

Rationale: HRM in Smaller Firms

- Contextualising ***meaning***

“tactical engagement with HRM” (Jacques, 1999: 216)

- Contextualising ***significance***

“the health of the SME sector is both an indicator of the condition of the whole economy and a determinant of that condition” (Small Business Forum, 2006: 4)

- Contextualising ***neglect***

“relegated to backwaters implicitly unworthy of study” (Granovetter, 1984: 333).

Theoretical Limitations

- Polarised small is beautiful/ bleak house thinking

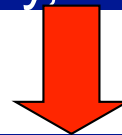
Domain Assumptions of Dominant HRM Theory and Characteristics of Small Firms

Domain Assumptions	Characteristics of Smaller firms
Organisations have HR Departments and HR professionals	No HR department, limited dedicated HR professionals
Formal Practices prevail	Informality more likely
Strategy as rational and formulaic	Emergent, ad hoc strategy
Controllable Environment	Environmental dynamism and uncertainty
HRM structures as given, static solutions	Likelihood of change
Focus on narrow corporate and/or operational performance	Multiple and subjective performance criteria

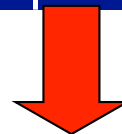
Methodology

- Holistic- Open Systems Approach
- Multiple Respondents
- Beyond a singular manufacturing vs service focus

Macro: National Survey, Policy Interviews and Reports



Meso: 10 Exploratory Case Studies



Micro: 4 Case Study Organisations

Furniture Co	Packaging Co	Consultant Engineers	Industrial Designers
60 EEs	67 EEs	135 EEs	45 EEs
Low choice, High determinism	Low choice, High determinism	High choice, High determinism	High choice, low determinism

Components of the employment relationship

	<i>Furniture Co</i>	<i>Packaging Co</i>	<i>Design Co</i>	<i>Eng Co</i>
Basis of Attachment and Retention				
<i>Compensation (instrumental)</i>	+			
<i>Culture/ Community (normative intrinsic)</i>		++		
<i>Rewarding Job (hedonic intrinsic)</i>			++	+
Selection Criterion				
<i>Fit to Job (pragmatic)</i>	+			
<i>Fit to Co (normative)</i>		++		++
<i>Exceptional Talent (potential)</i>			++	+
Mode of Co-ordination and Control				
<i>Direct Oversight</i>	++			
<i>Culture and Peer</i>		++	+	
<i>Professional Standards</i>			++	+
<i>Procedural</i>				++

From Functional to Structural Equivalence

	<i>Structural Equivalence</i>	<i>Functional Equivalence</i>
<i>HR Practices</i>	Universalism, formality	Equifinality, mix formal and informal
<i>Contextual Independence</i>	High	Low
<i>Differences</i>	Difference as the exception= small firms as deficient	Difference as the rule= Small firms accommodated
<i>Employee</i>	Unitarist- Employee as object Consensus as a given	Pluralist- Employee as subject Consensus to be secured
<i>Substantive Focus</i>	Instrumental, narrow financial performance	Relative and threshold performance
<i>Theory</i>	Dominant HRM theory	Broad principles, RBV, open systems theory

Summary: Accommodating HRM in Smaller Firms

- Theoretical conversations
 - Beyond 'informality vs formality'
 - Analytical purchase
 - Grounded rationality
- Greater context sensitive implications for policy