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HUMAN RESOURCE MANAGEMENT IN SMALL ENTERPRISES: FINDINGS FROM CROATIA*

ABSTRACT

Small enterprises with fewer than 50 employees form the backbone of the economy in many countries and significantly contribute to gross domestic product, employment, and exports. Given their importance and role in economic development, economies can benefit from a strong, productive, innovative, growing small enterprises sector. Employees play an essential role in the development of small enterprises. For this reason, it is important to examine the extent to which small enterprise owners pay attention to human resource management and its development. Previous research on human resource management has mainly focused on large enterprises, while there is little evidence on how small enterprises manage and develop their employees. This paper analyses the approach to human resource management in two small Croatian enterprises. Based on six semi-structured qualitative interviews conducted with three different groups of employees – the senior manager, the middle manager, and the senior staff, two qualitative case studies were conducted to gain a deeper understanding of the approach to managing and developing employees in small enterprises. The findings suggest that small enterprise managers know the importance of their employees and the need to support their future development. Although small enterprises implement and adapt human resource management practices according to their capabilities and limitations, it is evident that fostering and empowering employees is embedded in their organizational culture.

KEYWORDS: *small enterprises, human resource management, recruitment, learning and development, performance management.*

1. INTRODUCTION

Due to their size and limited resources, small and medium-sized enterprises (SMEs) are highly dependent on the performance of their employees, making human resource management (HRM) measures critical to their survival and prosperity (Barrett & Mayson, 2007; Harney & Alkhalaf, 2021; Patel & Cardon, 2010). Therefore, studying human resource management in small and medium enterprises is a topic of great the-

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oretical and practical importance (Harney & Alkhalaf, 2021; Soriano, Dobon, & Tansky, 2010). This paper explores the human resource management approach in the context of two small Croatian enterprises. It contributes to the growing research trend in topics related to human resource management practices in small and medium-sized enterprises. The main research question of this paper is: What are the specificities of human resource practices in small enterprises?

The research focuses on three key topics: recruitment and selection, learning and development, and motivation and performance management in small enterprises. Case studies of the enterprises are presented to examine how these activities are organized and implemented in practice. The empirical research was conducted using primary data collected through semi-structured interviews and later systematically structured into two case studies. This paper aims to fill the knowledge gap and provide up-to-date insights into applying HRM in small enterprises. The paper is organized as follows. Section 2 contains a literature review on human resource management in small enterprises. Section 3 describes the adopted methodology.

Section 4 describes the two case studies on Croatian small enterprises and their approach to human resource management. Section 5 contains a discussion section. Finally, section 6 is a conclusion that summarises the main findings and aspects of human resource management in the presented enterprises.

2. LITERATURE REVIEW

Human resource management generally describes how people are managed (Harney & Dundon, 2006) and encompasses all activities related to managing employment relationships in an organization (Lin, Peng & Kao, 2008). According to Armstrong (2006), human resource management is a methodical and strategic approach to overseeing an organization's most valuable resource - its employees. These individuals make an important contribution both individually and collectively to achieving the organization's goals. According to Dessler (2020), the process of human resource management specifically includes the recruitment, training, evaluating and rewarding of employees, as well as addressing their concerns in the areas of labour relations, health and safety, and fairness.

Managing human resources in organisations can be particularly challenging due to the liabilities and uncertainties associated with company size. Small organisations often have limited resources, resulting in few formal human resource (HR) departments or

professionals, difficulty recruiting and retaining employees due to financial constraints, and reluctance to engage in costly or restrictive HR practices (Cardon & Stevens, 2004). In small organisations, HR practices are often driven by operational needs and practical considerations, such as record keeping, recruitment, selection and retention, and compensation and reward practices (Barrett & Mayson, 2007; Heneman & Berkley, 1999; Hornsby & Kuratko, 2003; Kotey & Sheridan, 2001). Some studies suggest that small organisations tend to use informal human resource management practices (Barrett & Mayson, 2007; Kotey & Slade, 2005; Marlow, 2000; Nguyen & Bryant, 2004; Psychogios, Szamosi, Prouska & Brewster, 2016).

Some authors point out that SMEs do not always succeed in attracting the most capable and best-qualified candidates for future employment (Hargis & Bradley III, 2011). In addition, qualified employees often find employment in renowned multinational companies whose HR management strategies usually have a high degree of formalisation (Abraham, Kaliannan, Mohan & Thomas, 2015). Small businesses often do not employ a specialist HR manager or recruitment agency as using a specialist HR consultancy can be expensive (Barrett & Mayson, 2007; Gilbert & Jones, 2000; Kotey & Sheridan, 2001). Small companies rely primarily on informal recruitment methods such as "word of mouth" and CV screening, followed by informal interviews, work simulations and work trials as the most commonly used methods for selecting new employees (Csillag, Csizmadia, Hidegh & Szászvári, 2019a). According to Wapshott and Mallett (2016), SMEs offer fewer training and development opportunities compared to larger organisations. Furthermore, the training and development systems of SMEs tend to be less sophisticated and developed compared to large organisations. Research also suggests that small businesses tend to favour informal learning methods (Csillag, Csizmadia, Hidegh & Szászvári, 2019a) and are significantly less inclined to offer formal learning opportunities to their employees compared to larger enterprises (Csillag, Csizmadia, Hidegh & Szászvári, 2019b; Kyndt & Baert, 2013; Wapshott & Mallett, 2015).

Despite an increase in research on HRM in small and medium-sized enterprises over the past 25 years, this topic has not yet fully developed into a mature field (Harney & Alkhalaf, 2021; Marlow, Taylor & Thompson, 2010; Rauch & Hatak, 2016). Based on their literature review, Harney and Alkhalaf (2021) categorised the determinants of human resource management in SMEs into owner–related, manager–related, internal and external factors. One of the key findings that was analysed in different ways was the

influence of the owner/manager/founder. According to Harney and Alkhalaf (2021), some research findings suggest that highly educated owner-managers (Newman & Sheikh, 2014) with more management experience (Georgiadis & Pitelis, 2012; Khavul, Benson & Datta, 2010) are more likely to invest in HRM. Atkinson, Lupton, Kynighou and Antcliff (2021) have investigated why HR practices exist and how they work in small organisations. The adoption of HR support and the implementation of routine and progressive HR practices in SMEs are influenced by owner-managers' responses to cues and their increasing understanding and confidence in HR (Atkinson, Lupton, Kynighou and Antcliff, 2021). Barrett and Mayson (2007) have shown that growing small firms are more likely to adopt formal HRM practises than non-growing small firms, i.e. HRM practices that are either written down, regularly applied or promised to be applied.

Allen, Ericksen and Collins (2013) found that a set of high commitment HR practices based on leaders' organisational models have a positive impact on small business performance. According to Grigore (2008), HR management can improve the ability of small companies to select, develop and motivate employees who are capable of achieving excellent results. It is also believed that HRM practices can have an indirect impact on productivity by reducing employee turnover. Studies have shown that certain HR practices are effective in reducing employee turnover, which in turn can have a positive impact on productivity (Guthrie, 2001).

In the Croatian academic context related to HR management, the majority of identified studies focus on large enterprises (Pološki Vokić, 2004, 2015, 2016; Pološki Vokić & Vidović, 2007). In terms of training and development practices in Croatian organisations, Pološki Vokić and Grizelj (2007) found that certain indicators of training and development are significantly influenced by the size of the organisation – a department or person responsible for training and development is much more likely to be present in large organisations, and those responsible for training and development are also more likely to be involved in strategic planning. Furthermore, additionally trained employees in larger organisations spent significantly more hours in training and development programmes than employees from smaller organisations, which is most likely due to the limited human resources in smaller organisations (Pološki Vokić & Grizelj, 2007). As most of the identified studies are outdated, this certainly raises the question of the need for new research with a particular focus on small and micro enterprises and the implementation of HRM practices.

3. METHODS

This paper is based on qualitative research. According to Creswell (2009), one of the characteristics of qualitative research is its holistic approach. This means that qualitative researchers try to develop a complex picture of the problem or topic under investigation. They do this by examining multiple perspectives, identifying different factors involved in the situation and providing a comprehensive overview of the overall picture that emerges. One of the most commonly used strategies in qualitative social research is the case study (Priya, 2021). The research methodology in this paper is based on Yin's (2018) approach, according to which a case study is a social science research method generally used to examine a contemporary phenomenon in depth and its real-life context. Case studies are valuable for organizational and management studies because they provide an understanding of the dynamics in individual contexts (Eisenhardt, 1989). This is achieved through different perspectives that allow multiple aspects of the phenomenon to be uncovered and understood (De Massis & Kotlar, 2014). The main objective of this article is to examine the approach to human resource management in the context of two small Croatian enterprises. More specifically, the research focuses on three topics relevant to human resource management practices in small enterprises: (1) recruitment and selection, (2) learning and development, and (3) motivation and performance management. The case studies presented thus attempt to shed light on how the activities mentioned are organized and applied in the enterprises presented. In addition, the case studies produced can be used as teaching and learning tools that enhance the learning experience and promote analysis and discussion in the field of HRM practices in small enterprises.

Semi-structured interviews were used to collect qualitative primary data and were conducted between March and April 2022. Interviews are an effective method to obtain detailed and practical information, especially when the phenomenon under investigation is sporadic and infrequent (Eisenhardt & Graebner, 2007). This method is favorable for obtaining comprehensive and valuable empirical data. In order to gather more comprehensive data from the different perspectives at the organizational level, six semi-structured interviews were conducted with three different groups of employees – senior management, middle management, and senior staff. The sample comprised a total of six employees who were coded as follows: A1 - senior manager at Company Alpha, A2 - middle manager at Company Alpha, A3 - senior staff at Company Alpha, B1 - senior manager

at Company Beta, B2 - middle manager at Company Beta, and B3 - senior staff at Company Beta. The interviews followed a semi-structured protocol with open-ended questions on four different areas: 1) information about the enterprise and HR background; 2) recruitment and selection; 3) learning and development; and 4) motivation and performance management. Respondents were encouraged to elaborate on their answers and were asked for further clarification in case of ambiguity. The data collected, including the transcripts of the interviews and additional notes, served as the basis for creating case studies.

4. RESULTS

The data is structured in thematic fields and presented in two case studies.

4.1. Company Alpha

Company Alpha focuses primarily on M&A transactions, financing (value assessments, capital market, infrastructure project financing, borrowing advice, etc.), and corporate crisis and dispute resolution (restructuring and insolvency, business partner due diligence, forensics and legal compliance, disputes, arbitration, etc.). The company's official website states that the "company's values are the foundation of its business and the direction in which it maintains trust. Values include high business ethics, social responsibility, personal and business growth among employees, respect for everyone involved, and technical excellence". In March 2022, the company had 19 employees. Within the organization, there is a formal HR organizational unit consisting of one employee, referred to as the "HR admin," – who is responsible for the administrative implementation of the selection process and supporting the accompanying administrative activities related to human resources management. The long-term objectives envisage strengthening the role of the HR department, which focuses on strategic human resources development activities.

4.1.1. Recruitment and selection

The need for new employment and employees in the company is very high, so the company is almost constantly recruiting new staff. This is partly due to the company's rapid and increased growth, the increasing demand for new employees, and staff turnover. As this is a specific industry where employees are constantly being promoted, the inability to move up or progress quickly enough is sometimes the cause of employee attrition.

The selection process for trainee positions involves several steps. For trainee positions, the company often looks for students in the final years of their undergraduate degree in economics. The company actively and continuously collaborates with student associations and students by participating in various student projects and conferences and organizing internal student visits to the company, where students who are potential future employees can get to know the company's activities and tasks as well as its organizational culture.

Another channel where job adverts are published is LinkedIn. The company also has an internal careers page displaying the full range of vacancies, with specially defined adverts based on job and position. Each published job advert contains a defined job title, the type of occupation, a description of the job and the main activities, the expectations of the potential employee (required expertise and soft skills), and the employer's offer. For positions related to higher levels in the organization, such as senior management positions, tools and methods such as LinkedIn, headhunting, and the "takeover" of employees from major competitors are most commonly used. The company uses the TalentLyft application internally, which facilitates the receipt of applications and the administration of the selection process. After a pre-selection based on the CV and the formal requirements of the position, potential candidates undergo a test on general and technical knowledge of accounting and basic accounting principles. Interviews with various people from the company follow the knowledge test. The first interview is with the HR admin, who draws up a list of preferred candidates. Then, the interviewees are sent for interviews with junior team members responsible for mentoring and introducing new employees to the position. The candidates who successfully pass the interviews take part in online psychological tests, and the final round of the selection process consists of interviews with the senior management. The senior management makes the final decision on hiring the best candidate in cooperation with the operational team leaders.

4.1.2. Learning and development

Due to the nature of their work, Alpha employees have the opportunity to work with interesting and fast-growing companies from different sectors and develop their careers. In addition, the company's specialized activities often require employees to quickly and actively familiarise themselves with new regulations, adopt new changes in accounting, auditing, and tax consultancy, and work on various other skills and abilities. Alpha has a learning culture, i.e., employees

are continuously encouraged to improve and develop their skills through various internal and external training programs.

Internal training takes place once a week. At the company level, there is a framework master plan for training, in which a working group comprises employees from different ranks within the company, i.e., managers, directors, and supervisors. The working group members were given some general chapters to be covered by the training. However, they were also given a certain amount of freedom and independence to suggest topics and areas for the training. In addition to the internal weekly training sessions, the company organizes bi-weekly departmental training sessions that focus on specific topics and technical knowledge of each department. This type of training usually includes examples of best practices related to the job's specifics or a particular project. It aims to familiarise other team members with the specifics of particular projects or activities within the department.

External trainings are related to obtaining international certificates: ACCA – Association of Chartered Certified Accountants and CFA – Chartered Financial Analyst, as well as national certificates such as certified appraiser and court expert for finance and taxes of the Republic of Croatia, certified auditor at the Croatian Chamber of Auditors and certified tax adviser at the Croatian Chamber of Tax Advisors, foreign languages, additional IT tools, etc. The company finances all training courses, which are mandatory for almost all employees. Although participation in the training courses is mandatory, the company considers the harmonization of work, the workload of employees, and the time employees need for training and learning.

There is also a mentoring system for younger employees, i.e., for trainees. Upon hiring, trainees are assigned a mentor and a buddy to help them integrate into the company, familiarise themselves with the internal corporate culture, acquire technical knowledge, and solve challenges employees face in their first months. When they start work, each trainee receives feedback twice a week after completing a task or project and talks to their mentor. According to A1, A2, and A3, this is the quickest way to acquire new knowledge. The focus is on professional and technical knowledge. However, the mentors also regularly consider some personal aspects of the employee's life, such as their subordinates' stress level, personal development, and mental health.

"What I like most about this whole mentoring thing is that I have a feeling that if I do something, and it is just too much for me, I have someone to rely on at that moment, and I can always ask for help and alleviate a stressful situation." (stated by A3; supported by A2)

There is a mentoring culture in the company that focuses on mentoring subordinate colleagues. This mentoring system is not formalized, and there are no formal mentors, but every employee can find a mentor in their superior. "You have a mentor in your superior. You can always ask them for their opinion and comment on your dilemma. It is just that this culture and open conversation are coming down from the top – you don't need anything formal if you have that." (stated by A1; supported by A2)

4.1.3. Motivation and performance management

The internal culture and the existing system within the company motivate employees to develop continuously. (...) "because if you want to be successful at work – you cannot stand still" (...) (A1). At Alpha, evaluation is linked to promotion and advancement. In other words, (...) "only those employees who progress technically, personally and mentally are promoted "(...) (A1). The company has a job categorization system (from the lowest to the highest position): junior, senior, supervisor, assistant manager, manager, director, and partner. According to the internal policy, one receives an additional fixed salary and a potential bonus at each promotion stage. It is sometimes difficult to "differentiate" between fixed-salary employees, but employees who are "top performers" can be highlighted and rewarded through the bonus policy. Those employees who are not top performers are not rewarded or very little. The work and stimulating environment can be highlighted as intangible motivation, as the company has numerous training courses and specializations financed by the company.

There are semi-annual and annual interviews within the company, as well as individual interviews between operational teams and managers, to discuss targets achieved and employee performance. There is no formal system for measuring employee performance within the company, but there is an "unwritten" rule of what and how employees should behave and what is expected. Certain unwritten characteristics are looked for when assessing employees, including focus or concentration, technical accuracy, and continuous professional development in accounting, auditing, tax, and financial consulting; good humor and a healthy approach to challenges; and proactivity, a highly valued trait. As a company characterized by a learning culture, and given the industry's dynamic nature, where it is very important to keep up with new guidelines and standards, employees are expected to constantly learn and work on themselves, which is communicated clearly and transparently when recruiting new employees. "Experience shows that people who do not fit into the organizational culture in some way leave the company very quickly. " (A1)

4.2. Company Beta

Company Beta is a Croatian example of a social enterprise that operates in three areas: environmental, social, and economic. Beta contributes to poverty reduction, sustainable local community development, and nature conservation by employing marginalized groups, collecting textiles, reusing and recycling them, and cooperating with local organizations. As stated on the company's website, Beta's values are togetherness, cooperation and reciprocity, quality and professionalism, leadership, courage, sustainability (economic, social, and environmental, acquisition of new skills, and a comfortable and motivating work environment. In April 2022, the Beta company employed 44 people, including 25 people with disabilities and 13 from other marginalized social groups such as national minorities, single mothers, people with a low level of education or no training, and long-term unemployed, older adults.

The HR manager, social worker, and occupational therapist manage human resources at Beta. The company mainly employs people with disabilities and from marginalized groups, with HR management tailored to the employee's needs and abilities. In addition to the HR manager, HR management is supported by the managing director and, if necessary, by the heads of other organizational units. The role of the HR manager is to support and empower people with disabilities and other employees. This includes assessment, creating awareness of their qualities, and setting goals and expectations on a personal and business level. "The starting point of the assessment is the process of recognizing and raising awareness of personal values and needs, quality, possible limitations, and what the person wants to achieve in the context of the desired job, as well as life in general." (B2)

4.2.1. Recruitment and selection

The need for new employees is related to the volume of work and the company's growth. The company is known for its focus on employing people with disabilities and people from marginalized groups. The company receives applications almost daily.

During the recruitment process, which begins with the selection of candidates, introduction to the job through the training process, monitoring of the work process (observation), and support in completing work tasks in cooperation with managers, the skills and abilities of employees are "assessed." When hiring new employees in lower positions, certain business processes are tested, e.g., the sorting process, the felt packaging process, and other processes relevant to a particular position. In order to better integrate into the organization, teamwork readiness is also sometimes tested by looking at how people work together in pairs.

Employees must focus on the tasks or parts of the process they are good at; they are not forced to do something they are not good at. According to B1 and B2, employees become aware of their qualities in this way, which awakens positive feelings and self-confidence. This increases motivation to work and overcome work-related difficulties, which positively impacts their private life and contributes to a better quality of life.

When hiring people in managerial positions, the selection process and recruitment are different. People for these positions are usually "hunted on the market," but the company has attracted all the people it considers interesting and relevant to its business (...) We got everyone we wanted in our system (B1). Interestingly, the company receives many applications from professional managers, which suggests that Beta is indeed a sought-after employer.

4.2.2. Learning and development

Given the specific characteristics of the company and its employees, it is not possible in Beta to directly apply the practices used in other, exclusively profit-oriented micro and small enterprises that are recognized in the theoretical and scientific environment in the field of human resources. In this context, activities related to employee learning and development also differ. Various methods, forms, and approaches to employee learning and development are applied within the framework of human resource management. Some of the activities that stand out are individual work with the employee (acquisition of knowledge, skills and habits, observation, behavioral corrections, interviews) through the creation of an individual change plan based on the employee's needs; workshops on social and communication skills related to communication skills, conflict resolution, skills to create quality relationships, assertiveness; work with families of people with disabilities (to raise awareness, encourage support from family members and monitor changes in employees); cooperation with institutions such as the CES, the Centre for Social Welfare, the Centre for Professional Rehabilitation, the Croatian Pension Insurance Institute, etc.

The workshops and training contribute to the empowerment of employees and relate to the development and training of communication, interpersonal, and social skills. Topics covered include communication (verbal, non-verbal), team communication, behavioral choices, decision-making, recognizing and

expressing emotions (working on individual emotions), coping with stressful situations, self-esteem, diversity and mutual respect, human values (personal value system), friendship, motivation, and self-care.

Group work aims to increase understanding of the different needs of individual employees, to respect and accept diversity, and ultimately to contribute to cooperation, friendship, self-confidence, and quality of life among employees. Workshops conducted with managers provide a deeper understanding and a better sense of these issues, as they play an important role in managing employees, guiding them in business processes, and supporting them in fulfilling work tasks. Topics covered in mentoring and group work arise from the needs of the collective.

According to B1, B2, and B3, Beta is a stimulating environment that focuses on employee learning and development, considering individual employees' limitations and abilities. Due to the diversity of employees, an individualized approach is often taken.

"We do not pressure employees because simply what does not work does not work. We have removed distractors and burdensome elements so that each person can give what they know and can do best. The structure of employees ranges from highly educated people to people with severe forms of intellectual disabilities. We do not all understand and look at everything the same. However, of course, we strive to ensure that we all have the same vision and share the same values during work hours." (stated by B1; supported by B2 & B3)

4.2.3. Motivation and performance management

"Even though it is a social enterprise, Beta is an example of a company that has numerous advantages compared to other companies operating in the textile industry, and these are related to higher average salaries compared to other salaries in textile companies, work without quotas, without working Saturdays and overtime hours. "(B1). It is also important to point out that the company is recognized as an example of good practice in social entrepreneurship and is often mentioned as such in the media. The numerous awards Beta has received, particularly the Social Entrepreneurship Award 2011, confirm its success.

Promotion within the company is achieved through salary increases. In addition to the fixed salary, employees receive additional rewards such as Christmas and holiday bonuses, shopping vouchers, and other non-taxable rewards.

In the context of motivation, mentioning the following activities related to intangible motivation is important. One of the tasks of the HR manager is to take care of the mood of the entire collective by in-

troducing joint activities that have nothing to do with the work process but contribute to solidarity within the collective. The company has declared every last Friday of the month a motivation day, where all the birthdays of employees from the previous month are celebrated. This type of activity is one of the positive examples of promoting the atmosphere and sense of togetherness among all employees. Once a month, usually on Tuesdays and in the middle of the month, a 'pancake day' is organized for all employees, where teams responsible for preparing pancakes are formed. Also worth mentioning are the occasional staff outings, team-building sessions, and other informal gatherings organized for employees. Every employee has the opportunity to take part in these activities, which gives them an active role and increases their importance." We build memories and stories that are retold, and all this is later reflected in the approach to the job." (stated by B2; supported by B3)

Employee performance is assessed through interviews and feedback in individual meetings with the HR manager and the heads of the individual departments. The department heads communicate with employees daily, often on a rather spontaneous, informal basis. In this context, the weekly and monthly meetings should be mentioned, as well as the informal meetings already mentioned, in which possible challenges and improvements are communicated as required.

5. DISCUSSION

As established in the extant literature, small and medium-sized enterprises favor informal management practices. In HR management, formalization indicates the extent to which policies and procedures are documented and the extent to which these policies are consistently implemented (Psychogios, Szamosi, Prouska & Brewster, 2016). There is often no HRM infrastructure in small companies, so the owner or manager takes personal responsibility for these tasks (Csillag, Csizmadia, Hidegh & Szászvári, 2019b). In addition, small companies are usually characterized by a simplified organizational structure and do not have a separate organizational unit for HR management. Similar results can be observed in both cases analyzed. In both companies, most HR activities are carried out by one person – the HR manager or HR administration. CVs, recruitment tests, and interviews are the most frequently used tools in recruitment and selection.

These findings are also consistent with the statement that SMEs usually use cheap and convenient means of recruitment (Csillag, Csizmadia, Hide-

gh & Szászvári, 2019a). Although some authors claim that SMEs do not always reach and attract the most educated and qualified candidates for subsequent employment (Hargis & Bradley III, 2011) and that highly qualified employees often obtain positions with renowned multinational companies, which usually have a high degree of formalization in their HR management practices (Abraham, Kaliannan, Mohan & Thomas, 2015), the cases analyzed do not support these findings. This conclusion is mainly supported by B1's statement that Beta attracted all the employees they considered interesting and relevant to their organization. In addition, a further inconsistency can be identified with the previous findings, which suggest that SMEs' training and development systems are generally less sophisticated and developed and that small companies do not usually use formal learning methods (Csillag, Csizmadia, Hidegh & Szászvári, 2019a; Kyndt & Baert, 2013; Wapshott & Mallett, 2015).

It can be observed that the Alpha company cultivates a culture of open communication and feedback in all directions of the organizational structure. Younger employees are free to express their thoughts without fear of possible sanctions. In contrast, top and senior management employees are open to discussion and have no problem admitting when they might be wrong. All these characteristics of the internal organizational culture also impact employees' learning and training process. Given the dynamic and specialized nature of the company's industry, continuous and active learning and training is a prerequisite for business success. Employees are often required to undergo formal training as part of various internal and external training programs. As part of non-formal learning, the company has a mentoring system for younger employees and a generally established mentoring culture, i.e., "always having a mentor in a superior." In other words, regardless of their position in the company, employees can always turn to their superiors when learning and in case of certain doubts, and to other colleagues if they can help them solve certain challenges. The internal culture and the existing system within the company motivate employees to develop themselves continuously. Alpha has a job classification system with set salaries and other incentives. In addition, a motivating work environment and the opportunity for personal development through various training and specialization programs, often sponsored by the company, can be identified as intangible motivation for employees.

Given the unique characteristics of the company and its workforce, Beta faces challenges when attempting to directly implement HR practices of other profit-oriented micro and small enterprises and those recognized in theoretical and academic contexts.

Beta emphasizes each employee, which manifests itself in a customised approach to each employee's development, learning, training, and advancement. Various methods, forms, and approaches are used within the personnel management framework to learn and promote employees. Among the many activities, individual work with the employee, creating a personalised change plan based on the employee's needs, and workshops and group work to develop social and communication skills stand out. The workshops and training sessions are important in empowering employees and improving their communication, interpersonal, and social skills. The main objective of group work is to develop a deeper understanding of the different needs of each employee while promoting respect for and acceptance of diversity. Advancement in the organization is achieved through salary increases and additional rewards. In terms of motivation, it is important to emphasize certain efforts that are linked to intangible incentives. One of the tasks of the HR manager is to create a positive atmosphere throughout the team by organizing group activities that are not related to work but promote a sense of togetherness within the group. These efforts culminate in promoting cooperation, fostering friendships, boosting self-confidence, and improving employees' overall quality of life.

Although the extant literature has identified certain limitations in implementing HRM practices in small and medium-sized enterprises, the cases presented show that it is possible to recognize certain advantages inherent in small enterprises. Company size and resource constraints are described in the literature as limiting factors that prevent small enterprises from adopting more sophisticated practices (Cardon & Stevens, 2004). However, the size of a company can be an advantage when it comes to developing an organizational culture that is more focused on the needs of employees. In the cases presented, it is evident that there is no lack of HRM practices but that these are better tailored to the needs of employees and their professional development within the organization. The individual approach to implementing HRM tools that enable a productive organizational culture that focuses on continuous learning and mutual respect among employees can be implemented due to the size of the company and the smaller number of employees.

6. CONCLUSION

Managing human resources plays a crucial role in the success of small businesses. An important goal of human resource management in small enterprises is to

create a positive workplace culture that values team-work, open communication, and employee recognition. The following findings can be identified based on the qualitative research and the two case studies of Croatian small enterprises. As already mentioned in the existing literature, small companies usually do not have a separate organizational unit for HR management. In both cases analyzed, most HR activities are carried out by one person.

Regarding the recruitment and selection process, CVs, recruitment tests, and interviews are the most commonly used tools. Company Alpha is characterized by an internal culture that strongly, actively, and continuously promotes employee specialization, training, and development. The working environment stimulates and motivates employees to continuously invest in developing their knowledge, competencies, and skills. Understanding and accepting diversity is at the core of Beta's corporate culture. Although the work environment is stimulating and focused on learning and progress for all employees, the implementation of all activities is tailored to the limitations and abilities of employees. In both cases, tangible and intangible motivation activities can be identified. In summary, the companies focus on developing a healthy and high-quality internal organizational culture in both cases and actively care for their employees. This study contributes to the existing literature by providing insights into how HR activities related to recruitment and selection, learning and development, motivation, and performance management are organized and conducted in small enterprises.

The limitations of this research are related to the qualitative methodology used, such as subjectivity, researcher bias, limited reliability, and limited generalisability of the results. Although six interviews were conducted, the research results are only presented for two companies, which may be a limitation in terms of limited generalisability. Furthermore, the results are drawn from the Croatian business and cultural context. For these reasons, it is suggested that the sample size be expanded and comparative studies conducted with other countries or regions to identify cross-cultural differences and similarities in HRM practices and their impact on small businesses.

Furthermore, this research provides a deeper understanding of HRM practices in small enterprises, the results of which can serve as a basis for further quantitative research. A possible focus of future research could be the integration of technology and its impact on HRM practices in small enterprises. Future research could investigate how technological advances such as the adoption of HR software, the use of artificial intelligence in recruitment and selection processes, the use of online training platforms, and the adoption of remote working tools impact HRM practices in small businesses.

The research results can inspire owners and managers of small enterprises. Based on the cases presented, they can develop or adapt HR practices tailored to their specific needs and create a positive workplace culture for their employees.

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UPRAVLJANJE LJUDSKIM RESURSIMA U MALIM PODUZEĆIMA:

REZULTATI ISTRAŽIVANJA U HRVATSKOJ

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SAŽETAK

Mala poduzeća s manje od 50 zaposlenika čine okosnicu gospodarstva u mnogim zemljama i daju značajan doprinos bruto domaćem proizvodu, zapošljavanju i izvozu. S obzirom na njihovu važnost i ulogu u gospodarskom razvoju, ekonomije mogu imati koristi od snažnog, produktivnog, inovativnog i rastućeg sektora malih poduzeća. Zaposlenici igraju ključnu ulogu u razvoju malih poduzeća. Iz tog razloga, važno je ispitati do koje mjere vlasnici malih poduzeća obraćaju pažnju na upravljanje ljudskim resursima i njihov razvoj. Prethodna istraživanja o upravljanju ljudskim resursima uglavnom su se fokusirala na velika poduzeća, dok je malo dokaza o tome kako mala poduzeća upravljaju ljudskim resursima i razvijaju svoje zaposlenike. Ovaj rad analizira pristup upravljanju ljudskim resursima u dvama malim hrvatskim poduzećima. Na temelju šest polustrukturiranih kvalitativnih intervjua provedenih s tri različite grupe zaposlenika - viši menadžer, srednji menadžer i viši zaposlenici, provedene su dvije kvalitativne studije slučaja kako bi se dublje razumio pristup upravljanju i razvoju zaposlenika u malim poduzećima. Nalazi sugeriraju da menadžeri malih poduzeća prepoznaju važnost svojih zaposlenika i potrebu za podrškom njihovom budućem razvoju. Iako mala poduzeća implementiraju i prilagođavaju prakse upravljanja ljudskim resursima sukladno svojim mogućnostima i ograničenjima, očito je da je poticanje i osnaživanje zaposlenika ukorijenjeno u njihovoj organizacijskoj kulturi.

KLJUČNE RIJEČI: *mala poduzeća, upravljanje ljudskim resursima, regrutacija, učenje i razvoj, upravljanje učinkom.*