other countries or cultures. This pyramid defines the “global pay” and shows many items where a company can act to define its pay policy.

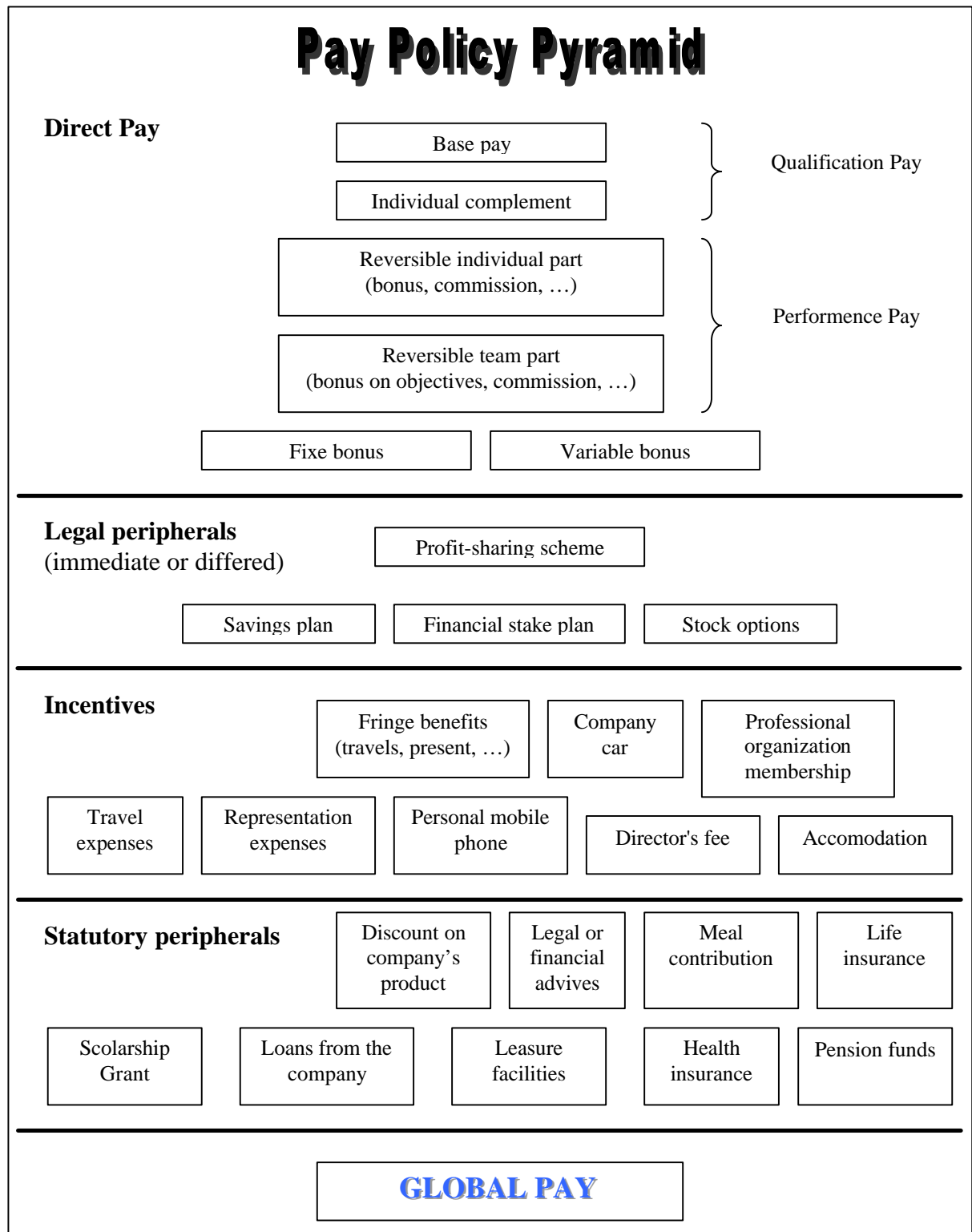


Figure 2 - Pay Policy Pyramid (from Donnadiou - 1993)

Amadiou (1995) takes up this idea of global pay and adds that in crisis period some of these items can be used to give some advantages to the company.

Moreover, in his book, Amadiou (1995) explains differences on two different approaches to remunerate employees. In one side, you can remunerate the **rank** or the potential; in the other side you can remunerate the **competency**. “In France or USA, ranks logics are more often used for white-collars employment than blue-collars and it is a sign of their valorization”. The rank is frequently linked to the degree obtained during education and/or the position taken in the company. It exists a strong correlation between the rank and the salary. Therefore, the carrier development is scheduled even if some performance modulation can appear. In that case, one is not paid for a particular service but because one could be useful for the company. Different methods use the ranks logics, like the Hay method or Parodi method¹¹. The competency logics seem more and more used for all employees from executives to workers. Other criteria emerge like autonomy, technical nature or relationship behavior.

Both Donnadiou (1993) and Amadiou (1995) observe an evolution of the practice towards the performance assessment. This pay method can fulfill a need of recognition of the work done for the company. More precisely, Donnadiou shows a parallel between the pay policy items and the Maslow’s pyramid levels. That could explain why it is interesting to associate the salary with the performance. But Donnadiou also shows some limitation of this explanation and he prefers to use the “expectation theory”¹² to explain the interest of the pay based on performances.

However, items raised previously are not really specific to SMEs. On the contrary, paying an employee according to his/her rank seems easiest in a big enterprise. So, in a goal of linking pay policy with French SME practices, Brillet (2000) gives us many interesting points. Actually, in his study Brillet shows that links exist between the size of company and pay mechanisms. Thanks to a preliminary study, three “new” techniques on wages stand out: pay individualization, profit shares, and shareholding of employees. Except for

¹¹ see Amadiou for details.

¹² Donnadiou refers to: Porter L.W., Lawler E.E. ; 1968 ; *Managerial attitudes and performance* ; Dorsey Press; Homewood. Another interesting book explaining different theories on motivation is: Lévy-Leboyer Claude; 2001; *La motivation dans l'entreprise – Modèles et strategies – 2ième édition*; Editions d'Organisation, Paris; ISBN 2 7081 2532 X

the individualization, the study shows a clear correlation between the company size and the pay practices used.

Moreover, the study tries to find other characteristics than size to explain differences between companies about pay policy. Two other characteristics are studied: the age and the activity domain¹³ of the company. As result, Brillet finds that age of the company does not have significant influence on pay practices, but the activity domain has.

In his conclusion, Brillet (2000) suggests that an interesting variable is missing in his study: the manager profile. In that sense, it confirms our literature review which shows the great importance of the manager on his company management.

¹³ By activity domain, Brillet understands if the company is private, public or nationalized, or an administration.

Methodology

Exploratory study

During the Literature Review several points have been recalled, discussed or opened. Our goal is now to link these points together, but always staying in our main scope, the recruitment of executives inside SMEs. At this stage, it is important to recall that our study is neither a statistical review nor a quantitative one. As we have seen previously, Human Resource Management is a domain relatively not much studied in SME context, and very often studies can be controversial (Fabi & Garand – 1994). Moreover, the restriction to *the recruitment of experienced executives*, still reduces the scope. What seems important at this stage is to find out some big tendencies.

Furthermore, this study is part of an MBA programme, and is done in short period of time (4 months) including the summer period. Therefore, this work cannot be too ambitious in term of results, and we can qualify it as an **exploratory research study**. Our goal is not to give the truth (if it exists!), but to explore different subjects, which can be attached to our frame.

To do that, we will follow a methodology based on two points. First, a list of hypothesis or key question is drawn. Second, with the help of some interviews, we will be able to confirm or infirm these points, and/or to add new issues to the scope. Due to exploratory frame, a semi-directive approach seems well adapted for interviews. All interviews have been recorded to keep as many nuances as possible. However, interviews have not been retranscribed, so any semantic analysis has been done.

List of Hypothesis – Key question

Several hypothesis or key questions are listed below under a same nomenclature¹⁴.

H1 – In term of recruitment or applicant selection, the SME manager is very influent, as the literature review shows us.

¹⁴ Whatever hypothesis or question, the nomenclature is a “H” followed by a number. Note that there is no sense associated to the number! Say it in other way, there is no classification of hypothesis or questions.

H2 - There is a place for experienced executives in SME whatever the size of the company.

H3 – Some recruitment practices gives better result to find experienced employees.

H4 – Attracting experienced executives is difficult because financial resources are limited in SMEs.

Which population is interviewed?

At the very beginning of this research study, our choice was to make interviews with three kinds of actors: SME managers, executives recently hired, and recruitment agencies. During the study, a new category appears; others, including one interim agencies and one employers association. Due to time allowed, about ten interviews seems a good objective to obtain significant data.

In order to be as precise as possible, it is important to note that all interviews concerns persons and companies based in Nantes¹⁵ area or its suburbs. All interviews have been done in French, and quotations given in the result section have been translated by the author with a great attention, but obviously with his own sensitivity. It is also important to note that persons who participate to this study are not close to the author, in order to not influence interviews.

SME managers

As the literature review shows, the importance of the manager is crucial in the SME human resource management; that is why we favor this population for our interviews. Due to the fact that this research is exploratory, we do not try to limit to a specific sector. To find volunteers, the author's network was activated, as well as the CJD¹⁶.

Four interviews were conducted, from VSE to ME. Nevertheless, due to small group and also to the selection mode, it is difficult to consider the sample as representative.

¹⁵ For those who are not familiar with the France geography, Nantes (and its suburbs) is the seventh French towns in term of inhabitants. Roughly at 350 km of Paris in the West, and with economics figures rather better than French average.

¹⁶ CJD (Centre des Jeunes Dirigeants [Young Managers Center]) is an association which tries to promote new ideas in term of enterprise management. Currently, it is composed with 2300 enterprise young managers all over the France. (www.cjd.fr)

Furthermore, managers who accept to be interviewed are perhaps in one approach of openness that others do not have. In other words, the author tries to interview managers who companies are known as difficult to enter, but without real success!

Executives recently hired

Like managers, it is important to interview executives, recently hired, to give some light on hypothesis or key points. As previously, three executives were “enrolled” for interviews through the author’s network.

Three positions are represented; financial director, human resource director, and marketing and communication responsible in two different industries: Textile and electronic equipment.

Recruitment agencies

In Nantes area, none of recruitment agencies are only focusing on SME market. Moreover none of them are focusing on high-potential or experienced executive recruitment. Therefore, all recruitment agencies are potential candidate for interviews, because more or less, all of them had treated this kind of stuff. To oppose different point of view or process, two agencies have been interviewed.

Others

- Selecting interim agencies is not so difficult because outside Paris, only few of them can offer regular services to executives. Consequently, our choice was to contact responsible from one of them.
- Only few Employers Association (EA), are present in the Nantes countryside, our choice was to contact one which is multi-sectoral (which not works for a unique industry).

Questionnaire

As explained in the beginning of this chapter, interviews were leaded in a semi-directive way. That means that sometimes questions have not been asked because the subject had been already treated by a previous one, or because the question was irrelevant in the context. Furthermore, due to the short period allowed to this research study and also to the summer holidays period, some interviews have been done from the beginning, before the end of the literature review. That are several reasons explaining that questionnaire evolves during the study.

Two different questionnaires have been developed, one for managers or executives, the other for recruitment or interim agencies. These questionnaires are shown in appendixes. These questionnaires have been written according to literature review. For instance, some questions allow determining managers' characteristics according to typologies described previously.

Results

This chapter is based on 13 hours of interviews realized with 11 persons. For confidentiality reasons, no name is given. 7 interviews concern 6 companies (C1 to C6¹⁷) and 4 interviews concern agencies (A1 to A4).

About definitions

We have seen during the literature review that “high potential” term is not really relevant and “experienced executive” is preferred. We take advantages of some interviews to test if this assumption is valid or not. In a general way, **interviewees are not comfortable** with the “high potential” term, mainly when interviewees are not “recruitment” professionals. Among those who try to define “high potential”, we can quote these two:

- “A high potential is a person who has a degree, but validated by a practical experience.”
- “High potential concerns further young graduate, however in big groups. Big groups have an internal career management that allows an early identification of these potentials, and then they can adapt their development. That is not the case inside SMEs, where a high potential will be an experienced employee”.

Without entering in a long debate, we can admit that our assumption is fully valid in our scope context, and the term “experienced executive” will be used in the study.

Before presenting some results, it is also interesting to deliver a SME definition given by one manager. “A SME is an enterprise which has a functioning of proximity. In other words, the manager’s proximity can play a role on different daily components. Firstly, colleagues proximity, ..., after that clients proximity, and then operational functioning proximity”. This definition, far from the European Commission one (2003/361/EC), shows us that SME can be comprehend in a broader sense. Besides, we can also note that “official” definition is not really known, even if their common senses associate always the SME to its size, rarely interviewees mention the capital independence. **The SME definition we have adopted during the literature review is not called into question** after interviews.

¹⁷ Two employees have been interviewed in company C2.

Role of the manager

During the literature review the importance of the manager in term of human resource practices has been highlighted. Following all interviews done during this work we can confirm that SME manager is a key person in term of recruitment. In fact **all interviewees**, without exception, **mention the manager** as the “factor” the **most influent** on the human resource policy. If we have a look at figures given by Fabi & Garand (1994); when a HR director is present in the company, he/she is responsible for 45% of the recruitment process and the manager takes only 15% of this responsibility. Without HR director, the manager is responsible for 55% of the process; that implies that the manager holds also the HR director function.

Among companies interviewed, only two of them have a HR director, and it is not surprising to find the two biggest companies (more than 400 employees each). Probably, the appearance of HR director is linked to the growth and the need of non-qualified resources. It is important to note that both companies are in industrial sector and executives represent 12 to 15% of the workforce. An interesting fact about these two firms is the involvement of the manager in the recruitment process when the applicant is an experienced executive. In the specific context of experienced executives, figures from Fabi & Garand (1994) are almost certainly under evaluated, and one can affirm that SME manager is omnipresent.

We can answer without hesitation our first question **H1: In term of recruitment or applicant selection, the influence of the SME manager is important.**

Managers typology relevance

We have seen several families of managers in previous section, and it is interesting to find correlation between the typology and some recruitment practices. Firstly we will try to classify managers of our sample in the Duchéneaut's typology. This exercise is difficult for different reasons: 1) the Duchéneaut (1996) methodology is not fully handled; 2) Only few criteria (see Table 5) of the typology have been used; 3) The goal of interviews was not to define accurately in which family the manager is; 4) Sometimes the manager was not directly interviewed, and in that case the classification is based on the vision of one colleague.

The following table shows us characteristics for the six company's managers:

Criteria	C1*	C2*	C3**	C4	C5	C6
Education	self-educated	Master Degree	Master Degree	Master Degree	Master Degree	self-educated
Competencies	Technical	Managmt Strategy	Commercial Problem solve skill	Commercial Finance	Commercial Management Finance	Management
Time spent during meetings	?	Low	?	10% internal >50% ext.	70% int. 30% ext.	More than 60%
Possible absence period	?	Yes	?	It depends on period.	Yes	Yes
Meeting with employees	?	Yes	?	Not yet due to the size.	Yes	Yes sometimes
* manager from company C1 and C2 have not been directly interviewed						
** Data are not fully available because this interview was the first one and at that time the questionnaire does not include all questions.						

Table 8 – Manager's characteristics

With many precautions, we will try to use these main characteristics to define for each manager his family. Some data are missing, but we can consider the manager of the company C1 in between Craftsmen and Electrons family. The C2's manager can be put in the Eagles family. Data are insufficient for C3 to dare to put the manager in one family. However, we can say that C3's manager is not a craftsman. Manager from C4 could be either in Electrons or Mediators family. C5's manager possesses many characteristics of the Mediators family. As the C4's manager, manager from C6 could be either in Electrons or Mediators family.

Now this characterization is done, we can note an important thing. **The sample of managers we have is far from a representative one.** In fact, none of them are in Medians family, which is one third of all SME managers. Furthermore, Village Headmen are more numerous than Solitary Persons in our sample, and it is the contrary in the research study (Duchéneau 1996).

Our initial goal was to find correlation between recruitment practices and manager's family. In fact, that is not really possible, because except for C4 and C6 all managers are

in different categories. Nevertheless, we can use the fact that C4 and C6 manager seem similar, and verify if they use the same recruitment practices. The answer is NO. In practice, C4 uses exclusively announcement on the web, and C6 uses only recruitment agencies. However, we can explain this difference by the stage where companies are: C4 is a VSE created in 2001, and C6 is a ME created since many years.

Regarding few difficulties to use the Duchéneaut typology, we can have a look at a simplest one the PIG and GAP approach discussed during the literature review (Julien and Marchesnay 1996). Here again, there is no evidence on which side managers from our sample are. In fact, all of them put Permanence in first rank. A first interpretation favors a positioning on PIG family. In the other hand, many of managers put in the second place the Growth for their company or admit to not be a risk avoider. Table 9 shows us for each manager interviewed, the rank he gives on PIG and GAP criteria.

	C3	C4	C5	C6
Autonomy		3	NI	4
Growth	NG	2	2	2
Independence	2	4	NI	3
Permanence	1	1	1	1
NI : Not important				
NG : Not a Goal in itself				

Table 9 - PIG and GAP approach applied to our sample of managers

According to the previous table, only one manager is clearly in PIG category: C3. But if we analyze the complete discussion we have with this manager, we cannot find a main characteristic of this family. In fact, PIG entrepreneur are risk avoider, but C3's manager is largely above the average on that point! Along another line, the growth criteria can be biased because as two managers (out of four) quote "it is always easiest to drive in a growth context". Moreover, the company size influences the answer; not surprisingly manager from VSE (C4) gives importance to the Growth.

Here again, it is difficult to classify managers without ambiguities. At this stage, studied manager typologies do not prove their usefulness in our executive recruitment context. Nevertheless, as recalled in the chapter "Methodology", this study is explorative, that

means that other deeper study shall be done to give more results. To be more precise, even if we are not able to show correlation between manager profile and recruitment practice, it does not mean that correlation cannot exist!

Education level

In the previous section, it was shown that it is hard to find relevant managers' typology. Nevertheless one observed characteristic gives information on the manager attitude facing executive recruitment. Among the six managers, two of them have an initial education level under the baccalaureate¹⁸. From their company, executive proportion is about 7%, where others are between 12% and 15% (VSE is excluded, because the figure is not relevant due to its size) (see Table 10).

Criteria	C1	C2	C3	C4	C5	C6
Education	self-educated	Master Degree	Master Degree	Master Degree	Master Degree	self-educated
Executive proportion	7 %	12 %	14 %	(> 40%) NR	15 %	< 7 %
NR : Not Relevant						

Table 10 – Executive proportion

Roughly, figures show us that educational level of the manager can double the number of executive employees. Before validating this hypothesis, it is interesting to search other explanations about this fact. The first idea to explain this difference is to have a look at business context of these companies. Perhaps C1 and C6 are manufacturing companies and other are in services. The answer is **no**, except C4 that is strictly on a service side, all others are industrial manufacturing companies. Furthermore, C1 is both on manufacturing and services, and its added value is more on services. So the business context is far to be a good criterion to explain these gap between executive ratio in companies. We will use our interviews to have a better understanding.

¹⁸ Baccalaureate is the French school leaving certificate taken at 18 years old.

Unfortunately, the manager from C1 had not been interviewed, but the executive from the company who had been interviewed gives us some clues. Before he was recruited in C1, he worked since several years at an executive position in two different firms. When he joined C1, he had to accept first to loose his executive position, which he retrieved two years later, after he demonstrates his capabilities! From the same employee, a lack of executives in certain domain of the company is evidence, and probably it is a result of manager's fear.

Interview from C6's manager reinforces this fear explanation. From his terms, "the more I move forward, the less I have this apprehension of efficient graduate, those who could take my position". He says also his apprehension has decreased as he climbed along the hierarchy. We can also notice, that even if the C6's manager considers himself as a self-educated, he follows many trainings, during the last 20 years, to fill in the education-gap.

To conclude this section, without strict affirmation, we have shown **some evidences between the educational level of SMEs manager and the number of executives employed** in their company.

What are missing competencies in SME

One subject of the questionnaire is about the missing competencies. This question has been asked to all interviewees; managers, employees and also different agencies. They have to pick-up one out of five choices: Technical; Commercial; Human management; Finance; Other (to precise). Answers have been sum-up in Table 11. A clear distinction exists between companies and agencies perceptions. From agencies perspective, a consensus is present about a lack of general management in SMEs. We can explain by the external view, and the distance agencies have on SME functioning. In other side, managers or employees answer with the current missing competence in short term view. They have some difficulties to take distance, and to think in term of strategy in a mid-term. That is why we have Not Applicable answer on this side.

C1	C2	C3	C4	C5	C6	A1	A2	A3	A4
HRM	NA	NA	PM	NA	L	GM	GM	GM	GM
HRM : Human Resource Management GM : General Management L : Logistic NA : Not Applicable or not answered PM : Project Management									

Table 11 – Missing competencies

Nevertheless, we can see a common characteristic in all answers; the missing competence concerns always an experienced executive. This fact validates partially our second hypothesis H2: **There is a place for experienced executives in SME**. The second part of H2 looks for a generalization of the hypothesis whatever the size of the SME. In our sample, **the hypothesis is confirmed for all sizes**, including the VSE case.

The VSE case is interesting, because probably the less evident. For financial reasons, VSE manager (from C4) hired only young graduates at the start-up of his company, but now he has some regrets for two main reasons:

- Firstly, “young graduates are not autonomous and are not aware about company interests when they have to make choice. It costs a lot to drive”.
- Secondly, with young graduate he thinks the employee turnover increases.

To compensate these drawbacks, the last recruitment C4’s manager have been done concerns an executive, who is about 30, and is sufficiently experienced to drive younger employees. Moreover, future expected recruitment will concern experienced project manager. “The main difficulty is to balance experience and wages I can offer. The crisis period in computer science domain is perhaps an opportunity to find this kind of profile” affirms the manager.

We cannot affirm that our sample is representative of the global SME market, but we have shown some evidence of the experienced executive need for these enterprises. We can affirm the H2 hypothesis is verified: **There is a place for experienced executives in SME whatever the size of the company.**

Employment policy

After first results linked to SME managers, it is now time to present results on Human Resources practices inside SMEs. In the section “The social-mix” of the literature review, we have seen that management of human resources can be split into four parts: employment policy, pay policy, development policy, and participation policy. We have also seen that the two firsts are more important in our executive recruitment problematic.

During interviews we have seen that several aspects of the employment policy are ignored inside our SME sample; for instance *human resources plan* is either unknown or not applied. That is why we will focus on two items: **recruitment** and **selection**. However, other points, like welcome or training, have been tackled during interviews to have a better understanding of SME functioning.

Importance of recruitment for our sample

Obviously, if we ask directly if recruitment is important for SME business, the answer will be: “Yes, of course”. Let us remember some points treated during the literature review. In the section “Importance of recruitment inside HRM function” we have seen that concerns of managers about recruitment were not homogeneous. According to Bayad and Nebenhaus (1996) some criteria reveal the nature of the manager, so how is our sample?

- A question was asked about the existence of a formalized organization chart. Except for company C4, a chart exists; Managers from C4 explains us that a chart is not necessary due to the small size of the firm. One particularity, in C3, a chart exists but is not available externally.
- Only C2 and C5, the two biggest companies, have a person in charge of HR management; that shows a clear delegation from the manager. In other case, conversation with managers or employees shows that delegation to middle management can exit case by case. For instance, recruitment of low qualified employee is often or always delegate; job description definition is also delegate (when it exists).

- No question has been asked about the manager's planning outlook. Nevertheless, spontaneously few managers talk about the subject (C3, C5) showing us at least a mid-term plan for their business.

We are not in position to be affirmative, but the trend shows us that at least C2, C3, C5 and C6 have managers who give importance to recruitment. It does not mean that recruitment is not important for C1 and C4, it is just less evident. In fact, manager from C1 has not been directly interviewed; and C4 was overbooked by daily task linked to the starting-up of his company, then recruitment policy goes after other basic considerations!

Experience is a key factor

Except for C1, C2 and C3¹⁹, a question was asked to all interviewees. Could you classify in importance order the five following items concerning executive's recruitment (see Table 12 for results): diploma, technical competency, experience, behavior, adaptability?

Criteria	C4	C5	C6	A1	A2	A3	A4
Diploma		4	NI	4	5	4	3
Technical competence		3	1	2	2	1	2
Experience	1	2		1	1		
Behavior	3	1	2	3	3	2	1
Adaptability	2		3			3	
Other							
NI : Not Important							

Table 12 – What is important when recruiting executives?

As different interviewees said, technical competence is link to experience, and adaptability is part of the behavior.

All interlocutors put the diploma at the last place. Some of them because they consider that diploma are important for young graduate only: “when there is no evidence of experience, diploma gives you information on capabilities”. Other one, a recruiter, says us that generally speaking, SME does not look for people with degree. Nevertheless a

¹⁹ C1, C2 and C3 have been interviewed before the question was included in the questionnaire.

manager informs us that “diploma is a good indicator about tenacity of a person”, even if he ranks the item at the last place.

Two interviewees put behavior in the first place. The first one explains his choice by his function inside his agency where he has to assess behavior of applicant! The second one, a manager, says “recruitment is 80% on human factor and 20% on technical, even if you want to recruit a technical executive”. This distribution is probably not shared by all, but the behavior is important as underline its second place. The main difficulty with behavior is the way to assess it.

All but two put the experience at the first place. This plebiscite reinforces our H2 hypothesis. **Experience is a key factor**. Nevertheless, the frontier between the first and the second place is not so large. As an interviewee from recruitment agency says us: “when we have a mission, our job is to find a person with the required experience and a behavior compatible with the company practices”.

In fact, experience is easier to assess than behavior. Furthermore one can improve his experience by doing or by training; it is probably more difficult to improve the behavior. Besides, many interviewees underline the importance of first impressions during the selection. During selection interviews, the quality of human contacts is the criterion that makes the difference, more than experience.

Recruitment methods

Our third hypothesis H3 is: **some recruitment practices gives better result to find experienced employees**. We use our sample of interviewees, and ask some of them about their opinion on H3. Anybody has an answer, but all are interesting if an answer exists!

So, in fact, all interviewees have their current recruitment methods, sometimes these methods have been adopted because problems occur with other practices. From the company point of view methods are rarely formalized and previous process are often used again until a problem occurs or someone introduces a new practice. From the recruitment agencies point of view, fortunately formalization exists, and two ways exist to attract applicants: announcement and head hunting.

So, as we have seen during the literature review in the Table 7, eight sources exist to find applicant. If we tally this table with stories given by our interviewees, we can confirm

roughly the figures. Without entering into details or exhaustiveness, many methods have been used.

- C3 for instance does not want to use recruitment agencies. They recruit only through network and unsolicited application. Until now, they never encounter a problem of shortage.
- In the contrary, for executives' recruitment C2 uses always one agency. Even if an applicant comes from the network or an unsolicited application. C6 has the same approach but works with three different agencies.
- C1 uses announcement through the Internet, and never uses recruitment agencies.
- All companies have already recruited employees through their network. Only one manager, from C5, expresses some reluctance about recruitment using network. In the C5 case when an applicant comes from network, he/she has not advantages, and he/she is forwarded to the agency.
- Recruitment after internship is current and used more or less by all SMEs interviewed. In the contrary, the same SMEs do not use Interim for executive. Nevertheless, A3, an interim agency, informs us that about 90% of their executive's missions are in fact pre-recruitment.

Table 7 does not inform us if one practice is more efficient than another. Furthermore, practices review of our sample seems not inform us anymore! However, if we analyze more deeply all data we have, we can affirm that some practices are more efficient. Let us demonstrate this assumption, practically and with two different points of view: from the company side, and from the applicant side.

Applicant side

Note that in our study case, applicant means an experienced executive. Statistically speaking, one applicant has to use methods which are more employed. Regarding Table 7, he cannot ignore results given by a network approach. For instance, before applying in a non-solicited manner, he has to select companies with the help of his network (alumni, former colleagues, family, etc.). And above all, he has to consider carefully how the manager of the targeted company is. In particular, we have seen previously that education level of the manager is a key criterion.

We dare to affirm that **for experienced executive, the best way to find a job in a SME is to develop and use his network to find SMEs where manager has a high education level.**

Company side

By reciprocity, if one method gives good result for an applicant, a firm must favor its use to attract the right employee. Therefore, **a company has many interests to develop good relationship with all stakeholders, and particularly with schools and universities.** Furthermore, employee training is a good mean to improve the education from the base to the top.

Unfortunately, we do not have figures from research studies which could confirm H3. In the contrary, nothing invalidates H3 hypothesis. **Our third hypothesis H3 is verified “on the paper”.** More generally, we can also refer to the Heneman and Berkley (1999) study which is exhaustive (even if it is more adapted to United-States environment), and which concludes that many practices are used but any seems really better than other. However, they found that **existence of HR department** improve the attractiveness of the company.

Pay policy

The second important part of the social-mix concerns the pay policy. As we have seen in the literature review, a company can act on several items to define its pay policy. We will use our sample to verify if trends or particularity exist about pay in SME. To do that, an open question was asked to all interviewees: What is your compensation mode?

A lack of knowledge

Unfortunately, the answer begins very often with a large blank, and follows always with few banalities. It is well known that discussing about pay is like a **taboo** in France. Our interviews confirm that subject is not easy to tackle. Nobody talks about individualization, nobody but one discusses spontaneously about profit-sharing scheme, nobody speaks about stock-options plan, etc.

Individualization is never spontaneously mentions by interlocutors. Though Regnault (1993, p121) shows an increase of its use in PME since mid 80's. Indeed, after questioning, we can confirm that individualization is also use in our sample.

Only one manager talks about a possible offer to employees to enter in enterprise capital. The manager from a VSE, says that "it was not yet occurred since the birth of the company, but it is probably one mean to attract or retain a high potential employee". We can explain this differentiate attitude by two factors: 1) the age of the manager; he is 32, the youngest - 2) the business sector; the company offers services on Web technology.

To go more in depth on the pay policy subject, interviewees have been bringing to discuss about fixed or variable wages. The impression given by answers is more or less conventional; in other words, interviewees want to show a flattering image of their company, and because they know that paying employee with a variable part is on the mood, they all use the example of commercial employee who is obviously paid like that. Is there another population paid with variable part? Yes it is: top management of C2, top and middle management of C5, and manager from C6 who is salaried. That means that this pay practice is still "confidential" except for firms sufficiently big. These results confirm the link between the size of the company and the way employees are paid (Brillet, 2000).

If we compare the poor content of our interviews about pay policy and the relative "richness" of the academic research studies (see literature review), **we face a huge gap**. How to explain it? It seems too easy to explain it only by the **taboo** issue; another interesting way is to explain it by a **lack of knowledge** of the domain. As we have shown previously (see literature review), manager is the central actor of the HRM, however HR is not his field of excellence. If we have a look at the pay pyramid from Donnadieu (Figure 2), we can understand that a non initiate is afraid either by the legal or the change issues implied by some practice usage.

At the beginning of this section, our initial wish was to find trends in pay policy of our SME sample. The trend we found is a lack of knowledge, and consequently a lack of attractiveness. Actually, money earned is one factor of attractiveness for future employees and also a motivation factor for those already in place (Regnault 1993).

Attractiveness issue

Our last hypothesis H4 concerns this attractiveness problem. Let us recall H4: **attracting experienced executives is difficult because financial resources are limited in SMEs**. During our interviews, when the subject of attractiveness was tackled, many interlocutors mentions first the problem of **career development** and only one manager mentions spontaneously a problem of wages.

The first point is often recalled by managers, as one of them quotes: “executives are not interested in my company, I can’t offer a career perspective as big firms”. In fact this is an affirmation and it is not really argued. Like in the section “Education level” when we talk about the fear felt by several managers, an impression exists that SME cannot offer career development. Of course a career will be different in SME or in BE, but in general, SME could offer a broader responsibility in term of function; it is common to find a R&D director also in charge of supply chain management, or to find a financial director in charge of the human resources management.

The second point is an economics issue. Smallest is the company, biggest is the problem of budget limitation. In that sense, it is not surprising that manager who tackles the issue of starting pay is from the VSE C4. The economics issue (supply & demand law) implies an assessment of the starting pay, and SME are not well armed to treat this issue. Even if interviewees mention sometimes salary grids, their vision is necessarily biased by at least two things: 1) they do not have sufficient internal data to elaborate it accurately; 2) internal data does not reflect the external market, so an external help is mandatory. Besides, recruitment agencies confirm that advices are often given to SME on starting pay.

An interesting study driven by Heneman and Berkley (1999) in USA, confirms that many factors influence the attractiveness of small businesses. Even if translation from USA to France is not so simple, among the ten practices listed, only three concerns the pay policy: methods of determining starting pay; special pay systems; and benefits. So, seven others are not relative to pay policy, like recruitment communication or selection methods. In particular, Heneman and Berkley found that “many of the compensation-related practices, especially the benefits and special inducements, did not impact the initial attraction, but rather acceptance rate”.

To conclude about our H4 hypothesis is not black or white, true or false. In fact, many techniques can be implemented to attract future employees in SMEs (see Heneman & Berkley 1999; Regnault 1993; or D’Aboville and Bernie 1991). But it is true that starting pay policy can be a difficulty (particularly for VSE and SE), and it is also true that career has not the same meaning in SME or BE. So, **H4 is partially confirmed**.

An innovative structure: Employers Association (EA)

As we have seen in the previous section, in certain case budget are too small to attract an employee. But the need is always here, to develop the business, it is important to put the right person at the right place. If you have not the budget for a full time, perhaps you can “acquire” the needed resource in part time! In the previous section we have seen that several managers think that career perspectives are limited in SME. Perhaps an **innovative structure** can help to solve these two issues, the **Employers Association (EA)**.

CJD (1994) helps us to explain how this structure works in France²⁰. In 1985, the notion of EA is created in agricultural sector for farms under 10 employees. EA have economics goal, and employ persons who work part time for companies which are members. Persons are salaried by EA and generally speaking work full time (or chosen time). In 1993, borders of the structure have been enlarged to other activity sectors and to companies until 300 employees. The last revision arrived in 2000, where companies with more than 300 employees can become members of these associations, if an agreement is signed with employee representatives. Three kinds of EA exist: Agricultural EA; EA for professional integration; Mono or Multi-sectoral EA. In the following, we will consider only the third one, because only this structure is able to employ experienced executives.

By its functioning way, EA reconciles the flexibility needs from companies with security needs from employees. It is a win-win situation. As interviewee from A4 quotes “enterprise becomes member of EA for at least one of these three reasons:

- 1) there is seasonality in its activity;
- 2) shared competencies are needed;
- 3) the enterprise is growing”.

²⁰ The EA structure studied in this report correspond to those existing in France according to French laws. No research was made to find equivalence in other countries.

Obviously, the two last reasons concerns experienced executives. So, we can analyze further advantages from both enterprise and employee perspectives:

- From the SME side, EA is interesting to **suppress difficulties** linked to direct executive employment. Which difficulties are we talking about? In case 2), the main difficulty is to find an executive who accept to work part-time, or only for a fixed and short period. In case 3), it is a budget difficulty, because the enterprise has to hire somebody full-time since the beginning, even if the needed full-time is foreseen in a short or mid-term. Indeed, interviewee from A4 confirms that many employees²¹ from his association become full-time employees in member enterprises. Another advantage of employment trough EA, is cost relative. Comparing an employee from EA or interim agency, the **cost is cheaper** with EA because margins are calculated for association functioning, not for earning money.
- From the employee perspective, the contract proposed by EA is more stable than an interim one for instance. Moreover, sharing several experiences at the same time is a good way to self-development of the career. We have seen previously that personal network is an essential key in term of recruitment, consequently working for two or more firms allows spreading the network, then the employability.

Nevertheless, as CJD (2004) mentions, two main problems exist with this kind of structure. The first one, is from legal point, and is linked to taxation issue and also to labor rights (see CJD – 2004 for details). The second problem encounters by EA is their recognition by enterprises, governmental organizations, and also future employees. To reinforce this lack of recognition, we can refer to one forum organized during UET 2004²² about the flexibility of work where structures likes EA have never been mentioned...

Of course EA are not the unique way to reconcile SMEs and experienced executives, but they represent a very interesting approach, not sufficiently used and developed.

How attracting high-potential?

We arrive at the end of the result part, and it is now time to try answering the initial question: How to attract high-potential executives into SMEs? First of all, interviews

²¹ However, until now, most of employees are non-executives.

²² UET (Université Européenne du Travail) – A conference was organized from 2004, August 29th to 31st. During the conference a specific forum on the flexibility was done.

confirm that SME could be understood in a larger sense, and for this kind of enterprise, it is more relevant to say **experienced executives** than **high-potential executives**. Before answering how attracting executives, it is important to verify if there is a place for experienced executives in SMEs (H2). This assumption has been validated twice, in section “What are missing competencies in SME”, but also in section “Experience is a key factor”, consequently we can affirm that experienced executives are welcomed in SMEs.

The influence of the SME manager in the recruitment process is also established (H1 is validated). In addition, two manager typologies were studied, but direct incidence on the recruitment is not clear, further research has to be done. As the saying goes, “birds of a feather stick together”, one research way could be to verify if it applies for managers and executives...

We have also shown a correlation between the educational level of a manager and the number of executives in the firm. Coming back to our initial question about attractiveness, but from the applicant side, the question becomes: why can I choose this firm rather than another? An efficient criterion shall be the **education level of the manager**. Therefore, a firm which wants to attract executives should communicate on the education level of its management team.

Combining our findings developed about hypotheses H3 and H4, we can affirm that nowadays, SMEs do not use all their potential in terms of attractiveness. This attractiveness can be improved by a good **communication plan** addressed to all stakeholders. Indeed, targeting different stakeholders increases significantly the firm network and consequently recruitment sources. By stakeholders, we understand engineer or business schools, but also trade and local associations, customers and providers, etc. But the communication plan must also show all **competitive advantages** the company has. Among these advantages, SMEs can put forward some intrinsic trumps, like its little size, or like positions with transversal responsibilities. Although, SMEs can develop other trumps associated to **HRM innovation**. In that sense, we have seen that structure like EA is innovative, and could attract employees (executives or not). Another subject where SME could progress is about **pay policy practices**. Here again, innovation could be a good competitive advantage. For instance, variable pay is not yet very used, while it can reduce financial risk, and increase the employee's motivation. Another example could be the use of shareholding when necessary. In fact many levers exist but are not used, often by a lack of knowledge.

Conclusion

We have seen in the literature review that academic research studies on HRM inside SME are still limited. Without pretentiousness, this explorative research study makes one's contribution to a better SME knowledge. The following results and recommendations come from author's interpretation of theories and facts from the field. It is also important to note that representativeness of the interviewees' sample is far from proved: firstly, the sample size is small, with only eleven persons; secondly, only managers sufficiently "opened" agreed to be interviewed.

The first evidence we have shown during this study is to replace the term "high-potential executive" by "experienced executive" which is more relevant in our SME context. Moreover, if the reader remembers the introduction, the term high-potential comes from a "rumor" that MBA students are high-potential profiles, that is neither proved, nor the subject of this thesis... So the initial question becomes: **How attracting experienced executives into SMEs?**

Literature review, but also interviews demonstrate that defining SME is not an easy task. However, we will adopt a repartition in very small ($VSE < 10$); small ($10 = SE < 50$); and medium enterprise ($50 = ME < 500$). This definition differs from the European Commission directives, but is still commonly admitted by everybody.

As soon as we talk about SME, a key actor is always mentioned: **the SME manager**. It is true in all academic research about SME, but it is also confirmed by all interviewees from our sample. Different typologies have been reviewed, and we tried to find correlation between recruitment practices and managers' type. Unfortunately, no evidence was shown, even if that does not mean that relations do not exist. In fact, at least one criterion informs us that potential link exist. In our sample, we found that **educational level** of the manager influences significantly the number of executives inside the company. In our cases, whatever the size or the activity domain, **the proportion of executives is doubled**. Of course, a statistical study should be done to confirm these facts.

Concerning the management of human resources, the master thesis focuses on two points: **recruitment practices**, and **pay policy**. Firstly, several recruitment practices have been identified from academic studies. Empirical results show us that all of them are used, but above all, practices currently used are seldom challenged; everyone is fine with his current

methods. Once again, **no evidence is shown about a best practice for experienced executive recruitment**. Secondly, the **global pay** notion was introduced in the literature review. Except the fact that discussing about pay is not so easy in France, results show us that a **lack of knowledge and/or a lack of innovation seems one characteristic of the SME pay policy**.

Four hypotheses have been expressed, some of them fully validated, others partially:

- H1 is fully validated. **The SME manager is very influent about recruitment and selection of an executive.**
- H2 is fully validated. **SME have a need to employ experienced executives, whatever its size.**
- H3 and H4 are partially validated. For H3, **the study does not find practices which give better results in term of recruitment of experienced employees.** However, we will see hereafter some recommendations which can improve the recruitment process. For H4, **the study confirms that finance budget can limit recruitment of experienced executives, in particular for smallest firms.** But here again, some recommendations can avoid this kind of troubles.

Recommendations:

For a SME manager, defining a **communication plan** is a good way to improve significantly his/her company **attractiveness**. This communication plan must target different stakeholders to **reinforce the network**. Indeed, the network is one critical source in term of recruitment. A particular attention shall be paid to **engineer and business schools**. This communication plan must also target structures like **employers association (EA)**. These innovative structures can change current drawbacks into competitive advantages. Finally, inside the company itself, the communication plan must include some **innovative practices**, in particular about **global pay policy** like variable pay or shareholding.

Possible improvements:

Of course, many results from this study comes from few cases. A statistical study could confirm or not these first results.

This study put the emphasis on SME (particularly its manager) and HR practices. On the other side, the experienced executive has not been deeply studied. As we said in section “How attracting high-potential?”, it would be very interesting to find correlation between manager’s and executive’s characteristics. Indeed, an SME which want to attract experienced executives must know what motivations of these employees are.

Appendix - Questionnaires

Questionnaire 1 is addressed to managers or executives. Questionnaire 2 is dedicated to recruitment agencies and diverted to other agencies.

QUESTIONNAIRE - 1

1. L'entreprise

- a. Nom de l'entreprise
- b. Code APE
- c. Fabrication ou activité principale
- d. Forme juridique
- e. Date de création
- f. L'entreprise est-elle filiale d'un groupe, un établissement, indépendante
- g. Evolution du nombre de salariés (en fil du temps, typologie des salariés (cadres / non cadres), pyramide des ages, pyramide de l'ancienneté)
- h. Même choses mais en terme économique – Chiffre d'affaire, Profit & Pertes, Actifs
- i. Existe-t-il un organigramme formalisé ? Comment est organisée l'entreprise (Organigramme – Grandes fonctions – *aspect délégations*)
- j. Existe-t-il une culture d'entreprise, si oui quelle est-elle.
- k. Utilisation de nouvelles technologies
- l. Quels sont les facteurs externes qui influencent l'entreprise: Competitors / International / etc
- m. [optionnel] Comment définissez vous une PME.

2. Le dirigeant

- a. Dans quelle tranche d'age vous situez-vous
- b. Quelle est votre formation, dans quel domaine.
- c. Quelle a été votre expérience avant de rejoindre/fonder cette entreprise.
- d. Liens entre CEO et fondateur(s) de l'entreprise / Part dans le capital de l'entreprise
- e. [optionnel – si non fondateur] Comment avez-vous été recruté.
- f. Compétences [de 1 à 5] ou [10 points à répartir] (technique, financière, management (des hommes), commerciales, autres (préciser))
- g. Pouvez-vous classer par ordre d'importance les 4 aspirations socio-économiques suivantes :
 - i. Autonomie
 - ii. Croissance
 - iii. Indépendance
 - iv. Pérennité
- h. Aide à la Classification de Duchéneaut
 - i. Temps passé en réunions et contact (ie clientèle)
 - ii. Temps d'absence possible (> 1 semaine)
 - iii. Organisez vous des réunions du personnel
- i. En tant que dirigeant, quelles sont vos préoccupations principales
- j. Jugez-vous la taille de votre entreprise suffisante
- k. Quelles tâches occupent principalement votre temps

3. L'interviewé (lorsque ce n'est pas le dirigeant) [optionnel]

- a. Dans quelle tranche d'age vous situez-vous
- b. Quelle est votre formation, dans quel domaine.
- c. Etes-vous un haut potentiel ?
- d. Avant votre recrutement, étiez-vous expérimenté ?

- e. Quelle a été votre expérience avant de rejoindre/fonder cette entreprise.
 - f. Comment avez-vous été recruté.
 - g. Quelles tâches occupent principalement votre temps
 - h. Etes vous satisfait du recrutement / du mode de rémunération / etc
4. Fonctionnement de l'entreprise (en particulier le recrutement)
- a. Recrutez-vous des hauts potentiels (oui/non) pourquoi ? (définition)
 - b. Recrutez-vous des cadres expérimentés (oui/non), pourquoi ? (définition)
 - c. Dans le recrutement de cadre, importance donnée au
 - i. Diplôme,
 - ii. Compétence technique
 - iii. Expérience
 - iv. Comportement
 - v. Adaptabilité
 - vi. Autre (à préciser)
 - d. La compétence qui manque le plus aujourd'hui dans votre entreprise est dans le domaine
 - i. Technique
 - ii. Commercial
 - iii. Management des hommes
 - iv. Finance
 - v. Autre (à préciser)
 - e. Usage of HRM practices in HR policy and strategy
 - i. Existe-t-il une description formelle des postes dans l'entreprise ? Dans le cadre d'un recrutement, qui écrit la fiche de poste ?
 - ii. (Staffing) [Gestion prévisionnelle des emplois] Quelles méthodes de recrutement utilisez-vous (en particulier des cadres, et plus particulièrement des cadres « dirigeant »)
 - 1. Petites annonces
 - 2. Sous-traitance cabinet
 - 3. Internet
 - 4. Réseau (cooptation)
 - iii. Comment s'opère la sélection des candidats
 - iv. Comment déterminer-vous le salaire d'embauche
 - v. Comment se passe l'accueil des nouveaux embauchés
 - vi. Quel mode de rémunération utilisez-vous (compétence, ancienneté, fixe, variable, avantages en nature, etc).
 - vii. Comment se passe l'évaluation de la performance de vos collaborateurs
 - viii. Avez-vous déjà pensé à l'interim de cadre (si non, pensez-vous que cela puisse être une solution)
 - ix. Pouvez-vous évaluer le turnover – Est-il satisfaisant
 - x. Quelle est la politique de formation de l'entreprise

Exhibit 1 - Questionnaire for managers and executives

QUESTIONNAIRE - 2

5. Le cabinet
 - a. Nom du cabinet
 - b. Nom de l'interlocuteur
 - c. Date de l'entretien

6. Questions cabinet de recrutement
 - a. Dans quelle mesure les PME doivent-elles embaucher des hauts potentiels [cadres expérimentés] pour développer leur business ? Comment ?
 - b. Usage of HRM practices in HR policy and strategy
 - i. Quelles méthodes de recrutement utilisez-vous le plus pour les cadres expérimentés en PME
 - ii. Quel mode de rémunération les PME utilisent-elles (compétence, ancienneté, fixe, variable, avantages en nature, etc) [individualisation, intéressement]
 - c. Qui sont vos interlocuteurs privilégiés au sein des PME (dirigeant, chef de service, responsable RH, etc) – [répartition en pourcentage si nécessaire]
 - d. Selon vous qu'est-ce qui influence les politiques de GRH dans une PME - 1) le mode de recrutement 2) la politique salariale ?. (le caractère du manager dirigeant, le secteur d'activité, la taille de l'entreprise, etc)
 - e. Dans le recrutement de cadre, importance donnée au
 - i. Diplôme,
 - ii. Compétence technique
 - iii. Expérience
 - iv. Comportement
 - v. Adaptabilité
 - vi. Autre (à préciser)
 - f. La compétence qui manque le plus aujourd'hui dans les PME est dans le domaine
 - i. Technique
 - ii. Commercial
 - iii. Management des hommes
 - iv. Finance
 - v. Autre (à préciser)

Exhibit 2 - Questionnaire for recruitment agencies

Acronyms

Except when the acronym is clearly detailed in the text, the following definition applies.

BE	Big Enterprise (more than 500 employees)
CJD	Centre des Jeunes Dirigeants (Young Managers Center)
EA	Employers Association (translation of GE)
GAP	Growth; Autonomy, Permanence
GE	Groupement d'Employeurs (Employers Association)
HIPO	HIgh-POtential
HR	Human Resource
HRM	Human Resources Management
ME	Medium Enterprise (between 50 and 499 employees)
PIG	Permanence; Independence, Growth
SE	Small Enterprise (between 10 and 49 employees)
SME	Small and Medium Enterprise
VP	Vice President
VSE	Very Small Enterprise (less than 10 employees)

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