



Universidade de Aveiro
2020

**SARA ISABEL
MACHADO DOS
SANTOS**

**GESTÃO DE TALENTO E DE CARREIRA NAS PMEs:
APRENDER COM UM CASO DE ALTA
ROTATIVIDADE**

**TALENT AND CAREER MANAGEMENT IN SMEs:
LEARNING FROM A CASE OF HIGH TURNOVER**



Universidade de Aveiro
2020

**SARA ISABEL
MACHADO DOS
SANTOS**

**GESTÃO DE TALENTO E DE CARREIRA NAS PMEs:
APRENDER COM UM CASO DE ALTA
ROTATIVIDADE**

**TALENT AND CAREER MANAGEMENT IN SMEs:
LEARNING FROM A CASE OF HIGH TURNOVER**

Relatório de estágio apresentado à Universidade de Aveiro para cumprimento dos requisitos necessários à obtenção do grau de Mestre em Economia, realizada sob a orientação científica do Doutor Hugo Figueiredo, Professor auxiliar do Departamento de Economia, Gestão, Engenharia Industrial e Turismo da Universidade de Aveiro.

Dedico este trabalho aos meus pais.

o júri

presidente

Prof. Doutora Mara Teresa de Silva Madaleno

Professora Auxiliar, Universidade de Aveiro

Prof. Doutora Carla Maria Freitas da Costa Freire

Professora Auxiliar, EEG - Escola de Economia e Gestão da Universidade do Minho

Prof. Doutor Hugo Casal Figueiredo

Professor Auxiliar, Universidade de Aveiro

agradecimentos

Ao Professor Hugo Figueiredo pelo acompanhamento e apoio prestado no desenvolvimento deste trabalho. À empresa Alpha (nome fictício) pela oportunidade de realização do estágio curricular, em particular ao gerente e à diretora de RH pelo apoio, mas também um profundo agradecimento a todos os colaboradores que me acompanharam e apoiaram ao longo de toda esta etapa. Por fim, agradeço a toda a minha família e amigos, em especial aos meus pais e namorado, pelo apoio que me deram ao longo destes anos, pela motivação, atenção, paciência, palavras de encorajamento e carinho. A todos, o meu muito obrigada!

palavras-chave

Gestão de talento; carreiras; gestão estratégica de recursos humanos; PMEs; rotatividade

resumo

Este relatório de estágio utiliza informação detalhada sobre a trajetória de todos os trabalhadores de uma empresa industrial de cerâmica entre 2013 e 2020. Analisa criticamente os motivos subjacentes ao aparecimento de várias dificuldades ao nível da retenção de trabalhadores nesse período. Dá particular atenção às práticas de recursos humanos e ao ajustamento do modelo organizacional e cruza estas informações com a descrição, com base em dados quantitativos e qualitativos, da mudança ocorrida neste período. Também procura situar a empresa no contexto das dificuldades enfrentadas pelas PMEs.

A atração, gestão e retenção de talento é uma necessidade emergente das PMEs portuguesas, pelo que as empresas devem ser capazes de desenvolver estratégias de forma a se poderem distinguir e obter vantagens competitivas quando comparada com a concorrência. Assim, este estudo visa: i) destacar os problemas visíveis na gestão de talentos de uma PME portuguesa; ii) analisar o nível de rotatividade e analisar se é um problema, avaliando se se trata de um problema localizado ou generalizado a toda a empresa; iii) perceber o que provoca esses valores, comparando indicadores de performance e de gestão de pessoas com os dos setores-fornecedores e setores-clientes; iv) identificar se o modelo de gestão de talentos é coerente; v) entender se os problemas e resultados identificados emergem de escolhas estratégicas da empresa ou fazem parte das características do setor. Através deste estudo, foi possível concluir que esta empresa cresceu muito nos últimos anos, mas com problemas de desempenho importantes, chegando mesmo a perder a posição competitiva em vários indicadores quando comparada com empresas do seu setor e suas clientes. Aliado a isso, destacámos como a empresa aplica algumas das suas práticas de recursos humanos e chegámos à conclusão de que a implementação destas podem estar a afetar negativamente o nível de rotatividade. Uma das nossas descobertas foi que a empresa, apesar de ter crescido, apresenta efetivamente muita instabilidade mensal em termos de movimentação de pessoas que, por sua vez, parece ter tido impacto na produtividade, rentabilidade e no desempenho da empresa.

keywords

Talent management; careers; strategic human resources management; SMEs; turnover

abstract

This internship report uses detailed information on the trajectory of all workers in an industrial ceramic company between 2013 and 2020. It critically analyses the reasons underlying the appearance of various difficulties in terms of retaining workers in that period. It pays particular attention to human resource management practices and to the adjustment of the organizational model and crosses this information with the description, based on quantitative and qualitative data, of the changes that occurred in the company during this period. It also seeks to place the company in the context of the difficulties faced by SMEs.

The attraction, management, and retention of talent is an emerging need of Portuguese SMEs, so companies must be able to develop strategies in order to be able to distinguish themselves and obtain a competitive advantage when compared with the competition. Thus, this study aims to: i) highlight the visible problems in the talent management of a Portuguese SME; ii) analyse the level of turnover and see if it is a localized or generalized problem throughout the company and also understand what causes these values; iii) compare performance indicators and people management with other firms within the same sector and with customers; iv) identify whether the talent management model is consistent; v) understand if the problems and results identified emerge from the company's strategic choices or are part of the characteristics of the sector.

Through this study, it was possible to conclude that this company has grown considerably in recent years but that, in terms of performance, the results were not as good as expected. The company even lost its competitive position in several indicators when compared to its sector and its customers. In addition, we highlighted how the company applies some of its human resource management practices and came to the conclusion that its implementation may be negatively affecting the level of turnover. One of our findings was that the company, despite having grown, has a lot of monthly instability in terms of the movement of people, which in turn appears to have an impact on productivity, profitability and the overall performance of the firm.

Index

| | |
|---|-----|
| Figures Index | iii |
| Table Index | iv |
| Acronyms list..... | v |
| 1. Introduction | 1 |
| 2. Talent Management and Retainment in SMEs..... | 5 |
| 2.1. Career Management Models, Alignment, and Coherence..... | 7 |
| 2.2. Problem Symptoms | 13 |
| 2.3. Challenges of Strategic Human Resources Management: SMEs Context | 16 |
| 3. Methodology | 23 |
| 3.1. Objectives | 23 |
| 3.2. Research Design | 25 |
| 3.3. Description of the Internship and Observational Activities | 27 |
| 3.4. Contextual and Quantitative Data..... | 29 |
| 3.5. Research Question | 31 |
| 4. Contextual and Sector Analysis | 33 |
| 4.1. Alpha's General Description | 33 |
| 4.2. Alpha's Relative Performance: Industry Analysis and Competitors..... | 34 |
| 4.3. Clients: The Ceramic Sector..... | 41 |
| 5. Company Analysis | 53 |
| 5.1. Organisational and Decision-Making Structure | 54 |
| 5.2. The HRM Function..... | 58 |
| 5.2.1. <i>Recruitment and Selection</i> | 59 |
| 5.2.2. <i>Training</i> | 61 |
| 5.2.3. <i>Performance Appraisal</i> | 63 |
| 5.2.4. <i>Remuneration and Career Management</i> | 64 |
| 5.3. Internal Data Analysis | 67 |
| 5.4. The Talent Management Model | 81 |
| 6. Discussion and Conclusions..... | 89 |
| 6.1. Talent Management and Performance in Alpha | 89 |
| 6.2. Lessons to SMEs | 92 |

| | |
|---|----|
| 6.3. Limitations and Recommendations for Future Studies | 94 |
| References | 95 |

Figures Index

| | |
|---|----|
| Figure 1- Average comparison of annual sales volume (Alpha vs. Sector) | 36 |
| Figure 2- Average comparison of profit margin (Alpha vs. Sector) | 36 |
| Figure 3- Average comparison of average equity (Alpha vs. Sector) | 37 |
| Figure 4- Average comparison of economic profitability (Alpha vs. Sector)..... | 37 |
| Figure 5- Average comparison of employee's number (Alpha vs. Sector)..... | 38 |
| Figure 6- Average comparison of personnel costs (Alpha vs. Sector) | 39 |
| Figure 7- Average comparison revenue per employee (Alpha vs. Sector)..... | 39 |
| Figure 8- Average comparison of annual sales volume (Alpha vs. Competitors vs. Ceramic Sector) | 44 |
| Figure 9- Average comparison of profit margin (Alpha vs. Competitors vs. Ceramic Sector) | 44 |
| Figure 10- Average comparison of average equity (Alpha vs. Competitors vs. Ceramic Sector)..... | 45 |
| Figure 11- Average comparison of economic profitability (Alpha vs. Competitors vs. Ceramic Sector) | 46 |
| Figure 12- Average comparison of employee's number (Alpha vs. Competitors vs. Ceramic Sector) | 46 |
| Figure 13- Average comparison of personnel costs (Alpha vs. Competitors vs. Ceramic Sector)..... | 47 |
| Figure 14- Average comparison revenue per employee (Alpha vs. Competitors vs. Ceramic Sector) | 48 |
| Figure 15- Average turnover rate (Alpha Sector vs. Ceramic Sector vs. Other Manufacturing) | 52 |
| Figure 16- Organogram of Alpha organizational structure | 55 |
| Figure 17- Average monthly turnover by department | 77 |
| Figure 18- Average monthly of entries and exits by department | 80 |

Table Index

| | |
|--|----|
| Table 1- Features of Organization and Market Oriented Employment Systems..... | 10 |
| Table 2- Internal Labour Market vs. Occupational Labour Market | 11 |
| Table 3- Talent Management Problems and Challenges | 14 |
| Table 4- SME Definition | 17 |
| Table 5- SMEs Challenges | 18 |
| Table 6- Representative Literature About the Different Topics..... | 21 |
| Table 7- Comparison of New Indicators (Alpha Sector vs. Ceramic Sector vs. Other Manufacturing) | 49 |
| Table 8- General Difference Between 2013 and 2020 | 68 |
| Table 9- Department Difference Analysis Between 2013 and 2020..... | 70 |
| Table 10- Advantages & Disadvantages of ILM, OLM, IO..... | 82 |
| Table 11- Alpha Company Orientation Talent Model..... | 84 |
| Table 12- Reality vs. Expectations of HR practices | 93 |

Acronyms list

CAE Rev.3 – Classificação Portuguesa das Atividades Económicas, Revisão 3

HCM – Human Capital Management

HR – Human Resources

HRM – Human Resources Management

ILM – Internal Labour Market

IO – Innovative-Oriented

MBV – Market-Based View

MNE – Multinational Enterprise

OLM – Occupational Labour Market

RBV – Resource-Based View

R&D – Research and Development

ROI – Return on Investment

SABI - Sistema de Análise de Balanços Ibéricos

SHRM – Strategic Human Resources Management

SME – Small and Medium Enterprises

STMP – Strategic Turnover Management Process

TM – Talent Management

1. Introduction

Currently, organizations operate in an environment marked by instability at all levels where the Human Resources Management (HRM) assumes a crucial role in the success of the firm. With an increasingly developed economy, it is evident that there are several changing factors, but companies are not always prepared for it. Some problems like the lack of career management, the lack of motivation and job satisfaction, the individual perception of not being able to grow as professional and the manager's behaviour are present in the daily life of companies. Nevertheless, the major problem of the 21st century is related to how to retain talented people? It is common that companies are more focused on their human capital to achieve their competitive goals and be better than their competitors. Attract and retain talent became an emergent necessity and comes up with the questions How can firms do that? What strategies should they implement? Talent management should be an organization's priority and that has been gaining importance in organizational management policies (Cappelli, 2009). The past decade has been marked by a highly unstable macroeconomic scenario, caused by a financial crisis that was rapidly affected the world economy. Many companies have had difficulties in executing reorganization strategies to keep their survival (Marcelino, 2017) and, consequently, their employees.

The economic reality puts pressure on the continuous search for improvement and excellence in almost all aspects and there is no exception in the Human Resources (HR) department. HRM continues to be an increasingly useful and important tool for a company so its focus is to achieve its goals by guiding and caring for people – human capital (Lins & Zúniga, 1998).

Over the years, the HR department has become more dynamic in order to try to keep up with market changes and developments with teams constantly looking for professionals who have the skills and abilities to integrate into the role, in-group and in the organization in order to improve firm performance. The HRM has high importance in the company management, because all its activities are essential for successful strategies implementation and is fundamental for organization growth.

HR has given rise to greater prominence and consequently a more significant impact on the organizational performance. HRM can become a very complex field as it analyses the behaviour and influence of the individual's relationship with the firm and it

is through this connection that several studies and applications are carried out (Veloso, 2007). Dealing with human beings can bring a very difficult challenges, because managing people is not always easy. Not everyone is prepared to accept all the responsibilities that this entails. Each person has their own characteristics, behaviours, and attitudes which means that there are a massive diversity and a certain difficulty to find a model to manage individuals according to their and the firm needs. The way that people are managed is crucial to the long-term firm success because according to Price (1997:6) as cited in Sousa, (2013) *“like hairstyles and clothes, management ideas come and go. However, there is one that consistently prevailed over the past twenty years: the most successful organizations are those that use their human resources more effectively.”*. In this sense, people management becomes central to a company’s competitiveness as these are the differentiating key when compared to the competition.

HRM is seen as the process of recruiting and selecting people, developing training and integration strategies, and developing policies that align the interests of both employee and firm. According to the focus of this paper, HRM must also be concerned with developing employee retention strategies, which is making sure that the best workers for the company do not want to and do nor even consider leaving it (Mirza & Farneti, 2016). With an increasingly advanced economy, and younger people dissatisfied is essential to the companies to attract, hire, and retain the best individual to avoid possible future waste of resources. Thus, it is crucial for the firms to have a correct management of the employees as well as their behaviour, so they do not abandon or show interest in leaving the company.

Therefore, it is necessary to critically analyse the reasons underlying the appearance of various difficulties regarding the topic of the report, paying special attention to the HR practices and adjustment processes of the organizational model. Through this case study, it will then be possible to name some specific difficulties that a Portuguese Small and Medium Enterprises (SME) may face.

This report presents a case study which involved the collection of a database focused on the period from 2013 to 2020. The objective was to understand the behaviour of some crucial HR dimensions during the time. Allied to this, the main objective of this article is to understand the HR dynamics of a specific company that is part of the Portuguese ceramic industry and why it is unable to retain the (best) employees thus identifying the problems of talent management, turnover level, the talent management

model coherence and characteristics of the company itself and the sector. For this analysis, the construction of the database was provided by the company under study and was complemented by information on the ceramic industrial sector (using two more databases that will be identified later).

This study is structured as follows. Section 2 presents the Literature Review where different studies related to talent management, and retainment in SME are presented and analysed including several significant subtopics. Afterwards, we explain our methodology in section 3 making a description of internship and observation activities as well as the research questions and data. In section 4, was made a contextual analysis in order to understand the sector characterization and behaviour through the past ten years, making also reference to Alpha¹ (Portuguese SME) company performance comparing it to the others in the same sector (Portuguese competitors and costumers). Section 5 is dedicated to Alpha company which means that in this chapter we are able to know a little bit more detailed the company and also analysing the results of the dataset collected. To finalized, the section 6 was reserved to present the discussion and conclusion of this report. In addition, we also highlight some limitations and provide future research lines that might be followed.

¹ Due to the need to keep the company name anonymous, we choose Alpha determination to identify it.

2. Talent Management and Retainment in SMEs

At the beginning of the '90s, we faced an HRM paradigm shift caused by the appearance of new challenges, namely technological, economic, social and, political levels (Besseyre des Horts, Charles-Henri, 1987 as cited in Serrano, 2010). Since then, HR contributes significantly to the company's competitiveness, so it is possible to obtain a competitive advantage using talent management tools (Kihia, 2017). Any type of change affects directly organizational performance (Fernandes, 2012) and Strategic Human Resources Management (SHRM) goal is to improve organizational performance through individual strategic management to foster the commitment between worker and firm (Hanno, 2019). According to Boxall & Purcell, 2000; Wright et al., 2001; Wright & McMahan, 1992 as cited in Mendes (2012), a strategic vision of HR was based on Resource-Based View (RBV), because for these authors are important to accept internal resources as a source of competitive advantage, especially the fact that people are strategically important for organizational success. However, the mismanagement of human resources can have a negative effect on the organization and the human resources managers should predict for example the employees' turnover intention (Long et al., 2012). Turnover is a concept related to a behavioural tendency of workers who intend or try to leave an organization and factors such as work satisfaction and organizational commitment are the most relevant variables that predict turnover intentions (Chen et al., 2014).

The first paper focus on talent management in the SME context is the study of Krishnan & Scullion (2017). These authors wanted to highlight the difference between large and SME companies and explained that some practices of talent management that are effective in large multinational enterprises (MNE) may not be applicable in SME contexts. Most of the SME companies are concerned about staffing and developing high potential employees who can perform multiple roles at the various stages of organizational growth (implies a dynamic approach to organizational development and the importance of selectivity in staffing). Talent management strategies are used and adapted by firms if they realize that talent is the key to obtain a competitive advantage in the labour market (Cappelli, 2009; Lewis & Heckman, 2006).

Festing, Schäfer, & Scullion (2013), highlight the importance of contingency factors and national context on the development of TM practices, and as expected these

practices are significantly different in each firm. This study focuses on German companies and most of them apply an inclusive approach to TM which means that focus on the development of all employees that are related to the national education system (they attach great importance to the development of all people). Also, were identified three clusters on the SME sample based on engagement and intensity with an institutional perspective: highly engaged talent managers (attraction, recruitment, and training), reactive talent managers (HR planning), and retention-based talent managers (employment development, succession and career planning). A long-term approach to each cluster will depend heavily on the type of company, its activity, its size, and its financial capacity to acquire resources.

Oladapo (2014), made a study that sought to understand the reasons why companies choose not to have talent management programs (challenges and successes). Despite HR agree that talent management programs are essential to the company's success, there are a lot of them that do not have any system. This links to the lack of corporate strategy of corporate leadership. Career development opportunities, job security, and compensation are some factors that HR recognizes that it is important to retain employees.

Today's career management is a dynamic scenario and that change brought new challenges to the firm such as a worker development opportunity instead of a traditionally (safe) workplace (Oliveira, 2015). Career is an important learning opportunity and experience in the employee's work life and has a strong influence on workers' productivity and performance. Employees make the decision of whether to take advantage of offers that are available. A career is seen as a process of continuous learning and development in which the main point is to acquire new knowledge, values, practices, and techniques to improve the performance and knowledge of individuals. Nevertheless, the traditional career concept is related to the fact that the work only has one purpose: a single associated occupation and merely a wage. In general, a job is seen to earn money while a career is seen as an opportunity and a learning experience that reflects a professional life (Gyansah & Kiende, 2018). A worker's career management can be considered internal (change within the organization itself) or external (change of organization or employee) (Rosa & Russo, 2017) and represents an opportunity for professional development that firms provide to their employees (Tolfo, 2002). Some organizations provide opportunities and tools that are crucial to the development of the skills and knowledge of its employees

and they have the responsibility and sensitivity to take advantage of the offers they have at their disposal (Gyansah & Kiende, 2018).

2.1. Career Management Models, Alignment, and Coherence

Turnover is defined by the movement of workers leaving a company, either by their own will or by the employer's decision. This situation occurs when employees reach a disruptive position in the company. Consequently, turnover is a negative factor since it involves direct and indirect costs, as well as wear and tear for organizations. However, it can also be considered a positive factor, in the sense that it can be seen as an opportunity to improve and increase productivity levels, resolve conflicts and undertake organizational restructuring (Oliveira, 2018).

Minbaeva & Collings (2013:16) identified seven myths about managing talent and the objective of these authors was to expose and explain some of them that people take for granted about TM. But it is a complex and challenging topic due to all the dynamics that this function implies and to all the assumptions associated with it. The most important myth for our study was the fact that most people assume that “*talent turnover is always bad for the organization*”. Due to the era of globalization, the changes are even more constant. However, when the change is directly linking to people it not always bad, because, for example, when someone leaves the company, they may take human capital away, but the firm can retain their social capital (anticipating through training). Ex-employees may join potential clients or partners and maintaining good relations may be beneficial to the firm in terms of network and working relationship in the future. Thus, it is important for organizations to monitor turnover according to performance levels, replacement, and the employee's new workplace. It has not corrected to assume that employee turnover is always a problem. Although the article of the authors refers to large companies, we can also consider the same thinking when we talk about SMEs.

Meland & Waage (2005) also suggest two different perspectives on turnover. On one side, it is a positive part of organizational development, however, it can also be considered a threat to the firm's competitiveness. Turnover has always been dysfunctional for firms, but these authors argued that turnover is a possible strategic factor that helps the firms to improve their organizational development. So, the authors proposed a model called Strategic Turnover Management Process (STMP) which is a tool to deal with

potential turnover situations. The model has 3 stages: assessing employees' intentions, deciding on intervention measures, and enacting actual intervention. To implement this model, the company must have: an open mind culture; permanent monitoring of the competence available in the market; coherent and consistent HR department capable of dealing with possible issues; re-recruitment should be done by managers and supervisors; corporate business strategies have to be communicated clearly and instantly (to determinate competency needs). Although this article refers to the IT industry in Norway, all types of firms should accept turnover as a natural factor of the market dynamics and instead of stopping that, they must control their pace and direction.

When we consider turnover a problem, it has associated costs for the company. First, costs are directly related to the process of leaving and replacing the worker who left, that is, new recruitment, selection, training processes, among other practices, are necessary. On the other hand, the company may experience a loss of productivity or an accumulation of functions in the sense that while there is no substitute person, someone must assume the missing role. Finally, the fact that a company has some turnover can produce problems in the medium to long terms, such as the demotivation of employees, loss of internal know-how, and passing on a wrong image of the company to the market (Oliveira, 2019).

Using Singapore and Uzbekistan economies as an example, Cabral (2014) identified some barriers that lead the companies a lower industry turnover and others that lead to a higher industry turnover. Moreover, both countries have a similar turnover rate, although an economy like Singapore has a lower barrier to business, in contrast, Uzbekistan has a higher barrier to business. While the first one is characterized by a good turnover that is related to productive firms, the second is considered a bad turnover that corresponds to involuntary exit. The author concluded that barriers to entry (the main source of variation) lead to lower turnover rates and higher levels of industry turnover are related to higher levels of social welfare. Also, survival barriers may increase the industry turnover because they decrease social welfare. The impact of industry turnover differs according to the type of barrier, but when we talk about productivity all barriers have a negative impact (either decrease the level of good turnover or increase the level of bad turnover). This analysis suggests that industry turnover is not a good policy goal and not an indicator of policy success. Mezomo (1981) as cited in Oliveira (2018), states that there is no right or wrong turnover rate as this rate is dependent on the individual

characteristics and aspects of each company. However, the concept of a model for this author must be one that allows the organization to create a work team that guarantees quality, but also the possibility of substitution when workers do not meet the predicted expectation.

HR systems and firm strategy can be divided into two types: organizational-oriented and market-oriented. The main difference between these two types is the fact they rely on internal (organizational) or external (market) criteria in what it refers to the structuring the employment relationships. The first one is associated with stable employment, low turnover rate, resort to training, seek equity and, loyalty (they take a longer-term perspective on firm performance encouraging corporate strategies). The second one is characterized by a flexible employment situation which reflects a higher turnover rate and fewer training opportunities (they take a short-term orientation and encourage the use of employment practices that lower direct costs and increase flexibility). Firms adopt an organizational or market orientation according to a firm's choice of employment practices (Jacoby, 2005). Agreeing and referring to the previous author, also Cobb (2016) categorized corporate employment systems: organizational or market-oriented. The main difference between both systems is the fact that the first one is related to internal measures to structure employment relationships and the second one relies on external criteria (Table 1).

Increasingly, companies face several different challenges in terms of globalization pressures, technology changes, greater competition, and financial performance. The problems differ from company to company and even they have the same obstacle the corporate executives often come to different conclusions and make very different decisions about whether to use an organizational or market-oriented approach to organize work at their firms. Sometimes firms often adopt a combination of both types. The wage-setting in an organizational-orientation is done by internal labour markets (ILM) where everything is related and governed by internal administrative rules and procedures. In contrast, a market-oriented approach reduces the influence of bureaucratic processes which give the firm more flexibility (OLM –occupational labour market) in the way that they manage their employment relationships (Cobb, 2016).

Table 1 - Features of Organization and Market Oriented Employment Systems

| | Organization-orientation (ILM²) | Market-orientation (OLM) |
|--------------------------|--|--|
| Wage setting | <ul style="list-style-type: none"> ▪ Tied to job using formal job evaluation ▪ Based more on administrative rules ▪ Lower pay variance within and across jobs ▪ Internal equity ▪ Reduce costs of social comparison | <ul style="list-style-type: none"> ▪ Tied to individual using external market mechanism ▪ Based on skills and performance ▪ Larger pay variance within and across jobs ▪ Externally competitive wages ▪ Incentivize worker productivity |
| Job matching | <ul style="list-style-type: none"> ▪ Internal hiring (above entry-level) ▪ Based on seniority ▪ Reduce avoidable turnover ▪ Encourage development of firm-specific skills | <ul style="list-style-type: none"> ▪ External hiring ▪ Based on skills and credentials ▪ Just-in-time acquisition |
| Skill development | <ul style="list-style-type: none"> ▪ Employer develops talent ▪ On-the-job formal and informal training ▪ Greater stability and predictability of skill supply | <ul style="list-style-type: none"> ▪ Employer acquires talent ▪ Reliance on skill development outside the firm ▪ Avoid costs of developing and maintaining excess internal talent |
| Firm boundaries | <ul style="list-style-type: none"> ▪ Stable boundaries ▪ Heavy reliance on stable, full-time employment relationship ▪ Operational stability | <ul style="list-style-type: none"> ▪ Permeable boundaries (heavy reliance on non-standard work arrangements and work reorganization) ▪ Operational flexibility |

Source: Cobb, 2016:62-63

² See Sato (2017:162) - “Organizational orientation is almost the same as ILM, so it is described in ILM column. Market orientation is a different concept from OLM, but because it has overlapping parts, it is described in OLM.”.

Lazear & Oyer (2004) stated that most economists believe that the fluidity of the labour market is an essential condition for competition (Table 2). In Europe, for example, wages and employment determinations are constrained by institutional factors and the external labour markets prevail. Most firms filled positions outside-in, and the wages paid are determined by market conditions and not by the firm. For example, in the case of Sweden, they can go to the external labour market to fill the position due to high turnover. Wages are determined by exogenous factors which means that on long-term the wage is established by prevailing wages in the market (not by the firm condition), but in the short-term firm, conditions are taken in account. However, this does not mean efficiency because the market wage can be determined in an institutional/ formal way and not in a competitive manner. In Sweden wage-setting normally occurs formally and institutionally way which surprised the authors by the results of the study.

Table 2 - Internal Labour Market vs. Occupational Labour Market

| Internal Labour Market (ILM) | Occupational Labour Market (OLM) |
|---|--|
| <ul style="list-style-type: none"> ▪ Entry level jobs ▪ Higher levels are filled from inside ▪ Job hierarchy ▪ Firm specific human capital ▪ Long-term labour contracts ▪ Wages are determined internally ▪ Lack of mobility and fluidity ▪ Administrative rules and procedures | <ul style="list-style-type: none"> ▪ Ability of workers to switch career (fluid labour environment) ▪ Wage restrictions (determinate by some aggregate process) ▪ Productivity increase |

Source: Self-elaboration with information from Lazear & Oyer (2004)

With the rapid advances and changes within the world economy, it is inevitable to speak about innovation. Thus, companies had to adapt and reformulate their strategies so that they might maintain themselves in an unstable market. According to Dobni (2010), an innovation-oriented approach explains how innovative a firm could be. Innovation is one of the factors that crucial to the firm strategy definition and is considered a differentiator component that is the basis of a competitive advantage.

Innovative-oriented firms are those that specialise in creativity and development of new ideas to achieve success on the market but also focus on customer satisfaction and

loyalty creating a long-term relationship. Therefore, these firms can anticipate and react to customers' needs quicker than their competitors obtaining competitive advantages and more value-added. A company with an innovation-oriented culture and strategy approach can produce more innovative products, obtain intellectual capital, and can influence an atmosphere in which the firm is motivated to be creative, engage, and productive (Siguaw et al., 2006).

Nevertheless, is vital to know the role of HRM strategy in supporting this new topic, identifying the key characteristics of HR practices that, for example, Indian firms have adopted supporting the previous dimension and reveals which HRM practices that are just like the western literature on this subject. Learning and development, employee involvement and quality initiatives, performance management, employee welfare and engagement, and other HR initiative reported are some samples of HRM practises that was described by Indian managers. Several studies tried to establish a connection between HRM practices and innovation, which link must be supported by a high commitment and performance to HRM. Previous studies on this subject mainly focused on technical innovation rather than an administrative approach. The business strategy and HRM play an important role in competitiveness and innovations can take many forms (and not necessarily a technologic level). On this time, the RBV approach is too simple and it is necessary to combine a theoretical method (institutional, strategic management, etc) to identify the barriers and opportunities that firms are facing. However, managers also identified some points that companies need to improve to provide more effective support to innovation-oriented business strategy: greater democracy and fairness, more performance-based rewards, better psychological outcome, better talent management and better alignment of HR and business strategy (Cooke & Saini, 2010).

According to Witt & Jackson (2016), the different competitive advantages that companies will acquire over time are based on institutional hybrid (a mix of institutional logic) or liberal logic that can be combined with low or high coordination in terms of employment relations. The company's dynamics change over time, so a new hybrid approach is not considerably more stable or balanced, which is a more coherent approach. However, institutional differences can lead to similar outcomes. As countries and innovation standards change, combinations of institutional arrangements may also change or even cease to exist and each company must adapt and shape to its approach, business core and target market and management must implement strategies together with HR.

In some industries, turnover is considered predictable. For instance, in manufacturing, the turnover rate trend is increasing since it went from 20.9% in 2011 to 22.4% in 2018. However, in the education sector, the turnover rate is constant from 2011 to 2018 with a percentage of 0.4. The construction sector and the financial and insurance activities sector showed a decreasing rate from 2011 to 2018, changing from 7.6% to 5% and from 11.2% to 6.5%, respectively (PORDATA). Indeed, companies always have an associated risk investing in their workers, whatever the investment level. That is, if an organization offers a lot of training or assigns some additional benefits and the worker leaves the company, it can be bad for the organization in the sense that sometimes the costs are higher than investments and the company ends up not benefiting from the investment made.

2.2. Problem Symptoms

A company depends on all its processes, and its strategies must be well structured as implemented so in the end, they can offer high-quality products and services. For that, it is essential that their workers are and remain satisfied, and that they also have the necessary qualifications (either at the educational level or at the professional level). Thus, customers must be equally satisfied with the final product, which is always beneficial for a company, as it manages to maintain its customer portfolio and, consequently, acquire new ones. This is the perfect reality for a firm. However, this is not what happens. Several obstacles appear in the daily life of any company, which sometimes threatens its proper functioning (*Table 3*).

Some companies do not have a career management system and when the worker knows about it, they probably express their intention to leave due to the lack of motivation and the perception that they can't improve their knowledge or capabilities and growth as professionals. So companies must try to fit into an open system model (flexibility and orientation towards the outside) and also invest in leadership patterns that can change mentalities, behaviours and attitudes (Oliveira, 2015).

Table 3 - Talent Management Problems and Challenges

| Talent Management Problems and Challenges | References |
|--|--|
| <ul style="list-style-type: none"> ▪ Lack of a talent management system ▪ Perceived lack of opportunities, security, motivation and satisfaction | Oladapo (2014); Oliveira (2015); Sathyanarayan & Lavanya (2018); Tulgan (2001) |
| <ul style="list-style-type: none"> ▪ Lack of a compensation and recognition system | Oladapo (2014) |
| <ul style="list-style-type: none"> ▪ Turnover as a negative factor | Oliveira (2019) |
| <ul style="list-style-type: none"> ▪ Lack of commitment to the company | Arar & Öneren (2018) |
| <ul style="list-style-type: none"> ▪ Managers' behaviour | Valverde, Scullion, & Ryan (2013) |
| <ul style="list-style-type: none"> ▪ Economic growth ▪ Lower organizational growth rate ▪ Lack of organizational practices | Doh <i>et al.</i> (2011) |
| <ul style="list-style-type: none"> ▪ Communications problems ▪ Retention problems ▪ Less training programs | Rutherford, Buller, & McMullen (2003) |

Source: Different authors

Other reasons that explain the turnover levels are satisfaction, motivation, career progress factors and if those topics are not fulfilled the worker may intend to leave the firm. Sometimes managers have some difficulties in connecting people to organizations and the more committed individuals are to the firm more successful their job is. In contrast, when employees leave the firm it can reflect a less quality service. So, when people are satisfied, they stay in the firm and when it does not happen, they leave. Thus, job satisfaction influences positively the employee's performance, and job satisfaction harms turnover intention (Sathyanarayan & Lavanya, 2018). Commitments to organizations are getting weaker because people think that the most important thing is what they do instead of the place where they work (to achieve success they are trying to use knowledge, skills, and occupations) and talented people became a value rather than a resource (Arar & Öneren, 2018).

As stated by Valverde, Scullion, & Ryan (2013), talent management is one of the most important issues in HRM and still one of the biggest problems in many

organizations. On one side, the manager's behaviour is the main reason for employees choose to leave the firm. Currently, retain talented people is the main challenge of the organization, and managers should inspire rather than pressure their workers. In some cases, when a person leaves the company, he leaves behind their managers instead of the company itself. The factor that must influence the individual to stay in is undoubtedly the manager's actions. To prevent this from happening, managers must set an example for the employees and be real leaders (Reina et al., 2018). On the other side, some factors that may contribute to talent exit from de companies are, for instance, economic growth, lower organizational growth rate, lack of organizational practices, and satisfaction decline with the firm (Doh et al., 2011). Another explanation is the fact that some organizations cannot offer long-term job security, thus contributing to a high turnover rate and increase the demand for new opportunities by employees (other activities and places in which they can manage and develop their skills) (Tulgan, 2001).

Rutherford, Buller, & McMullen (2003), tested the hypothesis that HR problems in small firms may differ according to the organizational life cycle and was partially supported. In the highest-growth stage, firms face some communication problems which affect their development but, in contrast, these types of companies stated the lowest levels in terms of retention problems because they can attract people who love a fast-paced environment and that accept less money to be involved. For the moderate-growth firms, the biggest problem is retention issues because if the company does not stimulate a propitious work environment individual will not make the same trade-off. Low-growth firms have a stable environment which is important and beneficial to managers to develop employees at their own pace and if he will succeed it is not necessary to contract new employees – less training and recruitment problems. Finally, no-growth firms face some high level of recruitment issues because this type of companies has some difficulties to attract adequate effective employees. In this study made by previous authors, the company age did not have a significant value, but growth, compensation, recruitment, and training did.

There are still people who increasingly seek to learn and absorb all the knowledge that the firm can provide them, however, if there is no such openness on the part of the company the person is discouraged and may end up leaving it. Thus, is important that the company be aware of all individual movements, behaviours, and attitudes of their workers

to anticipate some turnover problems. But turnover is not always a bad thing, it can also be a good opportunity depending on the situation and the person as we already saw.

Smaller the company, the less probability of occurs strategic planning and factors like innovation may be determinate for the survival or extinction of the SME. These firms do not develop a strategic planning approach because they only focus on performance analyses through some financial and non-financial indicators. They do not adopt an attitude that may be useful to anticipate the situations. The way that leaders of a family business or CEOs manage their own companies may cause some troubles because they only focus on their experience of successions and business crossing which couldn't be appropriate in terms of the economic situation at the moment (Azeitão & Roberto, 2010).

2.3. Challenges of Strategic Human Resources Management: SMEs Context

SMEs are the basis of the economic structure representing 99,9% of all Portuguese companies, with 96,1% are microenterprises, 3,3% small enterprises, and 0,5% medium enterprises (PORDATA, 2018). Since 2005 these numbers have hardly changed until 2018. This high percentage shows the importance that this type of company has in the Portuguese economy being a strong potential source of employment and economic growth. This type of firm is very important for modern economies. According to Johnson & Turner (2003), SMEs can help large companies in production activities because they have greater innovative and export capacity. The characteristics of their dimension allow them to have better mobility of displacement capacity and a faster adaptation to changes. Consequently, they contribute to competitiveness and economic growth playing a key role in entrepreneurial skills and innovative development.

In the European Union, SMEs are companies that “*employ fewer than 250 persons, and have either an annual turnover not exceeding EUR 50 million or an annual balance sheet total not exceeding EUR 43 million*” (European Commission, 2015:10). These companies can also be classified as micro, small or medium-sized firms (Table 4). Within the SME category “*a micro-enterprises are defined as enterprises employ fewer than 10 persons and whose annual turnover or annual balance sheet total does not exceed EUR 2 million. Small enterprises are defined as enterprises that employ fewer than 50 people and whose annual turnover or annual balance sheet total does not exceed EUR 10 million.*”

Medium-sized enterprises are defined as enterprises that employ fewer than 250 persons and either have an annual turnover that does not exceed EUR 50 million, or an annual balance sheet not exceeding EUR 43 million.” (European Commission, 2015:11).

Table 4 - SME Definition

| Enterprise category | Staff headcount: annual work unit | Annual turnover | Annual balance sheet total |
|----------------------------|--|------------------------|-----------------------------------|
| Micro | < 10 | ≤ EUR 2 million | ≤ EUR 2 million |
| Small | < 50 | ≤ EUR 10 million | ≤ EUR 10 million |
| Medium-sized | < 250 | ≤ EUR 50 million | ≤ EUR 43 million |

Source: European Commission (2015)

These types of firms are crucial for the countries because they contribute to increasing the employment levels and annual turnover. However, they have some limitations, namely the fact that managers see themselves as partners or shareholders, there is a certain dependence on management to develop the business, scarcer access to different resources such as materials, financial, humans, and others, and low negotiation power (Russo, 2009 as cited in Fernandes, 2012).

SHRM must be aligned with the company strategies and the biggest challenge of the managers are to make it happen. (Andrade, 2008). Intangible resources have been the central element of the strategy (the focus) and the main company problem is the fact that there is a mismatch between people management and organizational strategy (Moreira, 2010). In certain cases there are some difficulties in defining strategies and SMEs should align their strategies regarding the business context, needs, and goals (that process must be specific and unique) (Labontiu, 2002). According to the previous author, SMEs can also face some problems (*Table 5*).

However, there are some companies that ignore the RBV and focus on Market-Based View (MBV), which means that they give more attention to the client and the value chain (contemporary vision of the market) and a mix of both views lead to the success of SMEs - look at the organization from outside-in (MBV) and inside-out (RBV) taking advantage of opportunities and resources/capabilities/skills (Ates & Bititci, 2009).

Table 5 - SMEs Challenges

| SMEs Challenges |
|--|
| <ul style="list-style-type: none">▪ Cannot avoid threats.▪ The firm's size may limit strategy implementation.▪ Implementation of strategies may not be appropriate to the company's reality.▪ Strategies influenced by management/owner behaviour/personality/values and goals.▪ A discrepancy of the goals with the actual available resources▪ Strategies are limited by the uncertainty of the business environment▪ They do not take advantage and do not know how to detect opportunities |

Source: Labontiu (2002)

Alexander, 1985; Gilmore, 1997; Okumus, 2003 as cited in Aseka, 2014 said that there is an uncertainty about strategy implementation and execution due to poor management in SMEs. The lack of knowledge and communication, misunderstanding of the strategy, lack of coordination, misaligned strategy, and poor monitoring and evaluation of it are also some difficulties that this type of company may be affected by.

The main obstacles of the strategic management in SMEs are related to the lack of funding, competitive and rigid organizational structure, and government regulations (Aseka, 2014) and some of these challenges can be considered a threat such as the failure access to information and technology, internationalization of the economy and the development of innovation processes – due to economies of scale and lack of resources (Kihia, 2017). In contrast, according to Kihia (2017), management challenges can arise problems between departments and non-defined hierarchies, so there should be specifics and clear responsibilities. Agreeing with other authors, lack of resources (financial constraints, technological, skills labour, market access, and information), lack of economies of scale and scope, lack of networks channels, incapacity to compete against larger firms in R&D (Research and Development) and innovation, political issues/factors, and poor management/ strategic decisions/ supervision/ leadership are also seen as a problem to SMEs.

As stated Ott (2018), the biggest challenge of SMEs is related to the attraction of talent and the retention of repatriates after international assignment (dissatisfaction upon return and/ or difficulty to re-adjust). The New Zealand SMEs face issues such as losing

talented locals, a considerable high diversity among staff, and the need to retain repatriating natives. The abilities to attract talent are the key to this challenge and there is also important to have better policies and practices related to their own business. The companies should link their employee development, engagement, and retention activities to generate commitment. In the German context, SMEs need to invest in training and development activities to generate total commitment and as well as increase the possibility of growth in terms of people's career and succession. For example, the lack of HR specialists, lack of formalized professional HRM systems, the important and strategic decisions are made by the owner, are some challenges that SMEs face. This leads to a significant difficulty in attract and retain people (Festing et al., 2013). The author Hayton (2003), proposed that strategic human capital management (HCM) is an important tool for U.S. SMEs in order to enhance entrepreneurial performance (the idea is to refine the link between HRM and HCM practices and organizational goals). HCM represents a dynamic capability which implies referring to the RBV which means that is a source of sustainable competitive advantage for SMEs. The study suggests that are HCM practices that have a significant role in the integration of HR connection with the firm goals. SMEs that wanted to promote entrepreneurship should consider making investments in discretionary HRM practices (offer incentives and tools in exchange for knowledge and organizational learning) and strategic HCM. Focus only on traditional HRM does not promote firm performance in which can be a challenge (such as high-technology SMEs because they compete for whit resource constraints) or an opportunity (companies that are able to develop effective HCM are also able to develop a potential sustainable competitive advantage). Portuguese SMEs, face issues such as the managers are not prepared for planning their activities (lack of motivation and management trainee), there is a difficulty on recruit skilled/specialized workforce, and lack of information about the foreign market in order to increase the exportation (Fonseca, 2011).

For Almeida et al., n.d. as cited in Felisardo (2015), SMEs have some difficulties in retaining the best workers. They cannot adopt a horizontal structure and there is no incentive and reward system. Worker's expectations are normally high, and the firms cannot always match that with the possibility of higher professional growth. Professional career development/progression can be conditionate by limited resources because traditionally, the workers could only progress in a vertical way, but nowadays it is possible that this progression also occurs horizontally (Camara et al., 2001 as cited in

Felisardo, 2015). Large companies can provide more opportunities in terms of career progression and a more attractive set of rewards with which SMEs cannot compete.

Nowadays, a wide range of SMEs in creating and working on strengthening the relationship with universities. They are betting more on this type of recruitment because despite helping people to enter the labour market, they are also connected to the research center (which is an asset and is like a win-win situation). Nevertheless, the selection process is also very important for SMEs because is the key of HRM as it has a direct influence on costs as well as reducing time to achieve the desired results (Borges, 2018).

HRM activities are often less formal on SMEs due to resource constraints (both economic and human) (Hayton, 2003), and the fact that HR is informal leads to a bigger difficulty in developing sustainable HR policies (Cardon & Stevens, 2004). The lack of formal departments may be a problem for SME market exposition. In order to fulfil this gap, they should innovate their recruitment process or improve the brand image (Barrett & Mayson, 2007).

Table 6 shows the literature organized by topics summarizing the authors previously mentioned. Thus, it is easier to perceive directly the references used and which can be deepened by analysing the existing articles.

This report becomes relevant because, in addition to focusing on a real company and showing a specific reality of the Portuguese business industry, it manages to bring together the most relevant sub-topics of the moment in relation to the HR theme - talent management and the retention of (best) employees. Once we are going through a delicate economic context (due to the pandemic) it is very important that the company knows how to outline its strategies well, getting the best out of itself and its employees. More than ever, people need to be motivated, satisfied, and see in their superiors the true concept of leadership. It is also imperative that companies are able to reinvent themselves or adapt to the new reality in order to continue to be productive, profitable, and managed to keep their turnover constant.

Sometimes, it is when we go through weaker moments that the best opportunities come up. However, it is necessary that individuals are prepared and trained to grasp them with the greatest confidence, responsibility, and commitment. Therefore, the role of managers is fundamental because they must guide employees in the best direction by passing on the company's message so that they transmit it to the products and services that, consequently, pass on to the customer.

Table 6- Representative Literature About the Different Topics

| Topic | Reference |
|--|--|
| HRM: importance and contribution | Cappelli (2009); Lins, & Zúniga (1998); Marcelino (2017); Mirza, & Farneti (2016); Sousa (2013); Veloso (2007). |
| Talent management and retainment | Cappelli (2009); Chen et al., (2014); Fernandes (2012); Festing, Schäfer, & Scullion (2013); Gyansah, & Kiende (2018); Hanno (2019); Kihia (2017); Krishnan, & Scullion (2017); Lewis, & Heckman (2006); Long, Perumal, & Ajagbe (2012); Mendes (2012); Oladapo (2014); Oliveira (2015); Rosa, & Russo (2017); Serrano (2010); Tolfo (2002); Williams, D., & Scott, M. (2012). |
| Turnover | Cabral (2014); Meland, & Waage, (2005); Minbaeva, & Collings, (2013), Oliveira (2018); Oliveira (2019). |
| Organizational-oriented (ILM) Market-oriented (OLM) | Ang & Slaughter (2004); Biztogan (2012); Cobb (2016); Doeringer & Piore (1971); Jacoby (2005); Lazear, & Oyer (2004); Oliveira (2016); Roberts (2019); (Simpson et al., 2006)(Simpson et al., 2006)(Simpson et al., 2006) Witt, & Jackson (2016). |
| Innovative-oriented | Baumgartner (2012); Bliogliardi et al. (2011); Cooke, & Saini (2010); Dobni (2010); Hamel (2006); Ionescu & Ionescu (2015); Siguwaw et al. (2006); Simpson et al. (2006). |
| Common HR problems | Arar & Öneren (2018); Azeitão & Roberto (2010); Doh, Smith, Stumpf & Tymon (2011); Oliveira (2015); Reina, Rogers, Peterson, Byron, & Hom (2018); Rutherford, Buller, & McMullen (2003); Sathyanaraya & Lavanya (2018); Tulgan (2001); Valverde, Scullion, & Ryan (2013). |
| Challenges of SHRM: SMEs context | Andrade (2008); Aseka (2014); Ates & Bititci (2009); Barrett & Mayson, (2007); Borges (2018); Cardon & Stevens (2004); European Commission (2015); Felisardo (2015); Fernandes (2012); Festing, Schäfer, & Scullion, (2013); Fonseca, (2011); Hayton, (2003); Johnson & Turner (2003); Kihia (2017); Labontiu (2002); Moreira (2010); Ott (2018); PORDATA (2018). |

Source: Self-elaboration

3. Methodology

3.1. Objectives

There is scant literature on the mechanics of employee turnover in SMEs, particularly in the Portuguese SMEs context. This internship report is based on a case study of an Alpha company (fictitious name, but real firm). The firm's core business is based on ceramics and glazing activities, more specifically in the areas of flooring and coatings ceramic, and recently in the tableware market. Alpha's business focuses on the production and transformation of raw materials, glass, enamel paints, fluxes, and dyes for the glass and ceramic dyes. It specializes in providing the ceramic components for customers to form and create their own pieces. The company itself also does this work on a smaller scale and presents final products (plates, flooring, cladding, etc.). In other words, the company has the idea, produces it, presents and the customer then produces on a large scale (with the company's components). It is a company with strong values and an intense internal culture and its orientation is more directed towards the client in order to find differentiating solutions that enhance its growth. This company evolves through technological innovations that have been a differentiating strategy that has been conquering the sector and contributing to its success. It also innovates, trying to get closer and closer to the fashion sector in order to bring an increasingly unique, stimulating, and innovative piece.

The company's performance is based on providing innovative products, services, solutions, and future trends to the Ceramic and Glass Sector industry. We look at the company's source of competitive advantages by integrating, within the related sectors, customers, suppliers and competitors. We characterize the market to which the company belongs, namely by comparing it with the ceramic sector and also with this specific company's performance and turnover levels.

With that context in mind, the main goal of this report is to identify and analyse the main talent management problems visible in the company, with a particular emphasis on the turnover level. We also paid attention to the organizational structure of the company and how it affects the instability of the resource base of the company. We identify the company's different competitive resources and try to understand how they are distributed among the diverse areas and departments. Organizational structure is an important factor

because it is through this that the company defines its market strategies by identifying the necessary tasks, organizing functions and defining responsibilities. According to Ingram (2019:1) *“organizational structure is important for any growing company to provide guidance and clarity on specific human resource issues, such as managerial authority.”*

We structure our analysis of the adequacy between the company's context and sources of competitive advantage and its talent management model by referring to whether the company follows an organization-oriented, market-oriented or innovation-oriented approach. The labour market is divided into two segments: internal and external. The company's position in relation to these two concepts is related to the way its HRM manages its strategy and resources, but it is also associated with labour legislation. Thus, the internal market is defined by stable employment contracts (fixed and full-time), with wages above average and, therefore, with a tendency for a high continuous career progression, governed by previously defined administrative rules (such as the definition of jobs and remuneration) and a certain rigidity in the processes. The external market, on the other hand, assumes that contracts are fixed-term (unstable and short-lived), with reduced wages, a high turnover rate that has an impact on a low career progression, poor working conditions that trigger frictional unemployment, however, there is market flexibility, (Doeringer & Piore, 1971; Oliveira, 2016). The instability, uncertainty, and rapid change in the economy and the market mean that companies need to be prepared to compete for a place of greater prominence. Many companies direct their strategies to a more innovative aspect, so the concept of innovative capabilities gains more importance (Ionescu & Ionescu, 2015). Hamel (2006:3) described innovation as *“a marked departure from traditional management principles, processes, and practices or a departure from customary organizational forms that significantly alters the way the work of management is performed.”* With regard to this, Ionescu & Ionescu (2015:302) cited that Chen and Huang (2009) have define Innovation-orientation as *“an organization openness to new ideas as part of the organizational culture”* and according Zhou et al. (2005) is to *“the propensity for change by adopting new technologies, resources, skills and administrative systems”*. So, this framework is different from the others because *“is based on an organizational structure perspective (...) that encourages the integration of innovation into all areas of the firm to better create a long-term sustainable advantage (...), and is essential to identifying, managing, and leveraging firm-controllable innovation patterns of understanding (...), providing help innovation-striving firms identify and develop*

organizational conditions and competencies needed to fulfil innovation objectives.” (Siguaw et al., 2006:26).

With regard to the subject under analysis, for organizational-oriented companies, a low rate of turnover is expected since it has little or no contact with the outside and, therefore, career progression ends up being carried out internally contributing also to a high expectation of remaining in the company (Ang & Slaughter, 2004). When companies follow a more market-oriented approach, the expected levels of turnover are much higher. This is because, for example, there is a greater dispersion of wages since they are determined by the skills and performance of each worker (Cobb, 2016).

However, as mentioned in the literature, the existence of fluidity in the labour market is extremely necessary for the competitive environment. The market has become highly competitive so it is essential that companies define their strategies and adapt them to constant changes. Thus, when companies need to resort to and adapt to a more innovation-oriented approach, there is likely to be a need to combine characteristics from the previous dimensions. This means that it is necessary to maintain a base of stable, but not fixed resources, since it is necessary to renew it over time because the main goal is to be able to innovate.

In the case of the Alpha company, it establishes the wages above the average internally, that is depending on the skills and performance shown by the worker. The company uses internal hires (career progression) first and only as a last resort goes to the market to look for. It is a company that invests heavily in internal training when it thinks that the employee has the potential to grow and greatly encourages a sense of creativity by opening people up to unleash their innovative spirit. It tries to keep its resource base as stable as possible, however, it uses temporary work companies to fill the unpredictable demand.

The study, therefore, seeks not only to use this framework to highlight the difficulties felt over the last years in this firm but also places these in the particular context of Portuguese SMEs.

3.2. Research Design

This research uses a mixed-methods case-study research design. According to Yin (2001), a case study contributes to an understanding of social, organizational, and

political developments which can represent unique or multiple cases as well as the use of qualitative and quantitative data. This type of study is extremely important “*to provide in-depth evidence for a case(s) or develop cases for comparative analysis*” (Creswell & Plano Clarke, 2018:116 as cited in Cook & Kamalodeen, 2019). This type of evidence is missing in the literature about the problems of talent management and turnover in SMEs, namely in the context of the Portuguese businesses. Thus, this study can be seen as an asset to the literature in this regard. So, mixed-methods case-studies allow us to observe several perspectives on the same subject because “*it is research-based, inclusive of different methods and is evidence-led*” (Simons, 2009:10 as cited in Cook & Kamalodeen, 2019).

In the first phase of this study, we collected information and data regarding the characterization of the sector (quantitative data). In the second stage, we first carried out an in-depth observation of the company through participant observation. Due to the opportunity of carrying out a curricular internship, it was possible not only to obtain some data but also to witness and observe many *in-loco* situations such as interviews, conflict management, the introduction of new HR practices, contact with customers and suppliers, and problem-solving, among others. During the internship period, it was possible to know, albeit in a superficially way, all the functions and departments of the company (management, administration, laboratory, production, and marketing). However, the internship involved active participation as a normal employee in one department - the administration team - and in two specific functions - HR and purchasing. This experience was important in order to allow us to understand and represent the organizational structure as well as what framework the company is oriented to. This will be presented and analysed later.

The internship activities also allowed us to collect panel data on the dynamics of the complete workforce of the company between 2013 and 2020. This database was made available by the company and included a number of stable variables over time such as the number of employees, gender, age, seniority, which department employees belonged to, and what function they performed. With this information, it was possible to verify the average number of employees that the company had in each department per month and per year, if there were more women or men, the average age of the workers, the average time that the employees remained in the company and which department had more employees. Allied to this, it was also possible to manipulate the data in order to

understand the level of turnover once we had access to people's entrances and exits, which we were able to identify. These data play a fundamental role in understanding how the company Alpha behaves and positions itself both organizationally and strategically. At the same time, with quantitative data, it is still possible to check whether the company's behaviour is what is expected in the sector or not. This company is part of a type of industry that is characterized by its great capacity to reinvent itself and with a technological evolution capable of bringing constant news to the market. In this sense, it is essential that there is a certain investment at all levels in order to guarantee and expand the company's productive capacity, improve the efficiency of the production process, improve HR strategies and encourage the development of new products and services, betting on a more sustainable industry. It is still expected that this type of sector is strongly oriented towards innovation in order to increase its competitive advantage, due to the constant appearance of a substitute and cheaper products. Like all others, this sector was also affected by the economic crisis that was felt in 2008, which contributed to the countless fluctuations in annual sales volume and annual gross added value resulting in a reduction in the company's production, which undoubtedly had an impact at HR (either due to the dismissal of workers or due to new adaptations and strategies to maintain motivation and satisfaction in more fragile moments). However, from 2013 and 2014, an improvement in the indicators began to be seen, representing the path to economic and financial improvement.

The next two sections provide further details about both the quantitative and qualitative information collected during the internship and how these are used in this report.

3.3. Description of the Internship and Observational Activities

We chose Alpha as the host for the internship due to its recognition and positioning in the market. The firm is a good example of the need to adapt to market changes quickly and effectively due to the constant transformations of its competitive environment. With a more competitive internal and external environment, companies increasingly feel the need to hire qualified people which can be beneficial in terms of developing innovative solutions. The Alpha company, as a characteristic of the innovative-oriented framework, is sometimes forced to go to the market to recruit new employees in order to ensure its

innovative capacity. So, it is also expected that there will be a higher level of turnover in the innovative departments such as a laboratory department since they seek to have people unique and specifically with a focus on producing innovative solutions improving or even bringing new mixtures of the various components necessary to the production process. Considered as an innovative firm, Alpha, wants to be two steps ahead of the competition and, for that purpose, needs to establish an open and long-lasting relationship with all its customers and suppliers. The relationship with the company's human resources constitutes an important determinant of such relationships. Employees are the image of the company and, in addition to technical skills (which can be learned), behavioural skills have become increasingly prominent and important. Therefore, in addition to knowledge, people's behaviour is essential to give a good image to both customers and suppliers in order to maintain a lasting relationship.

The internship activities began with recruitment and selection. Like any potential employee, I went through an interview process which resulted in admission. The first observation of the company happened through the reception and integration process which included a guided tour of the facilities carried out by the HR manager. This covered aspects such as the way through which the company deals with customers and suppliers as well as the management of the internal manufacturing logistics. These were essential steps to understand the whole process inherent to customer satisfaction and product quality. Allied to this, I had the opportunity to have a brief experience in the production and laboratory departments in order to understand and observe how the product was thought, tested, carried out, and sent to the customers. The Marketing team is in constant contact with the customers in order to be able to personalize each piece to the maximum and persistently monitor their commercial partnerships. After moving to the administration department, I had more intense training in the field of stock purchases, that is, I had a more direct contact with the suppliers. In that function I was involved in receiving customers' orders and managing stocks as well as transportation. The specific tasks, among other administrative responsibilities included the management of orders data and information, the archiving of essential documents, the organization and contracting of freight transport companies, and the presence in weekly and monthly meetings of the administrative department. In this role, I learned to improve my communication, to respond quickly in pressure and stress situations, to have more sense of responsibility and organization. In addition to this function, I had a brief spell in the

sales department, dealt with customer orders and made virtual contact with a number of them. Finally, during the entire time that I stayed at the company, I was given the opportunity to attend several interviews made by the HR officer, learn about some conflicts and how they were managed, learn about some forecasts of new HR practices, and even participate in some. I was equally given the chance to organize a group interview exercise in which I wrote the script, participated in the interview and had an active voice in the final discussion with the HR manager.

The internship allowed me to understand how a company works as a whole, that is, how the customers' needs arise, how the product is thought about, how the order is managed, how it is produced, and how it is delivered. So, although the internship was hosted in the HR and administration department, I was given the opportunity to also learn in a very general way about all company's activities (with the exception of management) that are crucial for the smooth running of the company.

All these different experiences allowed me to have close contact with a number of functions in the company that are essential to building the framework to organizational structure. Thus, later on, the organizational structure model will be presented as well as the construction of a table with the characteristics of competitive resources that describe the company in order to understand what kind of guidance it follows.

3.4. Contextual and Quantitative Data

In addition to the internship information, we purposely collected quantitative data at two distinct levels of analysis in order to compare the financial performance and HRM characteristics of the company with those of the sectors in which it operates.

First, we collected financial data from the SABI (Sistema de Análise de Balanços Ibéricos - Iberian Balance Sheet Analysis System) platform on the metrics of sales, profitability, and capital structure and we chose to highlight a few indicators, as the objective is not to deepen, but rather to have a brief background scenario. We start with the annual sales volume that was chosen because it is one of the most important indicators to confirm the company's movement in the market; the annual average profit margin because it indicates the positive or negative return of the investment made demonstrating the reality of the financial situation; the annual average of equity that determines the stability and capacity to honour financial commitments with third parties, that is,

expresses the book value of the company and, finally, the annual average of the economic profitability often represents the extra profit that remains after considering other business alternatives. These indicators convey a clear view of an organization's performance and are important for assessing its financial situation. It is from this analysis that we can get a clear picture of the financial part of a business. On the other hand, looking at a more people-oriented perspective, we chose to reference the average number of employees per year in order to understand the size of the company and also to perceive the entry and exit of people, passing the analysis by the average annual costs that the company has with staff and ending with the average profit per employee.

In order to further complement the study and this comparison, we use the Portuguese Personnel Records Database, where we include more indicators and increasingly targeting HR and turnover in particular. This choice was made due to the lack of information collected in the company itself due to secrecy concerns. The Alpha company conditioned the access and use of internal information, so we had to use other methods so that we could further improve this report. In this way, we alluded to the average age of workers, the average length of stay in such companies, the gender of individuals, the type of contract (part-time or fixed contract), qualifications (high school or university), hourly wages, sales per employee, value-added per employee and, in the end, we analysed the annual turnover rate. The use of this type of indicator has the purpose of understanding the company's situation relative to other firms in the same or related sectors, as to understand the degree of the desired alignment between HR practices and the company's strategy.

As part of the internship activities, we were also given the opportunity to obtain some data from the company under study and proceeded to build a database with detailed monthly personnel records. This dataset uses information about the career of all workers between September 2013 and March 2020. Thus, the data is classified as panel data, as the sample information will be studied over time at the individual level. The dataset includes data on gender (whether female or male), on age (age of workers), on tenure (how long have individuals been in the company), on the department (how many departments does the company have and how are workers distributed across such departments) and functions (the different tasks that the company covers and how are workers allocated to such tasks). In addition, since it is possible to track all employees overtime, the dataset allows us to build statistics on recruitment and turnover of

individuals over time. This allows us to characterize in great detail such dynamics, including at the department level.

Initially, this type of investigation will allow an understanding of the type of sectors in which the company Alpha operates (competition) and the type of sector it serves (customers). Then, it will be possible to observe the evolution of the indicators chosen over the years. This is followed by the observation and characterization of the company at the level of HR practices through participant observation.

The treatment of the data obtained at SABI was performed in excel through the construction and analysis of graphs that allowed us to understand the background of the market in which the company Alpha operates (competitors and customers). The data obtained from the Portuguese Personnel Records and from the company itself were treated in STATA through the creation and analysis of indicators and tables that allowed us to understand the employment structure and mobility dynamics of Alpha.

3.5. Research Question

The main aim of this report is to understand the recruitment and turnover dynamics of Alpha and the way in which these influence the company performance. The main idea is to characterize the company itself and compare it to the sectors in which it operates, in order to identify and highlight which problems may exist regarding talent management, namely the level of turnover, and if there is consistency in its management model (and organizational structure). In order to survive the increasingly competitive markets, companies need to have their strategic management practices well defined. Thus, it is very important that there is coherence and consistency in these characteristics. This will be analysed through the creation of an orientation framework for the company in which the information was observed through participation in the internship.

In summary, the following dimensions will be analysed:

- 1- How does the performance and talent management practices of Alpha compare with other firms in the ceramics industrial cluster?
- 2- What talent management problems are visible in the Alpha company?
- 3- Is the level of turnover too high? And is it localized or widespread throughout the company?
- 4- What are the main determinants of the level of turnover found in Alpha?

- 5- Is the talent management model at Alpha company consistent with the sources of the competitive advantage of the firm?
- 6- To what extent are the problems encountered mainly the result of strategic company choices?

4. Contextual and Sector Analysis

4.1. Alpha's General Description

Alpha is a Portuguese SME that operates in the national ceramic and glass industry market since 1990 and is one of the first subsidiaries of a multinational group. The company defines itself as a trendsetter for the ceramic market through the design of universal, elegant, timeless, unique, and customizable products. It tries to stand out for innovation but also for the fact that gives opportunities to the young professionals (recent university graduate and others – people without any experience) and provides them with constant training that they need to grow in the future if it is considered an asset for the company.

This company aims to be a market leader and to set the trend for other companies by making their product launches pioneering. By introducing new processes, products, and strategies the firm attempts to reinforce its competitive advantage and add more value to its products. Its mission is based on five pillars namely ethics, innovation, quality, service and marketing. Hence, the vision of the Alpha company is to be the world leader in all the sectors and markets in which they operate.

Alpha is one of the first subsidiaries of a renowned foreign multinational but, the Portugal manager (since the foundation) has control over the company despite being in constant contact with the parent company (the one that makes the rules). Alpha's customers have access to a complete range of customized products in which the firm intends to obtain a more competitive final product with greater added value when compared to the competition.

The company uses a range of raw materials in its products and carefully selects them based on consumer preferences (to create more competitive and unique products). The company has the capacity, by adapting production processes, to produce personalized product processes to satisfy specific customer needs, guaranteeing total quality, and control. It also focusses on having strong customer service - by strengthening its relationship with customers, looking constantly for solutions to improve these collaborations, and by having several teams highly prepared for technical assistance.

Alpha operates mainly in the Portuguese national market. It operates in a volatile market subject to fast cycles of innovations, both customer- and supplier-led. The

company is then called to embark on constant processes of research towards the modification of products and quality improvements following customers' preferences. For that reason, Alpha needs to carefully align the objectives of three main departmental areas: R&D, production, and marketing and sales.

In 2004, the group went through the steep market and competitive changes and a process of evolution, so they had to open up to new product horizons and felt the need to develop more innovations, mainly through technology. This gave rise to the pigment inks to digital printing machines that came to revolutionize the glass and ceramics decoration industry. This new process allowed the company to be able to create and develop pieces with visual effects equal, for example, to wood that was previously a substitute product. Currently, product differentiation is then a key dimension of Alpha's current strategic planning. In the past year, one specific strategic action has been to enter the tableware market in order to offer new solutions to customers and further differentiate themselves from the competition. In this way, the company seeks to continue to conquer its target market (essentially floor and ceramic tiles) and to be equally successful in the world of tableware.

4.2. Alpha's Relative Performance: Industry Analysis and Competitors

According to Santos (1990), *"the characterization of an industry, from a strategic point of view, is affected by the characterization of the competitive factors that determine the structure of that industry, its evolution and the relationships that are established between them"* (as cited in Abrantes, 2008:42). Alpha has suppliers and customers mostly in the ceramics sector, which is its major focus, namely in the flooring and cladding markets and, more recently, in tableware. In this sense, it is important to observe how these two sectors (Alpha in specific/ competitors and ceramics) behave and interact. We should ask if they complement each other (one is a supplier and the other is a customer and one without the other does not work) and if there is, for example, a change of an employee from one company to the other (between sectors), there may be an information leak which is not at all desired by any company. However, it can also be a way to strengthen or create new business relationships. This characterization is of great value as context to the internal analysis we wish to perform in chapter 5.

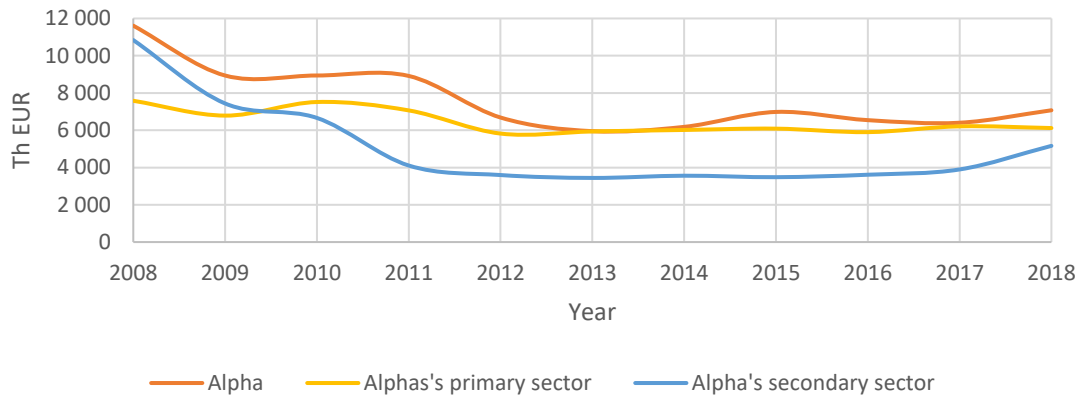
After the brief presentation of the previous section, we proceed to look at Alpha's relative performance vis-à-vis its industry competitors and clients (in the next subsection). We start by comparing Alpha's performance to companies in the same sector (competition). We include in this analysis firms in Alpha's primary and secondary activity sectors. As shown, the core business of this company is related to the production and transformation of raw materials, glass, enamels, fluxes, and dyes and trade in glass and ceramic dyes. This corresponds to code 203 in the classification of economic activities (CAE Rev. 3). Alpha's activities are divided into two segments with two different codes. The primary sector is coded 20301 (CAE Rev. 3) which groups firms focused on the manufacture of paints (except printing), varnishes, mastics, and similar products. Alpha's secondary code is 20303 (CAE Rev. 3) representing the manufacture of prepared pigments and glass compositions. These codes will later be referred to as Alpha's primary sector and Alpha's secondary sector, respectively. We consider firms in these sectors as competitors.

The performance analysis was divided into two parts. The first one focuses on financial indicators for sector and company and the second one intends to focus the study on indicators directly related to individuals. The data presented are annual data and represent the annual average of each indicator (in Thousand Euros).

According to Figure 1, it can be seen that the company Alpha has a similar trend to that of the sector, starting with a sharp decline in terms of annual sales volume³ between the years 2008 and 2012, which is explained by the severe crisis that the world has gone through and had an impact in the Portuguese economy as well. The Alpha organization has maintained a very unique mentality and way of being throughout all its years of existence, and so far, so it has helped it to overcome all the obstacles that arose, namely the economic and financial crisis of 2008 that, contrary to the pattern, managed to remain above the sector. Conversely, between 2012 and 2014, this drop was mitigated, and a more constant total annual sales volume was observed. From 2016 to 2018 this indicator has been recuperating.

³ The annual sales are the sales of products plus sales of goods and plus provision of services.

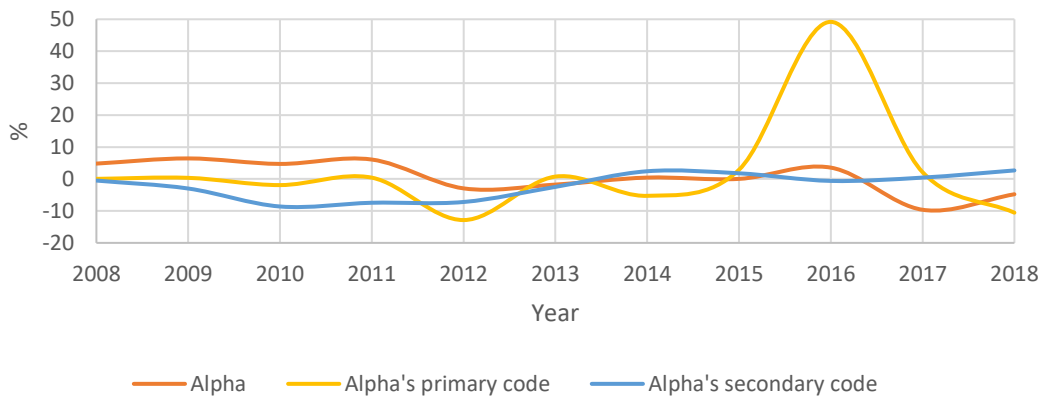
Figure 1- Average comparison of annual sales volume (Alpha vs. Sector)



Source: SABI (self-elaboration)

Regarding Figure 2, it is visible that Alpha had higher profit margins⁴ than the sector between 2008 and 2013. From that year onwards it saw sub-optimal or on par performances relative to its competitors.

Figure 2- Average comparison of profit margin (Alpha vs. Sector)



Source: SABI (self-elaboration)

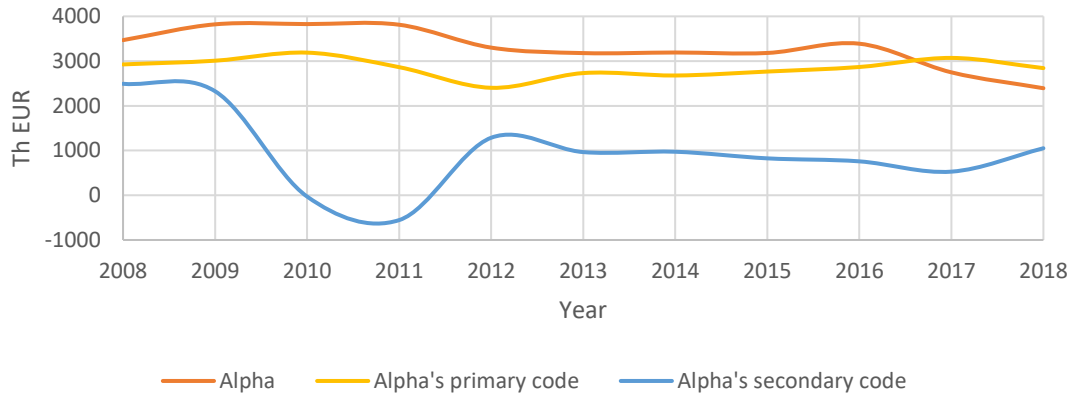
Figure 3, shows average equity⁵. It is possible to verify that Alpha was the best performer until 2016 but that such position deteriorated in recent years. It is also possible to see that the Alpha's secondary code (manufacture of prepared pigments and glass

⁴ The profit margin is the ratio of the difference of the sales price and production cost and the sales price, multiplied by 100.

⁵ The equity is the difference between total assets and total liabilities.

compositions) has lower values compared to others that reach lower values between 2010 and 2011.

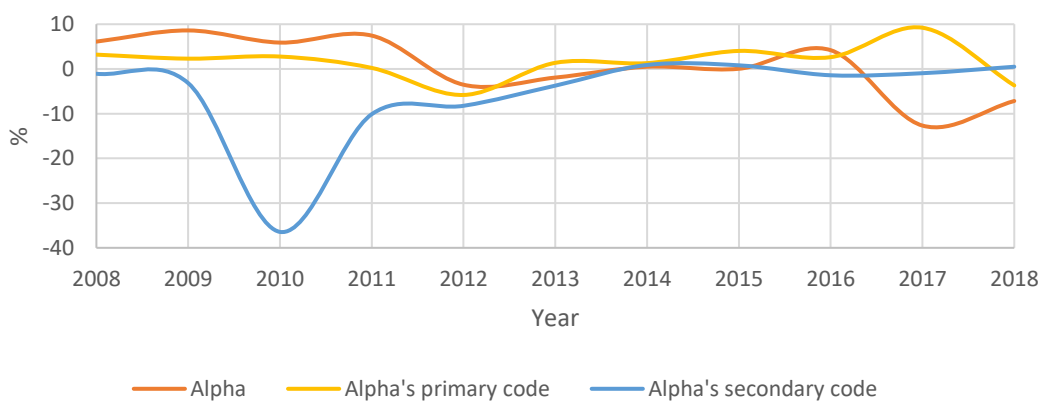
Figure 3- Average comparison of average equity (Alpha vs. Sector)



Source: SABI (self-elaboration)

Regarding economic profitability⁶, it is equally possible to observe that the company's performance was superior vis-à-vis the sector average until 2012 and 2013. Figure 4, also shows, however, that such performance deteriorated, being largely on par with the sector between 2013 and 2015 but significantly below in the last two years.

Figure 4- Average comparison of economic profitability (Alpha vs. Sector)



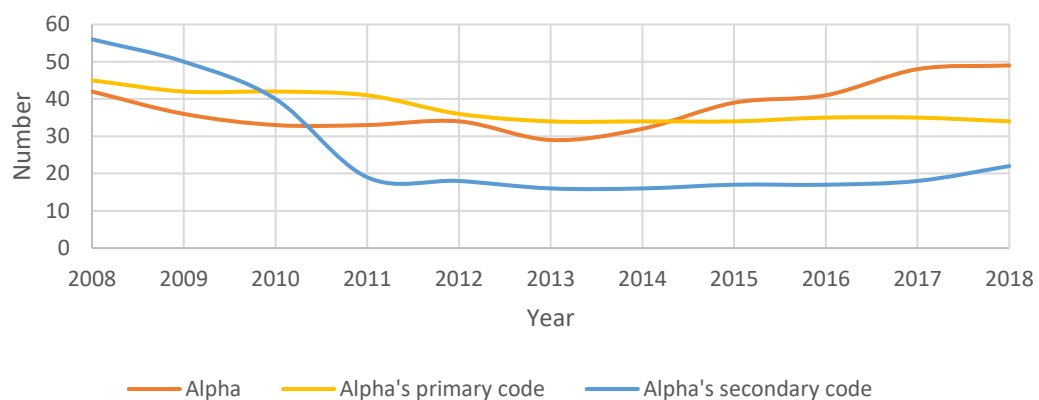
Source: SABI (self-elaboration)

Regarding human resources more specifically, it is possible to verify in Figure 5

⁶ The economic profit is the difference between the total revenues and explicit costs plus implicit costs.

that the average number, over 10 years, of employees⁷ in the company Alpha is 38 individuals in total. The corresponding figures for the primary sector are 37 and 26 for the secondary sector. While company size is, therefore, relatively similar to other firms in the primary sector, it is equally visible that, contrary to the sector trend, Alpha's employment numbers grew much faster in recent years relative to competitors. It is evident from this trend that their expenses with human resources are higher (see next figures), raising therefore also concerns regarding profitability as analysed previously.

Figure 5- Average comparison of employee's number (Alpha vs. Sector)



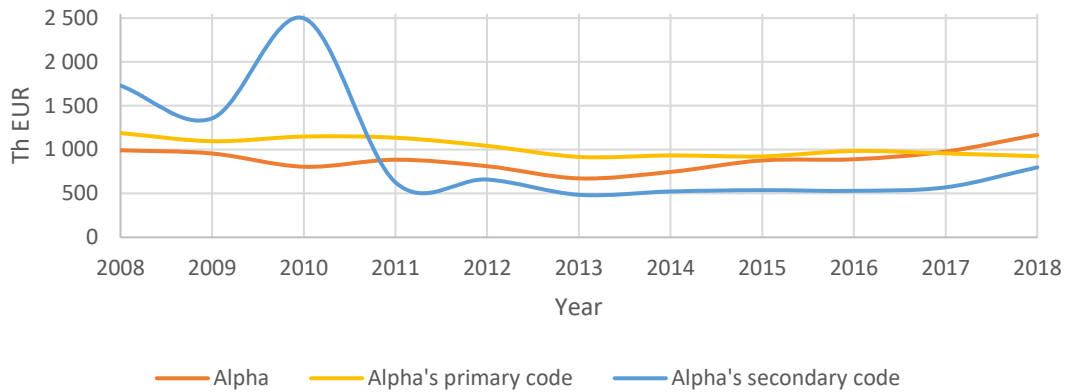
Source: SABI (self-elaboration)

As shown in Figure 6, and regarding personnel costs⁸, while Alpha had relatively lower costs than competitors, that situation reversed in the latest years under analysis. The Alpha company, therefore and despite starting with fewer employees in 2008, ended 2018 with more individuals compared to the sector and, therefore, with more personnel expenses. This difference is explained by the fact that the company Alpha has managed to grow over the years and ended up having more prominence than its competitors. By achieving better market positioning, it was able to overcome the competition and have the need to increase its team in order to respond to demand.

⁷ The average number of employees is the number of employees at the beginning of the period plus the number of employees at the end of the period, divided by two.

⁸ The addition of each employee's wages to the total cost of related expenses (including annual payroll taxes and annual overhead), then dividing by the number of employees.

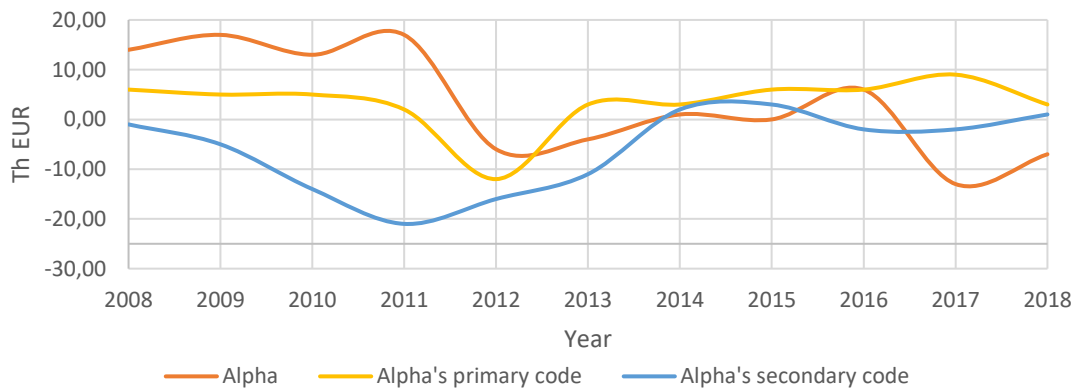
Figure 6- Average comparison of personnel costs (Alpha vs. Sector)



Source: SABI (self-elaboration)

In order to analyse the implication of these trends in revenue and profitability, Figure 7 looks at revenue per employee⁹. This was higher than the sector until mid-2012, falling below the sector since then reaching negative values in 2013, 2017, and 2018. This contrasts with the rapid recovery of other competitors in the primary and secondary sectors after the crisis.

Figure 7- Average comparison revenue per employee (Alpha vs. Sector)



Source: SABI (self-elaboration)

In summary, the changes observed over the years are linked to the economic fluctuations and variations at a global and national level that, undoubtedly, interfere with any company. They are also related to firm strategic choices and policies. In general, the

⁹ Revenue per employee is division between revenue and current number of employees.

company Alpha found itself above the sector average in the indicators during the crisis period. In the post-crisis period and particularly in more recent years, despite relatively higher sales volumes, the relative performance of the company has been deteriorating. The increase in product sales does not immediately reflect the good situation of a business. This will only be observed when using other financial indicators so that it is possible to verify, namely if the company generates profit or not. We cannot assume that the more sales the company has, the greater profit it will make. This is the case of the Alpha company that presenting a negative profit margin and economic profitability that reveal a not so good financial situation (a fragile period). This phenomenon may be related, for example, to the price of products that may not be enough to cover production costs. This and other aspects should be reviewed as soon as possible to avoid major problems such as closing the company. Regarding the indicators geared towards human capital, which are essential for the Alpha company since there is a high and constant contact with the customer, the team's growth is remarkable, contrary to what would be expected due to its financial situation. Associated with this, there has therefore been an increase in costs with workers, reflecting a negative profit margin per employee. These negative numbers may also be associated with the levels of turnover felt in the company (that can come from the bad organizational environment, the lack of connection and commitment to the company, the perception of bad leadership and bad HR practices, among other aspects).

In 2020, these numbers may decrease significantly due to the pandemic phase of the Covid-19 disease that shook the world and the economy (it could be a good starting point for future studies), ending up contributing to a decline of the company's position in comparison with the sector and even with the sector itself. With the various total or partial stoppages of the countries, the companies will start to feel some break in their economy. This type of situation leads to a deceleration in purchasing power, which influences the financial part of firms since without sales they see the value of their billing/invoicing decrease. For example, companies like Alpha that mostly rely on foreign suppliers to be able to produce may see their raw material stock decrease and consequently see their production line slow down due to delays in the goods thus there is a possibility of a shortage risk of products. This may mean that there is still a need to cancel new hires or even dismiss some workers, that is, cuts occur in several areas. The impact of the pandemic can also arise unquestionably on the part of customers when they start to reduce

the number of orders or even order cheaper substitute products.

4.3. Clients: The Ceramic Sector

This chapter is dedicated to comparative analysis between the company Alpha, the sector of the company Alpha (competitors), and its customers, namely the ceramic sector. Therefore, since the Alpha company depends on the ceramic sector to survive it is important to have a vision not only of how the company behaves vis-à-vis its competitors, but also its customers, hence the introduction of this topic. Thus, in this analysis, the competitors refer to all active companies included in code 203 in CAE Rev. 3. All customers in the ceramic sector are included (codes 232 - Manufacture of refractory ceramic products, 233 - Manufacture of ceramic products for construction, and 234 - Manufacture of other non-refractory porcelain and ceramic products of CAE Rev. 3), because this company has many clients in these codes that end up interacting with everyone. This can be important to understand what impact customers have on the market and on the Alpha company itself.

The ceramic sector is one of the oldest activities in the European industry (Marcelino, 2017), and in Portugal is mainly composed of SMEs (Gonçalves et al., 2010). The ceramic sector is relevant not only for the Portuguese national economy because is an export-led sector with high external demand, and *“In the case of Portugal, it appears that the ceramic industry takes a dynamic position, since, depending on the sub-sector, its competitive advantage lies more in cost or differentiation”* (PwC, 2016:8). This industry is divided into five sectors oriented to different product segments: Structural Ceramics (bricks, domes); Floor and Coating Ceramics (tiles, mosaics); Sanitary Ware Ceramics; Utility and Decorative Ceramics (crocker tableware, kitchen); Special Ceramics (electrical insulators, refractory products) (PwC, 2016). In 2015, the subsectors that contributed most to the sector’s yearly turnover were the Floor and Coating Ceramics (34%) and Utility and Decorative Ceramics (30%) (Marcelino, 2017). The Alpha company, since its foundation, focuses its business essentially on floor and coating ceramics and utility and decorative ceramics. It entered this market with the objective of being the number one supplier of the ceramic industry.

Due to its dimensions, SMEs have flexibility in adapting to changes, in accepting innovation challenges, in adopting a personalized strategy, they foster the development

of entrepreneurial skills, and they contribute to competitiveness and economic growth. This industry has a customer-oriented focus, allowing for a customized product solution (Gonçalves et al., 2010). Portugal is lucky to have a range of quality raw materials for ceramic production, especially in the northern and central regions. It is on the coast of the country that, according to the study made by Moutinho & Velosa (2017), it finds the best products and locations for this industry, namely in Aveiro, Porto, and Viana do Castelo. The rise of industrialization fostered an increase in manufacturing units, as well as competition between them. Many factories have managed to withstand long periods of crisis, such as the well-known Vista Alegre Atlantis factory in Aveiro that was founded in 1824 and is still operating.

The ceramic sector is a traditional and antiquity (PwC, 2016) sector of excellence (Durão, 2011). Despite increasingly sophisticated technological resources, the elements that make this sector an icon of the national industry are the technical knowledge and the conservation of some artisanal techniques. Although ceramic is an ancestral art, the number of craftsmen is decreasing. During the period of 2008 crisis, many companies had to reinvent themselves to guarantee their survival and many of them invested in technological innovations by investing in automation processes, improvement of the production process, and digital printing. Thus, beyond many other factors, firms in these sectors (and Alpha in particular) began to give greater importance to fashion and the design of products, which contributed to the increase in the range of products that the company has to offer (Cortinhal, 2015) and being able to regain the competitive position once lost. Through the recession period, the ceramic industry had to reinvent itself and turn the focus to the international market. In recent years, we have seen a gradual growth in exports to the whole world and this is mainly due to 3 fundamental vectors: design, innovation, and quality. These are the factors that ensure the international success of Portuguese companies (Sequeira, 2017). However, despite the fact that Alpha identified and was governed by these vectors, it did not need to expand to the international market. As their customers did it, they have allowed the company to continue to proceed as before, so it was not necessary to enter new markets. In this sense, internationalization drives changes through the needs of national customers which made the company able to follow the changes in the same direction. The company Alpha also underwent an internationalization in its foundation because it's a subsidiary of a foreign multinational. Since all branches are governed by the values and culture of the parent company, which

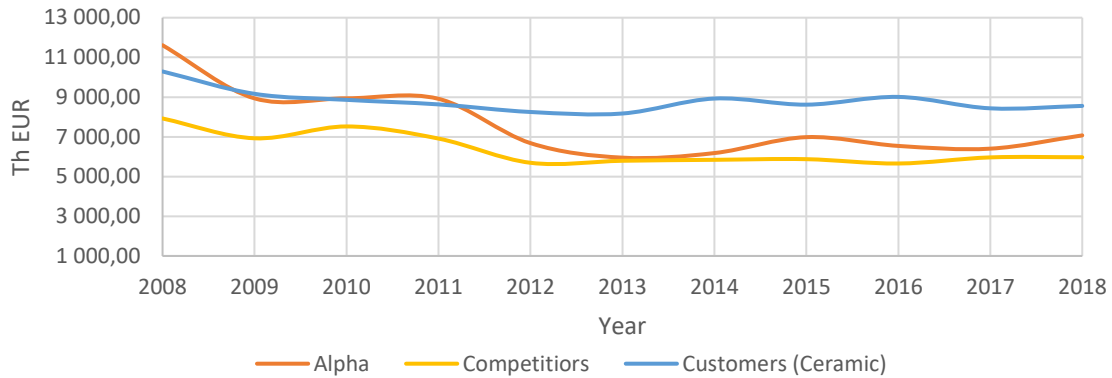
despite being managed independently, the way it operates is the same. In terms of HR, managers must be extremely prepared to deal with all the resistance to change that an internationalization process requires. Their participation and importance are constant since the HRM has a strategic fragment because having knowledge about human talent makes it possible to produce strategic solutions capable of solving problems through real data about the company, such as, for example, streamlining the recruitment and selection processes optimizing the tools they use in order to hire the right people and manage the talent of people with the necessary qualifications so that they can maintain or improve productivity levels (Dueñas, 2017). At the same time, it is essential to see training systems as an indispensable investment for competitiveness, especially in the company's culture, in order to ensure that all the people involved effectively understand what the company's purpose is, what its objectives are and which way for a catch-up. In the case of the Alpha company, the movement of people between companies is almost nil, with the exception only when there is a need for more intensive training in which, for a short period of time, the qualified person moves to the country in need. However, there is still the possibility of being the trainee having to go to the parent company, thus showing that communication is an extremely important, constant, and indispensable factor. It is also known to us that there was a case of a worker who asked to transfer from one branch to another due to the fact that he wanted to change countries and saw his situation accepted by the manager of the multinational. In this sense, the existence of adequate internal skills, well-prepared teams, and appropriate training actions is crucial to guarantee the success of any internationalization (Silva, 2019).

Following the statistical comparison in the previous section, we now present annual data for the same indicators but now comparing the behaviour of the Alpha company regarding both its competitors and its customers. The comparison, therefore, follows the same logic as the previous one.

Analysing Figure 8, it can be seen that Alpha experienced a sharp downward trend in terms of annual sales volume between the years 2008 and 2012 despite presenting higher values when compared to the other sectors (€11612 Th, €10291 Th, and €7924Th respectively). Initially, the competitors sector presented results similar to Alpha, although the values are relatively lower. After that period, between 2012 and 2018, it appears that this behaviour became more constant with lighter ascents and descents. In contrast, however, it is clear that the ceramics sector, which has a more direct connection with

exporting markets, was able to maintain sales volumes at higher levels after the crisis.

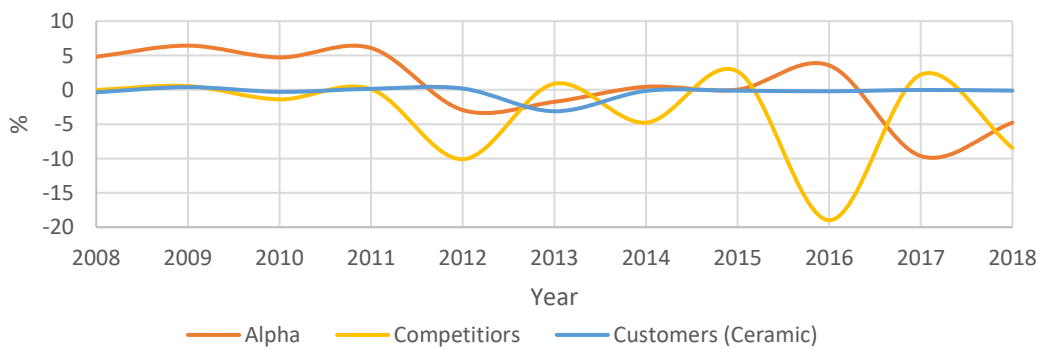
Figure 8- Average comparison of annual sales volume (Alpha vs. Competitors vs. Ceramic Sector)



Source: SABI (self-elaboration)

Figure 9 shows the profit margins, which, shows much higher volatility among competitors and reinforces Alpha’s problems in the later years. The graph also shows, however, the relative low profitability of these sectors particularly after the crisis. On the contrary, Alpha company starts the decade with positive values, reaching below zero in 2012, maintaining itself for one year and managing to recover until 2017, when the values turned negative again until 2018.

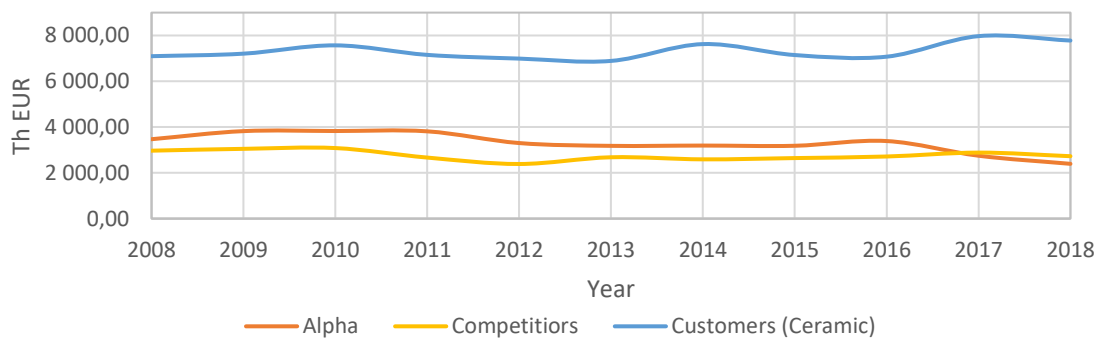
Figure 9- Average comparison of profit margin (Alpha vs. Competitors vs. Ceramic Sector)



Source: SABI (self-elaboration)

In Figure 10, it is possible to verify that the ceramic sector is the one with the highest values in terms of equity, followed by the company Alpha, and finally the competitors. Again, the more important point is the superior performance of Alpha's potential customers, which also increased in 2017 and 2018.

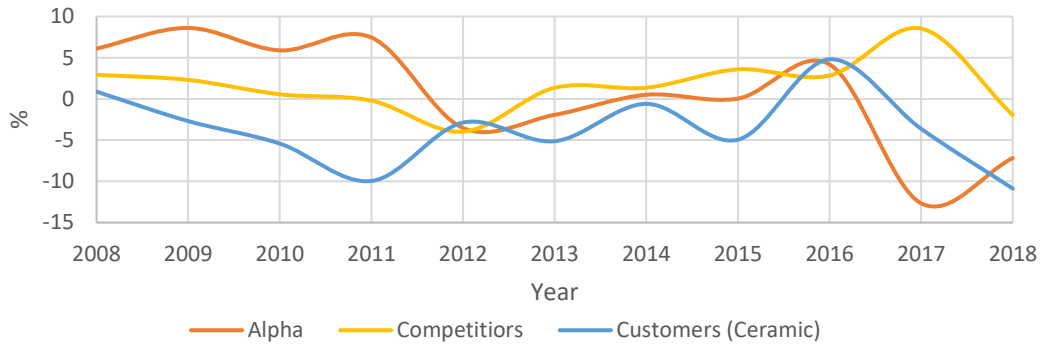
Figure 10- Average comparison of average equity (Alpha vs. Competitors vs. Ceramic Sector)



Source: SABI (self-elaboration)

Figure 11 also confirms the very strong position of the Alpha company prior to and indeed during the crisis. It shows however much higher volatility since then and a clear negative trend leading to negative values (-3,53%). This is not the case for competitors which again depicts a more negative trend for Alpha. It is also clear that the ceramics sector ends the period of analysis with the worst result (-10,88%). As we saw earlier, an analysis of financial indicators should never be done in isolation as they can lead to misinterpretations. These types of indicators allow us to discover the company's ability to generate returns through invested capital. Their combined analysis makes it possible to understand how the company's strategies are contributing to its profit. That is, they are tools that compare the profit generated in a given period of time with the data of the amount invested, the value of the asset, or the net value of the company. These results show some disparity between the sectors and the company Alpha, however, the behaviour of everyone is negative, although some more than others.

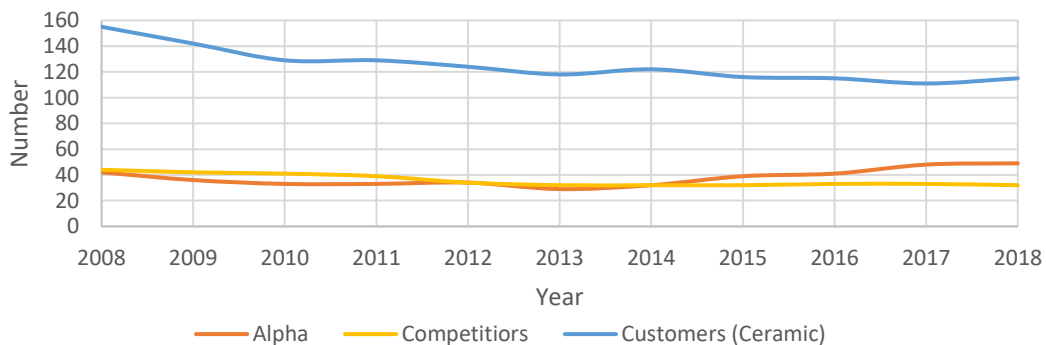
Figure 11- Average comparison of economic profitability (Alpha vs. Competitors vs. Ceramic Sector)



Source: SABI (self-elaboration)

With a more HR-oriented perspective (Figure 12), it is possible to see that, over the 10 years of analysis, the number of employees in the company Alpha has been gradually increasing, going from an average of 42 people to an average of 49. However, the same has not happened in other sectors. Both competition and the ceramics sector saw their average number of employees decrease from 44 to 32 average individuals and from 155 to 115 employees, respectively. The values of the ceramics sector are considerably higher because we did not divide the size of the companies. That is, there was no differentiation as to whether the company is an SME or an MNE, since the idea is to analyse the sector as a whole and not a specific group of companies (a good topic for future research).

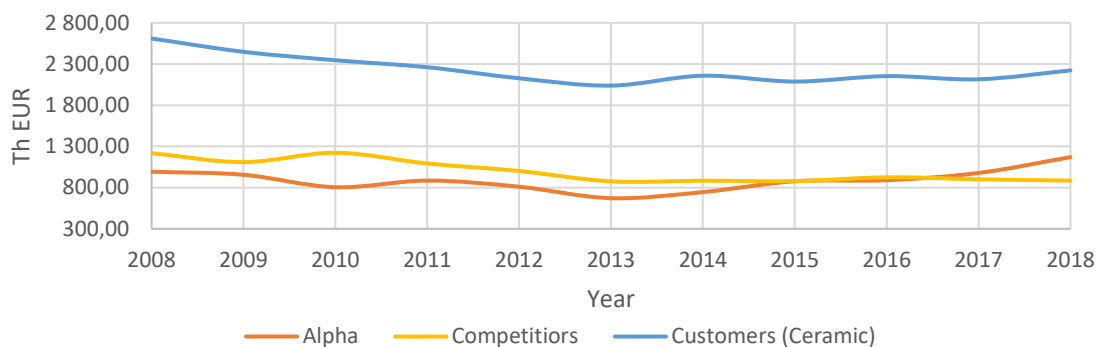
Figure 12- Average comparison of employee's number (Alpha vs. Competitors vs. Ceramic Sector)



Source: SABI (self-elaboration)

Still, over the 10 years, personnel costs (Figure 13) maintain a similar line and follow the previous indicator. The company Alpha, as mentioned before, saw the number of employees increase (from 2008 to 2018) with this representing an increase of €177Th with its personnel costs. Competitors, meanwhile, reduced staff costs by €388 Th and the ceramics sector by €334 Th, from the beginning to the end of the period.

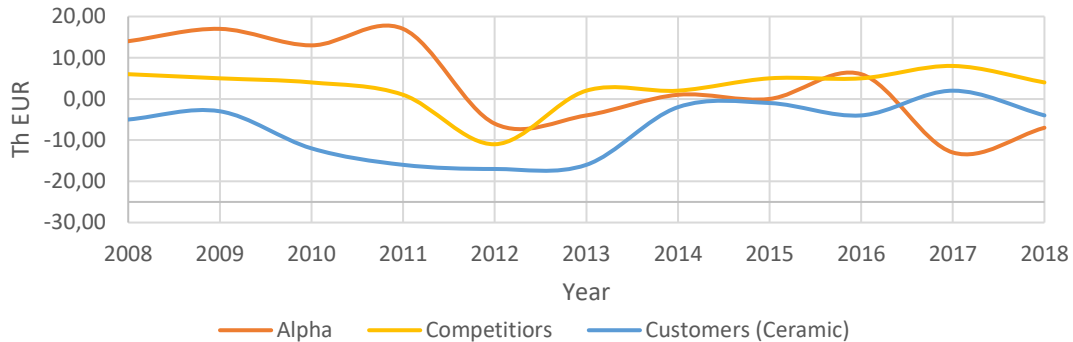
Figure 13- Average comparison of personnel costs (Alpha vs. Competitors vs. Ceramic Sector)



Source: SABI (self-elaboration)

The indicator of revenue per employee (Figure 14) shows volatility in all sectors at all times. In 2008 the company Alpha had a profit per employee higher than that of the sectors since 2008 (€14 Th) until about the middle of 2011 (€17 Th), becoming inferior to the competitors since that time reaching negative values in 2012 (€-6 Th), 2017 (€-13 Th), and 2018 (€-7 Th). The very sharp difference in dealing with the crisis is therefore yet again confirmed here. Between 2014 and 2016 there was a considerable recovery reaching positive values again, however, from 2017 to 2018 there was a new and sharp drop. On the other hand, the ceramic sector had only one positive periods during the 10 years, namely 2017 (€2 Th), finishing the analysis with a profit per employee of also negative (€-4 Th). Finally, competitors from the Alpha company started 2008 better than the ceramic sector with a value of €6 Th, reaching its best value in 2017 with €8 Th and the worse in 2012 (€-11Th). While the ceramic sector has only reached a positive value (€2 Th in 2012), in contrast, competitors have only reached a negative value (€-11 Th in 2012). It is clear, however, that both competitor and customer firms have, on average, improved their performance in later years.

Figure 14- Average comparison revenue per employee (Alpha vs. Competitors vs. Ceramic Sector)



Source: SABI (self-elaboration)

In conclusion, in general terms, this analysis confirms the performance challenges experienced by Alpha, in relation to both customers and competitors, since the 2008-2012 crisis. The Alpha company was less able to adapt to the changes experienced during this period, hence the loss of its competitive position. Even though there was no need to start operating in the foreign market, this position was also responsible for its fewer good results. This is because their competitors, in doing so, managed to improve and not only depend on their internal positioning but to explore and enhance needs in the external environment, which consequently allowed them to acquire new competitive advantages and provided them with greater added value. With greater profitability, both competitors and customers have a greater attractiveness, for example, through attractive salaries, rewards, and alluring benefits or the flexibility of schedules with which the Alpha company may not be able to compete, thus contributing to the turnover increase. In the near future, the company faces new challenges and a possible continuous decline in these values due to the global economic situation brought about by the pandemic.

Table 7, in turn, shows the comparison of the Alpha sector company with the ceramics (customers) and other manufacturing companies in a more detailed approach including the analysis of new indicators more closely linked with the human resources management model of Alpha and related companies, including productivity.

A number of results are worth mentioning. The average firm size is small in Alpha's sector, with around 40 paid employees, but slightly higher in the ceramics industry as a whole (around 50). Alpha's sector average firm size is representative of the

Table 7 - Comparison of New Indicators (Alpha Sector vs. Ceramic Sector vs. Other Manufacturing)

| Sector | Company size | | Age | | Tenure | | Female | |
|-----------------------------|--------------|-------|--------------------|----------|--------------------------|----------|-------------|------|
| | 2013 | 2017 | 2013 | 2017 | 2013 | 2017 | 2013 | 2017 |
| Alpha | 41.03 | 41.63 | 42.22 | 42.77 | 11.40 | 10.84 | 0.24 | 0.25 |
| Ceramics (customers) | 51.43 | 50.51 | 43.24 | 44.58 | 11.49 | 10.44 | 0.51 | 0.49 |
| Other Manufacturing | 41.73 | 42.44 | 40.36 | 41.21 | 9.33 | 8.63 | 0.44 | 0.43 |
| Total | 41.89 | 42.55 | 40.41 | 41.27 | 9.38 | 8.67 | 0.44 | 0.43 |
| | Part time | | Fixed contract | | University | | High school | |
| | 2013 | 2017 | 2013 | 2017 | 2013 | 2017 | 2013 | 2017 |
| Alpha | 0.04 | 0.04 | 0.18 | 0.23 | 0.24 | 0.22 | 0.49 | 0.50 |
| Ceramics (customers) | 0.08 | 0.07 | 0.20 | 0.25 | 0.08 | 0.08 | 0.22 | 0.26 |
| Other Manufacturing | 0.06 | 0.06 | 0.19 | 0.24 | 0.07 | 0.09 | 0.23 | 0.29 |
| Total | 0.06 | 0.06 | 0.19 | 0.24 | 0.07 | 0.09 | 0.23 | 0.29 |
| | Wage hour | | Sales per employee | | Value Added per employee | | | |
| | 2013 | 2017 | 2013 | 2017 | 2013 | 2017 | | |
| Alpha | 7.78 | 7.14 | 189020.9 | 178236.3 | 41554.98 | 43854.41 | | |
| Ceramics (customers) | 4.94 | 5.13 | 54105.21 | 51906.39 | 20396.19 | 22045.62 | | |
| Other Manufacturing | 5.08 | 5.30 | 90756.57 | 93031.04 | 23801.17 | 26085.04 | | |
| Total | 5.09 | 5.30 | 90623.47 | 92751.98 | 23830.32 | 26095.62 | | |

Source: Portuguese Personnel Records (self-elaboration using STATA software)

dominant firm size in the Portuguese manufacturing sector as a whole. The data in this database shows that workers in the same sector as Alpha are mostly men since the percentage of women represents only 25% of individuals. On the other hand, there is relative gender parity in companies in the ceramic sector, with women representing 50% of that industry. The remaining manufacturing sector, on the other hand, has a higher percentage than the Alpha company, as around 44% of employees are women. In general, this type of industry dominated by male sex, often due to the fact that there are jobs with high physical demands. With regard to the distribution of workers by seniority, it is possible to ascertain that the average length of stay in the production and transformation of raw materials, glass, enamels, fluxes, and dyes and trade in the glass and ceramic dyes sector and in the ceramic sector is considerably similar since it indicates that on average people stay around 11 years in the company. However, when we refer to other manufacturing companies, this value drops to 9 years. This is an important aspect in that these firms appear to promote or depend slightly more on the higher tenures.

Regarding educational attainment, people with only secondary education predominate when compared to individuals who attended university. In the Alpha company sector, 50% of employees only have secondary education, while those who have attended university only represent 23%. In the other two sectors, these values fall significantly, with values of 8% (university) and 24% (high school) in the ceramics sector and 8% and 38% respectively in the other manufacturing sector. The average level of educational attainment in this sector appears to be relatively high.

According to what I observed in the company, this is due to these types of companies placing great value on the voluntary acquisition of knowledge by an individual, greatly valuing their training and complementing it when necessary thus giving priority to offers to recent graduates in a way that also shapes them to their business. This also happens since there are certain functions that require some kind of higher academic degree. In most industrial sectors, technical and service qualification is highly valued since it is this that guarantees the rigor and quality of products and services. In this sense, this should be continuous through, for example, training in order to train the employee with even more specific and sometimes unknown knowledge. It is often the perception of this qualification that motivates customers in the purchase decision. The companies are looking for the right employees who are those who see the company as their own. However, they also look for people who are dedicated, who have experiences

and knowledge focused on the area. For Alpha company, this type of situation is more directed towards laboratory, design, and financial functions, because these are roles that require a lot of technical knowledge that without the right qualification it is not possible to perform. Regarding the employment relationship in the sector to which Alpha belongs, about 23% have a contractual relationship with the company through a fixed contract and 4% were part-time workers (in 2017). These numbers are lower than both the ceramics and other manufacturing sectors pointing to the importance of more permanent relationships with workers.

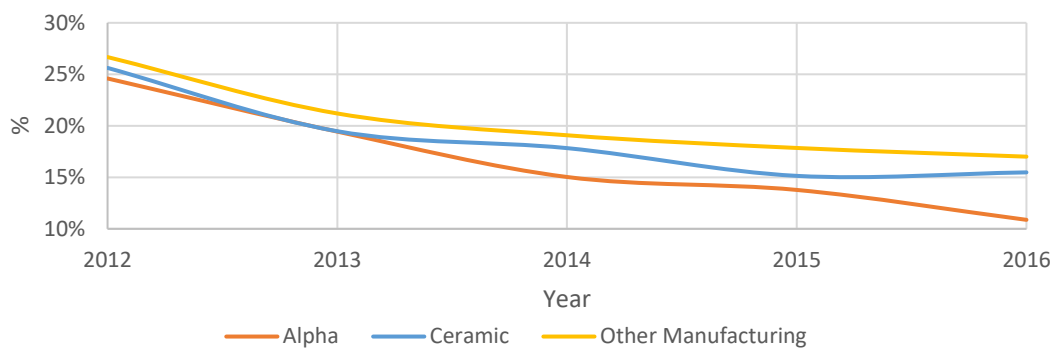
In terms of sales per employee, it appears that companies in the Alpha sector have higher results when compared to another sector. This is also reflected in terms of added value per employee, in which it is also notable that the same sector has higher numbers than the total average and even the other sectors individually. In other words, firms in this sector appear to be relatively high value-added. Allied to this, the Alpha company sector presents, therefore, a real hourly wage well above the total average of the sectors under analysis, with, on average, workers receiving €7.1 per hour in 2017. In other sectors, the real hourly wage is around €5.1 and €5.3 per hour. The type and differentiation of the product, its quality, its design, its market positioning, its marketing strategy, the after-sales service are some of the factors that reinforce the highest added value of companies in this sector.

Turning now to an analysis of the turnover¹⁰ rate, the focus of the study, it is possible to verify that from 2012 to 2016 the trend of the values is decreasing (Figure 15). This can and should reflect the improvement of labour market conditions. Although turnover is still one of the biggest challenges for HR, companies seem to be making efforts to fight it. The fact that turnover levels begin to decrease over the years may be associated with factors such as, for instance, companies have bet more on developing the skills of HR managers; the emergence of opportunities for internal growth, as this is a form of attraction; improving working conditions since safety and a good professional environment is fundamental for workers; the change in the type of supervision and leadership, improving the way of acting and communicating; to show a greater openness of adaptation, making the employee share the same feeling and thus be able to balance;

¹⁰ The annual turnover rate is the division of the total number of employees who left by the number of employees at the beginning plus the ending of the period divided by two. Multiply that number by 100 to represent the value as a percentage.

provide intensive training with regard to the company's policy, culture, mission, vision, values, and objectives so that a person's personal goals are aligned with those of the company; finally, the bet on efficiency wages (higher than the equilibrium wage) that can be seen as a component of a motivation strategy, making the employee more engaged and consequently more productive.

Figure 15- Average turnover rate (Alpha Sector vs. Ceramic Sector vs. Other Manufacturing)



Source: Portuguese Personnel Records (self-elaboration)

Therefore, turnover can be reduced by applying these or other approaches in order to decrease the costs associated, for example, with the recruitment and selection processes, training, and the leakage of both information and people to the competition.

It is equally clear that turnover levels in Alpha's specific sector are relatively low compared with the rest of manufacturing with the lowest turnover rate from 2012 (25%) until 2016 (11%). However, what will be the trend of the turnover rate in the specific case of the company Alpha? Will the company follow the sector performance or will its behaviour be the opposite? We will analyse this point below.

5. Company Analysis

After an analysis of external involvement that includes a global assessment of the Alpha company, this new chapter is now dedicated to analysis at a more internal level. The previous observation showed problems in terms of loss of competitiveness, namely due to a large growth in the workforce that does not meet the production values. Although sales volume and equity largely define the size and financial stability of the company, indicators such as those noted above, namely profit margin and economic profitability, also help to understand its performance and whether it is to have good results or not (if the investment is paying off). It is notable that the company appears to have more costs than profits and it is in this chapter that, therefore, we will highlight and understand the reasons that may be contributing to this situation. As mentioned earlier, the source of information for this analysis was the numerical data obtained from the company. However, some of the justifications and examples presented later were the result of direct observation in the company through the internship carried out there and the knowledge of some parts of the company's history.

First, we approached how the company is organized in terms of decision making, that is, its organizational structure. As HR is responsible for managing the relationship between people and the company, the analysis and construction of a structure allow the manager to determine the roles and responsibilities of each one and also makes it possible to set performance goals for each worker so that their objectives compatible with those of the company. Thus, HR is able to monitor personal and team development and must be able to readjust workers according to their skills and contributions if strategic objectives are not being met. Then, a survey was made of the HR practices that Alpha applies to manage its human resources. This represents the way the company guides workers to tasks and results. When well applied, they contribute to a sustained competitive advantage, otherwise, they reproduce negative effects or challenges that require more cautious and specific work, such as, for example, lack of motivation, the appearance of conflicts, the decrease in productivity, among others. The practices analysed in this report were recruitment and selection, training, performance evaluation and remuneration, and career management. Immediately afterward, we applied the internal data obtained in the company in order to know the characteristics of the individuals in terms of number, age, tenure, gender, and turnover levels. This action was

possible to expand to the various existing departments in the company Alpha in order to understand its behaviour in terms of indicators and, mainly, which reasons are more associated with the levels of turnover found. Allied to this, it was also possible to build figures that showed us more quickly and concisely the movements of people entering and leaving by the department and by month. Finally, and after all internal observation of HR (looking at the company's data and description), it was still possible to assess information on the ability the consistency of the practices that have been described.

It is through this more in-depth analysis that it was possible to answer the research questions proposed in chapter 3 and thus become aware of the reality of a Portuguese SME.

5.1. Organisational and Decision-Making Structure

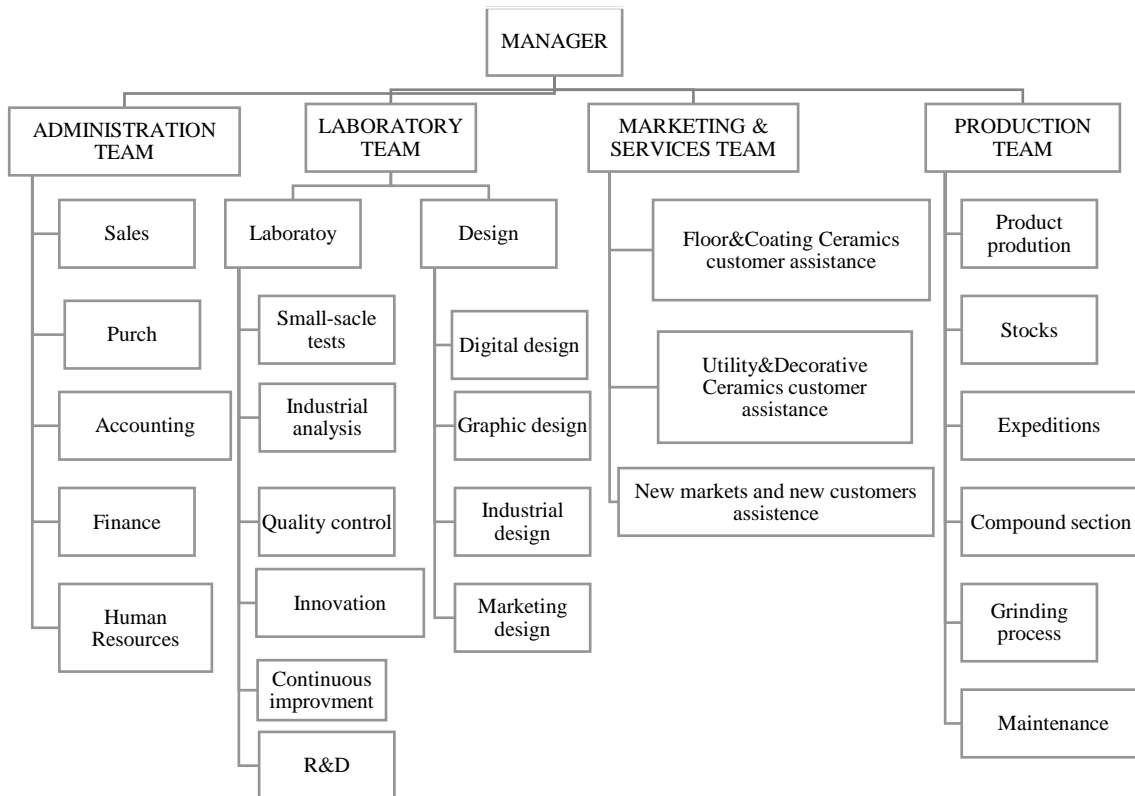
It is through the definition of the strategic organization model that the strategic objectives for each department are outlined and, as such, these must be consistent with the company's performance plan in the market. It also facilitates the understanding of changes in the external and internal environment and helps to recognize potential failures and to identify opportunities for improvement that enhance their sustainable growth. In this sense, it is essential that the goal line is well defined as well as the various steps necessary for their execution. Therefore, it is necessary to align the work with the long-term strategic objective. Strategic management aims to optimize processes saving time and resources, especially human capital.

An example of strategic planning resides in the company's hierarchy in relation to leadership and tasks, as the structure of a company is automatically related to its strategy. Its provision will allow allocating the available resources in order to achieve the strategic objectives. This structure is also relevant to understand how work is organized, how fluent communication is, what the flow of authority is, and how individuals can develop professionally (career progression). Is still important as it allows for constant changes in the structure according to the company's needs and the processes of change that may eventually arise. It is a phenomenon that depends on the human factor (its integration, its values, its efficiency, the knowledge and quality of its work, its behaviour and its motivation), the internal and external environment (changes and the influencing), defined objectives and strategies (good definition equals to a good organization) and technology

(access to equipment and knowledge of its use).

Thus, we will present the organizational structure of Alpha company in order to understand how it adapts its resources to activities and the environment, organizing, dividing, and coordinating teams and tasks so that the established strategy is achieved. The organizational structure of Alpha is represented in Figure 16. Conforming to the organogram, Alpha is composed of five departments: management, the administration team, the laboratory team, the marketing team, and the production team. Each department has defined tasks, but they are all linked together by customer needs, which means that there is a linear conductive line from the moment the need arises until the delivery of the product or service.

Figure 16- Organogram of Alpha organizational structure



Source: Self-elaboration

From its foundation until the present moment, this structure has not undergone any type of significant changes. As you can see, we are facing a centralized organization which means that all the decisions pass and are made by the manager. This type of

organizational design is related to firms that are based on a specific specialization of its workforce and it is more common to see this implementation in SMEs (Kenton, 2020) because these types of companies generally do not have communication problems.

Thus, as is a characteristic of the traditional hierarchal model, the decision-making power and communication flows from top to bottom. The centralized leadership is already an element of this organizational design and is important to create a system that allows firms to keep up with the efficiency and focus on the goals (Kenton, 2020). One of the characteristics of SMEs is innovation, however, it can also bring some barriers such as the lack of own financial resources or the lack of technology. These can be mitigated through the support and incentives that exist for companies as well as through relevant partnerships for both parties. Companies like Alpha, work in the form of innovation in a more closed aspect, that is, based on internal capacities. However, they also resort to the concept of open innovation that comes from external sources such as customers (when they have the idea). This is revealed due to the importance that the company places on innovating, immediately showing a culture of innovation towards individuals, since they want to be the pioneers and set trends in the market. Nowadays, innovation is seen as a very important factor for companies, because it is through it that they often achieve success and improve their performance. This company adjusted its structure allowing for innovative behaviour with the creation of a function exclusively for R&D where the main objective of workers is to be constantly looking for improvements and/or uniqueness for potential innovations. Alpha's own organizational culture fosters the innovative spirit of any employee, with an emphasis on informal (internal) and formal (external) communication and a sense of belonging in this process. That is, despite being a company with a formal organizational structure, it had to adapt some details so that it was possible to introduce a factor that is considered essential to obtain a competitive advantage.

This company, therefore, has a formal organizational structure in which it presents a descending order of power (Weber, 1947 as cited in Sobral, 2016). The structure of Alpha's decision-making is, undoubtedly, formal, and well-delineated, and there is a vertical flow of authority, control, and communication.

Culture, vision, mission, and values are aspects that are present both in the company's environment and in its communication materials. Alpha makes a point of reinforcing the importance of sharing the same ideals because it believes that is through this that it is possible to achieve a good relationship between employer and employee.

However, although the formal structure is characterized by top-to-bottom design, in practice, communication also flows in the opposite direction. That is, although the final decisions are always made by the department responsible and by the manager, there is a certain autonomy within the workplace and one at ease to communicate, either with superior or subordinates (interaction between everyone is allowed and valued – what is characteristics of SMEs).

This type of analysis allows employees to know what their role is within the organization and, when well established, it is feasible to develop and apply performance and productivity assessment tools. However, when the structure is not keeping up with what the company actually needs and its reality, it is difficult to make workers feel integrated, motivated and the engagement with the company ends up decreasing. This is reflected in their performance because when perceiving problems, the individual performance ends up dropping, having an impact on the company's results or may even lead to its abandonment.

In the case of this company, although there is a fluidity in intradepartmental communication, there are still some points that must be evaluated from an interdepartmental perspective, namely the difficulty of sharing the goals and visions of each one. Even though there is a connection between the departments of the company, there is still a certain complexity in knowing what the internal goals of each other are although the final goal is common. For example, when you are part of the administrative department, you were well aware of the points to follow in order to achieve the departmental purpose, however, the same knowledge of priorities does not happen with other departments. As each one is focused on their own activities and goals, communication, and flexibility between them can be impaired by this. On the other hand, another aspect that can affect performance is all the bureaucracy that the decision-making process entails. Although there is a certain sense of autonomy and responsibility in this company, the final word is always of the manager. Any event has to be reported to him and therefore delays the process even more. This means that there are activities that should have a certain degree of authority and independence, such as the marketing and services department since it is through this that contact with the customer is made. These examples reveal problems of the type of applied organizational structure that can result in conflicts between people and departments that can lead to serious repercussions.

It is in this sense that one begins to understand the importance of HR managers in

a company in relation to the management and retention of talent, as they must be able to take the necessary actions by first realizing what their strengths and weaknesses are and where they are located to avoid any precarious and undesirable exits.

5.2. The HRM Function

HRM is responsible for implementing company policy, training needs for employees, managing their careers, internal and external communications, conflict management, motivation, integration, and certain way, leadership.

The strategic vision of HR (SHRM) has as its main objective to create engagement between people and the company itself, aligning the personal goals of individuals with those of the company. The role of the HR manager is essentially to motivate, guide, communicate, and lead employees, ensuring that the organizational culture is followed and the objectives and goals previously set are achieved. It is relevant to analyse HR strategies in order to see if the company has a consistent, coherent, and flexible system that allows obtaining the sustained competitive advantage that it so longs for. Therefore, this function is characterized by the attraction, acquisition, monitoring, and development of human resources according to the needs of the firm.

The HRM practices analysed in this study were: recruitment and selection (sharing of advertisements and selection of candidates according to the needs felt), training (promoting and amplifying professional knowledge), performance appraisal (analysis of the workers' capacities and evaluation of their performance in function), and remuneration and career management (decision on promotions, demotions, and progression based on performance).

In the case of Alpha company, due to its small size, HR is composed by only one person who is responsible for all the tasks that are inherent to her function. The HR manager tries to be an extremely active person in the organization and seeks to guide people in a professional and sometimes personal sense, tasks that are often required from HR managers. This company has a policy of hiring or recruiting young graduates because in this way it manages to integrate the knowledge of human resources with the real needs and changes of the market, promoting innovations for the ceramic market as well as different and new points of view since young people have a greater capacity to know what is in fashion and what can be beneficial to develop to sell. This type of strategy was

implemented in the group a few years after its foundation and, at the time, had a positive result. However, there is currently a high level of rotation at the level of human resources (Cortinhal, 2015).

5.2.1. Recruitment and Selection

This company values, firstly, internal recruitment, and factors such as productivity, qualifications, behaviours, and business strategies have great weight in selection decisions. This implies communications with the other departments and can also be seen as a situation of career progression. By using this approach, the company intends to reduce costs (whether it be efforts in disclosures, interviews, numbers of candidates, and bureaucracy with hiring), has prior knowledge of the professional (skills, quality of work, behaviour), and promotes motivation (through professional growth and appreciation who already work there). When the need cannot be fulfilled internally, the HR manager sets out to find other people using external recruitment. So, the firm takes advantage of a constant turnout when it comes to receiving applications. The final approval contact is made by the HR manager with the consent and approval of the general manager and in which the contract is signed by the new worker on his first day of work. Alpha also has partnerships with several universities in order to bring students closer to the business reality. This type of approach can be beneficial for both the company and the students. Student learns practical skills while being productive. It also allows Alpha to filter potential employees. Therefore, it can also be seen as a method of recruitment and selection since all students have to go through the same processes as normal workers. Thus, the company can train an individual to employ her or as a market screening mechanism. Although not using direct financial resources, the company uses resources such as time and flexibility to invest in this tactic. This type of effort has been rewarded in the sense that the company has made work proposals to many students who pass through there.

The type of recruitment will also depend a lot on the task at hand. When we refer to tasks such as R&D or marketing design, the most likely thing is to go to the external market to look for the right people, because these are the ones that probably will bring new ideas, new thoughts that can give a good turnaround in the function. Students are also an important influence because they are linked to major research centers like

universities can also be a source of innovation for the company in order to be able to do some research that is of interest to them and then apply it or simply because they are more within the current market, are aware of new methods and tools that may be useful (more attentive to new trends and can anticipate changes). The application of internal recruitment can be considered as a lever of opportunity to show the innovative capabilities of individuals in a more persistent way.

However, recruitment and selection are very difficult processes and there are still many flaws in their execution. Poor recruitment and then a poor selection process affect the performance of the company, which is extremely important for its growth. These processes aim to form a high-performance team, accompanying the company to achieve the desired goals. But, lately, the company Alpha has been experiencing some problems with regard to hiring individuals that can cause serious losses to the organization, such as the increase in the turnover rate. The fact of hiring young graduates and/or without any experience can be seen as an obstacle. This means that when faced with the reality of a company together with the pressure and stress of everyday life, it can be enough cause for them to end up giving up on it. So, that is one of the major factors for people to end up abandoning the company. Not everyone can handle the kind of pace that this company imposes and is used to. On the other hand, the limited use of recruitment platforms can also raise a barrier. That is, until then the company only uses the most traditional ways to attract candidates, whether through the company's website, by email, in person, specialized companies, or the traditional recruitment sites. This means that the company will probably advertise the vacancy incompletely and end up wasting more time searching and interviewing. Another problem is the fact that the company is hiring many people and its productivity has been decreasing (problematic identified in the previous chapter). One of the causes may lie in the lack of rigorous assessment of the company's needs and since HR is composed only by one person, it means that it is not able to act on all fronts and see things from another perspective. This can have a negative impact on performance since the manager when focusing only on one situation, is, even if involuntarily, ignoring all the others that could reverse the path to results.

In this sense, it would be necessary to innovate in this practice, seeking to open the horizons using, for example, put the current professionals as ambassadors of the company through platforms used by all people, such as Facebook and LinkedIn (sharing their professional path in it increasing their network), propose the creation of software capable

of assisting the recruitment and selection metrics (average hiring time, hiring turnover, average process cost) or proposes the creation of a website with the functionality of a database, that is, the design of a web page exclusively dedicated to HR in order to advertise jobs in detail with the option of introducing a curriculum (such as spontaneous online applications) thus facilitating the search for the manager.

5.2.2. *Training*

Being a company with few workers, the initial training plan implies a certain period in each department of the firm (even if it is not the main activity area of the new employee). So, it allows the new employee to effectively know the entire company process and understand what is going to do, how to do it, and why is doing it (the company's dynamics). From the moment of entry, a lot of information is passed on and initial training is given. If they see that the person has potential, they bet even more by providing intensive and more specific training with people from the parent company (or else it is the worker who moves there).

The company policy is that people can be shaped in terms of their training, but not in terms of their values and education. Alpha uses theoretical professional training to evaluate how independent and responsible workers can be. When necessary, there is also an exchange of people between subsidiaries to train other co-workers. It is from this procedure that employees acquire new skills, knowledge, techniques, and practices capable of improving their professional and personal development. In the beginning, workers have intensive theoretical and practical training to adapt and understand all the procedures inherent to their function. Training is carried out both internally (given by current employees) and externally to the firm but still internally to the group (by employees of the parent company). All workers are also trained, therefore, to become increasingly autonomous and to suggest innovations and/or other innovative perspectives to production and administrative processes.

Alpha, similarly to other companies, attempts to provide these opportunities to their workers, in the hope to reduce turnover and boost motivation and, consequently, improve the organizational environment (Spinelli, 2015). For this same reason, internal training and co-worker experience constitute a decisive input to worker productivity in the case of Alpha. In this sense, turnover can be considered a problem since, with the departure of

workers, especially the most experienced, the company effectively faces a loss of internal know-how. Although some knowledge can be maintained through other collaborators, it is practically impossible to guarantee all the information subsequently acquired. Therefore, it will be necessary to resort to training processes again to form a new resource. This situation ends up reducing the company's productivity, which is one of the most affected factors by turnover, as new employees need time to achieve the desired performance. These change processes cause new beginnings and, therefore, explain the peaks of the company's results (increases the expenses with recruitment and selection processes and with bureaucratic processes).

At Alpha, this situation can be observed, for example, in the financial function. It turns out that the company's chief financial officer 21 years ago left the company in 2019 and the person who replaced him joined the company in the same month that he left. This meant that the training of the new employee with the most suitable person was short-lived, so the acquisition of specific knowledge was limited. Therefore, in addition to the company losing an extremely experienced worker, it had to invest in the training of another individual, which contributed to an immediate loss of productivity and an accumulation of tasks for this important function. The departure of the former worker can also lead to the reduction of the network, which can impact the company's results, mainly in sales, due to the loss of contacts made by the previous professional. From another perspective, the arrival of a new person may open doors to new partnerships or even resume lost other ones.

On the other hand, the case of the strong engagement to which the older experienced workers passed to the younger ones so that they see the company as their own have been neglected over the years. Nowadays, what happens is that when a new person arrives at the company, the present employees start by having a discouraging discourse in order to indicate to them that in a short time they will no longer be at the company due to the high entry and exit of people that is perceived.

The issue of training turns out to be somewhat contradictory in that, by investing in a worker, the company expects to increase knowledge and technical capacity, enhancing levels of motivation that consequently contribute to an increase in productivity. On the other hand, when that same worker leaves the company, the company ends up taking a risk that was not worth it for having lost relevant know-how for its success. Although the entry of a new person can be interesting in order to reinvent the function and even the

company. For these reasons, managers must be sure of their decisions so that risks are increasingly reduced, training is seen as a great tool with added value, and communication or feedback is an essential step to creating an empowered workforce and is the key to the company's growth.

5.2.3. Performance Appraisal

This practice has as its main objective the diagnosis of the employee's performance and behaviour, on a qualitative as well as quantitative level, in a determined period of time. Its application allows it to be possible to adjust the existing flaws (integration, motivation, among others), promote the use of human capital, suggest new professional opportunities (progression), and reconsider the salary packages, incentives, and also some dismissals. Its assessment is carried out by supervisors and superiors in collaboration with HR in order to understand what the contribution of individuals to the company's success is and with the purpose of providing opportunities for improvement. Therefore, performance evaluation allows HR to perform a deeper analysis of tasks, it is a tool for allocating resources and a method of increasing internal productivity, creating a more harmonious and effective environment so that the company's objectives are met. Performance appraisal is an HR practice that must be aligned with the organizational objectives of the company. As in training, feedback is highlighted, as it is essential so that the employee is able to understand their strengths and improve their weaknesses in order to produce better results.

At Alpha, the manager, HR manager, and supervisors together with the parent company group team are responsible for this assessment. All information that reaches HR is treated with the utmost seriousness and it is up to the manager to give feedback to workers clearly and concisely and to avoid distortions. One of the evaluations is based on the fulfilment or non-fulfilment of the proposed objectives annually, monthly, and daily. This performance assessment by objectives is defined annually by the manager and person in charge of each department with some supervision from the parent company. The monthly objectives are proposed by the parent company, however, there is total freedom for employees to change or propose more points. The daily goals are already proposed individually by each employee that goes in favour of the previous ones. In general, these are established and contribute to the overall objectives of the company. In

this company, constant intra-departmental meetings are held (monthly and weekly) in order to expose the goals to be reached in that period and a small self-assessment is made in the sense that the employee characterizes his performance highlighting his strengths and weaknesses. These types of meetings are intended to improve communication and relationships between employees and to establish the spirit of mutual help and teambuilding, proposing, for example, solutions to the problems of others. This exercise is important for the Alpha company due to the fact that it not only brings people together but also after each assessment, new goals appear more focused on the company's objectives. However, some obstacles may arise, namely, the fact that it is a laborious and time-consuming process. That is, analysing strategic points requires some research to avoid taking risks already experienced and is a slow process in some objectives due to its long-term orientation. Sometimes, meetings take longer than expected, which also requires a previous organization of jobs to avoid unnecessary stops and not expose their performance and that of others.

In general, employees, having this sharing and an active voice in some ideas, feel more integrated, valued, motivated, and with a greater orientation towards results, which contributes to the increase of individual performance that influences the final results of the company.

5.2.4. Remuneration and Career Management

Remuneration is the total amount that a worker receives. It includes, for example, salary, overtime, a health plan, commissions, productivity, and performance bonuses, among others. The compensation packages of each individual vary according to their position, productivity, availability, among other factors, including the attribution of non-wage benefits. For example, Alpha makes cars available to some workers as a benefit and as a reward for their performance and offers some annual increases (productivity bonuses) when justified to others. However, when the worker's expectations do not meet the company's expectations, they may demonstrate a willingness to leave. This is where HRM also comes in with the role of balancing these situations so that you can avoid undesirable exits. The promotion of a worker is communicated in person, by the manager and HR manager, and is based on the performance assessment, which may sometimes require prior training.

Regarding the setting of remuneration, the Alpha company attracts people due to its above-average wages (the value that the employee receives for the provision of his services which is influenced by the qualification, the complexity of the function, or the length of service). This situation was observed in the previous chapter in which it is notable that the hourly wage practiced in the Alpha company sector is much higher than the average and when compared to the ceramic industry and other manufacturing. This can be explained by the values practiced by competitors since to accompany them, companies have to adapt in this sense, as this type of industry is extremely competitive. In the case of the Alpha company, this event can still be justified by the basic structure of the company being organized by another country and, therefore, culture and values have this impact. In fact, the higher the salary, the higher the expected productivity. However, as we saw earlier, this is not what has been happening in this particular company. In addition to the fact that the company is apparently hiring many people, spending on the associated wage values is not justified since the productivity values have been decreasing, causing the risk of losing competitive value to increase. This decrease may be associated with the fear of losing the job, so more experienced workers have a more discouraging discourse towards new people, highlighting the creation of a bad environment that leads to dissatisfaction (and possible exits), abstracting from what is really happening matter - the success of the company. On the other hand, an unwanted task can trigger a lack of concentration that can cause constant interruptions, consequently, in both individual and general performance.

Career management is an action plan that allows employees the prospect of personal and professional growth. It is a trajectory that must previously be considered in a long-term perspective, focusing not only on the role to be played at the moment but also on the possibility of promotion and professional development. With this practice, the company intends to gradually increase the professional performance of the worker (through learning technical and behavioural skills), creating an environment conducive to the constant improvement of products and services (a motivated and qualified professional tends to be more productive and seeks to eliminate mistakes) and be able to retain talent (opportunities are motivations for a worker not to leave the company and therefore reduce the turnover rate).

At Alpha, the career management of an individual is managed by the manager, HR department, and the president of the multinational group in collaboration with

supervisors. It's obvious that each person is considered a specific case. The Alpha company, like many, has workers with a fixed-term contract and a permanent contract that applies to any department. All employees enter the company with a fixed-term contract, usually lasting between 6 and 12 months, for any role and are reviewed before or at the end of the selected period. But there are exceptions, for example, the case of transferring a worker between branches in which their situation will be considered effective from the start. The cases of permanent contracts refer to people with a high number of years of service and to workers who prove to be fundamental for the good functioning and profitability of the company. Alpha company also often uses temporary work companies to meet production department needs more quickly. However, this type of temporary contract (usually 3 months) can change depending on the performance of the worker, that is, if the company likes the person and this has a good impact on their productivity it can hire them directly presenting a fixed-term contract. Therefore, a larger turnover rate is expected in this department.

About the remaining workers, the company has linear career management and always tries to position the workers in the function that best suits their knowledge and that they feel most satisfied and, consequently, where they are more motivated and productive. Two examples of career progression in this company are the fact that an engineer was promoted to manager of another branch and a receptionist managed to achieve the role of responsible for purchases. These cases of promotions and career progression were justified by the positive results that the employees in question demonstrated to the manager. In this sense, people were shown to be fundamental for the progression of the group and the company itself, making it grow and develop.

In fact, having well-designed career management allows the company to reduce turnover values and increase the number of professionals who identify with organizational values and culture. The workers are able to perceive their future perspectives, what kind of performance they have to show, and how they are evaluated in order to reach other higher positions. Allied to this are salaries and incentives as a form of motivation that ends up contributing to the development and professional experience and also to the success of the company. According to Santos (2018), in the Portuguese business fabric, the relationship between HRM practices and organizational performance has been intensifying. Practices such as recruitment and selection, training, performance evaluation, and rewards have been increasingly associated positively with organizational

performance. The implementation of good practices becomes essential to increase performance and productivity, so when perceived that they are applied fairly and clearly, employees end up feeling more motivated, satisfied, and committed to the firm and will consequently have less intention to abandon it.

However, this is not the case in Alpha. Apparently, the application of these practices has not had the desired effect, since the company's performance and productivity have been falling and there have been some obstacles in some of them, namely those described above. For example, when the turnover indicator is high, it is noticeable that the selection of candidates is not aligned with the company's profile, which causes them to be quickly replaced. Feedback and open communication, on the other hand, are fundamental to realizing strengths and points for improvement. It is a way of bringing employees closer to the company and working on engagement. So, HR will have a vision of what work feels like and it will be easier to shape and adapt strategies. One way to evaluate HR practices is to analyse the ROI¹¹ (return on investment) of human capital. Thus, the company can understand whether its investment in this area is being beneficial or not. If this amount is less than the invested amount, it means that the practices must be rethought. This analysis is relevant since the HR case does not work efficiently all other indicators of the company are being harmed. This is because the HR department is one of the supports of the company. Thus, some practices must be deeply reassessed in order to improve the company's competitive situation and position.

5.3. Internal Data Analysis

After the broad characterisation and critical analysis of both the decision-making structure and HRM function of the company, we provide greater detail about both such aspects by using original personnel monthly data provided by the firm. These data made possible to understand the shifting characteristics of a universe of 169 different workers over 79 months with 3065 monthly observations since 2013, the period which constitutes the bulk of the analysis. We also discuss some possible implications of the trends describe regarding the firm's performance.

¹¹ ROI of human capital is calculated by the division of the organization's net revenue by the cost of salaries and benefits.

First, it is possible to see a very visible increase in the mean number of employees in recent years (Table 8).

Table 8 - General Difference Between 2013 and 2020

| Measures | 2013 | 2020 |
|-------------------------------|-------------|-------------|
| Mean Number of Workers | 23 | 51 |
| Mean Age (years) | 41 | 33 |
| Mean Tenure (years) | 17 | 6 |
| Female % | 35% | 28% |
| Male % | 65% | 72% |

Source: Alpha company internal data (self-elaboration)

However, in terms of performance, the same cannot be said here. As noted in Chapter 4, the company's productivity and profitability do not keep pace with this growth. This situation can be justified by the fact that the employees are not achieving the desired profitability, thus not justifying the high wages. In this sense, the company has proven high costs and low incomes with personnel even though it tries to keep up with market demand. This strategy of increasing the workforce would not have been the best, as they did not achieve the expected final results. Probably they should optimize the human resources that had already delegated, for example, in a more intelligent way as the functions of each collaborator exploring their skills in a deeper way. For that reason, the leadership role of supervisors also comes in. They must reduce problems (from difficulties in the production process, conflicts of interest, negotiation with a client and use of modern technology) and set an example through actions or advice (experience helps to improve the organization, be open to suggestions, understand which best tool to use or best strategy to achieve results). Taking advantage of the resources of each worker is essential both for the company and for a person who progresses to give more income. Being a company extremely linked to innovation they also should, exploring internal creativity stimulating the creation of new things with an initial reward of recognition through brainstorming, lectures, workshops, or events.

On the other hand, the average age of workers has decreased since it is part of the company's policy to choose to hire younger people (more so than the sector). However, this decrease can and, in this case, affects the average seniority in this specific company,

because if people are younger it reflects fewer years of service. In 2013, this company had a seniority average well above the sector. In 2020, however, is well below it. This not only reflects that the age of workers may actually have reduced but also reflects especially the outflow of people. As mentioned before, these exits can be associated with experienced people who already have been in the company for some time, which implies a certain loss of knowledge essential to the company's performance. New people equate to more training, which does not produce immediate results, but in the long term, thus contributing to stagnation or even reduction in productivity levels.

It is also a strongly male-dominated company. This difference is mirrored in the behaviour of the whole sector. Alpha presents higher values compared to competitors, but when compared to the ceramic sector and the other manufacturing sector presents lower values. These results may be justified by the concentration of tasks that require strength such as picking up weights such as bags with raw materials.

Table 9, confirm that all departments have seen their teams grow, with the exception of Management (that has remained the same person since the founding of the company until today) and Marketing and Services (has a lot of support from the Laboratory team). This increase, however, is particularly strong in the Laboratory, following by Production and then Administration. The increase in the Laboratory is perceived by the fact that there is a frequent need for product diversification and innovation. Production for the same reason, because by increasing the range of products, a wider production pace and space will also be expected. The Administration increased the team due to task mismatches, that is, while in 2013 the company only had 4 workers to manage this department, there was a period that felt the need to decompose activities into various functions to avoid the possible accumulated overwork and improve the focus and commitment of each worker.

This strategy had everything to go well, however, it is not what has been happening. Although the teams have actually increased in terms of people, turnover has also moved in the same direction, which obviously has an impact not only on the company's reputation but also on its performance, because with so many changes a lower level of productivity will be expected.

Similarly, regarding the mean age and consequentially experience levels of all department workers (excepting management), there was also a very significant decrease in employees' average age. This is associated with the entry of new young employees in recent years.

Table 9 - Department Difference Analysis Between 2013 and 2020

| Measures | Employees ¹² | | Mean Age (years) | | Mean Tenure (years) | | Turnover ¹³ % | |
|---|-------------------------|------|------------------|------|---------------------|------|--------------------------|------|
| | 2013 | 2020 | 2013 | 2020 | 2013 | 2020 | 2013 | 2020 |
| by management | 1 | 1 | 56 | 63 | 23 | 30 | 0 | 0 |
| by laboratory team | 10 | 28 | 42 | 33 | 20 | 8 | 2.5 | 9.5 |
| by production team | 7 | 15 | 37 | 34 | 10 | 3 | 9.2 | 7.1 |
| by administration team | 4 | 9 | 39 | 26 | 15 | 1 | 0 | 5.6 |
| by marketing & services team | 3 | 3 | 42 | 32 | 15 | 10 | 0 | 0 |
| | Mean Female % | | Mean Male % | | | | | |
| | 2013 | 2020 | 2013 | 2020 | | | | |
| by management | 0 | 0 | 100 | 100 | | | | |
| by laboratory team | 50 | 36 | 50 | 64 | | | | |
| by production team | 0 | 0 | 100 | 100 | | | | |
| by administration team | 50 | 64 | 50 | 36 | | | | |
| by marketing & services team | 33 | 0 | 67 | 100 | | | | |

Source: Alpha company internal data (self-elaboration)

¹² The number of employees and average age, tenure, and gender come directly from the internal data.

¹³ Company turnover for a given timeframe was calculated as the amount of people who left the company divided by the number of workers in that timeframe. Department turnover was calculated similarly however inter department changes were considered as outside movements as well.

This company looks for young talents capable of composing its staff, therefore, it allows many young people to enter the job market. This type of strategy can bring benefits such as the fact that young people are more updated in terms of information, procedures, solutions, and ideas, which should motivate effective workers for the companions in this regard. On the other hand, young people do not bring addictions from other companies, which allows the company Alpha to tailor them to their needs. They are more familiar with the technological tools and, therefore, have greater agility in mastering it. They challenge the status quo by having a strong desire to change and reinvent work processes and bring an alternative view of things, which can be essential for innovation (hence the need to create R&D function). They tend to be proactive and open to new experiences since they have an open mind (factors sought by today's recruiters) which also explains the fact that they have an advantage in the job market and are more susceptible to receiving better wages (another possible reason for Alpha to have above-average wages). Finally, they have an easier time connecting the company to market and society news and greater adaptability in relation to market changes. From another perspective, they can bring some obstacles, namely the fact of replacing an effective worker in his duties, which can lead to the exit of the most experienced. The company needs a higher investment in training because they do not have the necessary knowledge to be autonomous and efficient right away. They tend to prefer collaborative work over respecting the pyramid hierarchies, as they may have difficulty accepting advice from more experienced colleagues and are easily dissatisfied with the work, which causes a higher level of turnover. The fact that they want to embrace many projects at once and immediately win everything causes them to lose focus. Regarding the impact on the company, hiring young professionals brings new challenges to keep the company's engagement and productivity on the rise, because for many young people starting their careers, what matters is their fulfilment and professionalism (they try to gain experience). They care more about quality of life, autonomy at work, and flexibility, so the company's biggest challenge is to motivate them and make them feel satisfied. This can go beyond financial rewards, by the constant recognition of their superiors for their contributions. One of the biggest challenges for companies, especially Alpha, is to retain young professionals. This may be related to the fact that young people today are open to new opportunities and consider that the different experiences they have been beneficial to be seen as competent and professionally qualified. So, they are not afraid to leave companies. That said, this youth

volatility has a negative impact on the Alpha company's performance and productivity since it makes investments that do not have the expected return. This is not verified in the sector's behaviour (production and transformation of raw materials, glass, enamels, fluxes, and dyes and trade in glass and ceramic dyes) which achieved an increase, albeit insignificant (see chapter 4).

Regarding tenure, it is possible to observe also a very significant drop in the average value. This is not the case in the sector. This topic shows some kind of paradox because as knowledge and skills increase with tenure, job performance is expected to improve as well. In contrast, the longer workers stay in the company, the more likely they are to be bored and unmotivated. The company facilitates access to more and new tools for workers to expand their skills to improve their results. In addition, when realizing that the company cares about its future and its professional development, the worker feels more valued, increases the engagement, confidence, and loyalty to the company, and reduces the desire to abandon it. On the other hand, when professionals perceive that their development has nowhere else to grow, they end up settling down and eventually getting bored which has a negative impact on their productivity and, consequently, may contribute to the increase in turnover. Therefore, tenure is related to the age of workers, because the newer and younger they are, the less time they have in service, hence the results of the Alpha company have decreased. Newer employees (particularly the young ones) have a higher turnover risk than tenured employees, mainly within the first year. However, their hiring will bring advantages such as a new look and new innovative and technological perspectives. In relation to the other workers, the company tends to see that the older employees have more wisdom and experience, thus giving them even higher wages compared to the rest in the company Alpha. This situation, on the other hand, contributes beyond wage disparities, so that personnel expenses are higher as previously confirmed. But, should Alpha keep all these employees and bear their costs, or should it rethink and just stay with those that both in the present and in the future produce added value? At some point employees with long tenure begin to experience some decline in their performance, a decrease in the ability to implement new ideas due to the loss of creativity, they are more resistant to change because they are defenders of the status quo and can have a negative impact on retention of new talents due to their attitude, that because they are older and because they have more experience, they know more than others, which can lead to premature exits or a reduction in performance.

The gender distribution of employees is also very uneven across departments with women only found in the Laboratory and Administrative departments, being the majority in the latter. While the gender distribution by the department in 2013 was well balanced, in 2020 there was a notable inequality. In Production, the strong male presence has already been explained by the physical demands of tasks whose men have a more apt body structure for this. In Administration, the female gender started to stand out due to the type of tasks that this department encompasses and that, normally, are performed by women. In the Laboratory, unlike the previous one, there was an increase in male dominance. This may be related first to the fact that more CVs are received from men than women and second to the engineering area being seen as the domain of men. This causes problems of power and professional progression and, therefore, contributes to turnover. The company must develop a culture of gender equality that is essential to attract and retain the best talent. If efforts are not perceived or felt, the company will risk losing talent. Gender diversity stimulates discussions resulting in smarter decisions and diverse perspectives and insights are considered a source of innovation and mitigation of risks and errors. In this sense, gender equality increases the levels of innovation caused by difference, creativity, and efficiency. The importance of restoring gender balance is due to the large percentage of purchases made by the female consumer and, therefore, women have a closer view of each other's needs. Not to mention that women are increasingly educated and seek to acquire higher qualifications in order to be more complete and more valued in their jobs. However, there are still organizational barriers in the direction of career advancement which is still somewhat limited due to the large male presence. Another reason is related to family concerns, in which most of the time it is women who have to abandon their careers in order to take care of the family. The subject of pregnancy is also imperative in these situations, as many young women want to build a family and, sometimes, the gestation ends up interfering with their career. One of the strategies that the company Alpha may be used to its advantage in these and other aspects is the fact of fixed-term contracts. On the other hand, this contributes to the increase in turnover that has an immediate impact on the company's performance, as it will have to go again through the initial processes that a new hire requires. For a company that wants to innovate, this movement of people and gender can be beneficial in the sense of having many perspectives and a huge variety of creativity, but on the other hand, it can be counterproductive because it shows an unstable environment and a company that does

not it supports its employees in certain matters that, today, should not be taboos or events that may have negative connotations, such as pregnancy.

Regarding the turnover rate, it is possible to verify that only three of the five departments showed changes. The Laboratory and Administrative departments both show an increase in their rates, contrary to what happens in the Production department where the rate decreased. This does reinforce the importance of the gender aspects we referred to. In 2013, the company had a turnover rate below the sector average (19%), while in 2020 it exceeded 11% in 2017 (see the previous chapter). In other words, despite the sector's behaviour showing a gradual decrease in turnover over the years, in the case of the Alpha company this does not happen. The turnover can be the result of several situations, such as the physical and psychological exhaustion of employees. This is associated with the constant pressure imposed on people and the physical effort required, especially in Production functions. The increase in responsibility and the number of tasks is enough to cause stress in people, which makes them leave the company. In the case of Production, the company Alpha ends up resorting to temporary work to prevent the values from being even higher, hence the rate has managed to decrease from 2013 to 2020, although a certain level of turnover in that department would already be expected.

At the Laboratory, a high rate was also expected, since it is the department that encompasses the biggest innovation issues. This is reflected in the need to renew ideas and the hiring of another professional will provide this when they realize that existing employees no longer have the vision to do so. In the three departments with turnover rates, there are also cases where the contract has ended and the company has decided not to renew because it no longer identifies with the employee's work (for example, low employee performance). The influence of behaviour is also a cause of the turnover rate in the Administration. For example, when an individual's contract ended, he did not want to renew it and therefore left the company. However, immediately following two more individuals, whose entry was only five months ago, resigned because of that departure. Still in Administration, another cause may be associated with career progression, since it is in the departments that have few jobs and growth is very limited and young people have the ambition to develop professionally in order to move up in the hierarchic pyramid.

Some of the reasons, perceived during the internship period, which can enhance the turnover are related to reasons such as: new job opportunities (with a more appealing salary or a more exciting challenge that can lead to the loss of talent to the competition /

suppliers /customers); the attitude of several employees (conflicts, lack of respect that provoke a hostile environment and contribute to demotivation); the organizational culture that is not deeply rooted (the same sharing of values is not aligned between company and worker); expectation of unmatched wage increase (the worker's expectations do not meet the company's expectations); conflicts with management and supervision (behaviour and attitude of the leader is also the cause of turnover, which contributes to an unsustainable environment); the failure in internal communication mainly between departments (more mistakes are made, more conflicts and discussions are generated, a more stormy work environment) and the hiring of talents incompatible with the company (failure in the recruitment and selection process, because when the individual's values are not compatible with that of the company, leading to an early departure - however, the company intends to focus even more on behavioural skills in interviews). On the other hand, turnover can be considered a positive factor, which turns out to be somewhat contradictory, in the sense that the departure of an employee to a supplier company or customer can be beneficial for commercial relations, which can speed up processes and contribute to fluid communication and constant contact. For this, it is necessary that the exit also happens in a harmonious way. In addition, it can also contribute to a possible reduction of conflicts, since when one of the parties involved leaves, the problem disappears.

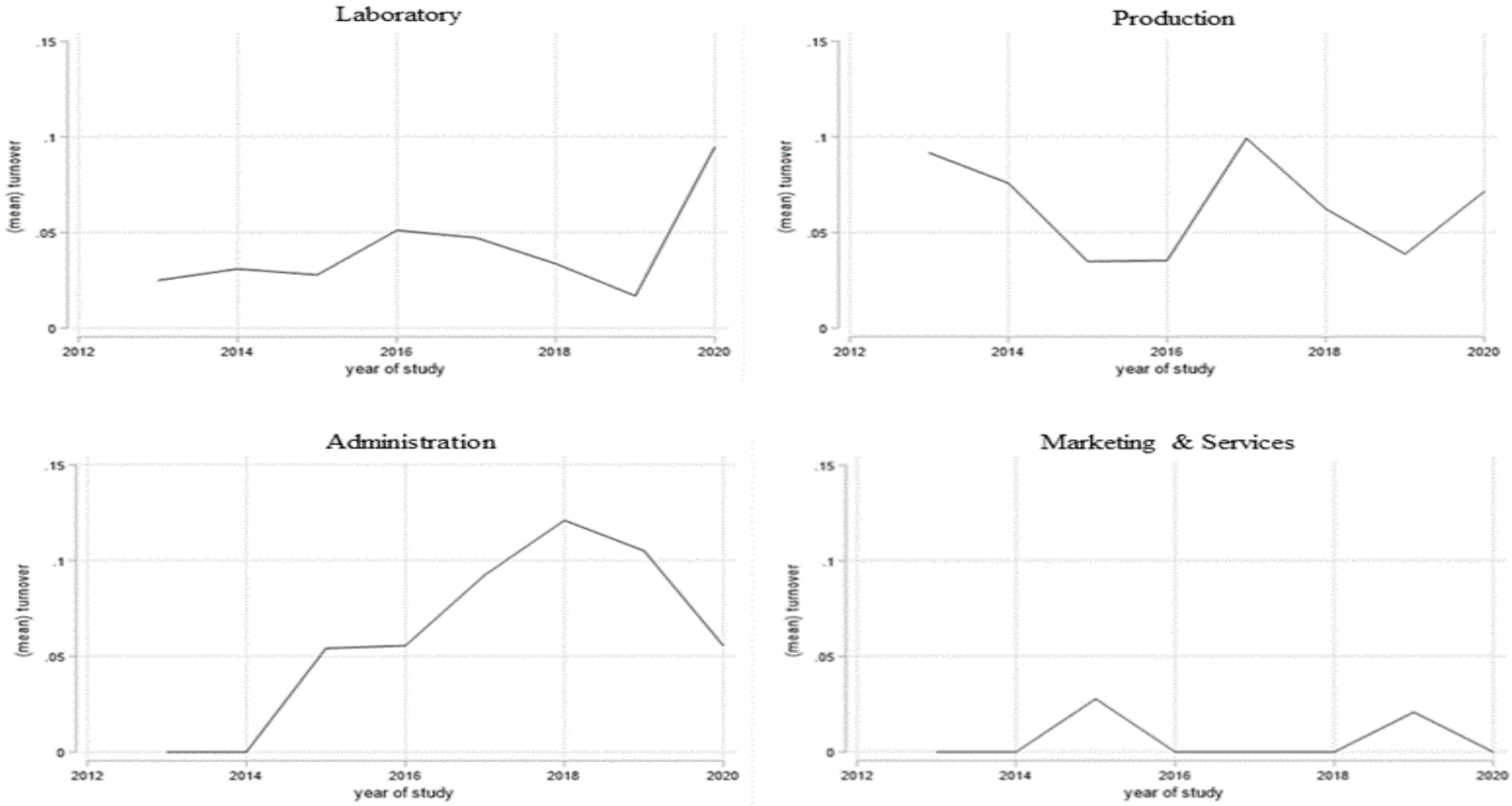
Consequently, the turnover has mostly negative effects for the development of the Alpha company, namely the increase in spending on contract terminations, hiring and new training (which, for example, could be oriented towards buying new technology), the loss of internal talent (of people who contributed excessively to the growth of the company), the reduction in productivity (impact on the performance values), the reduction of networking (can contribute to a bad image of the company and decrease of the financial values in terms, for example, of sales since there may be cuts in business relationships - loss of connections with customers or suppliers) and it affects the dynamics of the teams (the creation of relationships and work habits can take some time). The adaptation periods of the different new individuals have an impact on the performance of tasks that can lead to production delays which can threaten the commitment to the customer and as such be detrimental to productivity.

There seems to be a certain limitation in the retention policies in the Alpha company, so it is necessary to invest in practices that boost motivation and, consequently,

the engagement of workers so that they perceive the contribution and value they have for the growth of the company as well as the path they moved so that it could achieve good results. In fact, these weaknesses that the company presents in terms of turnover can be the main causes of the bad financial results that Alpha has witnessed. These results are also related to the fact that Alpha is an innovative company since a higher turnover rate was already expected in this type of industry. For these reasons, the HR practices implemented in the company are apparently not being the most favourable at the moment. In this sense, it would be advisable to apply a more worker-oriented culture because these are what make the business grow and are the image of the company. In addition to this, it would be beneficial for the department heads to work and give more importance to the relationship with their subordinates, triggering an approach more focused on feedback. This is because praising and constructively criticizing individuals in a correct, fair and, attentive manner in order to grow and developing improves behaviours, eliminates unwanted attitudes, and eradicates errors and problems that tend to occur. Finally, the use of a computerized HR management system that helps the manager to manage the company since, through records and analyses, the management software is able to store data and maintain the history of each employee, identifying the cost that the company had and has with each one, its history and potential, its performance and its profitable contribution. In this sense, it will be easier to understand whether or not people are being economically profitable for the company and which ones need, for example, training activities to improve their performance. After the *in-loco* observation, the management model of this company also showed a willingness to change, starting to value more individuals. For example, they began to introduce more training on the company's culture and values, seek to promote lecture initiatives where the objective is to share experiences among employees so that they feel more valued, engaged, and with an active voice. The company should implement these and other small steps in order to improve its operation and recovering somehow its glory time from 30 years ago.

Figure 17 shows the variations in turnover by the department, making it possible to observe the various changes over the years. This figure proves that the turnover problem has grown over the period of analysis, especially in the Laboratory and Administration, which have approached initial levels of Production. In the Alpha company, this problem means that there are about 1 in 10 people (0.1) leaves monthly which expresses, in this case, the negative connotation that the turnover has for the company.

Figure 17- Average monthly turnover by department



Source: Alpha company internal data (self-elaboration)

This high number of exits reflects some inconsistency in the HR practices defined and implemented since the associated costs constantly affect the company's financial situation, which is, consequently, affected by the drop in productivity and decreased performance. In addition, it can cause a disruption in the organizational climate, as professionals can lose the security and confidence of their workplace and may experience an additional stress level that causes them to lose focus and be less productive. At Alpha, over the years, turnover began to have a negative impact on productivity and commitment towards teamwork and the company itself, negatively affecting relevant indicators for the organization such as those analysed in the previous chapter.

The visible increase in turnover in the different departments, mostly in the Laboratory and Administration, may also be associated with the fact that the teams are composed mainly of younger people. It is a generation that does not like to follow rules, are sensitive to injustices, value work that they find fun and pleasurable, and are impatient which means that they have no problem embracing new challenges and looking for new jobs if they do not feel comfortable and fulfilled in firm. They have very different expectations from previous generations, which brings new challenges to HR to keep the company's engagement and productivity high. On the other hand, older and more experienced people have greater difficulty in accepting changes and are adept at supervision with well-defined rules which can cause shocks between generations. Therefore, one of the problems of talent management found in this company is the complexity in managing this type of conflict and confrontation that may arise between people who grew up in different volatile environments and that are generated by different opinions on a daily basis. Often this situation ends with the departure of a worker, which contributes to an increase in turnover and a decrease in the level of tenure.

The Marketing and Services department is the least affected by these variations, which can be explained by the fact that the people belonging to this team have performed functions under the responsibility of the Laboratory team, thus having vast knowledge about the products. In this way, the team has a better argumentative power to transmit the product safety and quality, providing a better service to the customer. Analysing the graphs in the figure, it is also possible to observe a direct inverse relationship between the turnover of the Marketing and Services department with the others. That is when the turnover in Marketing decreases, the other departments increases or stagnates. This situation can be justified by the fact that the Laboratory's workers can quickly enter into

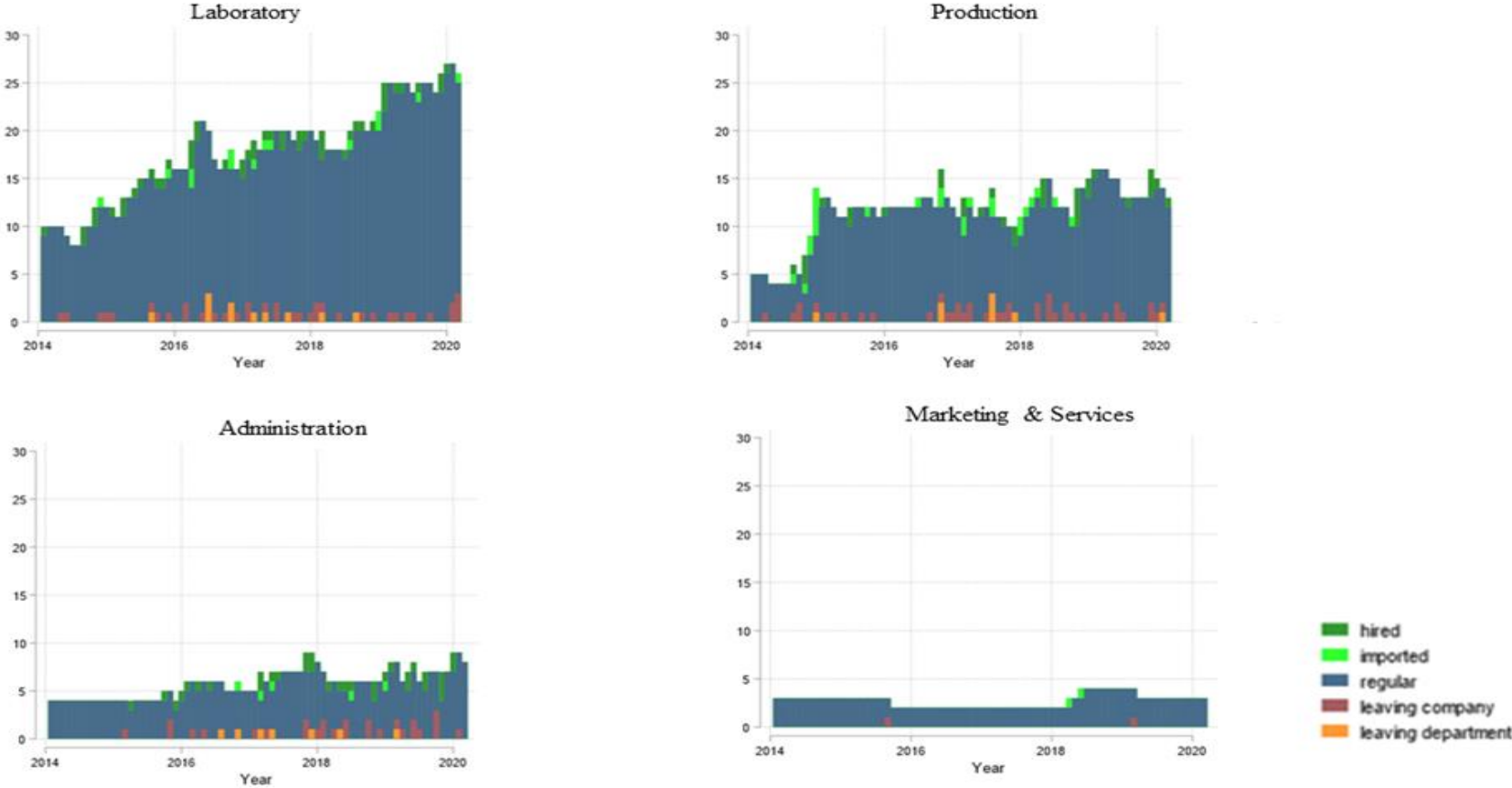
these tasks together with the support of Production people who know the product equally well and Administration employees who also have direct contact with the customer. This may reflect a triggering of promotions or readjustments of people in the various tasks of the company, which causes an increase in turnover in the others. Thus, it is also possible to understand the connection and dependencies of the departments among themselves.

Figure 18 is a supplement that provides us with a more accurate view of the company's entrances and exits by month and by the department. In fact, this shows us that there is an internal and external instability, mainly visible in the movements of Production, followed by the Laboratory and Administration. Apparently, there are more entries (green) than exits (red), which confirms the growth in the number of people per team as well as the expenses with them, as mentioned above. Entry journeys in the first department are related to the fact that the company responds to peak demand by hiring temporary workers. The result of the second is related to the fact that it encompasses most of the innovative activities that need new visions to improve the product. And lastly only in order to fill the vacancies that were available with the departure of other employees. This type of workforce growth strategy would be designed to respond to the possible demand that the company might be feeling, however, it has not proved to be successful since its financial situation has been increasingly fragile. For these reasons, the company's management together with HR should stop and think about the entire path they have taken so far and identify their strengths and weaknesses by outlining new strategies for the company to set itself on the right path, the success.

The organizational structure may also affect the Alpha company's ability to operate efficiently and thus contribute to turnover levels. The formal structure is characterized by the approval of the manager or another person with authority in the decision-making processes, the work is considered predictable and people are trained and prepared to do so, having to follow a set of rules and procedures. However, companies looking for greater flexibility and creativity have some difficulties in accepting and adapting to this type of structure. Companies like Alpha that foster creative and innovative work, some diversified tasks, and sharing a sense of belonging have professionals looking for a certain autonomy in their tasks and especially the need for an authority that allows them to conduct their work without having to be waiting for approvals with every step they take (the company also needs to show some confidence in its employees).

The company Alpha is going through a time when it presents expenses higher than

Figure 18- Average monthly of entries and exits by department



Source: Alpha company internal data (self-elaboration)

profit, which means that something is not right (financial decline). While some factors may seem like an advantage, there are certain times when they become disadvantaged which highlights the lack of balance. Turnover levels may also be associated with a lack of empathy and or trust with the HR manager because as he is just one person, there is no one else to turn to report problems.

Extending the HR team would also be a possible step to take in order to understand whether the problem may even lie with the manager itself or if it is in the way that the practices are applied.

Therefore, in addition to HR practices, the company should also look and rethink its structure in order to be able to improve its performance indicators, namely productivity, profit margin, economic profitability and, consequently, enjoy a panel of individuals whose objective is to produce economic benefits and to increase the motivation and engagement of employees towards it. Nowadays, companies already give more value to people and it is expected that there will be a greater transformation in their routines and they will have to be increasingly flexible and adaptable to the new generations that are arriving in the labour market.

5.4. The Talent Management Model

The creation of a strategic people management model goes beyond the company's manager, through the HR department and aims to improve performance by setting goals that are compatible with both the needs of employees and those of the company. But, for that, it will be necessary that the organizational structure is well defined, clear to everyone, and consistent with the objectives that it wants to achieve. Companies need a strategy adapted to their business so that they are able to attract and retain the best talents and thus gain a competitive advantage over others in their sector. One of the tasks intrinsic to HR functions is the company's talent management. This is seen as the creation of conditions that are conducive to attracting and retaining the best workers, with a view to developing their skills and the manager must generate strategies to keep them constantly motivated. In this sense, talent management helps to maximize the value of employees, improve the financial performance and productivity of employees, allows the company to remain competitive, and cause turnover to decrease.

Having looked at the context of the Alpha industry and described how internal

resources are managed (with a particular focus on human capital), we are now ready to provide more critical analysis of the coherence of their talent management model. This approach was made through employment RH practices highlighted across three different types discussed earlier in this report: an organizational, market, or innovation-oriented framework. The aim is to frame the various HR practices that the company Alpha implements and understand its consistency in relation to the structure of the labour market by which it is governed.

Usually, models show that practices of the same type are consistent and do not cancel each other out. As such, each has its advantages and disadvantages. Table 10 reminds us of that.

Table 10- Advantages & Disadvantages of ILM, OLM, IO

| | Organization-oriented ILM | Market-oriented OLM | Innovation-oriented IO |
|----------------------|---|--|--|
| Advantages | ↑ Profitable hr ↑ Effective and a better likelihood internal promotion (less risk in the selection process of possible internal candidates) ↑ Performance and commitment from the workforce ↑ Tenure | ↑ Sales and income ↑ Customer satisfaction and loyalty Continual investment in research Looks at the market and its target audience first (customer-first approach) | ↑ Faster and higher quality innovations ↑ Operational excellence ↑ Competitive advantage ↑ Customer satisfaction ↑ Retention |
| Disadvantages | ↓ Respond to rapid growth ↓ To stay in touch with OLM development ↓ Attract new perspectives and ideas | ↓ Reactive attitude ↓ Innovative ↓ Customer shaping capacity with products Market always chancing | ↑ Unwarranted changes ↑ Market risks ↑ Employee dissatisfaction ↑ Costs ↑ Mistakes |

Source: Biztogan (2012); Roberts (2019); Simpson et al. (2006) respectively

Each type of employment relationship management has its characteristics that, sometimes, due to the fluidity of the labour market, it may be beneficial to companies to combine some aspects of organizational and market orientation (Cobb, 2016). For example, the foreign market can overcome the gain as the hiring standards for internal promotions. This implies that wages and some of the requirements for promotional vacancies are determined by the market and not by the company's conditions. However, this situation does not necessarily express efficiency, since market wages can be determined in an institutional and non-competitive way (Lazear & Oyer, 2004). In an environment that increasingly requires the implementation of proactive innovation-oriented strategies, it is essential to create value through, for example, the development of new products or services, and the entry into new markets. In this sense, an orientation towards innovation, despite being more interconnected to the market-oriented, complements its approach with the characteristics common to the previous two. According to Bigliardi et al. (2011), for example, the most innovative SMEs explore the market and seek to improve both the process and the product with the best systems and technology. Creativity and innovation arise when a firm offers such an environment, namely an environment of trust and autonomy that contributes to the appearance of ideas (Baumgartner, 2012). As such, this process is expected the workers be more productive and, consequently, more profitable human resources.

Table 11 begins by mapping the Alpha company's practices in these three models. As is obvious, the practices chosen for this analysis were those highlighted throughout the chapter. This table shows how the company manages its employment relationships through the frameworks. Looking for the company performance results and the implementation of RH practices, it cannot be said that it has worked so well so far. After analysing the table, it is evident that the mixture of talent management practices is somewhat incoherent. We argue that this type of situation, when not reviewed and acted upon, can generate a vicious cycle that can often lead to performance problems.

One of Alpha's HR practices is related to recruitment and selection. This is an interesting measure because, with it, we are able to understand how the company behaves when there is a need to fill a position. As far as we know the hiring is carried out primarily internally. However, uses the external market when inside it is not able to fix the situation or depending on the function, as is the case with tasks that require some kind of creativity (innovation), which a normal procedure.

Table 11- Alpha Company Orientation Talent Model

| Measures | Organization-oriented ILM | Market-oriented OLM | Innovation-oriented IO |
|------------------------------|--|-----------------------------------|---------------------------------|
| Hiring | Mainly Internal Hiring | | Stable, but not fixed resources |
| Labour Contract | | Fixed-term contracts | |
| Wages | Above average | By Skills, Performance and Tenure | |
| System of Training | On the job formal and informal (firm-specific skill development) | | |
| Skill Transferability | Enterprise-wide With the most experienced workers | | |
| Task Management | | | Operational flexibility |
| Careers | Internal promotions and rewards | | |
| Tenure | Influence on skill formation and pay | | |
| Turnover | | High labour levels | |

Source: Self-elaboration

It is in the contracts that the rights, duties, rules, and guarantees are created between the individual and the firm that must be respected and fulfilled in the agreed terms. The type of bond that most employees have with the company is through a fixed-term contract, despite having few employees who are associated with permanent contracts. Here we find the first contradiction in the sense that if it is a company that favours internal contracting, it does not make sense to have this type of contract, since contracts associated with ILM are long term, that is, stable and fixed. However, being an innovative company expects some type of external hiring due to the need to increase the range of creativity and new ideas which allows the company to a certain extent to have a stable, but not fixed, human

resources base. This means that no matter how many workers with permanent contracts the company has, there will always be a need to attract the attention of external sources in order to increase or improve the differentiating factor - innovation (IO). This contractual situation can be beneficial for the company since it does not need to be connected to the person for more time than expected, but harmful due to the high turnover (increased expenses and reduced competitive advantages and income).

Allied to this, the remuneration is a way of attracting professionals and the associated salaries in Alpha are, on average, higher than practiced in the market, which is characteristic of ILM. However, in this company, it is related to the skills identified, the demonstrated performance, and also the length of service which is remote to OLM which corresponds to a greater salary variation among workers. This situation, when perceived, can cause conflicts, demotivation, and abandonment of the company due to the feeling of lack of appreciation, which goes against the internal equity that should be felt in the ILM approach. Hence the fact that it is prohibited to talk about this topic within the company, except with the manager and the HR manager to renegotiate.

In order to help to develop an individual in a professional way, this company offers internal training directed to each function and on the individual and general characteristics and needs of the company, as typical of ILM. When well applied and continuous, it results in increased levels of performance and knowledge and contributions to the progress of employees in the case of promotions or rewards, but also to the firm's results. The type of training is carried out within the company itself, where a range of very exclusive knowledge transferred each other by the employees themselves, mainly for those who have more years of service. Except when there is a need for the parent company to enhance the most intensive training processes (which despite being outside the territorial space, is within the domain of the group and, therefore, is considered internal).

Operations management is performed in a flexible way. Flexibility can be interpreted as a strategic measure in the sense that it allows the company to deal with the business environment, thus adapting more easily to the changes that arise. The operational flexibility goes through Alpha, for example, for product flexibility (product improvement or the introduction of new ones such as the introduction of digital inks or the improvement of product formulas), labour flexibility (the ability of workers to perform various tasks efficiently and productively, such as linking Marketing and Services with the Laboratory, and the Laboratory with Production), market flexibility (ability to adapt to market

changes, responding quickly and looking for new business opportunities such as the recent entry into the tableware market) and expansion flexibility (ability to respond to increased production when required as the need to turn to temporary work companies). The operational flexibility of tasks and performance appraisal shows the company's adaptability in reassessing positions, products, prices, promotions, rewards, in short, all other practices in order to readjust as possible failures, errors, new objectives/strategies, or new ideas (which can create new market trends) that may eventually arise. Therefore, it requires a certain rigidity, knowledge, skill, and aptitude from the manager to be able to find logic and consistency between all these aspects.

In terms of career progression, the company Alpha values internal promotion and attributes rewards (ILM). Since it is a small company it reaches a certain point where internal promotions are no longer possible to apply. In this sense, the company ends up attributing more benefits. This situation causes companies with other capacities and dimensions to end up having more attractive offers, which can be a cause of the high levels of turnover, as workers feel that they cannot grow more or that the premiums are not adequate to their expectations and/or function. This brings us back to the beginning of the processes, the attraction of new talents, and contributes to all expenses associated with both the departure and entry of new employees. As such, all fresh start has an impact on the company's overall functionality, however insignificant they may seem.

The length of service is influenced by practically all measures presented so far. In hiring when promotions (related to career progression), in the type of contract carried out in which high permanence normally equals effectiveness, in salary which is also dependent on the skills presented and developed and in the performance in which good results lead to continuity and awarding of rewards. In this sense, if a worker realizes that his expectations are being fulfilled by meeting those of the company, he ends up staying there for a longer time. Otherwise, it ends up abandoning it.

All companies have a good turnover rate up to a certain point. The monthly turnover data over the years previously showed to indicate a great instability of people in the company Alpha. That values were somewhat expected due, for example, to the type of contract the company makes (OLM). The impact of certain actions and decisions on the business had consequences such as decreased productivity, employee dissatisfaction, and, of course, decreased profit. However, turnover does not need to be seen as a bad thing. It can bring advantages such as changing or improving internal processes and practices after

an in-depth analysis of cause-effect relationships, as well as building new ones or recovering old business relationships. In this sense, everything depends on the way the company is managed and the objectives that it wants to achieve in the market.

In summary, this company appears to have a more targeted approach to an organization-oriented model, however, there is a certain inconsistency in the application of some of the practices of the other models. Namely, the fact that it is a company that favours internal contracts and mainly presents fixed-term contracts, which means that it is increasingly looking for external contracts. Therefore, it is expected that its turnover levels will start to increase due to the characteristics of the market-oriented model. Wage inequality is another cause of turnover since the company does not regulate wages internally, but based on conditions that are considered to be in the market. All this causes a lack of commitment and a reduction in productivity on the part of the worker towards the company, which is not at all expected by an organizational approach. Being innovative, the company needs to change, at a certain moment, its resources, bringing a “*fresh breeze*” that leads to greater quality, excellence, and added value. However, a more innovative approach can have consequences such as an increase in employee dissatisfaction because they feel that the company needed reinforcements that, to a certain extent, can compromise their position and bring more costs both in terms of hiring/training and in terms of mistakes that tend to commit which unquestionably affects performance and can contribute more quickly to turnover. On the other hand, the observation of an ins and outs company in terms of people implies the erosion of its image. Turnover is perceived by suppliers, customers, and society so the company is not seen as stable and, therefore, avoided by many people, which compromises its growth. This explains, contrary to what is expected at ILM, why tenure has been decreasing over the years. Associated with this, a loss of knowledge has been perceived due to the departure of more experienced employees, and the entry of new employees contributed to constant investments in training, which also affects performance since the productivity of the new person is not immediate. If this ends up not only affects the company financially but also the organizational performance.

6. Discussion and Conclusions

6.1. Talent Management and Performance in Alpha

HRM practices have developed over the years within organizations. However, there are still some notable challenges. The evolution of market competition has made companies realize the importance of their human resources for their own development and organizational growth. If HRM is increasingly aligned with the company's strategy and objectives, it means that there are a greater dynamic and connection between everyone, whether people, departments or the company as a whole. Thus, SHRM can be a tool for adaptation, preparation, training, and motivation of the human capital that the company has, which is increasingly seen as the competitive factor that differentiates companies.

The main problem of some companies is to know how to retain talented people and manage their talent. Nowadays, talent retention is one of the main HR challenges and seen as a differential factor. For the company to be able to retain the people it most desires, it is necessary to resort to strategies that adapt HR practices to their specific context.

Alpha, considering itself innovative, tries to make changes every year in the direction of innovation and diversification in order to improve and increase the quality of its products and services. These processes have associated costs, but when properly applied they make the company progress. However, in recent years Alpha has faced some challenges, namely the way it prepares the company for a logic of innovation, especially with regard to people management.

Our study showed that the company Alpha has grown considerably in size in recent years, but in terms of performance things did not go as well as expected. The company even lost its position in several indicators, namely it saw its profit margin and economic profitability rates decrease. Regarding the comparisons made with the Alpha company sector and with the ceramics sector, Alpha has been losing its competitive advantage which is reflected in an increasingly delicate financial situation. In fact, this result may be conditioned by the high costs and negative profits that the company has had above all with human capital. That is, in addition to the company having increased its team, it has not been profitable enough to produce positive effects on financial indicators.

One of our findings was that the company Alpha, despite having grown, effectively

presents a lot of instability in terms of the movement of people. Such turnover levels are mainly located in the Laboratory, Production and Administration department. Turnover by the department has been increasing and the values are higher than those in the sector, which further reinforces the company's difficulties. We also identified how the company applies some of its HR practices and how the way they are being implemented may be affecting its performance and causing such levels of turnover. Therefore, there are certain practices that the company uses that are not having the desired effect. Namely, recruitment and selection procedure based mostly on age, the use of traditional but not strategic-coherent methods, and, sometimes, the urgency to fill vacancies results in errors that can bring losses and even more expenses. Training plans are affected by poor management of people. This is because training is provided by the most experienced employee in each department and/or function and, as we have seen, tenure has decreased as some of the people with more years of service have left. This implies that there is a loss of knowledge since past information is no longer as complete as it was. Regarding the performance evaluation, it was not very well perceived except for the fact that the annual, monthly, and daily objectives that are defined by the parent company, the manager, and the employees, respectively, are met. This practice is either very restricted and private or has no plan other than a substantial assessment of the contribution that the employee may have to the company's performance. About remuneration practices, it is notable that salaries are above average, which proves the high expenses with personnel, however, the low performance and the negative results in terms of profit per employee do not justify these values. Finally, career progression is managed more on the basis of rewards and benefits due to the size of the company, which may not be immediately perceived by employees, but the longer they stay and they realize it can be made explicit that the situation is not within the expectations and resort to looking for new offers that can cover this.

Another finding is that the talent management model does not appear to be consistent with the needs and strategies of the company since the different approaches to how the company manages its work relationships have measures that are not complementary. They are apparently regulated especially by the ILM model, but when supplemented with aspects of the other two approaches it is not strategically coherent. This is because the way in which the recruitment, training, development, and mobility of workers are defined and generated is different. However, the wish to move away from a

pure ILM model is remarkable, but with some undesirable applications. The percentage of long-term employees has become increasingly unstable which means that ILM has changed in this company. In fact, the shorter stay in employment in recent years indicates an increase in labour market turnover and an increase in mobility. Associated with this the salary base is defined according to the employee's skills and productivity that seek the existence of an individualized salary standard (different between functions and people) and the influence of OLM in the pricing. The presence of people with a higher degree of qualifications has become more common due to their hiring policy, that is, jobs are linked to specialized professional training that is complemented with on-the-job training. As typical of the ILM model, the training processes are internal and specific to the company and function. The type of formalized contract is typical of OLM and does go against what the company is looking for - the permanence of the best employees. On the one hand, the company believes that it is beneficial to have a stable base of human resources, however, this should not be fixed in such a way as to have scope to create innovative opportunities. On the other hand, new hiring processes can be more expensive than betting on the motivation and development of existing employees. An organizational structure thus does not allow vertical movements and the horizontal movement is more present. This makes horizontal ascent more likely to happen along with rewards or benefits.

These problems and lack of cohesion can cause obstacles in production, delaying its process, in customer service contributing to inadequate assistance, high levels of turnover, the dissatisfaction of employees for perceiving all failures, and, as such, expenses that contribute to the loss of financial and human resources.

Definitely, the company has a high monthly turnover rate which that there are a large number of people who leave the company. The poor results in terms of retention can be explained by the lack of strict implementation of the strategy definition. Some HRM practices have been implemented for years and are currently not having the desired effect on the part of management, as what was intended 30 years ago does not effectively reflect what is being sought today (importance of the ability to adapt and change). The turnover levels seem to be justified by the lack of monitoring and reassessment of HR practices, which increases the intention of the talent leaving, as dissatisfaction and demotivation seem to increase the company's turnover.

This company is going through some financial problems that may be a consequence

of HR practices and in fact, it should reconsider a change in them. Therefore, it is necessary to restructure the processes where there are some weaknesses so that the engagement between the company and individual must be a natural occurrence and not something imposed. If we really want to be the best, we must react to threats and problems and turn them into opportunities.

6.2. Lessons to SMEs

This report contributes to the growth of Portuguese literature on talent management in SMEs using the context of a Portuguese company as an example. It also highlights the importance of having a set of coherent talent practices that are aligned with the company's structure. These have an impact, both positive and negative, on the development and performance of any firm and, therefore, have to be defined according to the strategy and the business itself and must be adjusted whenever necessary. Its use aims to help SMEs to improve their performance and functionality. In fact, it is expected that its contribution will be a positive effect.

As referenced in the literature, the company Alpha presents some challenges common to most SMEs (see Table 3 and Table 5) hence this company was a good case study. In this sense, and taking into account some failures of the Alpha company, SMEs should reassess regularly their practices. Table 12 presents a summary of the difficulties highlighted throughout the report and some suggestions of what they could change.

Indeed, the role of HR is fundamental for this type of company and assumes critical importance, as an error, however small it may seem, can put the entire business at risk. However, there is still some difficulty in understanding what their strategic role is, and sometimes they miss opportunities for growth and positioning. One of the biggest lapses is to replicate models of large companies or continue to follow the same path when the results are not favourable. In other words, companies do not evaluate the practices that implement what makes it impossible to reformulate new strategies and benefits. The implementations of HR practices have an impact on productivity, satisfaction, and motivation of employees, and the innovation capacity of these types of companies is mostly in the creative state of people. It is important to note that to achieve the goals, companies need to be able to count on the good performance of their employees. Their productivity and engagement are essential for profitability and growth.

Table 12- Reality vs. Expectations of HR practices

| What happens | What should happen |
|---|---|
| <ul style="list-style-type: none"> ▪ Failure in recruitment and selection processes - bad hires; ▪ Focus on hiring young people - do not value the experience of potential people who may be more valuable than young people; ▪ HR department just being made up of one person - easy dispersion of priorities and loss of focus on the organization as a whole; ▪ Turnover of experienced workers - loss of knowledge; ▪ A higher investment in training - high expenses associated with departures; ▪ Lack of good career management - incompatibility of expectations and lack of monitoring; ▪ Failure in internal communication - mainly between departments; ▪ Hostile environment - the constant changes of people generate conflicts because old talents do not attract new talent and they fear a loss of stature; ▪ Challenges in terms of the retention of the young professional, as well as the experienced workers; ▪ Lack of employer's commitment - which reveals the easy decision to leave; ▪ Bad company image - word-of-mouth. | <ul style="list-style-type: none"> ▪ Complete the HR team - more people end up having more ideas and are able to deal with and follow in a more consistent way everything that goes on in the company; ▪ Minimize the processes of entry and exit of employees - optimizing your existing resources is essential to avoid increasing the company's expenses; ▪ Change the recruitment and selection process - also bet on a more innovative approach using technology, leaving traditional ways a little to the side. The change could start with a new attraction strategy; ▪ Implement, evaluate, and adapt high-quality talent practices - will change the quality of a talent pool by making the organization more attractive and selective. It will allow you to reduce the costs of dismissals, dropouts, or entrances, understand what the skills of individuals are and what possible roles they can fill, ultimately improving their experience and consolidating the organizational culture in a more natural way; ▪ Improve internal communication - creating spaces conducive to leisure in order to encourage interaction between teams in a more relaxed |

| What happens | What should happen |
|---------------------|--|
| | environment, encouraging the creation of bonds that are reflected in productivity. |

Source: Self-elaboration

Therefore, it is through our and the other's mistakes that we can improve and learn how to overcome some obstacles. The idea is to understand what can happen to us and create strategies capable of anticipating any less good situation.

6.3. Limitations and Recommendations for Future Studies

Some limitations have been identified throughout this report. First, there are few articles alluding to Portuguese companies in this specific topic. Thus, it was particularly difficult to develop a talent management theoretical framework aimed at the Portuguese SMEs. On the other hand, access to the internal data of the company Alpha was very limited, not allowing a more in-depth study at the level of the relationship between talent management and Alpha's performance. Another research limitation that we highlight is the fact that we have not collected information about the perspective of workers and former workers about HR practices. This situation could have offered us another point of view, contributing to the enhancement of this report.

As a form of future recommendation, we suggested the application of this type of study in other companies in the sector and the same dimension, as well as their comparison between them in order to highlight the problems encountered and see if they match, for example, those of the company Alpha. This is because although they are companies from the same sector, they may have different talent management problems and different ways of solving them. Parallel to this, it would still be relevant to make a deeper analysis of the relationship between HR practices and the company's performance (Which ones have the most impact? Have they a positive or negative influence? How should we apply them? In what situation? In what period of time?) since HR is one of the pillars that support the company.

References

- Abrantes, M. (2008). *Consequências da introdução de um sistema de impressão digital numa empresa cerâmica*.
- Andrade, T. De. (2008). *(Des) Alinhamento entre as Estratégias Organizacionais e as Estratégias de RH: o Caso de uma Empresa Internacionalizada*. 1–16.
- Ang, S., & Slaughter, S. (2004). Turnover of Information Technology Professionals: The Effects of Internal Labor Market Strategies. *Data Base for Advances in Information Systems*, 35(3), 11–27. <https://doi.org/10.1145/1017114.1017118>
- Arar, T., & Öneren, M. (2018). Role of Talent Management in Career Development of Generation Z: A Case Study of a Telecommunication Firm. *International Academic Journal of Social Sciences*, 05(01), 28–44. <https://doi.org/10.9756/iajss/v5i1/1810004>
- Aseka, J. O. (2014). *Challenges Faced by Small and Medium Enterprises in Strategy Implementation in Nairobi City Country*.
- Ates, A., & Bititci, U. (2009). Strategy management in small to medium-sized enterprises: Evidence from UK manufacturing SMEs. *16th Int. Annual EurOMA Conf., 14-17 June, December*, 1–10. https://pure.strath.ac.uk/portal/files/5758115/Strategy_Management_in_SMEs_Full_Paper_Ates_and_Bititci_EurOMA_2009.pdf
- Azeitão, J., & Roberto, J. (2010). O Planeamento Estratégico e a Gestão Estratégica nas PME. *Repositório Científico de Acesso Aberto de Portugal*, 1–14.
- Barrett, R., & Mayson, S. (2007). Human resource management in growing small firms. *Journal of Small Business and Enterprise Development*, 14(2), 307–320. <https://doi.org/10.1108/14626000710746727>
- Baumgartner, J. (2012). *The Seven Essential Characteristics of Innovative Companies*. http://www.creativejeffrey.com/creative/immutable_innovation.php
- Bigliardi, B., Colacino, P., & Dormio, A. I. (2011). Innovative characteristics of small and medium enterprises. *Journal of Technology Management and Innovation*, 6(2), 83–93. <https://doi.org/10.4067/S0718-27242011000200006>
- Biztogan. (2012). *When Theory Applies*.
- Borges, R. (2018). *Borges Características Das Práticas De Recrutamento E Seleção -*.
- Cabral, L. (2014). Good turnover and bad turnover: Barriers to business and productivity. *Economics Letters*, 125(2), 179–181. <https://doi.org/10.1016/j.econlet.2014.08.022>

- Cappelli, P. (2009). Talent on Demand – Managing Talent in an Age of Uncertainty. *Strategic Direction*, 25(3), 16. <https://doi.org/10.1108/sd.2009.05625cae.001>
- Cardon, M. S., & Stevens, C. E. (2004). Managing human resources in small organizations: What do we know? *Human Resource Management Review*, 14(3), 295–323. <https://doi.org/10.1016/j.hrmmr.2004.06.001>
- Chen, M. L., Su, Z. Y., Lo, C. L., Chiu, C. H., Hu, Y. H., & Shieh, T. Y. (2014). An empirical study on the factors influencing the turnover intention of dentists in hospitals in Taiwan. *Journal of Dental Sciences*, 9(4), 332–344. <https://doi.org/10.1016/j.jds.2013.01.003>
- Cobb, J. A. (2016). How firms shape income inequality: Stakeholder power, executive decision making, and the structuring of employment relationships. *Academy of Management Review*, 41(4), 744–749. <https://doi.org/10.5465/amr.2015.0197>
- Commission, E. (2015). *User guide to the SME Definition*. <https://doi.org/10.2873/782201>
- Cook, L., & Kamalodeen, V. (2019). *Mixed Methods Case Study Research*. June.
- Cooke, F., & Saini, D. (2010). (HOW) DOES THE HR STRATEGY SUPPORT AN INNOVATION ORIENTED BUSINESS STRATEGY? AN INVESTIGATION OF INSTITUTIONAL CONTEXT AND ORGANIZATIONAL PRACTICES IN INDIAN FIRMS. *Human Resource Management*, 45(1), 127–145. <https://doi.org/10.1002/hrm>
- Cortinhal, D. (2015). *Estudo de abordagem ao mercado cerâmico artesanal nacional : Caso prático Torrecid*.
- Dobni, C. B. (2010). The relationship between an innovation orientation and competitive strategy. *International Journal of Innovation Management*, 14(2), 331–357. <https://doi.org/10.1142/S1363919610002660>
- Doeringer, P. B., & Piore, M. J. (1971). Internal Labor Markets and Manpower Analysis. *Industrial and Labor Relations Review*, 25(2), 344. <https://doi.org/10.2307/2521766>
- Doh, J. P., Smith, R. R., Stumpf, S. A., & Tymon, W. G. (2011). Pride and professionals: Retaining talent in emerging economies. *Journal of Business Strategy*, 32(5), 35–42. <https://doi.org/10.1108/02756661111165453>
- Dueñas, F. (2017). *2 Razões para envolver os Recursos Humanos em sua estratégia de negócio*.
- Durão, L. R. da C. (2011). *O sector da cerâmica na segunda metade do século XX*:

análise formal e decorativa do produto cerâmico.
<https://iconline.ipleiria.pt/handle/10400.8/1426>

- Felisardo, A. (2015). Práticas de Gestão de Recursos Humanos nas PME: um estudo multi-caso no concelho de Alcácer do Sal. *Instituto Politécnico de Setúbal*, 1–106.
[http://comum.rcaap.pt/bitstream/123456789/7680/1/Alexandra Felisardo_Práticas de Gestão de Recursos Humanos nas PME.pdf%5Cnhttp://comum.rcaap.pt/handle/123456789/7680](http://comum.rcaap.pt/bitstream/123456789/7680/1/Alexandra_Felisardo_Práticas_de_Gestão_de_Recursos_Humanos_nas_PME.pdf%5Cnhttp://comum.rcaap.pt/handle/123456789/7680)
- Fernandes, N. (2012). *A gestão estratégica nas PME: o caso da Empresa Lambda*.
- Festing, M., Schäfer, L., & Scullion, H. (2013). Talent management in medium-sized German companies: An explorative study and agenda for future research. *International Journal of Human Resource Management*, 24(9), 1872–1893.
<https://doi.org/10.1080/09585192.2013.777538>
- Fonseca, A. (2011). *AS PME em Portugal: reflexões e desafios*. 67.
<https://repositorio.iscte-iul.pt/handle/10071/4272>
- Gonçalves, A., Francisco, V., Neves, R., Jorge, H., & Henrietier, L. (2010). Definição das principais áreas de inovação sectoriais - sector da cerâmica e do vidro. *Centro Tecnológico Da Crâmica e Do Vidro (CTCV)*.
- Gyansah, S. T., & Kiende, H. (2018). Career Development in Organizations: Placing the Organization and the Employee on the Same Pedestal to Enhance Maximum Productivity. *European Journal of Business and Management*, 10(14), 40–45.
- Hamel, G. (2006). The Why , What , and How of Management Innovation. *Harvard Business Review*, February, 1–15.
- Hanno, M. (2019). *The Impact of Strategic Human Resource Management on Organizational Performance MGT : 370 - Strategic Human Resources Management Golden Gate University MGT 370 Strategic Human Resources Management Prof Felicia Harris-Foster Maha Yousry Hanno The Impact of. January*.
- Hayton, J. C. (2003). Strategic human capital management in SMEs: An empirical study of entrepreneurial performance. *Human Resource Management*, 42(4), 375–391.
<https://doi.org/10.1002/hrm.10096>
- Ingram, D. (2019). *Why Is Organizational Structure Important?* Chron.
<https://smallbusiness.chron.com/organizational-structure-important-3793.html>
- Ionescu, A., & Ionescu, C. (2015). The relationship between the innovation orientation and organizations' performance in Romania. *Romanian Journal of Economics*,

- 40(c), 299–312.
- Jacoby, S. M. (2005). *The Embedded Corporation*. Princeton University Press.
<https://doi.org/10.2307/j.ctv36zrn5>
- Johnson, D., & Turner, C. (2003). *International Business: Theory and Practice to Themes and Issues in the Modern World Economy*.
- Kenton, W. (2020). *Organizational structure*. Social Structure of Contemporary China.
<https://doi.org/10.1123/jsm.1.1.74>
- Kihia, G. (2017). STRATEGIC MANAGEMENT PRACTICES EFFECT ON GROWTH OF SMALL AND MEDIUM ENTERPRISES IN NAIROBI. *UNITED STATES INTERNATIONAL UNIVERSITY*, 1(1), 287–295.
<https://doi.org/10.1016/j.sbspro.2015.04.758>
- Krishnan, T. N., & Scullion, H. (2017). Talent management and dynamic view of talent in small and medium enterprises. *Human Resource Management Review*, 27(3), 431–441. <https://doi.org/10.1016/j.hrmmr.2016.10.003>
- Labontiu, G. (2002). Strategies and strategic management in small business. In *Wp 15/2002* (Issue June).
https://www.researchgate.net/publication/265272727_Strategies_and_Strategic_Management_in_Small_Business
- Lazear, E. P., & Oyer, P. (2004). Internal and external labor markets: A personnel economics approach. *Labour Economics*, 11(5), 527–554.
<https://doi.org/10.1016/j.labeco.2004.01.001>
- Lewis, R. E., & Heckman, R. J. (2006). Talent management: A critical review. *Human Resource Management Review*, 16(2), 139–154.
<https://doi.org/10.1016/j.hrmmr.2006.03.001>
- Lins, C., & Zúniga, M. (1998). *Administração de RH - Teoria geral e prática em empresas mineiras*. 8(9), 1–58. <https://doi.org/10.1017/CBO9781107415324.004>
- Long, C., Perumal, P., & Ajagbe, A. (2012). The Impact of Human Resource Management Practices on Employees' Turnover Intention: A Conceptual Model. *Interdisciplinary Journal Of Contemporary Research In Business*, 4(2), 629–641.
- Marcelino, N. R. (2017). *O Retrato da Indústria Cerâmica num Período Pós-Crise*.
- Meland, H., & Waage, R. P. (2005). *The Other Side of Turnover : Managing IT Personnel Strategically*. 67–74.
- Mendes, I. M. (2012). *Gestão estratégica de recursos humanos na administração*

- pública: mito ou realidade?* 1–138. <http://comum.rcaap.pt/handle/123456789/4428>
- Minbaeva, D., & Collings, D. G. (2013). Seven myths of global talent management. *International Journal of Human Resource Management*, 24(9), 1762–1776. <https://doi.org/10.1080/09585192.2013.777539>
- Mirza, S., & Farneti, C. (2016). Human resource management. *Solutions: Business Problem Solving*, 117–139. https://doi.org/10.1007/978-3-658-12010-8_4
- Moreira, M. M. de M. B. (2010). Alinhamento entre gestão de pessoas e estratégia organizacional: Um estudo de caso em uma empresa pública brasileira. *ISCTE Business School*, 91.
- Moutinho, S., & Velosa, A. (2017). A produção cerâmica e a sua evolução na zona norte de Portugal ceramic production and its evolution in the northern zone of Portugal. *CREPAT 2017 - Congresso Da Reabilitação Do Património, June*, 61–71. https://www.researchgate.net/publication/318115383_A_PRODUCAO_CERAMICA_E_A_SUA_EVOLUCAO_NA_ZONA_NORTE_DE_PORTUGAL_CERAMIC_PRODUCTION_AND_ITS_EVOLUTION_IN_THE_NORTHERN_ZONE_OF_PORTUGAL
- Oladapo, V. (2014). The impact of talent management on retention. *Journal of Business Studies Quarterly*, 5(3), 19.
- Oliveira, B. (2016). *Segmentação do Mercado de Trabalho*.
- Oliveira, D. (2019). *Turnover, qual o impacto na produtividade?* <https://pt.primaverabss.com/pt/blog/turnover-produtividade/>
- Oliveira, I. (2015). *NOVO PARADIGMA DA GESTÃO DE CARREIRAS NA COBA ESTUDO DE CASO Isabel Maria Mendes de Oliveira Isabel Maria Mendes de Oliveira*.
- Oliveira, S. (2018). *TURNOVER COMO CONSEQUÊNCIA DA INSATISFAÇÃO NO TRABALHO . ESTUDO DE CASO INSATISFAÇÃO NO TRABALHO . ESTUDO DE CASO*.
- Ott, D. L. (2018). *NZJHRM 2018 : Vol 18 – Issue 2 Talent Management Challenges and Possible Solutions for New Zealand Businesses. August 2019*.
- PORDATA. (2018). *Página 1 de 3. 1–3.* www.epa.gov%0Awww.bt.cdc.gov/agent/cyanide/index.asp
- PwC. (2016). *Capacitação da indústria Cerâmica Portuguesa - Um cluster, uma estratégia, mercados prioritários*. 2–41.

- Reina, C. S., Rogers, K. M., Peterson, S. J., Byron, K., & Hom, P. W. (2018). Quitting the Boss? The Role of Manager Influence Tactics and Employee Emotional Engagement in Voluntary Turnover. *Journal of Leadership and Organizational Studies*, 25(1), 5–18. <https://doi.org/10.1177/1548051817709007>
- Roberts, G. (2019). *Marketing Orientation Approaches*. Concise Encyclopedia of Professional Services Marketing. <https://doi.org/10.4324/9780203884713.ch46>
- Rosa, C. I., & Russo, R. (2017). *Avaliação de desempenho: Estudo de caso no setor do papel e dos produtos florestais*. 118. <https://comum.rcaap.pt/bitstream/10400.26/19938/1/MGR - Avalia%CC%80o de desempenho Final.pdf>
- Rutherford, M. W., Buller, P. F., & McMullen, P. R. (2003). Human resource management problems over the life cycle of small to medium-sized firms. *Human Resource Management*, 42(4), 321–335. <https://doi.org/10.1002/hrm.10093>
- Sathyanarayan, K., & Lavanya, B. L. (2018). Effect of Organizational Commitment, Motivation, Attitude Towards Work on Job Satisfaction, Job Performance and Turnover Intention”- Vuca Perspective. *Journal of Management*, 5(4), 445–457. <http://www.iaeme.com/IJCIET/index.asp445><http://www.iaeme.com/JOM/issues.asp?JType=JOM&VType=5&IType=4><http://www.iaeme.com/JOM/issues.asp?JType=JOM&VType=5&IType=4><http://www.iaeme.com/IJCIET/index.asp446>
- Sato, A. (2017). Labor Market in the UK will be ILM or OLM?: Review on international comparative studies. *Lifelong Learning and Career Studies*, 14(2), 19–47.
- Sequeira, J. (2017). Cerâmica uma década voltada para o mercado internacional. *Portugal Global*, 28–29. <http://www.revista.portugalglobal.pt/AICEP/PortugalGlobal/Revista100/>
- Serrano, M. (2010). A gestão de recursos humanos: suporte teórico, evolução da função e modelos. *Socius Working Papers*, 1–42.
- Siguaw, J. A., Simpson, P. M., & Enz, C. A. (2006). Conceptualizing innovation orientation: A framework for study and integration of innovation research. *Journal of Product Innovation Management*, 23(6), 556–574. <https://doi.org/10.1111/j.1540-5885.2006.00224.x>
- Silva, E. (2019). *A importância dos recursos humanos no processo de internacionalização*.
- Simpson, P. M., Siguaw, J. A., & Enz, C. A. (2006). Innovation orientation outcomes:

- The good and the bad. *Journal of Business Research*, 59(10–11), 1133–1141.
<https://doi.org/10.1016/j.jbusres.2006.08.001>
- Sobral, N. M. (2016). *Práticas de Gestão de Recursos Humanos numa empresa de construção: Estudo de caso da empresa Set Linnings*. 75.
[https://comum.rcaap.pt/bitstream/10400.26/17543/1/Dissertação Nicole Sobral - Práticas de Gestão de Recursos Humanos numa empresa da construção - Estudo de caso da empresa ~1.pdf](https://comum.rcaap.pt/bitstream/10400.26/17543/1/Dissertação%20Nicole%20Sobral%20-%20Práticas%20de%20Gestão%20de%20Recursos%20Humanos%20numa%20empresa%20da%20construção%20-%20Estudo%20de%20caso%20da%20empresa%20~1.pdf)
- Sousa, T. (2013). *Compromisso e cooperação em contexto Organizacional*. 95.
- Spinelli, I. M. A. (2015). *Formação, Desenvolvimento do Capital Humano e Vantagem Competitiva*. 90.
- Tolfo, S. da R. (2002). A carreira profissional e seus movimentos: revendo conceitos e formas de gestão em tempos de mudanças. *Rev. Psicol. Org. Trab*, 39–63.
- Tulgan, B. (2001). Winning the Talent Wars. *Employment Relations Today*, 28(2), 37–51. <https://doi.org/10.1002/ert.1013>
- Valverde, M., Scullion, H., & Ryan, G. (2013). The International Journal of Human Talent management in Spanish medium- sized organisations. *The International Journal of Human Resource Management*, 24;9(June 2013), 1832–1852.
- Veloso, A. (2007). Ana Luísa de Oliveira Marques Veloso O Impacto da Gestão de Recursos Humanos na Performance Organizacional. *Dana*.
- Witt, M. A., & Jackson, G. (2016). Varieties of Capitalism and institutional comparative advantage: A test and reinterpretation. *Journal of International Business Studies*, 47(7), 778–806. <https://doi.org/10.1057/s41267-016-0001-8>
- Yin, R. K. (2001). *Estudo de Caso-Planejamento e Métodos*.