

# Iran: Sustainable HRM Practices in SMEs

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## **EXECUTIVE SUMMARY**

*The research for this case study considered 55 SMEs in Iran, collecting 227 responses from employees. The data generated from questionnaires were analyzed in order to evaluate the levels of sustainable HR practices in these organizations – outlined in the study of the “honeybee” model and covering a wide range of practices mostly related to people and environmental resource management. Findings suggested that the educational sector has the highest level of sustainability in Iranian companies. In comparison with the educational sector, the production and the automotive sector had a negative contribution to sustainability – this was something seen as of little importance for these businesses. The study looks at the barriers faced in implementing sustainability in organizations, especially in the different political, economic, and social conditions experienced by HR and general managers in the Islamic Republic of Iran. The importance of the environmental aspects is highlighted by the many deaths from air pollution experienced in the capital city – nearly 5,000 fatalities per year.*

## **ORGANIZATIONAL BACKGROUND**

As discussed, the case study here is based on the SME sector in Iran. As illustrated in the table below, the distribution of the respondents with respect to the type of business is: 21.1% banking sector, 18.9% production sector, 17.6% automotive sector, 17.2% education sector, 7% healthcare sector, 4% insurance sector, 3.5% consultancy sector and 3.1% IT sector.

In terms of the size of these firms, 33.9% of respondents were from companies with 0-50 employees, 30% from companies with 51-250 employees, 15.4% from companies with 251-1,000 employees and 18.5% from companies with more than 1,000 employees. Below 1,000 would be seen as an ME in Iran.

The frameworks for measuring sustainability and leadership in this case study allow for choosing samples from different organizational sectors. Therefore, nine categories were chosen for conducting this research. Two categories are related to the manufacturing sector which are production and automotive. In addition, there are seven categories of service sectors in this study which are: healthcare, banking, tourism, insurance, IT, consultancy and education. To provide more reliable data of each company's leadership style and HR sustainability level, questionnaires were sent to five respondents in each company – these were subordinates with a view on the leadership of the organization and with experience of its practices.

## **SETTING THE STAGE**

As the importance of issues regarded as environmental and economic problems – especially in emerging markets in the Middle East and Asia – have risen in the last

*Table 1. Distribution of respondent organizations*

	<b>Count</b>	<b>Percent</b>
Automotive	40	17.6%
Bank	48	21.1%
Consultancy	8	3.5%
Education	39	17.2%
Health care	16	7.0%
Insurance	9	4.0%
IT	7	3.1%
Production	43	18.9%
Tourism	17	7.5%

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