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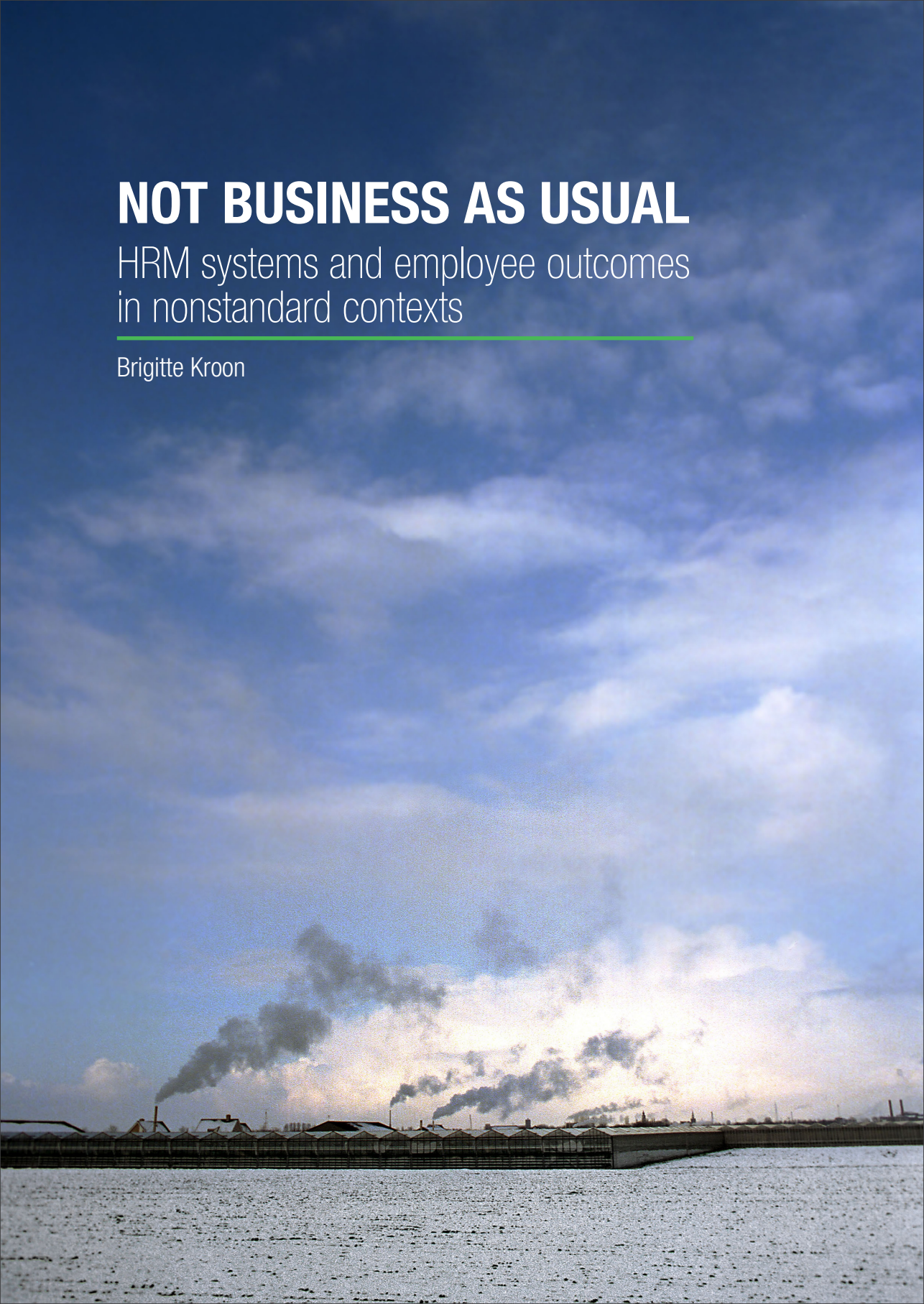
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NOT BUSINESS AS USUAL

HRM systems and employee outcomes
in nonstandard contexts

Brigitte Kroon



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Chapter 1

Introduction



INTRODUCTION

The envisioned future of work, enabled by the speed of change in the economy and politics, the world wide web that facilitates place independent work and international collaboration, the 24-hour economy and people's need to find their own balance between work and the private domain implies that traditional life-long careers in one organization, 40-hour work weeks with weekends-off are losing terrain (e.g. Gratton, 2011). Organizations also change: the twenty first century organization "is far more likely to look like a web: a flat, intricately-woven form that links partners, employees, external contractors, suppliers, and customers in various collaborations. The players will grow more and more interdependent, and managing this intricate network will be as important as managing internal operations." (Cascio & Aguinis, 2008, p. 135). Today, the majority of employees still have permanent jobs, but statistics show that the diversity in types of employment arrangements is growing: increasing numbers of people work as contingent workers, start small businesses initiatives or become self-employed (Cörvers, Euwals, & deGrip, 2011; Hartog, Hessels, van Stel, & Wennekers, 2011).

Whether eventually these new employment practices bring the envisioned benefits to all stakeholders is still to be explored (Winstantly, Woodal, & Heery, 1996). Clearly, the increase in flexible employment arrangements is supposed to contribute to organization performance: only those organizations that can absorb change by speedily adapting their workforce size and capacities will survive (Chang, Gong, Way, & Jia, 2012; Lepak & Snell, 1999). However, the consequences for people who carry out jobs in the new, flexible economy are less clear cut. At the least, reports on wellbeing and the potential to develop human capital of people in contingent work are not only positive (e.g. Bidwell, Briscoe, Fernandez-Mateo, & Sterling, 2013; Cörvers, et al., 2011; Kalleberg et al., 2000;).

Human resource management (HRM) is the domain where consequences of managing people for both organizations and workers are examined. HRM is concerned with effective management of people to achieve organization goals (e.g. Boxall & Purcell, 2008). The word 'effective' can be extended beyond shareholder goals, and include the multiple roles and responsibilities of organizations to various stakeholders in society (Simmons, 2008). Stakeholders are those who affect or who are affected by organizational decision making (Freeman, 1984).

Important stakeholders in the flexible economy are both workers and small business initiatives. The current state of HRM research in this area is still in its infancy because of two reasons. First, the focus has long been on the HRM-performance linkage with an emphasis on financial performance and business outcomes. Fortunately, an increase in studies using multiple outcomes including employee wellbeing can be noticed (van de Voorde, Paauwe, & van Veldhoven, 2012). Second, HRM research seems to suffer from a 'big firm bias', since the majority of studies has taken place in larger organizations (Boselie, Dietz, & Boon, 2005). In addition, there appears to be a lack of interest in low value added organizations. These are organizations where survival rather than making profit determines the workplace (Edwards & Ram, 2006). Hence, the word 'nonstandard' context in the title of this dissertation refers to the lack of attention that HRM research has paid to work that happens outside the typical big organization. Of course, these 'nonstandard' contexts are standard to many working adults...

According to the stakeholder perspective the key task for HRM is to manage potentially disparate stakeholder interests such as managing a productive employee performance on the one hand, while safeguarding those who are managed at the other hand (Simmons, 2008). Hence, 'effective' HRM stretches beyond economic gains, and includes basic human rights, justice, and overviewing the communal or societal consequences of acting (Greenwood, 2002; Paauwe, 2004; Winstantly et al., 1996).

Evaluating the effectiveness of HRM holds that the entire system of practices used for staffing and managing a workforce should be examined. HRM systems, rather than single HR practices, provide the strongest theoretical basis for understanding the HRM–firm performance relationship (Arthur & Boyles, 2007). HRM systems like High Commitment, High Involvement and High Performance Work Systems, which involve the systematic application of employment practices that have proven validity in the area of attracting, motivating and empowering employees and that, when combined, boost employee and organization performance, have generated much research and practitioner attention (Boxall & Macky, 2009; Combs, Liu, Hall, & Ketchen, 2006; Subramony, 2009). The core assumption of such 'best practice' systems is that happy workers are productive workers. This mutual gains perspective aligns with the key idea of stakeholder HRM (Van de Voorde et al., 2012). Although economic gains are clearly pursued through such systems (as critical scholars point out, e.g. Legge, 2005), the practices within these systems seem also beneficial to employee development and wellbeing. This way, best practice systems have the potential to meet the needs of multiple stakeholders.

A concern arises when considering the leeway in a society of small, networked organizations to pursue best practice approaches in HRM. Given that research into HRM has mostly been done in large organizations (Boselie, et al., 2005), the dogmatic stance about the universalistic value of best practice systems can be questioned in nonstandard contexts. Universalist means that one type of HRM system will be effective in any type of organization (Delery & Doty, 1996). However, not every organization will be able to implement a full-range best practice system. For example, in small organizations the investments needed to implement such a system outweigh the financial benefits (e.g. Sels et al., 2006). Or, the type of work is unsuitable to realize some practices (like teamwork), as Mitlacher's (2008) work on HRM in contract agencies illustrates. Moreover, in sectors where investments in employee skills matter less, such as in low skilled work, some of the 'best' practices may conflict with the needs and interests of employees and employers (Marchington & Grugelis, 2000). These observations bring old debates to the fore. It seems that the future of work confronts HRM systems theory and readdresses the question about the need for universalistic or context-specific systems (Delery & Doty, 1996; Wood, 1999).

In this thesis, I aim to understand the nature of HRM systems in nonstandard contexts, in order to seek the leeway for HRM systems to contribute to outcomes that are beneficial to organizations as well as employees. As such, the thesis contributes to a contextualized perspective on strategic HRM systems. While I acknowledge that the contribution of HRM to organization goals continuously interacts with structural forces within and outside the organization, I will pay equal attention to the role of human agency in selecting and using resources to dress up HRM systems (Colbert,

2004). The practical relevance of the thesis relates to societal developments in the world of work. Some of the projected changes in work and organizations need critical evaluation in order to develop a sustainable workforce for the future. Since small firms and contract work have already become common ways to organize work, the future of work is already present. We can take the lessons learned in these contexts about the leeway to craft HRM in a way that benefits workers and organizations alike. Following this, the core question of the thesis holds:

To what extent can HRM systems benefit both workers and organizations, when taking the organization context (type of organization, work, or sector) into account?

In the remainder of the introduction, four sub questions are stated that lead to the theoretical perspective that will be used to address the core question. The first question is definitional as it will outline the scope, content and activities of HRM systems. The second question concerns a theoretical reflection on the relation between HRM systems and organization context. The third question focuses on balanced employee and organization outcomes related to HRM systems. And in the fourth and final question, all elements are brought together in the inquiry how context, HRM systems and balanced outcomes relate. These are the sub questions:

1. What are HRM systems?
2. How do organization context and HRM systems relate?
3. What are balanced outcomes of HRM systems?
4. How do context, HRM systems and balanced outcomes relate?

The reflection on the sub questions has resulted in three propositions. These propositions have guided the reviews and research presented in chapter two to six. Eventually, in chapter seven, these essays will contribute to answering and reflecting on the core question.

HRM SYSTEMS

The first step towards developing a theoretical perspective on HRM systems, context and employee outcomes, is defining human resource management and human resource management systems. Human resource management concerns the practice of staffing, developing, managing and motivating people in such a manner that an organization can reach its goals. This practice can take many forms. For example developing people can happen by using practices like on-the-job training, project work, or classroom instructions. HRM systems exist of synergetic bundles of practices. For example, a system that promotes employee empowerment would combine project work assignment with teamwork and delegated decision making. System synergetic effects happen because practices complement each other in developing the KSA's needed to contribute to the organization, but also because systems signal to people which knowledge and behavior are valued most in the organization (Bowen & Ostroff, 2004). Meta analytic evaluation supports that the effects of systems of practices for organization and employee outcomes are larger than the effects of single practices (Combs et al., 2006; Subramony, 2009).

Although the logic of the HRM systems approach is appealing, conceptual confusion of what a system conveys is widespread (Arthur & Boyles, 2007). As I will argue later, this conceptual confusion is especially complicating when researching HRM in nonstandard contexts. Here, I want to distinguish between the functional requirements of HRM, HRM principles and HRM practices. Together, these determine the scope, content and activities of the HRM system.

Functional requirements of HRM are indispensable human resource functions that have to be fulfilled in any organization in order to be effective (Behrends, 2007; Gresov & Drazin, 1997). This is the scope of the HRM system. The functional requirements of HRM follow from two basic organization dilemma's: managing the human factor, and managing differentiation and integration (Jaffee, 2001). Managing the human factor means getting people in the organization (recruiting), and making sure that these people dedicate their effort as long as needed to reach the goal (managing the employee-organization relationship). Managing differentiation and integration touches upon work design (roles, jobs, teams) and management (coordinating all activity into a common goal). The way these functional requirements are met is subject to equifinality: different systems can lead to similar outcomes (Gresov & Drazin, 1997). For example: recruiting members to the organization can be done by recruiting the most talented employees, or by hiring the least expensive workers, or by outsourcing part of the work to a third party. Each of these practices can contribute to the effectiveness of the organization. Evidently, these practices relate to distinct principles concerning the role of people in the strategy of the organization.

Principles are stated values, beliefs and norms regarding what drives employee performance and how organizational resources and rewards should be allocated (Arthur & Boyles, 2007). The principles determine the content of the HRM system. Principles that have been put forward are for example employee control, which is grounded in the belief that employees perform best should they be strictly looked after (Theory X) and employee commitment, which departs from the idea that best employee performance is reached when employees are provided with freedom and support (Theory Y). Other suggested principles are empowerment / 'high involvement' and 'high performance', which aim at creating human and social capital as the key resource for organization performance (Boxall & Macky, 2009). 'High involvement' and 'High performance work systems' contribute to organization performance because they foster employee skills, motivation and provide an optimal work context for employee performance. This is captured by the acronym AMO (Ability, Motivation, Opportunity). AMO theory provides principles that are predictive for employee performance: people perform well when they have the knowledge and skills to perform, when they are motivated, and when their work environment provides the right support and avenues for expressions (Appelbaum, Bailey, Berg, & Kalleberg, 2000). In order to fulfill the premise of the AMO principle, a set of human resource practices should be applied that has the capacity to build such an outstanding workforce.

Practices are the HRM activities used in the organization. Even here, a distinction can be made between formal practices, practice as applied by line managers and the perceptions of that by employees (Arthur & Boyles, 2007). I will use the concept liberally in the sense that it can indicate both formal and informal presence of activities like selective staffing, skills training and

the like. The need to distinguish between principles and practices derives from evaluating which practices constitute a system with a clear principle such as high performance AMO. Whereas there is some consensus about the high performance principles, the practices in the bundle can still vary (e.g. Drummond & Stone, 2007). This happens because there is a choice of valid practices that contribute to employee ability, motivation and opportunity (Boxall & Macky, 2009). For example, “careful recruitment and selection” is often mentioned as a way to achieve a workforce of outstanding ability (Appelbaum et al., 2000). However, careful selection can be done in many different but equally valid ways: structured interviews, work samples and psychological tests are all instances of valid selection techniques (Schmidt & Hunter, 1998). Similar examples of different but equally valid practices are available in the area of training and development, contingent pay and reward schemes, performance management and appraisal. This implies that there is a choice of scientific sound and valid HR practices from which various HR systems can be built.

To conclude, an HRM system is defined as a bundle of practices that serves to meet the functional requirements of HRM and that can vary depending on the principle that guides the selection of practices. Equifinality holds that various principles can be used to meet the same functional requirements. It also holds that the practices that make up the content of systems can vary from one organization to another and that these variations in practices can be equally (scientific) valid to achieve a principle. The next section will elaborate about reasons for variations in HRM systems by turning to the organization context.

HRM SYSTEMS AND CONTEXT

Much of the research on HRM was developed in ‘big organizations’ (Boselie, et al., 2005), covering people with permanent, fulltime jobs (Kauhanen, 2009). If we question the value of the findings of this research for other contexts such as small firms, contract work and the like, we should have a theoretical account for the relation between context and HRM systems. Here, context concerns the positioning of HRM systems in organizations, tied to organization fields, characterized by specific product-market structures and demographical, social-legal structures (Paauwe, 2004; Powell & Dimaggio, 1983), which mediate organization goals and strategy of which HRM systems are a part.

Below, I will first elaborate on three approaches to think about context in relation to HRM systems. From there, I move on to empirical evidence about the variety of scope, content and activities of HRM systems in nonstandard contexts, which induces the need for a contextualized approach. Then I will argue that the context guides which resources can be used to shape HRM systems, but that in the end strategic decisions determine how the resources are employed.

In 1996, Delery and Doty divided the debate on HRM theories in relation to organization context in three groups: those adhering to a universalist view, those looking at configurational fit between HRM systems and organizations, and those claiming that HRM and firm context are contingent. The universalistic school comprises the ‘best practice’ approach: no matter what kind of organization, there is always a best way to do HRM. For example, selection should involve structured interviews and intelligence tests, because these have the highest predictive validity for performance (Schmidt & Hunter, 1998). HPWS theory departs from the universalist perspective that a system of only

best practices will bring an outstanding workforce and performance. The universalist perspective is criticized for ignoring the specific needs of various organizations (a.o. Marchington & Grugelis, 2000). This critique is sustained by meta-analytic findings that 'one size fits all' HPWS brings different size effects in different sectors (Combs et al., 2006). The configurational and contingency approach do account for different needs and characteristics of organizations. Configuration theory departs from the notion that the elements of a system reinforce each other and keep the system stable through the way practices relate to each other (horizontal fit) and to the strategy of the organization (vertical fit) (Delery & Doty, 1996). Contingent HRM models extend this fit beyond organization strategy: HRM systems should fit with characteristics like organization size, industry, and the like.

Research to HR systems in nonstandard contexts like small firms or contracting agencies tends to take a configurational or contingent approach (e.g. Edwards et al., 2006; Gilman & Edwards, 2008; Lacoursière, et al., 2008; Mitlacher, 2008). Those who do test the universalist perspective (for example by examining the effectiveness of HPWS) tend to find that systems of best practices need to be adapted to the context of these nonstandard organizations to make them work (e.g. Sels, et al., 2006). These adaptations can lie in the strategic use of smaller bundles of practices depending on specific needs and resources (e.g. Cassel, Nadin, Gray, & Clegg, 2006), or for example in adapting best practices such that these are more informal and more suitable for working relationships in small organizations (e.g. Drummond & Stone, 2007). These findings illustrate two issues that need to be taken into account when theorizing about the contextualization of HR systems. The first issue relates to the variety of scope, content and activities of HRM systems in nonstandard contexts. The second issue points at the importance of resources to dress up an HRM system.

Relating to the first issue, research in nonstandard contexts should be sensitive to the variety of HRM systems. As organization goals and contexts vary, systems to meet the functional requirements of HRM may vary as well. Findings in small organizations clearly illustrate that there is no 'one system fits all'. However, by focusing on the functional requirements, principles and not just on the presence of practices, it would become possible to compare HRM systems and to avoid Babylonia.

Second, in nonstandard contexts the available resources are more restricted than in 'big companies'. As a consequence, the design of HR systems in nonstandard contexts compares to a juggling act, which involves balancing the need for a HR related response to an organization issue, with a limited amount of resources in terms of time, money and manpower (Cassel et al., 2006). The decision by management to translate a company issue into an HR intervention depends on sense making of the issue at stake, and on strategic choice to apply available resources (time and money) into an intervention. These choices automatically tie the nature of HRM systems to the specific conditions in nonstandard organizations (Edwards & Ram, 2006). The idea of strategic use of resources within the firm has become widely popular in the resource-based view (RBV) of the firm (Colbert, 2004). As illustrated by Edwards and Ram (2006), the strategic use of resources is easily stretched from creating rare and valuable resources within the organization, to tapping resources from the organization's unique context (such as family laborers, or ethnic networks) and transform these in strategic value.

Interestingly, the RBV is also the foundation of the universalistic approach in HRM, which holds that there is one best way to do HRM. This seems to be at odds with the need to contextualize HRM systems to nonstandard contexts. In line with Colbert (2004) I argue that this apparent conflict is artificial when HRM systems are compared at the level of principles. Given that scholars have little agreement about which practices constitute a High Performance Work system (e.g. Boselie et al., 2005) one could argue that a workforce of able, motivated and empowered employees can be established in many different ways, using many different but scientifically proven practices – even in contexts where investments in employees seem unlikely.

To conclude, specific needs of nonstandard organizations will evoke specific HRM systems to deal with the functional requirements of HRM. In addition, nonstandard organizations have other and fewer resources compared to large organizations. Strategic choice plays a role in meeting HR needs with the available resources. When the strategic goal of the organization includes a principle of employee development and empowerment, resources will be used to implement HR practices that meet this principle. In order to meet the principle, there are different tastes of scientifically valid practices that can be used, resulting in effective HRM bundles that fit with the context of the organization. This results in the following proposition:

Proposition 1: The organization context determines which resources are available to design HRM systems. The organization goals determine how the resources are used. This will lead to a prioritization of principles and a selective use of practices.

HRM SYSTEMS AND BALANCED OUTCOMES

Human resource management research, especially strategic HRM research has a longstanding tradition of positivism grounded in human capital and social exchange, where investments in people's skills and commitment result in enhanced organization performance. On the other hand, critical scholars, mainly from employment relations disciplines, have long branded human resource management as a modern kind of labor exploitation: employees' labor is still exploited, but now in a disguised, 'people-friendly' manner (e.g. Legge, 2005). This has induced reflections on balanced outcomes of HRM. Balanced implies that HRM can have positive outcomes for organizations through enhanced employee performance, without harming their wellbeing (Paauwe, 2004). Below, the idea of balanced outcomes is grounded in the mutual gains perspective and in stakeholder theory.

The mutual gains perspective lays behind the popular view that high-cost, high-skill investments in employee policies pay off for organization performance (Appelbaum et al., 2000; Pfeffer, 1998). This perspective has been scrutinized because arguably, such investments may enhance organizational performance but have negative impact on employee well-being (e.g Legge, 2005). Here, employee well-being is defined as affective and physical reactions that employees report in relation to their work, such as job satisfaction, satisfaction with relationships at work, and employee health outcomes. The main findings concerning the mutual gains perspective hold

that employee well-being in terms of satisfaction is congruent with organizational performance (mutual gains perspective), but that high-cost, high-skill investments in employee policies appear to relate negatively to health-related well-being (van de Voorde et al., 2012).

Another perspective on employee wellbeing as part of a balanced outcome is offered by stakeholder theory. Stakeholder theory puts the ethical consequences of HRM systems to the fore (Simmons, 2008). From an ethical point of view, employees are an end in themselves, and not just a means to gain organization outcomes (Greenwood, 2002). Being an end in themselves, employees (who offer their effort to organizations in authority based relationships) deserve to be treated with respect. Respect follows from adhering to three fundamental ethical rights: the right to freedom, wellbeing and equality (Rowan, 2002). The right to freedom concerns the way how managerial control over workers is exercised: are employees provide with sufficient income to live as an independent person, do they have job security and a fair wage. The right to well-being points at the rights of individuals to pursue their own interests or goals, such as that all employees have the freedom of association and collective bargaining. It also emphasizes a safe work environment, both physically and socially. Finally, the right to equality refers to due processes in the workplace (equity, equal opportunity, justice) (Greenwood, 2002).

To conclude, the mutual gains perspective investigates the potential of HRM systems to realize balanced outcomes by looking at employee reports of their well-being. The stakeholder perspective offers a more normative perspective: HRM systems should respect employee freedom, well-being and equality. Although wellbeing is a central concept in both perspectives, the definition under mutual gains is more narrowly related to wellbeing in the job, while stakeholder theory positions the wellbeing of workers more in a societal context of employment relations.

Both mutual gains and stakeholder theory turn attention to of the notion that HRM systems can have outcomes that are beneficial to employees and organizations. Investments in policies that enhance employee skills, motivation and empowerment positively relate to employee reports of well-being (at least, to their satisfaction with work and colleagues), while simultaneously contributing to organizational performance (van de Voorde et al., 2012). Also, this type of HRM compares better against the fundamental ethical rights than strict control systems.

The value of the ethical principles offered by the stakeholder theory is that these can serve to judge the minimal requirements concerning the employee side of balanced outcomes. This may prove to be especially useful when researching nonstandard organizations, where employee reports about their wellbeing tend to be different than in larger organizations (Tsai, Sengupta, & Edwards, 2007).

To conclude, both the mutual gains perspective and the stakeholder theory focus our attention to employer as well as employee outcomes of HRM systems. On the one hand, HRM is a managerial control system that aims to realize organization performance. On the other hand, HRM systems have impact on employee wellbeing, freedom and equality. A balanced HRM system manages to realize both good outcomes for organizations and for employees.

Proposition 2: Balanced HRM systems contribute to organization goals while enhancing employee wellbeing, freedom, and equality.

HRM SYSTEMS, CONTEXT, AND BALANCED OUTCOMES

The type of organization, type of work and type of sector determine the context in which HRM systems function. Any managerial decision concerning HRM is informed by available resources, organization needs, societal norms and regulations. Market conditions put restrictions on available resources like time, money and knowledge (e.g. Welsh & White, 1981). Moreover, the societal context of organizations has influence on HRM systems through processes of legitimacy: what is considered to be legal, acceptable or 'best practice' in employing people. Together with resource limitations, legitimacy considerations restrict the leeway to use just any type of HRM system (Paauwe, 2004). Hence, the organization characteristics, type of work and wider context of the organization tend to reduce the potential variation in HRM systems. Considering nonstandard contexts, the question arises how much leeway is left for using balanced HRM systems here. However, even when the leeway is restricted, there always remains some managerial choice in choosing an HRM system (as is illustrated in the work by Ram and Edwards on small low value added firms). The final proposition in this dissertation therefore concerns the room for applying HRM systems that have balanced employee and organization outcomes in organizations in nonstandard contexts. To address the issue of leeway-usage, I adopt an integrative perspective to include both structural economic and societal forces and the actions of agents.

Theories that offer an integrative perspective are for example (neo) institutional and resource based theories. According to these theories, organizations need to balance between the degree of conformity and differentiation in order to be effective (Oliver, 1997). However, both institutional and resource based theories have been criticized to downplay the process how actors behave strategically within social institutionalized structures (Watson, 2004). This is the domain where I will position the last proposition, as I aim to integrate the dialectic relationship between structural forces and the human agency of managers and employees (Barret & Rainnie, 2002; Bidwell et al., 2013). This integrated perspective will be informed by searching for the leeway in nonstandard contexts to apply HRM systems that balance stakeholder needs of both shareholders and employees. This is expressed in proposition three:

Proposition 3: No matter how restraining the context, some kind of balanced HRM system can be implemented.

NOT BUSINESS AS USUAL?

By writing this dissertation, I hope to extend HRM theory, research and practice to people in jobs and organizations outside what we consider to be 'mainstream'. Many people work in small organizations, or as self-employed or contingent workers. I am intrigued by the social and ethical consequences of working outside mainstream big organizations, and I wonder whether HRM theory and research contains elements that can improve the wellbeing of people here. This curiosity has led me to perform an eclectic range of studies in small organizations, in a contract agency, at farms, which looking back, all nicely contribute to answering the main question about

the extent to which HRM systems need to take the type of organization, type of employment, or sector into account in order to benefit both workers and organizations. Yet I realize that my quest is not finished yet, and I feel inspired to continue investigating the relation between HRM and nonstandard jobs and organizations after finishing this dissertation.

THESIS OUTLINE

In the following chapters I present four studies and a review to address the main question. An overview of these chapters is presented in table 1. The first proposition, which combines nonstandard contexts with HRM systems design, was put central in chapter 2 and chapter 3. Chapter 2 presents a literature review about the variation in HRM systems found in small organizations. Control theory is suggested to understand the type of principles that can drive the selection of HR practices in small firms, resulting in a typology of eight archetypical HRM configurations in small organizations. Each archetype is linked to a specific set of organizational conditions, which illustrates the potential variety of HRM systems in small organizations. Chapter 3 focuses on conditions leading to the uptake of High Performance Work Practices in small organizations. In a sample of 45 organizations, the organizations resources and strategy were related to the presence of specific bundles of ability, motivation or opportunity practices (AMO). Hence, chapter 2 and chapter 3 focus on variation in HRM systems in small organizations.

Table 1 | Overview of chapters 2-6

| Proposition | Chapter | Title | Research type |
|-------------|---------|---|---|
| 1 | 2 | A typology of human resource management control in micro- and small organizations. | - Literature review |
| 1 | 3 | High performance work practices in small firms: A resource poverty and strategic decision making perspective. | - Questionnaire - Multisource data - 45 employers - 211 employees |
| 2 | 4 | Cross-level effects of high performance work practices on burnout: Two counteracting mediating mechanisms compared. | - Questionnaire - Multisource data - 86 HR managers - 393 employees |
| 2/3 | 5 | Can HR practices retain flex workers with their agency? | - Manager interviews - Questionnaire - 1 organization - 291 employees |
| 2/3 | 6 | Structuration of precarious employment in economically constrained firms: The case of Dutch agriculture | - Sector focus groups - Comparative case studies - 19 organizations (employers) |

The second proposition, about balanced outcomes of HRM systems for both organizations and employees, was put central in chapter 4 and chapter 5. Chapter 4 involves a research into balanced outcomes of high performance work systems in general. In a sample of 86 different organizations, 393 employees reported their experience of organizational justice, next to their perception of wellbeing. Chapter 5 also involves a research on balanced outcomes, this time in the context of a contract work agency. Here, HR investments in employee development and wellbeing were related to employee retention, which was a crucial performance target for the contract agency. Contract worker motives and psychological contract theory were used to explain the balanced outcomes of the HRM system. Balanced outcomes were also included in chapter 6 about variation in HRM systems in Dutch agriculture, but here an ethical/normative perspective is employed rather than using employee reports of their wellbeing.

The third proposition states that no matter how restraining the context, some kind of balanced HRM system is feasible. The contract agency case presented in chapter 5 provides one example. In addition, chapter 6 involves a comparative case study in one economically restrained sector: Dutch agriculture. In this qualitative study which involved focus groups, farm visits and interviews with employers I integrated structural characteristics of the sector with the reasoning and behavior of agents. Structuration theory was used to get an integrative view on the hindrances and potential of using scientifically valid HR practice under difficult conditions.

Finally, in the conclusion and discussion chapter (chapter seven) I will reflect on the implications of the findings of chapters 2 to 6 to the propositions, and formulate an answer to main research question.

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Chapter 2

A typology of human resource management
control in micro- and small organizations



ABSTRACT

Human resource management (HRM) appears in many diverse ways in micro- and small organizations. Crude comparisons with universal models, developed in the context of larger organizations, fail to do justice to the variety in human resource management found in small organizations. Recent research has emphasized the necessity to include small firm contingencies when researching HRM in small firms, but this approach has led to idiosyncrasy: it tends to individualize each case, which complicates systematic comparisons. In order to advance theory and research, we develop a typology of HRM configurations in small organizations. We choose to focus first on within organization variations in dealing with the functional requirements of HRM: basic questions that need to be dealt with in every organization where more than one person works. These functional requirements are finding people to staff the organization, keeping them with the organization, dividing work between people and coordinate that so everyone contributes to the same goal. Management control theory suggests different styles to meet the functional requirements, which can be mapped out on three dimensions: the amount of hierarchy in the employment relationship, a formal-informal dimension, and personnel versus output control. This results in an intermediate level typology of eight internally coherent types of HRM. Next, we review the literature on human resource management in small organizations on contingencies that are related to each type. This illustrates that the usefulness of the suggested typology, which could facilitate future research into understanding HRM in small firms.

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INTRODUCTION

Although almost half of the EU workforce is employed in organizations with less than fifty employees (Schieman, 2008), most thinking and writing about human resource management in small organizations is still erroneously based on research carried out in larger organizations (Katz, Aldrich, Welbourne, & Williams, 2000; Marlow, 2006). Given the societal impact of the number of people affected by the employment conditions found in small organizations, a proper theory that accounts for the specific and diverse forms of human resource management in micro- and small organizations is needed.

In its most basic definition, human resource management is about the management of work, and of the people who do the work (Boxall & Purcell, 2008). Human resource management becomes an issue as soon as a self-employed person hires another person with whom to work together. Nevertheless, it is questionable whether theories of human resource management automatically relate to micro- and small organizations¹. There is some agreement that theory of human resource management that focuses on best practices and financial growth performance of organizations, do not hold for small organizations (Katz et al., 2000; Marlow, 2006). Despite this agreement, alternative theories, which account for human resource management in small organizations, are still scarce and lack consistency (e.g. Edwards, Ram, Gupta, & Tsai, 2006; Gilman & Edwards, 2008; Goffee & Scase, 1995; Goss, 1991; Lacoursière, Fabi, & Raymond, 2008; Rainnie, 1989). To start with, there is no such thing as a “small firm sector” (Wilkinson, 1999). Small organizations exist in many sectors, and within sectors many differences in small firm human resource management responses have been noted (e.g. Arrowsmith, Gilman, Edwards, & Ram, 2003).

In this paper, we contribute to the development of a theory for human resource management in small organizations. Our aim is to develop a typology that clusters the variety in human resource management found in small organizations into a theoretically anchored system of ideal-type configurations. The purpose of a typology is to abstract and systematically explore key theoretical concepts, in this case to enable the description and classification of small organizations’ approaches to human resource management (Meyer, Tsui, & Hinings, 1993). By categorizing organizations in the nearest ideal-type configuration, it becomes possible to elaborate on causes and consequences of the observed phenomenon (Meyer et al., 1993).

Building a configurational theory requires selecting a set of arguments that explain the internal consistency of the processes underlying the configurations (Doty & Glick, 1994). Here, we opt for a narrow set of arguments, based on within-organization processes of management control, which can explain the equifinal HRM configurations found in small organizations (Doty & Glick, 1994; Gresov & Drazin, 1997; Miller, 1987).

We begin with the observation that each HRM configuration, no matter how small the organization, has to deal with a set of *functional requirements*: recruiting members to the organization,

¹ Definition of small: Small organizations have less than 50 employees and a turnover below €10 million; micro-organizations employ less than 10 people and have a turnover below €2 million (European Commission 2005).

attaching people to the organization, dividing tasks between people and coordinating the people at work towards achieving the goals of the organization (Behrends, 2007; Gresov & Drazin, 1997). We apply *management control theory* to explain the underlying processes that result in coherence within a configuration. Management control provides direction, ensures motivation and deals with the personal limitations and capabilities of people: it aligns human behavior to the goals of the organization (Merchant, 1985). Three common dimensions of management control (namely, the amount of hierarchy, the amount of formality and the distinction between input and output control - Harzing, 1999) can be combined into eight different ideal-types of human resource management configurations in small organizations. Each of these types is associated with specific ways of dealing with the functional requirements. We conclude the paper by linking the eight ideal-types to research publications on human resource management in small organizations. This review serves to illustrate how various structure and agency contingencies are associated with each ideal-type.

THEORETICAL DEVELOPMENT

Effective human resource management in small organizations

Effective human resource management contributes to organizational performance by aligning human behavior with the goals of the organization (Boxall & Purcell, 2008). Given the high failure-rate of small organizations (Aldrich, 1999) and the fact that the majority of small organizations do not have any intention to grow (Heneman, Tansky, & Camp, 2000), an important goal for many small organizations is survival rather than growth (van Praag, 2003). While the organizational performance for larger organizations is often expressed in terms of financial performance (return on investment, sales growth), for many small organizations continuity, simply “being there”, has greater social and economic priority (Paauwe, 2004; Ram, Jones, Abbas, & Carter, 2005).

Given that a large number of causal factors can lead to the termination of a business (Shepherd, Douglas & Shanley, 2000), the main contribution of effective human resource management in many small organizations is to sustain employee behavior such that it at least supports the continuity of the organization (Aldrich, 1999). As organization goals in small organizations vary between plodding along in the margins of the economy to business growth and expansion, human resource management approaches also vary between marginalized and exploitative (Edwards & Ram, 2006), to approaches that resemble high-performance work systems (Drummond & Stone, 2007).

Researchers have struggled to understand effective human resource management in small organizations and have applied various theoretical perspectives, such as universalistic human resource management theory and contingency approaches. According to universalistic human resource management theory, there is a best practice approach for HRM that can benefit any type of organization. However, research on the presence of best practice HRM in small organizations has found that these are simply lacking in small organizations (Hornsby & Kuratko, 1990; 2003), or that they are too expensive to benefit the economic performance of small organizations (Sels, de Winne, Maes, Delmotte, Faems, & Forrier, 2006), or that best practices are at only informally present (Cardon & Stevens, 2004; Way, 2002).

The informality of HRM in small organization has been highlighted and described in many case studies (e.g. Holliday, 1995; Marlow & Patton, 2002; Moule, 1998; Ram, 1991, 1999). This has led to the notion of idiosyncrasy: human resource management in small organizations is very diverse and very different from that in large organizations (Marlow, 2006). Contingency-based research has revealed some of the reasons for informality in human resource management in small organizations (e.g. Atkinson & Curtis, 2004; Bacon & Hoque, 2005; Cassel, Nadin, Cray, & Clegg, 2002; Harney & Dundon, 2006), including the product-market position, legislation, labor dependency and the mix of skills and qualifications, plus the owner's style, experience and preferences. An important observation from these studies is that each small organization has its own mix of policies and practices, sometimes seemingly illogical, varying from fairly formal to much more informal, and each reflecting the unique context in which they operate (Harney & Dundon, 2006).

In order to move theory forward and to avoid incorporating ever greater contingent complexity, we first need to understand the HRM phenomenon itself. The next subsection addresses the configurational approach as our adopted conceptual vehicle (Delery & Doty, 1996), after which we will discuss management control theory as the driver of HRM configurations in small organizations.

The configurational approach

The basic idea behind configuration theory is that the elements of a system reinforce each other and keep the system stable. Although endless variety (idiosyncrasy) is possible in theory, in reality a limited number of types seem to appear more frequently than others (Miller, 1987). These are labeled ideal-types or gestalts: somewhat stereotypical images that are used to categorize and understand reality (Meyer et al., 1993). The configurational approach reduces the variation, without claiming to deliver a single best model, so it is a suitable approach for theorizing about human resource management in small organizations.

Configurations can be derived from field data, or from theory. In the first option, these are called taxonomies: a search for clusters in data on organizations. Theoretically derived configurations are called typologies. Here, we aim to develop a typological theory because this will allow us better to *explain* the coherence of the different configurations. Using theory to build a typology also enables one to reason about causes and consequences (Meyer et al., 1993). Typological configurations have been criticized for being too close to the human habit of putting labels on things, and of overly reducing the complexity of reality (Doty & Glick, 1994). While acknowledging this criticism, the configurational typology approach is a useful strategy in theory development because it provides an ordering mechanism for the variations found in reality. As Meyer et al. (1993) emphasize, theory is necessary to specify a configurational typology for applied fields such as human resource management in small organizations.

Several authors have initiated typologies of human resource management in small organizations (Edwards et al., 2006; Gilman & Edwards, 2008; Goffee & Scase, 1995; Goss, 1991; Lacoursière, et al., 2008; Rainnie, 1989). Over the years, the realization of the complexity of the phenomenon has seeped into these models, at the cost of theoretical clarity. For example, Rainnie (1989) based his

typology purely on the market position of the small organizations; Goss (1991) then added labor dynamics; and Goffee and Scase (1995) added business strategy and the owner's human capital. The more recently developed typologies have incorporated all of these aspects and added their own additional drivers, thus multiplying the variety of configurations. We think it is time to return to a somewhat simpler view in order to be able to compare organizations on a level that does justice to the variety seen in HRM, while still allowing for some generalization across organizations and sectors. Therefore, we propose using configuration theory as a means to categorize the phenomenological appearances of human resource management in small organizations, before moving on to incorporate the conditions under which such situations might exist or develop. We will therefore be looking for a narrow set of arguments that explain the internal consistency of the ideal-types (Doty & Glick, 1994). This intermediate level of configuring reality (Doty & Glick, 1994) will enable us to review the contingencies for each ideal-type (Rihoux & Ragin, 2009).

The following subsections extend the two theoretical concepts that underlie our typology of human resource management in small organizations: first the *functional requirements* for which any organization must develop some kind of human resource practice, and then *management control* as the theoretical dimensions along which the variation in practices can be explained.

Functional requirements of human resource management

In effective HRM configurations, the system parts fit together and reinforce each other, making the system stable and resistant to change (Miller, 1987). The idea that the whole can be greater than the sum of the parts is also reflected in the term 'bundles' of human resource management (Delery & Doty, 1996; MacDuffie, 1995). This fits with small firm owners' descriptions of effective human resource management as a flow of interrelated activities rather than as a number of single practices (Drummond & Stone, 2007; Heneman et al., 2000). This interrelated flow of practices is centered around those functional HRM requirements which are indispensable human resource functions that have to be fulfilled in any organization (irrespective of size) in order for it to be effective (Behrends, 2007; Gresov & Drazin, 1997). We derive the functional HRM requirements from two intra-organizational or managerial dilemmas: managing the human factor, and managing differentiation and integration (Jaffee, 2001).

The first managerial dilemma involves the human factor. When an organization is defined as a "*goal-directed, boundary maintaining and socially constructed system of human activity*" (Aldrich, 1999, p. 2), then the first two functional requirements are getting the people in the organization and making sure that they are willing to stay with the organization as long as needed. This amounts to *recruiting members* to the organization and *attaching employees* to the organization (Aldrich, 1999). The second managerial dilemma involves balancing the demands for differentiation and integration. Differentiation is needed to create some form of work division among the employees of the organization. With differentiation comes integration: a managerial task that ensures that all the divided work efforts are coordinated in such a way that they all contribute to the goals of the organization (Aldrich, 1999; Jaffee, 2001; Lawrence and Lorsch, 1967).

In total, four functional requirements of human resource management are derived from organization theory: 1) recruiting members to the organization, 2) managing the employee-organization-relationship, 3) creating some work division among members and 4) coordinating the work.

Recruiting members to the organization. Recruiting members to the organization refers to acquiring adequate human resources (Aldrich, 1999). It involves the identification of applicants with the necessary skills, abilities and other characteristics that will help an organization achieve its goals. Recruitment through networks is especially common in small organizations (Leung, 2003). However, there is variation in the types of networks that are explored depending on the needs and strategy of the organization (Leung, 2003). Recruiting members to the organization also involves determining the proportion of core and peripheral, or temporary, workers (Aldrich, 1999; Cardon, 2003), and the numerical or qualitative flexibility of the workforce (e.g. recruitment versus employee development) (Lepak & Snell, 2002). The need for flexibility in micro-organizations is often met by demanding employees work longer hours (Mihail, 2004). The use of temporary staff and contingent labor is increasing in small organizations in an attempt by small business owners to reduce the risks involved in having tenured staff (Klaas, Yang, Gainey, & McClendon, 2005). Qualitative flexibility in small organizations is achieved by investing in employee development (Aldrich, 1999; Chell & Tracey, 2005; Drummond & Stone, 2007).

Managing the employee-organization-relationship. After getting people in the organization, the exchange relation between employer and employee should retain staff in the organization as long as necessary (Aldrich, 1999). Here, the employee-organization-relationship concerns “the employer’s expectations about specific contributions that it desires from employees and the inducements that it uses to effect the desired contributions” (Tsui, Pearce, Porter & Tripoli, 1997, p. 1091). The most elementary employee-organization relationship in small organizations is to provide an income (Aldrich, 1999), and in purely transactional employment relationships that is the end of the matter (Tsui et al. 1997, and, for an example, see Felstead & Jewson, 1997). Especially in small organizations where financial resources are insecure, managers look for inducement means other than high pay (Aldrich, 1999), such as shared ownership structures with the prospect of future benefits (Greenwood, Deephouse, & Li, 2007; Goffee & Scase, 1995). Other efforts to extend the employee-organization relationship to more transformational employees can involve presenting a close and personal working climate, providing interesting work, room for professional growth and development and, in some cases, paying above the industry average (Baron, Burton, & Hannan, 1996; Drummond & Stone, 2007).

Work division. As soon as more than one person works in an organization, some basic division of work into roles and job structures will emerge (Aldrich, 1999; Lawrence & Lorsch, 1967). Jobs can be narrow or broad. In the early days of a small organization, firm owners tend to look for generalists. Later, when more employees are needed, people are hired for more narrowly defined jobs (Aldrich, 1999; Leung, 2003). Structural characteristics linked to work division include hierarchical levels (managers), departmentalization, grouping of tasks and responsibilities, and the extent of employee specialization (Lawrence & Lorsch, 1967; Meijaard, Brand, & Mosselman, 2005; Mintzberg, 1979).

Work coordination. The coordination of work is needed once work is divided among more than one person, and some assurance is needed to integrate all the work into a common goal (Lawrence & Lorsch, 1967; Mintzberg, 1979). Management is a means to coordinate work (Goffee & Scase, 1995). Observational studies indicate that managerial work in small organizations is typically unplanned, informal, hectic and fragmented (Florén, 2006). Coordination of work in small organizations is often in the hands of one person: the owner of the organization (Florén, 2006; Goffee & Scase, 1995). However, variations do exist: more inclusive, teamwork-like approaches to management are sometimes seen in small organizations (Drummond & Stone, 2007; Greenwood et al., 2007).

HRM configurations found in small organizations are effective as a system when practices and routines, which were put in place to meet the functional requirements of human resource management (recruiting members to the organization, employee-organization relationship, work design and coordination), contribute first of all to organizational continuity (Aldrich, 1999). The actual HRM configuration is driven by discretionary processes in which management decides how to align human behavior with specific organizational goals (Mintzberg, 1979; Merchant, 1985; Snell & Youndt, 1995). The next subsection outlines the dimensions along which these discretionary management control processes can vary.

Management control

Control is defined as assuring that organization goals are met (Harzing, 1999; Merchant, 1985). Control is exercised through the managerial authority, of employers over employees, that ensures that labor is aligned with the goals of the organization. It takes place within a hierarchical relationship between employers and employees and, although it offers a means to exercise authority over employees, it remains a subtle social interaction in which norms; expectations and reciprocity play an important role (Folger, 2004; Merchant, 1985).

A variety of typologies have been developed to differentiate between control systems (e.g. Merchant, 1982, 1985; Mintzberg, 1979; Ouchi, 1979; for an overview, see Harzing, 1999). In the literature, these systems are considered to be non-exclusive: several control systems can complement one another, rather than function as alternatives within one organization. Here, we focus on three underlying dimensions of control in the employment relationship that seem to recur in the literature on employment relationships in small organizations: direct social interaction versus formalized control, control through hierarchical positions versus control through social networks of equals (both adapted from Harzing, 1999) and the distinction between input- and outcome- based control (based on Merchant, 1985). Using dimensions rather than types of control enables greater variation in configurations, something that is needed to understand the rich variety seen in small organizations' approaches to HRM (Marlow, 2006).

Formal control versus control by direct social interaction. Formal control refers to the presence of a set of rules that managers and employees can rely on. Formal control diminishes the need for social interaction between the owner-employer and employees, and replaces it with instrumental artifacts such as measures and formal procedures (Harzing, 1999; Merchant, 1985). The opposite

of formal control is *direct control*, where formal rules are absent and control is exercised through close social interaction (Harzing, 1999; Whitley, 1999).

Hierarchy versus Equality. Hierarchy refers to the power distance between employer and employees (Etzioni, 1961; Harzing, 1999). In a strongly hierarchical employment relationship, the owner-manager takes all work-related decisions, and the employee has no say in the strategy of the organization. The opposite end of this dimension can be characterized by *equality* between management and employees of the organization - where a significant amount of control is arranged through informal, lateral or horizontal exchanges of information (Harzing, 1999). Here, employees experience freedom to decide about how to do their own jobs and actively participate in strategic decision-making (Ouchi, 1979).

Relative emphasis on input (people) control versus output control. Input control focuses on the qualities, skills and behavior of employees (Merchant, 1985). In focusing on the person, management expects the desired results to follow automatically (Ouchi, 1979; Rockness & Shields, 1984). In contrast, when using output control, there is no need to become involved with the activities executed by the person carrying out the job, since output control is only concerned with the results and outcomes of the job (Merchant, 1985).

Each of the control dimensions in the employment relationship (formality-direct social interaction, hierarchy-equality and input control-output control) has been shown to be conceptually distinct from and complementary to the other dimensions (Harzing, 1999). Combinations of positions on these three dimensions allow one to discern a large variety in HRM approaches in small organizations.

PROPOSED ARCHETYPES IN THE MODEL

The position of a small organization on the dimensions of human resource management control is associated with specific ways of dealing with each of the functional requirements. The dimensional approach allows for many different configurations. This section compares whether configurations of the dimensions of management control converge with empirical findings on HRM in small firms. For theoretical advancement, the extreme scores of the dimensions are combined and used to describe eight archetypes of human resource management in small firms. Archetypes are somewhat stereotypical images that are used to categorise and understand reality (Meyer et al., 1993).

To review the feasibility of these archetypes, a literature review was performed by searching for examples of the archetypes. This was done by reviewing empirical studies on HRM systems, bundles or configurations in small firms. Studies that described the use of single practices in small firms were excluded from the review. The studies were evaluated on how they could be placed on the dimensions of management control. The examples of the archetypes found in the literature on small organization's HRM systems, led to name the images of the archetypes as follows: traditional entrepreneurs, strategic entrepreneurs, craft employers, knowledge entrepreneurs, bleak-house, subcontracted employment, alliances, and partnerships (see figure 1).

In addition, it was reviewed which conditions were associated with the existence of each archetype. In particular, the task, relational or institutional environment and the kind of managerial agency associated with each archetype was summarized. The *task environment* involves organization size and age, task technology, industry, and market dynamics (Harney & Dundon, 2006; Oliver, 1991). The *relational or institutional environment* concerns relevant social and legal norms in the environment. Tensions between the task environment and institutional context can reveal different responses in the way human resources are managed. These differences are attributable to small organization's *managerial agency* that puts different weights on the tensions (Cassel et al., 2002; Edwards et al., 2006; Goffee & Scase, 1995; Oliver, 1991; Paauwe, 2004).

The description of the archetypes is outlined as follows: first the image of the archetype based on the dimensions of control is sketched. Then the feasibility of this image is reviewed by building on empirically based literature on small organizations, and finally each archetype is linked to its most likely human resource practices used to deal with the functional requirements (see table 1).

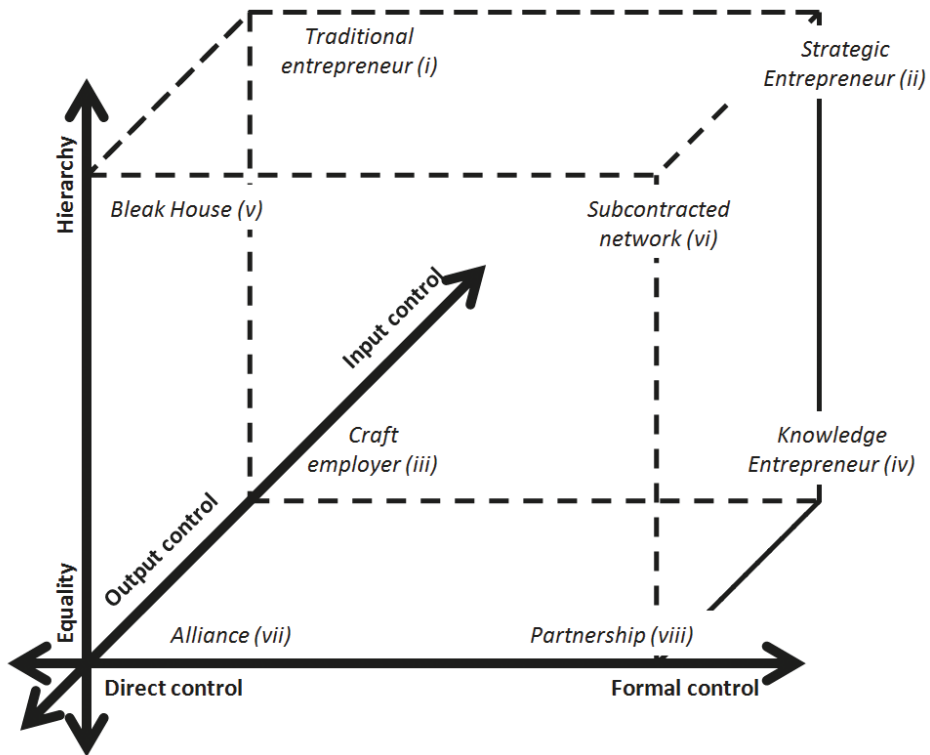


Figure 1 | HRM archetypes in small organizations.

Traditional entrepreneurs (i) are characterized by direct control, hierarchy and input control. This archetype resembles Mintzberg's (1979) simple structure: a centralized, informal organization structure in which the owner takes a dominant position. Many case study investigations in small manufacturing, transport or construction organizations, show resemblance to the traditional entrepreneur archetype (e.g. Dundon, Grugelis, & Wilkinson, 1999; Holliday, 1995; Marlow, 2002; Marlow & Patton, 2002; Ram, 1991). Traditional entrepreneur archetypes develop around the central person of the entrepreneur, who has been described as charismatic, autocratic (Goffee & Scase, 1995), or paternalistic (Goss, 1991; Whitley, 1999). Authority is concentrated in the owner's proprietorial hands. The relationship with employees is (sometimes literally) family-like, so the emphasis is more on personal qualities and behaviour than purely on output. The owner acts like the spider in the web and in order to maintain a close and personal family-like climate, employment relationships are informal (Whitley, 1999). The functional requirements are met with as follows: Recruiting members to the organization happens through personal (family) and business networks. Changes in demands are primarily met by creating internal numerical flexibility: working overtime (Mihail, 2004; Marlow, 2002). The employee-organization relationship is realized through a close and personal working climate more than with pay or personal growth (Baron et al., 1996). Work is functionally divided between staff and operations, in a hierarchical manner, with the owner being the central decision maker. Employees have little say over strategy and work (Dundon et al., 1999; Marlow & Patton, 2002).

Strategic entrepreneurs (ii) are characterized by formal control, hierarchy and input control. These types of configurations most resemble the human resource management strategies of large organizations and are most likely to be found in small organizations that are set up for high growth (Barringer, Jones, & Neubaum, 2005). The realization of rapid growth ambitions usually involves start-up capital from external investors (Gundry & Welsch, 2001) or inter-organizational relationships with other businesses (Barringer et al., 2005). These linkages foster the need for a more formal approach to employment relationships. Strategic entrepreneurs manage the organization as if it were already a large organization, having a mission statement and a clear vision of how to get there (Barringer et al., 2005). This manifests itself in an awareness of the importance of human capital or input control. Where input control within traditional entrepreneur typed configurations stems from personal and family ties, in strategic entrepreneur typed organizations it is the result of the awareness that employee capital is a means to get business results (Abernethy & Lillis, 1995). The human resource typology of strategic entrepreneurs shows a configuration of so called best practices. Recruiting members to the organization happens through selective hiring. Flexibility is incorporated both quantitative (paid overtime) and qualitative (staff training programs that make sure that employees are polyvalent) (Barringer et al., 2005). Stock options and financial incentives attach employees to the organization (Barringer et al., 2005; Baron, Burton, & Hannan, 1999). As many high growth entrepreneurs are embedded in networks of other organizations through collaboration and earlier managerial experience, mimetic pressures result in "large firm" approaches to work division and control: hierarchical organization layers, the presence of managers, and formal regulation of employee voice (Baron, et al., 1999; Davila, 2005; Lacoursière et al., 2008).

Craft employers (iii) are characterized by direct control, equality and input control. The ideal image that derives from this configuration is that of a micro business based on the specific craft skills of the entrepreneur (e.g. hairdresser, carpenter), who had too much work to cope with individually and therefore hired a few employees (Goffee & Scase, 1995). Craft employers typically lack an entrepreneurial orientation as their businesses operate in local niches (Ram, Edwards, Gilman, & Arrowsmith, 2001). Links to institutional isomorphism are weak except for the mimetic comparison with other craft employers in the immediate local community. Craft employers exercise leadership by working alongside their employees. In fact, the employer sets the standards of behavior by acting as the “best employee” (Goffee & Scase, 1995). Thus, hierarchy is not present in a separate management function and is merely exercised through continuous and informal mutual adjustment. Leadership involves a lot of face-to-face interaction. Craft employers are therefore looking for staff that fits into their team and who guarantee harmonious interpersonal relationships, like family members, long-time friends and acquaintances (Goffee & Scase, 1995). The HRM configuration of craft employers is based on little hierarchy, little formalisation and high input control. Recruiting members to the organization happens in informal networks of family and friends (Ram et al., 2001). Environmental changes are met with present staff as much as possible, as the craft employers fear the quality of the work of “strangers” (Goffee & Scase, 1995). Work division is based on time restraints, meaning that employees do the work for which the craft owner has no time for him or herself anymore. Work coordination happens by face to face interaction while doing the job. The employee - organization relationship is realised through offering a close and personal working climate (Goffee & Scase, 1995).

Knowledge entrepreneurs (iv) are characterized by formal control, equality and input control. Knowledge entrepreneurs are found in the creative industry, consultancy, and IT, where most work can be said to be of an intellectual nature and where well-educated, qualified employees form the major part of the workforce (Alveson, 2000; von Nordenflycht, 2010). What these organizations share is the intangible resource of professional knowledge and skills, resulting in a strong emphasis on input control (Abernethy & Brownell, 1997; Goffee & Scase, 1995). Linkage through normative isomorphism with the standards of the profession in the field make that employment relations are more formalized than with for example craft employers or traditional entrepreneurs (Whitley, 1999). As owners of these types of firms often come from the same profession as their employees, and some employees contribute in sustaining networks with customers, more egalitarian modes of control appear in the employment relationship (Goss, 1991, Ram, 1999). Overall, a picture of co-operation, trust and interdependency between owner and employees arises (Ram, 1999).

The HR typology is characterized as follows. In recruiting members to the organization two elements come forward: the importance of human capital and the importance of networks between employees and between employees and customers. Behrends (2007) suggested that peer-recruitment within professional networks would be the best way to staff these types of organizations. Interesting work and room for professional development (training, taking on new projects) are inducements used to shape the employee-organization relationship, and pay is at least at market level (Baron et al., 1996; Barret, 1999).

Table 1 | HRM control configurations and related practices

| | i | ii | iii | iv | v | vi | vii | viii |
|--|---|--|--|--|---|---|---|--|
| | Traditional entrepreneur | Strategic entrepreneur | Craft employer | Knowledge entrepreneur | Bleak house | Sub-contracted | Alliance | Partnership |
| Control dimensions | Hierarchy Direct Input | Hierarchy Formal Input | Equality Direct Input | Equality Formal Input | Hierarchy Direct Output | Hierarchy Formal Output | Equality Direct Output | Equality Formal Output |
| Recruiting members in the organization | Informal Business network Ad hoc training | Selective recruitment Planned training Succession planning | Informal Personal work of family and acquaintances On the job training | Selective recruitment through professional networks Learning in professional networks | Informal Family network Women, ethnic minorities No training | Subcontracted | Informal business network "Ad hoc", temporary arrangements between self-employed workers | Professional network Up or out |
| Employee-organization relationship | Family culture Personalised arrangements. | Career opportunities Remuneration schemes Formal HR arrangements | Close and personal working relationships Craft/skill development | Challenging work Future prospects in the firm | Money (piece rates) | Money | Perceived mutual benefits of cooperation | Autonomy Status |
| Work division | Strategy in owner/family hands | Functional organization structure Teamwork Specialist staff functions | Informally negotiated task division Owner acts like "best employee" | Teamwork clustered around projects | Strict division between production and management | Output clearly outlined in a contract | Informal arrangements about work share | Market driven specialisation |
| Work coordination | Patriarchal management Informal meetings | Written strategy Formal meetings (team and individual) Formal employee involvement | Informal mutual adjustment | Formal meetings | Autocratic, dictatorial | Based on contractual agreement (volume) | Mutual adjustment | Contractual arrangements about targets |

Work division between employees is not very strict; there is room for taking on new ideas that go beyond the job description (Barret, 1999). Work is coordinated through procedural informality: everybody sticks to professional rules of conduct, and although these are not officially spelled out, they can be labeled as formal because they are agreed-upon standards of working (Baron et al., 1996; Barret, 1999). Consultants and IT specialists in small organizations refer to the management styles as fraternalistic (meaning little hierarchy, Goss, 1991); having open communication lines and regular formal meetings (Barret, 1999; Ram, 1999).

Bleak House employers (*v*) are characterized by direct control, hierarchy and output control. This configuration seems to illustrate the hierarchical and exploitative dark side of working in small organizations (Rainnie, 1989). Bleak-house employers compete on price with larger organizations. Survival and hence employment conditions are dominated by a low cost strategy, resulting in low wages and very little investments in equipment and staff (Patel & Cardon, 2010). It typically involves unskilled labor of which plenty is available (Goss, 1991). Production is organized in small workplaces, sometimes at home, and rewarded by piece rate remuneration. Often no additional inducements are offered (e.g. Felstead & Jewson, 1997). Employment control is strictly hierarchical, very informal, since formality would increase cost, and with an almost pure interest in work output control instead of input control. Arbitrary, owner dominated decisions characterize the employment relationship. Recruiting members to the organization takes place in family or co-ethnic immigrant networks (Edwards & Ram, 2006; Ram et al., 2005). Flexibility is purely numerical: overtime or redundancies (Edwards & Ram, 2006). The employee-organization relationship is transactional; employees are in jobs like these in order to survive in the margins of society and typically earn very low wages or piece rate rewards (e.g. Datta, McIlwaine, Evans, Herbert, May, & Wills, 2007). Work division and coordination are strictly hierarchical; especially home work is characterized by an almost complete lack of say in employment conditions (Felstead & Jewson, 1997). Sometimes home workers are regarded as workers under subcontracted employment relationships, yet the International Labor Organization (1989) categorizes these workers as employees, because of their single employment relationship with one organization (Prügl & Tinker, 1997).

Subcontracted networks (*vi*) are characterized by formal control, hierarchy and output control. This configuration relates to employment situations where an entrepreneur wants to expand the business without having to deal with the hassles of tenured employees (Klaas et al., 2005). Typical subcontracted employment relationships are freelance, agency work and pay rolling constructions (Prügl & Tinker, 1997), in which there is no formal employer-employee relationship other than a contract that a certain amount of labor (hours or output) is exchanged for money. The focus of control is therefore on work output, as all investments in personnel are outsourced to the subcontractor. The employment relationship is hierarchical: employees have little say beyond what was contractually agreed (Whitley, 1999). Yet that is the exact difference with bleak-house-type employment relations: a formal contract sets the conditions under which the labor is exchanged. From the perspective of a small firm employer, the employment relationship is clear: the focus is on work output and the subcontractor can decide who does the work and in what manner. The relationship is hierarchical as the small firm employer decides on the work that needs to be done. Finally, the employment

relationship is formally arranged in a contract with a fixed term; the contract is done when the output is done (Whitley, 1999). From an employee perspective, subcontracted employment relationships are less clear cut and sometimes qualified as “bad jobs”: low pay, no training, no insurance (Kalleberg, Reskin, & Hudson, 2000). Human resource practices involve recruitment through intermediaries or directly through networks, focused on quantitative flexibility, a transactional employee-organization relationship and a hierarchical work division in which subcontracted employees have no say in the strategy of the contracting organization. The work itself is laid out in a contract and involves little face to face management with the contracting organization.

An **Alliance** (vii) is characterized by mutual adjustment by direct interaction, equality and output control. This archetype involves an informal mutual agreement between equals to deliver some output. These are not organizations in the traditional sense, but conglomerates of (self-employed) individuals who work together on a more or less regular base. This configuration accommodates with the picture of adhocracy or networked “organizations” (Goffee & Scase, 1995; Mintzberg, 1979). Examples of self-employed alliances are found in labor-intensive professions like construction or in the alternative not-for-profit circuit (e.g. a co-operative bookshop) (Goss, 1991). A lack of hierarchy and formal rules dominates in this typology (Goffee & Scase, 1995), and an absence of formal training (Goss, 1991). As all interaction is negotiated in social interaction, alliances experience troubles achieving growth (Goss, 1991). The key concept in the human resource typology of alliances is continuous informal accommodation between the members of the alliance. Recruiting members to the organization happens in a local social community of craftsmen or people with shared ideals. Individuals are attached to the alliance because it offers more security (income, continuity of work) compared to sole self-employed entrepreneurship, because of shared networks of customers and knowledge. Work division exists in cells of equal individuals who perform similar-level tasks. Work coordination is organized in informal meetings where all members have an equal say.

Partnership (viii) configurations are characterized by formal control, equality and output control. The archetype that comes forward is a formally contracted association between equals or partnership: an organization which is owned by its employees (Greenwood et al., 2007; von Nordenflyght, 2010). Partnerships are common in medical and juridical professions (e.g. advocacy, dentist), but are also present in management consulting (Greenwood et al., 2007). Contract arrangements are the base for the employment relationship between autonomous equals. Contracts may concern shared costs, goodwill, or amount of financial or labor input. Members of a partnership work as equals, and as each has an equal say in the organization, there is little hierarchy between them (von Nordenflyght, 2010). Recruiting members to the organization takes place through a strict selection of potential partners. Typically up-or-out career paths are applied to junior staff, meaning that a potential partner must either show capability to become a partner or leave the organization (Greenwood et al., 2007). Contractual agreements function as formal control towards each partner’s contribution to the organization. The presence of a contract diminishes the need to control each other’s behaviour.

CONCLUSION

The appearance of human resource management in small firms is so diverse that sophisticated models of HRM developed in large organization risk overlooking particular types of employment relations there. The model presented in this paper provides an approach to describe HRM in small firms in such a way that is accounted for informality, close and personal working relations and potential authoritarian (maybe even exploitative) employment relations. Such an approach is necessary in order to advance the understanding of the causes and consequences of HRM in small firms (Edwards et al., 2006). The assumption that all small firms are similar in their needs and responses towards functional requirements of HRM is false. However, by using three dimensions of management control, it is possible to classify HRM in small firms in a somewhat structured way. The literature review on HRM systems of small firms revealed that this approach was reasonable, as examples were found for each of the eight archetypes of human resource management based on the combined extremes of the management control dimensions.

The theoretical contribution of the dimensional model of management control as an approach to describe the nature of HRM in small organizations is threefold. First, the model focuses on functional requirements of HRM rather than on (lists of) HR practices. The functional requirements approach emphasizes the functions that practices fulfil. Practices may serve different functional requirements, for example training may be a way to staff the organization, but it may also serve as a way to retain employees to the organization. This approach overcomes the issue that when lists of practices are inquired in small firms, the repeated finding is that small firms have less HR practices in place (e.g. Kauhanen, 2009; Way, 2002). Besides, when the focus is on functional requirements rather than HR practices, more untypical employment relations such as formalized partnerships and informal alliances between independent workers also become part of the definition of HRM. All these kind of employment relations can be a suitable response to issues in the area of recruiting members in the organization, retention or task division and coordination.

Second, the notion of equifinality underlines how different systems of HRM practices can contribute to overall similar outcomes. This does justice to the idea that there is not one best response to the functional requirements (Marlow, 2006).

Finally, conceptualising HRM as a management control issue provides an idea about the range in the diversity of HRM systems in small firms. It appeared that the archetypes based on the (continuous) dimensions “hierarchy”, “formalization” and “input-output” quite well fitted with the literature review on the appearance of HRM in small firms.

Of course, the model has its limitations. From a labour relations perspective, it could be argued that management control theory puts too much emphasis on the managerial component of HRM, while employment management in small firms is often the outcome of subtle informal consent between owners and employees (Edwards et al., 2006). However, in the suggested model management control theory is used only to describe the nature of HRM, and not to suggest that it is the outcome of managerial action. As the literature review revealed, some of the archetypes very much relate to informal negotiations between people who run a business together (e.g. craft

employers, knowledge entrepreneurs). On the other hand, other archetypes indeed involve a more authoritarian control component in the shaping of HRM (e.g. bleak house entrepreneurs).

Another limitation could be that the model is descriptive rather than predictive. However, the suggested approach does offer ways to extend theorizing about causes and consequences of the archetypes. The development of comprehensive configurations of HRM in small firms has proved to be challenging, because of the many conditions that appear to be related to the phenomenon (e.g. Harney & Dundon, 2006; Edwards et al, 2006). One avenue to overcome the complexity adherent to the configurational approach is to reduce the scope of the configuration (Doty & Glick, 1994). This provides an idea about the range of appearances of a phenomenon, which is an important step in theory development (Rihoux & Ragin, 2009). From there, a systematic comparison of cases with similar and different appearances of HRM can lead to specific causes for each configuration.

Implications for research and practice

In western societies, small firms employ about as much employees as large firms and in other parts of the world even the majority of people works in small firms. Their working conditions, wage levels and development opportunities all depend on the HRM system that is present in their business. Obviously, a bleak house like HRM system that exploits employees is less preferable than working at a strategic entrepreneur where employees are managed according to best practice. However, moving from this one extremely negative situation to one that involves all the best practices may be one bridge too far. The model presented in this paper implies that movement along one of the dimensions of management control can take a HRM system away from one extreme archetype and bring it closer to another, somewhat less undesirable system of employment conditions.

The suggested model of looking at HRM opens up possibilities to investigate causes of the various types of people management in small organizations. Moreover, it allows comparing the consequences of various small firm HRM systems for employee and organization performance.

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Chapter 3

High performance work practices in small firms:
A resource poverty and strategic decision
making perspective



ABSTRACT

High Performance Work Practices (HPWPs) are human resource management practices aimed at stimulating employee and organisational performance. The use of HPWPs is not widespread in small organisations. We examined whether the implementation of coherent bundles of HPWPs (aimed at employee ability, employee motivation or at the opportunity to perform) depends on the scarcity of resources, reflected in the size of the company, and on strategic decision making in small firms related to the owner's expertise and attitudes.

In our research, a total of 211 employees from 45 small organisations were asked to rate the presence of HPWPs in their organisation. These averaged perceptions were linked to information provided by the owner-managers about the size of their firm and their own expertise and attitudes. The findings support the idea that smaller but coherent bundles of HPWPs can be found in small organizations. In addition, the findings show that the implementation of these bundles depends on available resources, on strategic decision making and their combination. These findings highlight the need to integrate the notions of resource poverty and strategic decision making to understand the uptake of HPWPs bundles within small firms.

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INTRODUCTION

Research into HRM and performance in small firms has embraced investigating the presence of High Performance Work Practices (HPWPs). These are modern employee management practices such as formal employee training, high pay levels, group-based performance pay and self-directed teams (Appelbaum et al. 2000). It is claimed that the more HPWPs are implemented, the better the performance of organizations in terms of financial and employee outcomes (Combs et al. 2006). However, the uptake of this HPWP package is found to be quite low in small firms (Kauhanen, 2009; Way, 2002). One of the unresolved issues is whether this low uptake is the result of simply doing a bit of everything but less sophisticated than in larger firms (Dandridge, 1979; Mayson & Barrett, 2006), or that smaller firms deliberately adopt smaller sets of related practices instead of the whole package of HPWPs. This avenue has not been explored much to date.

In order to understand this issue in greater depth, we turn to the theoretical foundation of HPWPs. Appelbaum et al. (2000) argued that a combination of three bundles of HR practices are theoretically involved in building a High Performance Work System. These are: employee ability enhancing practices (such as training and skill development) (A), employee motivation enhancing practices (including high pay, career development and top-down information sharing) (M) and practices that give employees the opportunity to go the extra mile (such as employee involvement and teamwork) (O). Together, these are referred to as the AMO model of High Performance Work Practices. Although no distinction is made between these elements in most research, Boxall and Macky (2009) have recently theorized that each component of the AMO bundle is aimed at different goals. In turn, this suggests that it may be possible to find organizations where only Ability or Motivation or Opportunity practices dominate (Toh et al., 2008). This idea of focused bundles of HPWP could advance the debate on HRM and performance in small firms.

In the remainder of this paper we focus on two theoretical perspectives on the uptake of HPWS bundles in small firms. First, we examine the straightforward assumption that in smaller organizations the average uptake of ability and motivation practices is less than in larger firms. The logic for this assumption lies in the notion of resource poverty (Welsh & White, 1981). Compared to larger firms, small firms are more constrained by limited resources. In terms of financial resources, the low uptake of HPWPs in small firms has been related to the high costs involved in implementing all the practices (Sels et al., 2006). In addition, the simple structure of smaller organizations allows for quick and relatively informal communication styles, which may conflict with the greater formality and more time consuming nature of the HPWP approach (Jack et al., 2006).

The second and more profound theoretical idea holds that small firm owners, for various strategic considerations, adopt smaller but coherent bundles of HPWPs. Here we turn to the notion of strategic choice and the effect that the human capital of the owner has on strategic decisions in small firms (Child, 1997). Given that most small firms do not employ a specialist human resource professional, decision-making concerning human resource management normally rests in the hands of the entrepreneur (Matlay, 1999). Therefore, whether HPWPs are adopted depends on the beliefs of the entrepreneur concerning the benefits of human resource management related

interventions as a solution for business issues (Cassell et al., 2002). This is illustrated by the finding that small firm owners consistently report that human resource practices need to 'fit' their firm's conditions and needs (Drummond & Stone, 2007; Harney & Dundon, 2006). To investigate this further, this paper builds on the decision making models proposed by Cassell et al. (2002) and de Kok and Uhlener (2001) which hold that the decision by a small firm's management to translate a company issue into an HR intervention depends on both the owner-manager's sense making of the issue at stake and his or her strategic choice to apply the available resources (time and money). In particular, we examine the impact that the entrepreneurial orientation, HR vision and HPWP awareness of the firm owner has on the extent to which each of the three separate AMO bundles are implemented in their firm.

By integrating these two theoretical perspectives on the uptake of HPWS bundles in small firms, namely the resource poverty and the strategic decision making perspective, we aim to advance the debate on the use and suitability of the HPWPs model in smaller firms.

This study adds to the existing knowledge on HRM in small firms in three ways. First, previous research has mostly ignored the distinct performance goals of the three bundles and instead examined the impact of a single, all encompassing, HPWP system. Our intermediate approach that focuses on smaller bundles could advance the understanding of the presence of modern employee management practices in small firms. Second, we argue that strategic choice and the availability of resources differ considerably even within a population of micro and small firms, thereby helping to explain potential variation in the uptake of HPWP bundles in such firms and helping to account for reported heterogeneity of human resource management in small firms (Cassell et al., 2002; Heneman et al., 2000). Finally, a methodological contribution is that we involve both owner-managers of small firms and their employees in our study (i.e. a multi-actor approach). Owner-managers provide information on their own entrepreneurial orientation, their HR vision and their HPWP awareness, while employees rate the presence of HPWPs in the firm.

The outline of the remainder of the paper is as follows. First, we outline HPWP theory and introduce the AMO model as the underlying structure. Next, we introduce the research hypotheses based on the resource poverty and strategic decision making perspectives, followed by the research method adopted. After this, we present the results and, in the final section, discuss the findings.

LITERATURE REVIEW

In this section, we provide an overview of HPWP theory to demonstrate how the AMO model that underlies HPWPs can be used to discern three smaller but coherent bundles of human resource practices. Next, a literature review is presented based on 1) the resource poverty perspective and 2) strategic choice models. This results in the hypotheses.

HPWPs and the AMO model

An HPWP system is conceptualised as the thorough application of only the best practices for human resource management (Chadwick, 2010). Best practices are individual human resource

management practices that have been extensively researched and shown to contribute to enhancing employee performance. For example, the use of restrictive selection procedures helps to create a workforce of above-average employees who subsequently deliver a better-than-average work performance. Other well-researched best practices are self-managed teams, continuing education, employee involvement in organisational strategy, team performance-based pay and paying high salaries.

Further, a combination of best practices impacts on employee and organisational performance beyond the sum of the individual effects of the various practices (Boxall & Purcell, 2008; Boxall & Macky, 2009). That is, there is a bundling or synergy effect (Macduffie, 1995; Combs et al., 2006). For example, introducing self-managed work teams without proper training and without the support of team incentives would reduce the employee performance increase normally expected from teamwork (Macduffie, 1995).

Indeed, systematic approaches have been found to have greater influence than individual practices (Combs et al., 2006). However, a closer inspection of the HPWP research carried out over the past decade reveals several problems. First, not as many organisations have adopted HPWP systems as might be expected given the claimed advantages (Kauhanen, 2009). This seems to be especially the case with small organisations (Sels et al., 2006). Second, the practices said to constitute a High Performance Work System (HPWPS) vary from one research project to another, leading to the observation that as few as four practices seem to be consistently part of the HPWP 'system' measured by researchers (Boselie et al., 2005; Boxall & Macky, 2009): Training and development, contingent pay and reward schemes, performance management (including appraisal), careful recruitment and selection. This poses the question as to what the 'celebrated' HPWP bundle actually is. Further, the argued-for synergies between all the best practices in a 'system' are not always found, placing a question mark over the evidence for synergy effects in HPWP systems (Gerhart, 2007). In reality, synergies take many forms and the theoretical foundation for the synergies is as yet not well explored (Chadwick, 2010).

A better understanding of synergy effects within bundles of human resource practices can be derived from a closer inspection of the drivers of synergy. A theoretical foundation for this synergy occurring is the AMO model (Boxall & Purcell, 2008). Here, AMO is an acronym for the three elements that together build sustainable employee performance: individual ability (A), motivation (M) and the opportunity to perform (O). Each of these elements is firmly grounded in industrial/organisational (I/O) psychology, work psychology and human capital theory.

First, the 'A' component refers to the individual's ability to perform. Individual abilities strongly predict individual job performance (Schmidt & Hunter, 1998). Theoretically, the ability component is rooted in the psychology and the economic human capital literatures (Gerhart, 2007). Practices that contribute to employee ability include the use of advanced employee selection techniques and the provision of formal job- and skill- related training or opportunities to develop skills at work (Appelbaum et al., 2000).

The second component (M) deals with motivation: an employee's desire to perform. The theoretical foundation of this component is grounded in social exchange theory (Blau, 1964). According to social exchange theory, employee efforts are a reciprocal reaction to their evaluations of the adequacy of incentives, such as pay and promotion opportunities provided by the organisation. High performance practices linked to motivation are high pay, career opportunities and sharing information about the company's goals and results (Appelbaum et al., 2000).

The 'A' and 'M' components have long been central to individual-level theories concerning job performance (Vroom, 1964; Gerhart, 2007). The additional feature of the AMO model is that it takes account of the work environment in which individuals use their abilities and motivation. As such, the 'O' component of AMO refers to the *opportunity* to perform. Its theoretical foundation lies in job design theories (Hackman & Oldham, 1980) and in the employee empowerment literature (Gerhart, 2007). Employees who are given autonomy to take work-related decisions, who work together and share feedback about substantial work goals, and who have the opportunity to influence business results, experience greater ownership of their work (Spreitzer, 1996). Practices that contribute to the opportunity to perform are work meetings, employee involvement in policymaking, work autonomy and teamwork (Appelbaum et al., 2000).

Together, the AMO components stimulate individual employee performance (Appelbaum et al., 2000). At the organisational level, HPWPs form a managerial system aimed at workforce organisation, workforce capabilities and workforce attitudes that together contribute to organisational performance outcomes (Boxall & Purcell, 2008). Reflecting the diverse theoretical backgrounds that contributed to the development of the AMO model of HPWPs, the HPWPs relate to various types of performance (Boxall & Macky, 2009). As such, it is possible to introduce employment practices such as training, pay and offering career possibilities (A, M) without changing the work system (O) (Boxall & Macky, 2009).

Indeed, Toh et al. (2008) found variations among organisations in their uptake of different sets of practices from the HPWP system. The uptake varied from organisations that had installed none of the HPWP practices ('cost minimisers'), to organisations that used only ability-enhancing practices such as training and restrictive selection ('resource makers') or only motivation-enhancing practices such as pay and other incentives ('resource buyers'), to organisations that opted for all the HPWP practices ('commitment maximisers'). Gibson et al. (2007) compared the differential effects of various practices on different types of performance and similarly found that not all practices contribute to the same goals.

To conclude, the literature overview presented above provides mixed support for the single-system approach to High Performance Work Systems. The synergy effects of combining human resource practices only occur when the practices serve a common goal. By combining the theoretical work of Boxall and Macky (2009) with the empirical findings of Toh et al. (2008), we conclude that each element of the AMO model bundle serves a distinct goal: high employee performance (A), high employee commitment (M) or high workforce empowerment (O). Although these different performance types can be combined in an overall performance-boosting system, this will not necessarily fit with the needs and circumstances of a specific firm and in particular not with the needs and circumstances of small firms.

Resource poverty perspective

The first theoretical perspective holds that the availability of means will influence the implementation of the HR practices. According to the resource poverty perspective (Welsh & White, 1981), means are constrained by the limited availability of financial resources and time, both of which are available in larger quantities in firms with more employees. Related to the resource poverty perspective, explanations for the low score of small firms on the number of HPWPs present as compared to large organizations have been sought in the costs associated with HPWPs (Sels et al., 2006) and with the notion of informality (Mayson & Barrett, 2006).

The explanation based on costs seems straightforward: the size of small firms puts restrictions on the availability of financial means and the time available to implement advanced HPWPs (Welsh & White, 1981). Furthermore, the notion of informality derives from the simple structure of small firms, which reduces the need for complex employment management systems (Jack et al., 2006). Larger firms have more complex organisational structures than smaller firms and require more sophisticated ways to align employee behaviour with the goals of the firm (Mintzberg, 1979). In the smallest firms, close and interpersonal interactions between employees and direct control by the owners reduce or remove the need for formalised control mechanisms (Davila, 2005; De Grip & Sieben, 2009). In larger organisations, the complexity of aligning people to organisational goals increases: greater task differentiation between employees takes place, and more management is required (Lawrence & Lorsch, 1967; Mintzberg, 1979). Formalised systems of human resource practices reduce the need for direct control and interpersonal interactions (Mintzberg, 1979). Developing more formal systems for human resource management only produces a return when a sufficient number of employees are involved: the returns for smaller firms do not outweigh the time and resources needed to implement HPWPs (Sels et al., 2006).

Davila (2005) found that the largest differences in formalised HR practices were seen in organisations in the 1-30 employee range and in those with more than 75 employees. Few differences in formalisation were observed among firms employing between 30 and 75 employees. This underlines the fact that even within a population of micro- and small organisations, the focus of the current paper, the adoption and elaboration of formal HR practices does tend to be related to organisation size.

Together, these reasons suggest that the greater complexity characteristic of larger organisations hinders the application of direct control through less resource intensive informal practice. In combination with the availability of more means, this will lead to the implementation of more formalised HR practices, such as HPWPs, in larger organisations. In terms of the AMO elements of HPWPs, the largest required investments will be in practices related to boosting ability and motivation, since these involve training expenses and high pay levels. Career opportunities in larger organisations are also more likely to become formalised as roles become more differentiated (Davila 2005). Practices related to opportunity creation are less size-dependent because these involve lower costs and can take place in organisations even when jobs are not clearly differentiated (Drummond & Stone 2007). Based on this argument, our first hypothesis is that:

Hypothesis 1: Employees in smaller organisations will perceive fewer motivation and ability practices on average than those in larger organisations.

Strategic decision making

Although resources needed to implement the more expensive bundles of HPWPs are restricted by firm size, size by itself is insufficient to explain the existence of different HPWPs configurations in comparable firms (Lacoursière et al., 2008). In the second theoretical perspective, we focus on the strategic choice of the entrepreneur. In small firms the main decision making concerning human resource management is, for the most part, the responsibility of the entrepreneur. In fact, the human resource function is often the last position to be delegated to a functional manager (Matlay, 1999). Consequently, strategic choices about HPWPs are directly affected by an entrepreneur's knowledge and attitudes. Strategic choice refers to the process whereby the entrepreneur decides on the course of action that is to be taken by the firm in response to the (competitive) environment, the available resources and the design of the structure, rules and routines of the organization (Child, 1997; Edwards et al., 2006). Indeed, when asked, small firm entrepreneurs commonly indicate that they critically evaluate the introduction and use of human resource practices against the situation and needs of their firm (Drummond & Stone, 2007). Together these arguments illustrate that the decision of whether or not to implement HPWPs is as much a strategic choice as it is a result of resource constraints.

In short, the decision process leading to the implementation of HPWPs seems to be based on two elements: first, an evaluation of the issue at hand as an HR-related issue and next, the evaluation of the resources needed to deal with the issue by implementing HPWPs (de Kok & Uhlaner, 2001).

The first element includes the diagnosis by the firm's management of an organizational problem as an issue worthy of an HR intervention (Cassell et al., 2002). Although the causes underlying company problems are numerous including competition, company relations, and new employment regulations (Mayson & Barrett, 2006), not all solutions to such problems necessarily point to the need for an HR intervention. The diagnosis as to whether the solution to a given problem involves an HR element, such as the implementation of new set of HR practices, depends on the expertise and attitude of the firm's management. Owner-managers are often reluctant to delegate HR responsibilities (Marlow, 2002). Hence, the attitudes and knowledge of the entrepreneur will intervene in the translation of a particular need or problem into an HR intervention (Drummond & Stone, 2007; Harney & Dundon, 2006). According to upper echelon theory, the characteristics of key decision-makers interfere with rational decision-making (Hambrick & Mason, 1984). Especially in small firms, where the owner manager is the key decision maker and often enjoys considerable freedom of action, the effects of individual differences tend to be magnified (Staw, 1991). In particular, the owner's level of knowledge about the beneficial effects of HPWPs (*best-practice awareness*) is a clear example of restricted expertise that may hamper the performance of small firms (Welsh & White, 1981). But also the passion that owner-managers have for various activities in their firm impacts on their HR related decisions (Cardon et al., 2009). In particular, their strategic ambition (*entrepreneurial orientation*) and their general attitude towards people management (*HR vision*) are important in this context.

The second element directs attention to the fact that when the entrepreneur is in favour of an HR related intervention, an evaluation of the available resources for implementing the HR intervention

then becomes important (Cassell et al., 2002). Here too, the expertise and attitudinal forces that influence strategic decision making with respect to HPWPs will similarly colour the evaluation of the financial resources and time constraints involved in the implementation of HPWPs (Cassell et al., 2002). In some cases this strategic choice may even counter the straightforward expectation that only available resources (determined by firm size) will determine the uptake of certain HPWPs elements.

In the next section, hypotheses are developed for the second argument. This is the idea that small firm entrepreneurs adopt bundles of HPWPs depending on attitudinal and knowledge-related processes that intervene in the diagnosis and in the resources evaluation made by the entrepreneur as to whether a firm problem justifies the (partial) implementation of HPWPs. Depending on decision-makers' entrepreneurial orientation, HR vision and best practice awareness, this may lead to the uptake of different HPWP bundles.

Entrepreneurial orientation

Entrepreneurial orientation refers to the strategic orientation of the firm. In small firms, the entrepreneur is the person who drives this orientation. An entrepreneurial orientation is reflected in initiatives related to the firm's innovativeness, proactiveness and risk taking; for example by trying out new products and services or being more proactive than competitors towards new market opportunities (Covin et al., 1990). Small business owners who demonstrate an entrepreneurial orientation look to implement growth-oriented activities (Kim & Mauborgne, 1997).

Human resource management initiatives need to be viewed from the owner's desire to lead the firm forward by achieving financial results and company growth. While entrepreneurs are characterised by a strong drive and high motivation, their success also depends on their ability to create a strong core team made up of motivated, capable and market-oriented people. Entrepreneurs expect nothing less from the people they work with (Kuratko, 2007). This means a strong emphasis on employees who are as able as the entrepreneur to take the firm forward. In terms of the AMO elements, the emphasis will be on selecting and developing a team that shares the ambitions of the entrepreneur. Hence, practices related to ability are likely to be used in firms led by entrepreneurial owner-managers. It is less likely that these entrepreneurs will adopt motivation and opportunity practices. An owner with an entrepreneurial orientation evokes in employees a sense of being part of a "winning team" (De Clercq & Rius, 2007). The entrepreneurial orientation of the owner-manager energises motivation as a substitute for formal HPWP systems (Liu et al., 2003). Besides, motivation practices are relatively expensive and their contribution to the entrepreneurial strategy of the firm could be judged as marginal since, as a result of a highly entrepreneurial orientation, employees are already motivated and there is no need for further motivation development. Lastly, opportunity practices involve delegating responsibilities, which would seem to conflict with the preferences of an entrepreneur to keep a tight rein and lead the firm to success.

Barringer et al. (2005) compared growth-oriented and non-growth-oriented firms and found that growth-oriented firms indeed invested more in training, development and incentive schemes. It

was apparent that rapid-growth firms depend heavily on the abilities and efforts of their employees to maintain their growth-oriented strategies. This leads to our second hypothesis:

Hypothesis 2: In firms where the owners have a greater entrepreneurial orientation, employees will perceive more practices related to boosting employee ability.

Best-practice awareness

One reason why many organisations do not adopt HPWPs is that managers may not be aware of, or disagree with, academic research findings on HR 'best practices' (Colbert et al., 2005). Especially in small firms that do not employ a human resource professional, the uptake of best practices is dependent on the owner-manager's insights into this professional field. The awareness of best practices depends on the information channels used by the owner, and personal experiences with employee management (Colbert et al., 2005). In most of the literature, the educational level of the owner-manager serves as a proxy for entrepreneurial skills and abilities, including employment management skills (Barringer et al. 2005), but their understanding of HRM can be investigated directly as well (Colbert et al., 2005). More knowledgeable small business managers tend to invest more proactively in human resource management (Lacoursière et al., 2008). When owners are more knowledgeable about best practices, investments in HPWPs are more likely.

We argue here that the effect of best practice awareness will probably be most apparent where employee empowerment and involvement are concerned (as in the Opportunity bundle of HPWPs). Although most small firm owners do value a family climate (where friendly and familial relationships with employees are central), strategic decision-making usually remains firmly in the hands of the business owner (Marlow, 2002). It requires an awareness of the value of involving employees to take the step of delegating responsibilities (Spreitzer & Mishra, 1999).

In terms of the interaction of organisation size and best practice awareness, we reason that the previous logic becomes even more apparent in somewhat larger small organisations. After all, the need to delegate becomes more pressing when more employees need to be managed. However, in a population of micro- and small organisations (up to 50 employees), the owner-managers of the somewhat larger firms still have the choice to delegate or to keep control firmly in their own hands (Marlow, 2002). The decision to delegate and empower employees will be made more quickly by entrepreneurs who have a better understanding of the added value of best practices. Supportive findings for this reasoning were reported by Drummond and Stone (2007) who found that in a population of best small firm employers, Owner managers stated that they had a strong belief in the advantages of involving employees in teamwork, in developing the firm strategy, in daily managerial routines and in designing their own work. These arguments lead to our third pair of hypotheses:

Hypothesis 3A: In firms where owners are more aware of best practices, employees will perceive a greater presence of opportunity practices.

Hypothesis 3B: In larger small firms, the relationship between the owners' best practice awareness and opportunity practices will be stronger.

Innovative HR vision

Some small firms are quicker than others to adopt modern human resource practices (Harney & Dundon, 2006; Bacon et al., 1996). The decision to implement modern practices, such as an entire HPWP system, is to an extent driven by normative considerations relating to beliefs surrounding the practices (Paauwe & Boselie, 2005). Cardon et al. (2009) state that entrepreneurs can be passionate about various activities needed to manage their firms. A passion for people management is evidenced in a desire to be in the vanguard in adopting the newest people management strategies. Various adopter categories for innovative HR are discerned: leaders, fast followers, slow followers and laggards (Paauwe & Boselie, 2005). Leaders and fast followers are relatively early in introducing new knowledge or technology to their organisations. They take greater risks than slow followers and laggards, but will benefit the most from competitive advantages if an adopted practice turns out to be beneficial for employee performance. The attitude of the entrepreneur towards novel HR practices determines the speed at which these practices will be implemented (Mirvis, 1997). Drummond and Stone (2007) found that really successful small firm entrepreneurs not only copied existing practices but also developed innovative HR practices that supported their business philosophy – and that this would lead to HR systems similar to complete HPWP systems, including practices related to increasing ability, motivation and opportunity.

This strategic evaluation of available resources will be most apparent in smaller firms where owners have a more innovative HR vision. When an owner-manager's desire to be ahead when it comes to implementing novel human resource practice goes together with more limited resources, as is the case in somewhat smaller firms, these owners will be keener to employ the available resources in favour of the implementation of all three HPWP bundles (Paauwe & Boselie, 2005). Just in such a situation (where resources (time and money) are restrained), an owner-manager's vision to be ahead when it comes to implementing novel human resource practices is crucial to take the decision to implement all three HPWP bundles. This leads to the following hypotheses:

Hypothesis 4A: In firms where owners pursue a more innovative form of HR, employees will perceive more practices related to all elements of HPWPs: ability, motivation and opportunity.

Hypothesis 4B: In smaller firms, the relationship between innovative HR and all elements of HPWPs will be stronger than in larger firms.

METHOD

Procedure and sample

According to EU guidelines, an organisation is categorised as small when it has less than 50 employees and its annual turnover is less than €10 million (EuropeanCommission 2005). Using these criteria, 48 organisations in a Dutch local industry network were approached, of which 45 agreed to participate, a 94 per cent response rate. About half of the organisations operated in the service sector (for example as financial advisors, an advertising agency or a printing office). The others were in the construction industry (for example in building, plumbing, stage building). On average the organisations employed 26 people (SD = 14.80; range = 6 - 52).

Data were obtained using questionnaires to test our hypotheses. Most HRM studies use HR managers as respondents but, given concerns related to single-rater bias (Gerhart et al., 2000) and the reality that in small organisations the entrepreneur has an important role in shaping HRM (Cassell et al., 2002), it was considered important to test the hypotheses with data from both entrepreneurs and employees of independent small organisations. For these reasons, two questionnaires were developed: one for the entrepreneurs and one for their employees. Entrepreneurs were asked to provide information about best-practice awareness, innovative HR and entrepreneurial orientation, and about the sector, the age and the size of the organisation. Once the consent of the entrepreneur of an identified company had been secured, the questionnaires for the entrepreneurs were distributed by mail with intensive telephone follow-up. In the covering letter to this survey, the entrepreneur was asked to distribute the employee questionnaire to five employees who were representative of the organisation, who were then asked to provide data on perceived HPWPs.

In total, survey data from 211 employees, working in the 45 small organisations where the entrepreneurs were participating, were collected. About 82 per cent of the entrepreneurs were male, and their average age was 44 years ($SD = 8.37$). The majority of the entrepreneurs had at least a bachelor's degree. The employees had an average age of 38 ($SD = 10.50$), and were predominantly male (64 %). In terms of education, 39 per cent of the employees had at least a bachelor's degree.

Measures

Entrepreneurial orientation. The nine items in Covin and Slevin's (1989) entrepreneurial orientation scale were reworded to make them more appropriate for the entrepreneurial context of our study (see Appendix 1 for the reworded items). Given that we were interested in the orientation of the entrepreneur, we asked the extent to which the various statements applied to their way of managing the organisation. This scale contains items on innovation, proactiveness and risk-taking. In line with Lumpkin and Dess (2001) and Stam and Elfring (2008), we replaced the original Covin and Slevin (1989) question that asked whether an organisation prefers to 'undo competitors' or to 'live and let live', with an item asking whether the organisation 'has a strong tendency to follow the leader' or to 'be ahead of other competitors' in introducing new products and services, as a way of measuring proactiveness rather than competitive aggressiveness. All the items were composed of pairs of opposing statements with a seven-point response scale between these two extremes. The Cronbach's alpha for this nine-item scale was .84.

Best-practice awareness. Best-practice awareness was measured by calculating a knowledge ratio. The degree to which entrepreneurs agreed with HR research findings was assessed using 12 true/false questions designed to be either consistent or inconsistent with research findings on various HRM activities (management, staffing, participation in decision-making, performance appraisal, teamwork, compensation) (Rynes et al., 2002). We selected these 12 (of 35 available) statements because these were the most applicable to the research context (small entrepreneurial organisations in the Netherlands) and because we expected owners to have various levels of knowledge about them (see Appendix 2). Reflecting the research setting, one item was reworded.

We replaced the original item stating that: 'In order to be evaluated favourably by line managers, the most important competency of HR managers is the ability to manage change' to 'The most important competency of entrepreneurs is the ability to manage change'. For each entrepreneur, a knowledge ratio was computed (correct answers divided by 12). The original statements were translated from English into Dutch. The Dutch version was back-translated to English by a native speaker; differences were discussed and adjustments made where necessary.

Innovative HR. To measure the degree of innovation in the organisation's HR strategy, two items drawn from Colbert et al. (2005), that were based on Miles and Snow's (1978) strategic typology, were used. The first item reflects an analyser approach: 'We adopt new human resource practices shortly after they have been tried by other companies'. The second item reflects a prospector approach: 'We are often the first to adopt new or innovative HR practices'. Entrepreneurs were asked to rate their HR strategy on a five-point scale (1 = 'strongly disagree' to 5 = 'strongly agree') with these two statements. In line with a continuum-of-types interpretation (Doty et al. 1993), responses to the two items were averaged to reflect the degree of innovation and proactiveness in an organisation's HR strategy.

Organisation size. As an indicator of organisational size, we used the number of employees in the organisation.

Bundles of high performance work practices. High performance work practices were measured in the employee questionnaire (see Takeuchi et al. (2009) for a similar approach). A list of HR practices covering the three broad areas or 'bundles' (ability, motivation and opportunity) was developed based on Appelbaum et al. (2000) and on their appropriateness in a Dutch context (see Appendix 3). Five items were included to measure high performance work practices that focused on *employees' abilities*. The first item reflected the willingness of their organisation to develop their employees (Boselie, 2002). Three items focused on the amount of internal and external training offered by the organisation (Den Hartog & Verburg, 2004; Boselie, 2002). The final item concerned the willingness of the organisation to develop employee skills. The resulting Cronbach's alpha for this scale was .80.

Our measure of high performance work practices related to *employee motivation* included six items. Two items were included on rewards in order to measure the extent to which the organisation paid above average salaries, and the existence of benefits over and above wages (Den Hartog & Verburg, 2004). One item was included that measured the presence of career plans for employees (Den Hartog & Verburg, 2004). As a final indicator, we included three items on the extent of information sharing within the company (Den Hartog & Verburg, 2004). The scale showed good reliability ($\alpha = .72$).

A further five items reflected those high performance work practices that focus on providing employees with *opportunities to perform* (Boselie, 2002). First, two items on autonomy in on-the-job decision-making were included that focused on the amount of autonomy in work planning and in investing in new materials and technology. Next, two items provided indications of the extent of participation in work meetings and in policymaking. A final item addressed teamwork. Cronbach's alpha for this scale was .67.

A confirmatory factor analysis revealed that the hypothesised three-factor model (ability, motivation and opportunity) fitted the data significantly better than a one-factor model in which all items were loaded onto a single factor ($\Delta \chi^2 (3) = 78.74$ $p < .05$). These results support the classification of high performance work systems into ability-, motivation- and opportunity- focused practices.

The possible answer categories focused on how many employees were covered by a specific High Performance Work Practice, rather than simply asking whether a practice was present or not (Boselie, 2002; Gibson et al., 2007), but did not distinguish between different employee groups. The answer options were: 'this applies to none of the employees', 'this applies to only a few employees', 'this applies to half of the employees', 'this applies to most of the employees' or 'this applies to all employees'.

A higher mean score on these scales indicates a greater perceived presence or intensity of high performance work system practices focussing on ability, motivation or opportunity in the organisation. However, a high score for intensity at the organisational level can result from the application of practices for most employees, or the application of some practices for all employees (Kroon et al., 2009). Given this potential uncertainty, two additional indicators were included. The first additional indicator is 'scope', defined as the number of high performance work practices that are applied to at least a few employees. Secondly, 'depth' refers to the number of practices that are applied to all employees (Boselie et al., 2005).

To support the aggregation of the individual perceptions of high performance work practices into organisation-level scores, we examined certain aggregation statistics: the interrater agreement index (Rwg(j): James et al. (1984) and two interrater reliability indices (ICC1 and ICC2: (Bliese, 2000)). Provided Rwg(j) and ICC2 values are above .70, there is considered to be sufficient justification for aggregation (Klein et al., 2000). The ICC2 values for the three HRM bundles were .84, .82 and .80 respectively, and the corresponding Rwg(j) values .84, .83 and .81. The ICC1 values for the HRM bundles were .51 (ability), .49 (motivation) and .46 (opportunity), indicating in each case that about half of the variance in the high performance work practices is attributable to organisational membership. These statistics support the aggregation of the HRM bundles to the organisational level as they suggest perceptions were widely shared within organisations and also reliably different across organisations (Bliese, 2000).

Control variables. We controlled for organisation age (the number of years since start-up) and industry (service sector versus construction industry) in the analyses because these control variables may influence relationships between agency factors, size and high performance work practices (Cassell et al., 2002; Aldrich 1999; Chandler & McEvoy, 2000).

Data analysis

The analyses for hypotheses 1 to 4B involved regression methods. For each HRM bundle (ability, motivation and opportunity), three analyses were performed predicting HRM intensity, depth and scope. We started by testing the effect of owner characteristics and size on the three HRM bundles (M1). Next, we tested the hypothesised interaction between owner characteristics and size on the

three HRM bundles (H3 and H4). Here we followed the procedures proposed by Baron and Kenny (1986) and Aiken and West (1991). To compute interaction terms we standardised the predictors, namely the owner characteristics and the size measure, and then multiplied these standardised values to compute the interaction terms. These interaction terms were then incorporated into the main effect model (M2) (for opportunity practices interaction effects were modelled separately). Given the relatively small sample size, and to gain a clear indication of the relationships involved, we applied a bootstrapping procedure (involving the creation of 2000 bootstrap samples) using AMOS 6 (Arbuckle 2006) for M1 and M2. The significance of the effects was determined by comparing the probability level (p) from the bootstrapping results (biased corrected percentile method) – with a significance level of .05 (one-tailed significance test). All the analyses were performed at the organisational level of analysis.

RESULTS

Table 1 shows the means, standard deviations and correlations among the studied variables for the complete sample. As can be seen from Table 1, the mean scores of the three bundles of HPWPs differ. Practices stimulating motivation are less widely implemented than opportunity creating practices, which are in turn implemented less often than practices that enhance ability. The three elements of HPWPs are moderately correlated with each other (between .30 and .44). Table 1 further shows that the three approaches to perceiving the HPWPs bundles (intensity, scope and depth) are moderately to highly correlated (.27 - .83) with each other. As regards best-practice awareness, the mean score was .61, indicating that the entrepreneurs on average correctly answered 61 per cent of the HRM knowledge items. Significant correlations were found between entrepreneurial orientation, best-practice awareness, organisation size and the perceived use of ability, motivation and opportunity practices.

Next, the influence of organisation size was investigated (Hypothesis 1). A positive effect was established between organisation size and both ability and motivation practices (but not in terms of depth). The effects were between .36** and .66**, indicating that employees in smaller organisations perceive fewer ability and motivation practices (Tables 2 and 3, M1). As such, Hypothesis 1 is largely confirmed.

The next three hypotheses all concerned the influence of owner characteristics on the presence of HPWP bundles in the firm. Hypothesis 2 posited a positive relationship between entrepreneurial orientation and the use of ability practices. Table 2 (M1) shows that employees perceive more practices related to ability in firms where the owners have a greater entrepreneurial orientation (scope $\beta = .18^*$). Hence, Hypothesis 2 was confirmed.

Table 1 | Descriptives

| Variable | Mean | SD | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
|-------------------------------|-------|-------|--------|-------|--------|-------|--------|------|-------|-------|-------|-------|-------|-----|-------|------|
| 1. Industry ¹ | | | 1 | | | | | | | | | | | | | |
| 2.Organisation size | 26.47 | 14.80 | -.42** | 1 | | | | | | | | | | | | |
| 3.Organisation age | 22.11 | 11.10 | -.25* | .31** | 1 | | | | | | | | | | | |
| 4.Entrepreneurial orientation | 4.82 | .98 | .03 | .32* | -.10 | 1 | | | | | | | | | | |
| 5.Best-practice awareness | .61 | .16 | -.10 | .29 | .04 | .17 | 1 | | | | | | | | | |
| 6.Innovative HR | 2.72 | .77 | -.01 | -.12 | .09 | .06 | -.35** | 1 | | | | | | | | |
| 7.Ability intensity | 3.23 | .67 | -.42** | .62** | .02 | .33** | .31** | -.07 | 1 | | | | | | | |
| 8.Ability scope | 4.17 | .63 | -.40** | .72** | .18 | .41** | .21 | .23 | .77** | 1 | | | | | | |
| 9.Ability depth | 1.16 | .80 | -.29* | .33** | -.14 | .16 | .21 | -.15 | .83** | .45** | 1 | | | | | |
| 10.Motivation intensity | 2.85 | .57 | -.10 | .26* | -.17 | .02 | .17 | .09 | .44** | .45** | .48** | 1 | | | | |
| 11.Motivation scope | 4.55 | .80 | -.25* | .45** | .06 | .15 | .21 | .18 | .48** | .65** | .28* | .78** | 1 | | | |
| 12.Motivation depth | 1.09 | .85 | -.06 | .05 | -.14 | -.16 | -.03 | .22 | .26* | .20 | .40** | .82** | .44** | 1 | | |
| 13.Opportunity intensity | 3.04 | .53 | .10 | .00 | -.45** | .19 | .31** | -.15 | .38** | .17 | .47** | .30** | .18 | .11 | 1 | |
| 14.Opportunity scope | 4.33 | .54 | .09 | .17 | -.33** | .23 | .18 | .13 | .34** | .38** | .34** | .41** | .41** | .13 | .67** | 1 |
| 15.Opportunity depth | .93 | .72 | .10 | -.10 | -.35** | .03 | .22 | -.13 | .29* | .01 | .42** | .24 | .04 | .24 | .83** | .27* |

Note: ** p < .05 * p < .10 ¹Industry: 1 = Construction 2 = Service.

Table 2 | Overview of regression models predicting Ability

| | Intensity | Scope | Depth |
|-----------------------------|-----------|-------|-------|
| | M1 | M1 | M1 |
| Industry ¹ | -.25* | -.14 | -.24 |
| Organisation age | -.20 | -.07 | -.27* |
| Size | .53** | .66** | .28 |
| Entrepreneurial orientation | .15 | .18* | .06 |
| Innovative HR | -.00 | .31** | -.10 |
| R ² | .48 | .67 | .22 |

Note: ** p < .05 * p < .10 ¹Industry: 1 = Construction 2 = Service.

Interaction effects between innovative HR and size (M2) were non-significant and not reported here.

Table 3 | Overview of regression models predicting Motivation

| | Intensity | Scope | Depth | |
|-----------------------|-----------|-------|-------|------|
| | M1 | M1 | M2 | M1 |
| Industry ¹ | -.02 | -.08 | -.12 | -.06 |
| Organisation age | -.30* | -.13 | -.12 | -.22 |
| Size | .36** | .49** | .52** | .12 |
| Innovative HR | .16 | .25* | .30** | .25 |
| Innovative HR x size | | | -.26* | |
| R ² | .16 | .28 | .34 | .10 |

Note: ** p < .05 * p < .10; ¹Industry: 1 = Construction 2 = Service; Interaction effects between innovative HR and size (M2) were non-significant for intensity and depth and not reported here.

Table 4 | Overview of regression models predicting Opportunity

| Sector | Intensity | | Scope | Depth | |
|--------------------------------|-----------|--------|--------|-------|--------|
| | M1 | M2 | M1 | M1 | M2 |
| Industry ¹ | .02 | .03 | .03 | .04 | -.02 |
| Organisation age | -.46** | -.47** | -.36** | -.35* | -.33** |
| Best-practice awareness | .34** | .30* | .28** | .23 | .21 |
| Innovative HR | .01 | .04 | .26* | -.02 | .01 |
| Size | | .05 | | | -.11 |
| Best-practice awareness x size | | .26* | | | .40** |
| R ² | .31 | .38 | .20 | .18 | .34 |

Note: ** p < .05 * p < .10 ¹Industry: 1 = Construction 2 = Service.

Interaction effects between innovative HR and size (M2) were non-significant and not reported here.

Interaction effect between best-practice awareness and size (M2) was non-significant for scope and not reported here.

A second owner characteristic concerned best-practice awareness (Hypothesis 3). Best-practice awareness was positively related to opportunity practices (in terms of intensity $\beta = .34^{**}$, scope $\beta = .28^{**}$ see Table 4, M1) supporting Hypothesis 3A. The relationship between best-practice awareness and opportunity practices (intensity and depth) was found to strengthen with size ($\beta = .26^*$ and $\beta = .40^{**}$, respectively). To further illustrate the effect of size on the link between best-practice awareness and opportunity practices, we have shown the significant interactions graphically. Following Aiken and West (1991), simple slopes of the effects of the best-practice awareness on opportunity practices are represented for organisations that are small (one standard deviation below the mean) versus relatively large (one standard deviation above the mean).

Figure 1 illustrates that, in the larger organisations, there is the expected positive association between best-practice awareness and opportunity practices. However, in small organisations the relationship between best-practice awareness and opportunity practices is slightly negative. Finally, we tested the significance of the simple slopes of regression lines at one standard deviation above and below the mean of organisation size (Aiken and West 1991). The test confirmed the positive relationship between best-practice awareness and opportunity practices for larger organisations ($\beta = .58^{**}$ and $\beta = .65^{**}$, respectively). For small organisations the negative relationship between best-practice awareness and opportunity practices was non-significant. These results largely confirm Hypothesis 3B.

Further, moderate support was found for Hypothesis 4A which argued that employees would perceive more of all elements of an HPWPS (ability, motivation and opportunity practices) in firms where the owners adopted an innovative HR strategy. Our results show that an innovative HR strategy is positively related to the scope dimension (ability $\beta = .31^{**}$, motivation $\beta = .25^*$; opportunity $\beta = .26^{**}$) indicating that, in firms where the owners have a more innovative HR strategy, employees do perceive ability, motivation and opportunity practices to be more widely applied than do employees in firms where the owner has a less innovative HR strategy. However, the intensity and the depth of high performance work practices seemed to be unrelated to an innovative HR strategy.

Finally, only moderate evidence was found to support Hypothesis 4B: one significant interaction effect was found. In smaller firms, the relationship between innovative HR and motivation scope was stronger than in larger firms ($\beta = -.26^{**}$). Following Aiken and West (1991) Figure 2 illustrates that, in small organisations the relationship between innovative HR and motivation scope is positive. In larger organisations, the relationship between innovative HR and motivation scope is only slightly positive. We tested the significance of the simple slopes of regression lines at one standard deviation above and below the mean of organisation size (Aiken & West, 1991). The test confirmed the positive relationship between innovative HR and motivation scope for smaller organisations ($\beta = .59^{**}$). For larger organisations the relationship between innovative HR and motivation scope was non-significant. These results partially confirm hypothesis 4B (for the scope of motivation practices).

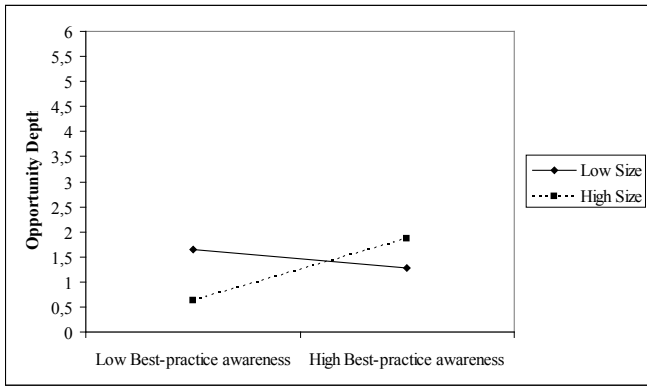
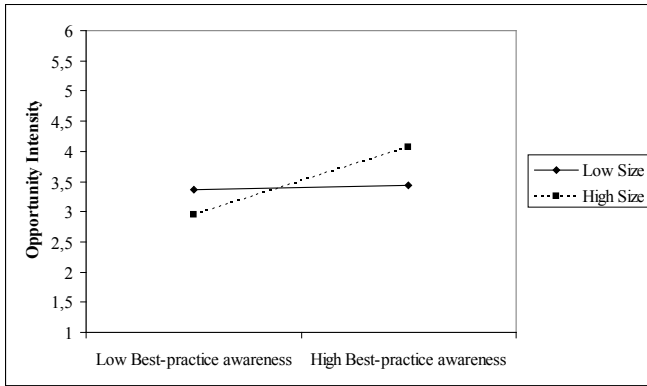


Figure 1 | The association between best-practice awareness and opportunity moderated by size.

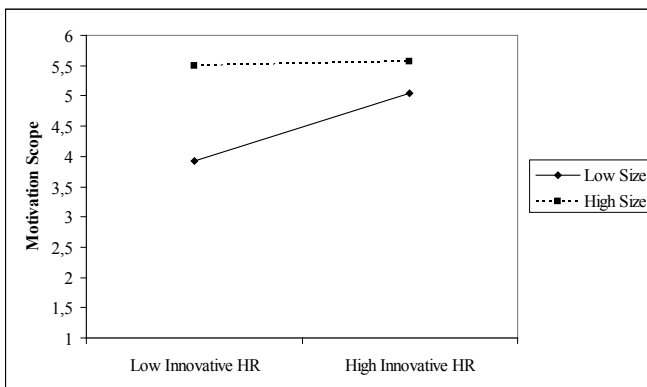


Figure 2 | The association between innovative HR and motivation practices moderated by size.

DISCUSSION

Research into HRM and performance in small firms has embraced the search for High Performance Work Practices (HPWPs) without really considering the suitability of this model in the context of small firms. In order to advance the discussion on the presence of HPWPs in small firms, we looked into the probability that small firms adopt smaller sets of related practices instead of the whole package of HPWPs. The AMO model provided a theoretical rationale for the distinction of three smaller bundles of best practices aimed at employee ability (A), motivation (M) and at the opportunity to perform (O).

In a study of 45 small organisations (employing between 6 and 51 employees) and in total 211 employees, we indeed found variation in the presence of the three bundles. This finding underlines that looking for complete systems of High Performance Work Practices does not do justice to possible alternative strategic applications of best practices.

Looking into explanations for this variation, we addressed two complementary perspectives: resource poverty and strategic decision making. Resource poverty has to do with constraints in time and money, both of which are typically less available in smaller firms (Welsh & White, 1981). Here it was established that fewer ability and motivation practices were reported by employees working in the smaller firms in our sample (Hypothesis 1). The costs involved in implementing formal training (A), career paths and high salaries (M) can be substantial and particularly difficult to shoulder by smaller firms (Sels et al., 2006). In addition, the greater organizational complexity of larger firms and the increased difficulty of maintaining direct control through an informal approach will lead to the implementation of more-formalised ability and motivation practices in larger firms (Mayson & Barrett, 2006). Notably, the scope (i.e. the number of different practices) and the intensity of application (i.e. the proportion of employees covered by these practices) of the ability and motivation bundles were related to organisational size such that, although these practices were present, they did not necessarily apply to all employees.

However, size alone did not explain all of the variation in the AMO bundles in small firms. Notably, our findings illustrate that it is the strategic choice of the owner manager that also influences which investments in an AMO system are given priority. In line with Hypothesis 2, we found that entrepreneurial orientation was related to practices concerning abilities. Small firms that achieve large financial and employee growth are often managed by owners with entrepreneurial orientations. These entrepreneurs are keen resource managers who align all their resources with organisational growth. To achieve rapid growth, it is sufficient to have able employees who can follow the ambitious leader (Kuratko, 2007).

A striking finding was that when entrepreneurs had a greater awareness of best practices, their employees reported a larger presence of opportunity practices, supporting Hypothesis 3A. This means that employees experienced being involved in determining the strategy of the firm and deciding on investments, and that they had a say in how to organize their work. The impact of the entrepreneur's best practice awareness on employee reports of opportunity practices was especially evident in the somewhat larger organisations; in the smaller organisations, best practice

awareness did not really influence the level of opportunity practices used (Hypotheses 3B). In our sample of micro and small organizations, entrepreneurs of the somewhat larger firms could still use autocratic and centralized styles of decision making (Edwards et al. 2006). One of the most difficult things for entrepreneurs to achieve is delegating responsibilities to employees (Spreitzer & Mishra, 1999). Obviously, knowing about the beneficial effects of advanced people management practices may help them to overcome their reluctance to empower and involve their employees. It seems that in younger organizations, entrepreneurs are more open to the use of opportunity practices. The most likely explanation for this finding is that in younger organisations, fewer routines will have crystallised, and more negotiation takes place between owners and employees in order to embed these routines. Keeping this habit of involving and empowering employees when the firm grows older is a strategic decision related to the entrepreneur's best practice awareness.

Another finding further illustrates the idea that size alone is not enough to explain the absence or presence of HPWPs. Entrepreneurs who aim to be 'innovative' in their HR strategy can be expected to lead in terms of demonstrating the use of all the HPWP dimensions. Indeed, employees of such 'innovative' entrepreneurs reported a greater scope of each of the three AMO bundles. This means that these employees perceived that more practices from each of the AMO bundles were present in their firms, although these practices were not necessarily applied to all employees (Hypothesis 4A). In addition, it appeared that the relationship between the owner's preference for innovative HR and the scope of motivation practices was most prominent in smaller organizations. This means that in smaller organizations, employees of entrepreneurs with an innovative HR strategy were more likely to report the presence of above-average salaries, financial rewards, formal career plans and company communication. In larger firms, the relationship was less prominent; indicating that it is not merely the greater availability of financial means that facilitates the implementation of motivation practices. This partially confirms hypothesis 4B. This finding is counter intuitive, since motivation practices involve pay-related incentives that are considered to be expensive for small firms. Hence, it raises a question about innovativeness in relation to company performance. According to Paauwe and Boselie (2005), a positive attitude towards innovative HR is not necessarily driven by performance considerations, but could be driven by a desire to be the first to try out new things, analogous to the product lifecycle theory's claim of there being innovators, fast followers, slow followers and laggards. This could imply that the more innovative entrepreneurs are, the more they try out new practices quickly, but without intending to develop a performance strategy out of their human resource management approach. This would align with the finding that an innovative HR orientation was only related to the scope and not to the depth of the actual practices used. Entrepreneurs claiming to be innovative in terms of HR only implement related practices for some employees, rather than working on the basis that providing these practices to all employees would enhance their performance. This raises the question as to whether pursuing modern management practices (such as HPWPs) without reflecting on performance considerations is indeed, as Paauwe and Boselie (2005) put it, 'pursuing best practices in spite of performance'.

Overall, the findings highlight the fact that implementing all the AMO elements of HPWPs can be at odds with the resources of a small firm. In addition, we found that the entrepreneurial

orientation, the awareness of best practice and the HR innovativeness of owner-managers lead to different preferences when adopting HPWPs in their firms.

Contributions

The present focus on smaller bundles of strategic combinations of human resource practices provides a fruitful and promising approach to investigating high performance work practices in small organizations. Hence, the first contribution concerns the investigation of three bundles of HR practices. Much of the theoretical development related to HPWPs has evolved around the AMO model, but without truly considering the diverse performance goals of the practices involved in the bundles (Boxall & Macky, 2009). In particular, in small organisations, entrepreneurs have adopted specific HPWP elements, and claim to have done so because these fit with the needs of their firms (Drummond & Stone, 2007). HPWPs are expensive to implement, and their costs can outweigh the performance benefits (Sels et al., 2006). However, when smaller bundles of practices, aimed at more-specific performance goals, are implemented, the associated costs are more modest and the results more closely aligned with the contingent needs of the firm.

The findings presented in this paper illustrate the importance of considering the general notion of resource poverty (given by the size of the organization) in combination with strategic decision making models to human resource management investment in small firms. The study shows that the expertise and attitudes of the owner manager inform the decision-making processes concerned with the implementation of HPWPs in small firms, over and above restrictions caused by limited financial resources and time constraints (both of which tend to become less problematic as organisation size increases). Interestingly, the three characteristics of the owner manager considered (best-practice awareness, entrepreneurial orientation and the desire to have innovative HR practices) were shown to be related to the presence of HPWPs in various ways. As such, the human capital of an owner manager indeed warrants consideration when researching human resource management in small firms. Moreover, the findings indicate that the effect of best-practice awareness and the desire to have innovative HR practices interact with the availability of resources (the size of the small firm). The mechanisms that cause these interactions can be explained by a strategic choice perspective. The felt need to delegate responsibilities to employees (O) does not automatically increase with size, but depends on the awareness of the owner that delegating is a good thing to do. In addition, the drive to be innovative in their HR strategy is of crucial importance for the implementation of motivation practices in smaller firms.

Overall, our research confirms that resource poverty and decision making factors are both related to the uptake of different HR bundles. Another contribution involves the measurement of HPWPs. Research into human resource management in small firms has struggled with the question of how to measure HR practices. Given the small number of employees, practices are often only informally present, or apply only to a few employees (de Kok & Uhlaner, 2001). In addressing these measurement issues, we evaluated the presence of the AMO elements in three ways: their intensity, their scope and their depth. The strength of this approach was for example shown in that the level of innovative HR was only related to the ability, motivation and opportunity bundles, as hypothesised, in terms of scope. Although more practices related to each of the AMO bundles

are reported by employees of innovative entrepreneurs, not all employees benefit equally from these practices as they only apply to a few employees. The depth measure of an AMO bundle reflects the number of practices that are applied to all employees. Here we found a negative relationship between the age of the firm and the depth of use of ability practices, indicating that in older organizations are more selective in which employees can enjoy ability practices. In younger organizations the building of the core group of employees is still crucial, which could explain for this finding (Aldrich, 1999).

A final contribution concerns the use of multi-source data obtained from both owner-managers and employees of small firms in our study (i.e. a multi-actor study). This design has enabled us to investigate whether the implementation of HR practices is related to the expertise and knowledge of entrepreneurs while ensuring that common method variance does not bias our results.

Limitations

This research has several limitations. First, the sample was quite small, and was focussed on a geographically-concentrated group of small firms. Due to their geographical proximity, some characteristics of the sample, such as their labour market and employment legislation, can be assumed to have been uniform. However, the advantages of sample homogeneity may come at the cost of being able to generalise the findings. Nevertheless, despite its small size, the sample did provide sufficient variation in both the use of High Performance Work Systems and in the hypothesised predictors of high performance work bundles.

Although we used employee perceptions as indicators of the presence of HPWPs in their firms, the sample of respondents was determined by the contact person in the organisation (usually the manager/entrepreneur). Despite high intra-class correlations that indicate that the averaged perceptions are reliable, it is possible that the samples are not representative of all employees in each organisation. However, the procedure of using multiple respondents in each firm and drawing on multiple actors (employees and entrepreneurs in our study) is advocated as a way of reducing the single respondent bias that many human resource research designs suffer from (Gerhart et al., 2000).

Finally, as we took a cross-sectional approach, we cannot be confident of any causal relationships suggested by the results. In order to more confidently understand how practices and the availability of resources develop over time it would be valuable to perform longitudinal case studies.

Implications

Despite claims about the limited uptake and applicability of human resource management in small firms, this study contributed to the literature on HRM in small firms by uncovering the presence of aligned bundles of HPWPs in such firms. In addition, this study adds to the literature on resource poverty and strategic decision making by showing that the implementation of HPWPs bundles in small firms depends on the size of the organization, the decision making by the entrepreneur and their combination. In line with a resource poverty perspective, this study confirmed that as a result of time and financial limitations related to firm scale, smaller firms implemented fewer ability and motivation practices. However, the influence of the availability of resources needs to be nuanced.

This study highlights the fact that the implementation of ability, motivation and opportunity practices is also related to the expertise and outlook of the individual entrepreneurs that tend to drive strategic decision-making in small firms. Moreover, this study shows that the expertise and attitudes of these entrepreneurs help to moderate the effect that limited resources have on the uptake of certain elements of high performance work systems. More research is needed that integrate the resource poverty notion and strategic decision making models to gain greater insight into the conditions under which HPWPs are taken up by small firms.

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Appendix 1 | Items measuring entrepreneurial orientation

| Left-hand proposition | Right-hand proposition |
|--|--|
| 1. In our organisation, I put a strong emphasis on the marketing of tried and tested products and services | In our organisation, I place a strong emphasis on R and D, technological leadership and innovation |
| 2. I have not introduced new lines of products or services in our organisation | I have introduced many new lines of products and services |
| 3. During the time I have been head of this organisation the changes in product or services lines have been mostly of a minor nature | During the time I have been head of this organisation the changes in product or services lines have usually been quite dramatic |
| 4. As an entrepreneur, I typically respond to actions which competitors initiate | As an entrepreneur, I typically initiate actions to which competitors then respond |
| 5. I am very seldom the first person that introduces new products / services, administrative techniques and operating techniques within our organisation | I am very often the person that introduces new products / services, administrative techniques and operating techniques within our organisation |
| 6. As an entrepreneur, I have a strong tendency to follow leading competitors | As an entrepreneur, I have a strong tendency to be ahead of other competitors |
| 7. As an entrepreneur, I have a strong proclivity for low-risks projects (with normal and certain rates of return) | As an entrepreneur, I have a strong proclivity for high-risks projects (with possibilities of very high returns) |
| 8. I believe that owing to the nature of the environment, it is best to explore it gradually through timid, incremental behaviour | I believe that owing to the nature of the environment, bold, wide-ranging actions are necessary to achieve the organisation's objectives |
| 9. As an entrepreneur, I typically adopt a cautious, 'wait-and-see' posture in order to minimise the probability of making costly decisions | As an entrepreneur, I typically adopt a bold, aggressive posture in order to maximise the probability of exploiting potential opportunities |

Appendix 2 | Items measuring best-practice awareness

| Item |
|--|
| 1. The most valid employment interviews are designed around each candidate's unique background. |
| 2. On average, applicants who answer job advertisements are likely to have higher turnover than those preferred by other employees. |
| 3. Being very intelligent is actually a disadvantage for performing well on a low-skilled job. |
| 4. On average, encouraging employees to participate in decision making is more effective for improving organisational performance, than setting performance goals. |
| 5. Teams with members from different functional areas are likely to reach better solutions to complex problems than teams from a single area. |
| 6. Companies with vision statements perform better than those without them. |
| 7. Most managers give employees lower performance appraisals than they objectively deserve. |
| 8. Leadership training is ineffective because good leaders are born, not made. |
| 9. Most errors in performance appraisals can be eliminated by providing training that describes the kinds of errors management tend to make and suggesting ways to avoid them. |
| 10. Most employees prefer to be paid on the basis of individual performance rather than on team or organisational performance. |
| 11. When pay must be reduced or frozen, there is little a company can do or say to reduce employee dissatisfaction and dysfunctional behaviours. |
| 12. The most important competency of entrepreneurs is the ability to manage change. |

Appendix 3 | Items measuring perceptions of high performance work practices

| Bundle | Item |
|--------------------|--|
| Ability | 1. Our organisation tries to educate its employees |
| | 2. Within our organisation it is possible to follow formal internal training courses |
| | 3. Our organisation offers the possibility to follow external training courses |
| | 4. Employees follow training courses to improve their social skills |
| | 5. Our organisation offers the possibility to develop skills |
| Motivation | 6. Our company pays above- average salaries |
| | 7. Beside their normal wage, employee receive a bonus or another financial reward |
| | 8. The organisation has formal career plans for its employees |
| | 9. Employees are informed about all future plans of the organisation |
| | 10. Employees are informed about the organisation's returns |
| Opportunity | 11. In our organisation, employees are informed about the organisation's vision and |
| | 12. Within our organisation, employees plan their own work |
| | 13. Employees are free to invest in new materials and technology |
| | 14. Employees participate in work meetings |
| | 15. Employees are involved in policymaking |
| | 16. Employees work together in teams |

Chapter 4

Cross-level effects of high performance work practices on burnout: Two counteracting mediating mechanisms compared



ABSTRACT

Purpose – This paper explores the impact of management practices – specifically, High Performance Work Practices (HPWPs) - on employee burnout. Two potential mediating mechanisms that counterbalance each other in the development of burnout were compared: a critical mechanism that states that HPWPs intensify job demands (which increases burnout) and a positive mechanism that states that HPWPs increase fairness among employees (which reduces burnout).

Design/Methodology/approach – Questionnaire data were gathered among 393 employees working in 86 Dutch organizations. HR managers provided information about HPWPs while employees were inquired about their perceptions of job demands, fairness and burnout. Multilevel regression analyses were conducted to test the assumptions.

Findings – The analyses revealed a slightly positive relationship between HPWPs and burnout, which was completely mediated by job demands. Fairness was associated with the experience of less burnout, but the results did not sustain the idea that HPWPs contributed to procedural justice. Although the data did not support the idea that justice and intensified job demands counteract each other in the development of burnout under systems of HPWPs, the results do support a critical “employee exploitation” oriented perspective on HPWPs.

Originality/value – Most studies on HPWPs focus on mechanisms that explain positive employee well-being outcomes. A more critical perspective, which predicts increased employee strain as a result of demanding work practices, is also valid. The results of this study indicate that the critical perspective on HPWPs receives empirical justification and requires further elaboration in future research.

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INTRODUCTION

This paper compares two competing mechanisms that might mediate the link between High Performance Work Practices (HPWPs) and employee burnout. Burnout is the ultimate consequence of endured job strain (Maslach, 1993), that can result from any job in itself but also from management practices (Maslach, Schaufeli, & Leiter, 2001). The few studies that explored the impact of modern management practices on employee burnout report mixed results (Godard, 2001a; Ramsay, Scholarios, & Harley, 2000). Our study examines whether these results can be explained by combining two counteracting mechanisms into a balanced model. The first explanation holds that HPWPs are designed to increase employee performance by means of higher job demands, which increases job strain (Ramsay et al., 2000). The second explanation expresses the positive contribution of HPWPs to employees. HPWPs provide clear and consistent procedures that result in more feelings of procedural justice, which reduces strain (Elovainio, Kivimäki, & Helkema, 2001). In this paper we explore to what extent these two mechanisms can be found in empirical data and to what extent the two mechanisms balance each other out in the relationship between HPWPs and burnout.

We use organization-level data collected from human resource managers in 86 organizations, and individual-level data from a sample of 393 individual employees working in these organizations. In the paper we first provide a theoretical explanation for the relationship between HPWP and burnout and introduce the two contradictory mechanisms. The second section describes the sample and the multilevel nature of our data. The third part presents the multilevel analyses that test our model, and the last section discusses the results and the implications of our findings.

HPWP and burnout

HPWPs are mostly welcomed as a positive impulse for organizations as well as for employees, although critics warn that the unilateral focus on performance increases the risk of employee exploitation (Godard, 2001a, 2001b; Legge, 1995). HPWPs are comprehensive bundles of practices aimed at motivating employees in such a way that their performance increases and contributes to the competitive advantage of organizations (Combs, Liu, Hall, & Ketchen, 2006; Huselid, 1995). The key to the success of HPWPs seems to be the way organizations deal with human capital, because it enables a context in which employees are willing to put in extra effort (Appelbaum, Bailey, Berg, & Kalleberg, 2000).

HPWPs consist of a number of coherent practices aimed at managing employees in organizations in such a way that they work together to select, develop and motivate a workforce that has outstanding qualities and that uses these qualities in work-related activities with discretionary effort, which result in improved organizational performance and sustained competitive advantage for the organization (Appelbaum et al., 2000). Yet the exact combination of practices (Evans & Davis, 2005; Arthur & Boyles, 2007) and the mechanisms through which HPWPs increase performance (Boselie, Dietz, & Boon, 2005; Guest, 2002; Gibson, Porath, Benson, & Lawler III, 2007) are still under discussion.

The effects of HPWPs on employees, instead of organizations, received less research attention (Appelbaum et al., 2000; Godard, 2001; Guest, 2002). The mainstream view holds that HPWPs

have positive outcomes for the organization AND for employees (Appelbaum et al., 2000; Paauwe, 2004). HPWPs offer employees external and internal incentives like flexible remuneration, training, teamwork and autonomy (Appelbaum et al., 2000), which are assumed to be simply “good” for employees (Godard, 2001a, 2001b). Most empirical studies into HPWPs indeed investigate employee attitudes like motivation or satisfaction, which precede extra effort and hence increased performance (e.g. Appelbaum et al., 2000; Guest 2002). A critical note is that this approach neglects the implicit economical force that drives the systems: in the end, it is the employee who simply needs to work harder (Legge, 1995). This we might call the “exploitation hypothesis”, which holds that management practices which aim at creating competitive advantage for the organization are at the costs of employee work intensification.

Few studies on HPWPs or related management practices have focused on the negative well-being effects like employee burnout that may result from increased employee exploitation. Burnout is a psychological syndrome which results from chronic, high stress levels at work (Maslach, 1993). Chronic high job demands lead to emotional exhaustion as an individual stress response, which results in detachment (emotional withdrawal from the job) and reduced feelings of personal accomplishment (feeling capable to do the job) (Maslach et al., 2001). Burnout develops in essence from the starting point of emotional exhaustion in response to an overload of job demands, and eventually intertwines with every nerve of a person’s being. So, although the burnout syndrome consists of three dimensions, the emotional exhaustion component is the most central. In this study we therefore focus solely on this emotional exhaustion dimension of burnout.

The focus of burnout research has widened from the individual job context to the broader context of organization management, hierarchy, layout and even the wider organizational environment (Schaufeli, 2006). Schaufeli (2006) uses social exchange theory to illustrate that emotional exhaustion results from unmet reciprocity at different levels of the employees’ work context. Besides the individual job level and interaction with supervisor and colleagues, social exchange with the organization impacts emotional exhaustion and withdrawal behaviours. Especially poor communication, poor management, and downsizing are known to be organization level stressors (Schaufeli, 2006). Management practices like HPWPs are part of the context of individual jobs. In this respect HPWPs can be viewed as a “wolf in sheep’s clothing” (Legge, 1995), as their official *intention* appears to be -at least- good communication and good management. Noblet and Rodwell (2008) reviewed the contribution of contextual stressors, especially organizational justice and contextual job demands to job stress and burnout. In general there seems to be support for the thesis that people’s overall assessment of organizational justice contributes to reducing stress over and above more traditional and job-level stress antecedents like job demands and control (Noblet & Rodwell, 2008).

Below we introduce two mechanisms in the HPWPs-burnout linkage. One is based on the critical, employee exploitation hypothesis and another on the positive role that procedural organizational justice might play. The intensified job demands mechanism derives from a critical “exploitation” perspective on HPWPs (Godard, 2001a; Legge 1995), while the high organizational justice mechanism is in line with a more positive perspective on HPWPs (Elovainio et al. 2001).

High Performance Work Practices, job demands and burnout

The critical perspective that relates High Performance Work Practices to burnout does so by focussing on intensified job demands as the mediating variable. Critical authors have warned for the unilateral focus of the HPWPs doctrine on performance (Greenwood, 2002). The continuous effort to maximally employ the potential of employees stresses the employee's capacity to cope with these demands (Godard, 2001a). Central in this observation is the ambiguous nature of HRM. HRM is not just "good" for employees, because the bottom line is that all HPWPs incentives have only one goal, and that is to achieve a better position for the company (Greenwood, 2002). Basically it can be perceived as a management tool that is designed to control employees, in order to increase organizational performance (Legge, 1995). The expected return from the employee for the HPWP incentives is extra or discretionary effort (Appelbaum et al., 2000). When an organization invests in employees, employees feel the urge to exchange this investment with extra effort and commitment to the organization, in short with positive attitudes towards the organization (Legge, 1995). Although employees may value the incentives offered to them through HPWPs, the message that the system signals to the employees is one of expectations of increased performance, and that it is the company which ultimately benefits from the employees' extra effort (Legge, 1995).

When a continuous feeling of high demands is experienced, the risk of emotional exhaustion increases (Bakker, Demerouti, & Verbeke, 2004; Karasek & Theorell, 1990). Godard (2001a) found that employees who worked in organizations that adopted high levels of HPWPs reported more experiences of stressful work. Employees in organizations with a moderate level adaptation to HPWPs merely experienced positive consequences. In a longitudinal study in Canadian workplaces Godard (2001b) found that initially HPWPs yielded positive outcomes for employees, but the more intensive high performance workplace reforms were, these positive returns from these investments diminished, which was explained through work intensification that resulted from these programmes. Ramsay et al. (2000) also found some evidence for work-intensification in organizations with a larger number of HPWPs. In our study, we investigate whether in organizations where more jobs are covered by HPWPs, employees experience higher job demands, and whether this in turn results in emotional exhaustion, the main component of burnout.

High Performance Work Practices, procedural justice and burnout

The positive perspective relates High Performance Work Practices to burnout by looking at procedural justice as the mediating mechanism. Justice is the outcome of fairness evaluations. Employees experience procedural injustice when procedures are perceived as unfair. Recently, employee well-being research has investigated the importance of justice in the prevention of burnout (Noblet & Rodwell, 2008), and indeed it has been proven a valuable resource in coping with uncertainty and stress (Van den Bosch, Wilke, & Lind, 1998). Especially the perception of the rightfulness of procedures in the organization has structural effects on decreased levels of stress (Schminke, Ambrose, & Cropanzano, 2000).

Procedural justice is defined as the perceived fairness of the process that leads to an outcome (Colquitt, Conlon, Wesson, Porter, & Ng, 2001). Procedural justice has been empirically related

to burnout (Eloviano, et al., 2001). It provides employees a sense of control over uncertain circumstances, which reduces feelings of burnout (Eloviano, et al., 2001; Greenberg, 2004; Maslach et al., 2001; Schmidt & Dörffel, 1999).

Organizational policies, and the way these are implemented and enacted in the organization, produce perceptions of justice (Cropanzano & Ambrose, 2001). Management practices, including HPWPs, are policies that help to establish and clarify rules and procedures within the organization. HPWPs signal the intentions of the organization to the employee. The more these intentions are *bundled*, the easier it is for employees to understand their logics (Rousseau, 2001). HPWPs are designed as a bundle of HR practices which are aligned with company strategy and with each other (Evans & Davis, 2005; MacDuffie, 1995). HPWPs function as a management vehicle that carries a consistent signal to employees (Rousseau, 2001). Consistent procedures like HPWPs are therefore associated with procedural justice: the perceived justice of the process (Chang, 2005; Cropanzano & Ambrose, 2001). Procedural justice is a solid predictor for an employees' evaluation of the organization as a whole, senior management and HR systems (Cropanzano, Rupp, Mohler, & Schminke, 2001; McFarlin & Sweeney, 1992). Procedural justice has been empirically demonstrated to have relationships both with HPWPs and with increased performance. E.g. Colvin (2006) found that HPWPs positively relate to perceptions of procedural justice.

Fully implemented HPWPs in an organization guarantee that HR procedures are consistent for all employees. When everybody enjoys the same procedures, the better these procedures are liked, and the more justice is experienced (Cropanzano, et al., 2001; McFarlin and Sweeney, 1992). Feelings of inequality and injustice occur when procedures differ for people within a group (Thibaut & Walker, 1975).

In our study, we investigate whether in organizations where more jobs are covered by HPWPs; employees experience more procedural justice, and therefore as a consequence also lower levels of burnout.

Counteracting mechanisms

The relationship between High Performance Work Practices and burnout was framed above in terms of two possible perspectives on HPWPs: the critical, exploitation perspective and the positive perspective. This study focuses on the emotional exhaustion component of burnout, because that relates most directly to stressors in the work environment. The presence of HPWPs is a contextual variable that can be connected to the mediating mechanisms of increased job demands *and* increased procedural justice. However, when following the critical perspective of intensified job demands, the relationship between HPWPs and emotional exhaustion is positive, causing more emotional exhaustion. By contrast, when we follow the positive perspective of increased procedural justice, the relationship between HPWPs and emotional exhaustion is negative, implying less emotional exhaustion. The two mechanisms therefore are expected to counteract each other, which –in sum- leads to the absence of an observable relationship between HPWPs and burnout. We can now present our hypotheses:

Hypothesis 1a: The more employees are covered by HPWPs, the more employees will experience high job demands, and the more emotional exhaustion is experienced to exist among them.

Hypothesis 1b: The more employees are covered by HPWPs, the more employees experience procedural justice, and less emotional exhaustion is experienced by them.

Hypothesis 2: There is no relationship between HPWPs and emotional exhaustion, because the mediating mechanisms of experienced job demands and experienced procedural justice have opposite, counterbalancing effects.

The hypotheses are summarized in the research model in figure 1.

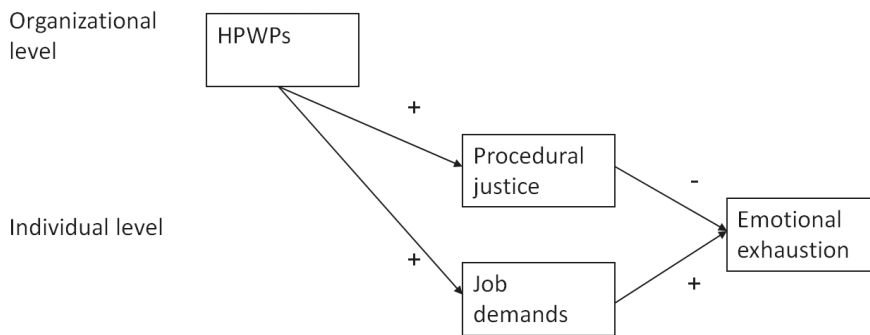


Figure 1 | Multi-level research model of HPWPs and burnout (emotional exhaustion) mediated by job demands and procedural justice.

METHOD

Procedure

We used questionnaire data to test our model. Two questionnaires were developed: one for HR managers and one for employees. HR managers provided information about the HR system and organizational characteristics. On average five employees for each organization provided data on individual job demands, procedural justice and burnout.

Students in HR studies collected the questionnaire data according to a detailed instruction and protocol. The employee sample had to be representative for the organization; this meant that the largest part of the employee respondents should be working in the primary process of the organization, and that the sample distribution of gender, age and educational level should be representative for the organization. The HR manager of each organization signed a form by which (s)he confirmed to approve of this process of data collection. Data gathering took place in two waves; the first wave was in the autumn of 2006 and the second in the spring of 2007.

Sample

In total, survey data of 453 employees working in 90 organizations where HR managers were surveyed were collected. The average number of questionnaires per organization is five. Listwise deletion of respondents with missing information resulted in a final sample of 393 employees from 86 organizations.

About half of the respondents were female (48.9%). About 44 percent had a higher level of education. About 45 percent of the organizations were in the service industry (e.g. finance, retail), about 11 percent of the organizations were in health care (e.g. hospitals), 25 percent of the organizations were in industry, and 16 percent were in non-commercial organizations (e.g. schools).

Instruments

HPWPs were measured in the HR manager questionnaire. A list of HR practices was developed based on Appelbaum et al. (2000), Boselie (2002), Den Hartog and Verburg (2004), and De Kok, Uhlaner and Thurik (2002). Prerequisites for inclusion in the scale were simplicity (easy to score) and suitability for a large range of organizations in the Dutch context. Answering categories applied to how many employee groups were covered by a specific High Performance Work Practice, instead of simply asking whether a practice is present or not (Boselie, 2002), but without the necessity to discern between different employee groups. The answering categories were: “never”, “incidentally”, “for some jobs”, “for many jobs”, “for all jobs”.

HPWPs were grouped under six categories: strict selection (4 items), development and career opportunities (7 items), rewards (5 items), performance evaluation (4 items), participation and communication (4 items), task analysis and job design (1 item). Sample items can be found in appendix 1. The validity of each category was confirmed by means of factor analysis. All categories of practices had satisfying Cronbach’s alphas (average .69).

To create a single measure, the category scale scores were taken together in a second-level factor analysis which revealed that one factor explained a sufficient amount of variance among the categories. Cronbach’s alpha of the second order scale of HPWPs was .77. Further details on the HPWPs measure are available from the first author upon request.

Procedural justice was measured with a five item scale by Francis and Barling (2005). Answering categories ranged from “1= completely disagree” to “5=completely agree”. A sample question is: “If someone laid a complaint, my organization would collect all the information necessary for decision making”. The questions were translated from English to Dutch. The Dutch version was translated back to English by a native speaker; differences were discussed and adjustments were made where necessary. The scale showed good reliability ($\alpha = .89$).

Job demands were measured with a six item scale on the amount and speed of work, which is part of a validated instrument that is often used in the Netherlands to measure psychosocial job conditions (VBBA; Van Veldhoven & Meijman, 1994). A sample question is: “Do you have to work very fast?”. Answering categories range from “never” to “always”. Reliability of the scale was good ($\alpha = .79$).

Emotional Exhaustion was measured using Schaufeli and Van Dierendonck's (2000) UBOS scale (general version). This scale contains 4 items. A sample item is: "I feel emotionally drained by my work". The reliability of the scale is good (.88).

Control variables The model controlled for the following variables contract type (part-time vs. fulltime), educational level (low, medium, high), gender, size of the organization, and sector (non-profit, profit). The first three are individual-level variables derived from the employee survey, whereas the last two are organization-level variables derived from the HR manager survey.

Statistical Analyses

The model to be tested is multilevel in nature, since we investigated the effect of an organizational-level construct (HPWPs) on an individual-level variable (emotional exhaustion) via two individual-level mechanisms (procedural justice and job demands). This type of mediation is referred to as cross-level mediation - lower mediation (Mathieu & Taylor, 2007), because the antecedent (HPWPs) emanates from the higher level of analysis (organizations), whereas the mediators (job demands and justice) and the dependent variable emotional exhaustion reside at the individual level of analysis. Moreover, employees are nested within the investigated organizations. The nesting is likely to cause dependency in our data, which needs to be taken into account (Snijders & Bosker, 1999). Therefore we tested our hypotheses with three sets of Multilevel regression analyses with procedural justice, job demands and finally emotional exhaustion as dependent variables. Data analysis was performed using MLwiN (Rasbash, Browne, & Goldstein, 2003).

To justify the application of multilevel regression analyses, we first tested a series of null models (M1) to examine whether there was enough between-organization variance in the individual-level variables of procedural justice, job demands and burnout. To examine the amount of between-organization variance, we computed the ICC1-statistic, which can be defined as the amount of variance in individual scores attributable to the organization (Bliese, 2000). Next we included our control variables (educational level, gender, contract type, size and sector) into the null-models resulting in a series of baseline models (M2). In the third set of models (M3) the additional effect of HPWPs was modelled. Finally, only for burnout we also included job demands and procedural justice in the model (M4). Deviance tests are used to compare models, and t- tests are used to test the significance of the effects of single variables.

Baron and Kenny's (1986) guidelines for assessing statistical mediation were used. This refers to testing H1a and H1b. A first requirement for mediation is a significant effect between the independent variable and the mediating variable; in this research significant effects between HPWPs on the one hand, and job demands and procedural justice on the other. Subsequently, by comparing the effects of HPWPs on emotional exhaustion in model 3 with the effects of HPWPs on emotional exhaustion in model 4 (including the mediating variables of job demands and procedural justice) we can determine to what extent mediation occurs. Finally, we performed a Sobel test (1982) to assess the significance of the proposed mediating mechanisms. To test H2 the results should show a non-significant relationship between HPWPs and emotional exhaustion in model 3 and a confirmation of the counteracting mediation of both justice and job demands in model 4.

RESULTS

Table 1 shows the means, standard deviations and correlations between the variables both at individual-and the organizational level.

At the individual level of analysis it was found that higher educated employees experience higher job demands. It was also found that employees working more than 36 hours a week experience higher job demands than employees working less than 36 hours a week. Male employees experience higher job demands than female employees. Male employees reported lower scores on procedural justice and higher scores on emotional exhaustion than female employees. Furthermore we found significant correlations between procedural justice, job demands and emotional exhaustion.

Table 1 | Means, standard deviations and correlations

| Variable | Mean | Sd | 1 | 2 | 3 | 4 | 5 |
|---------------------------------|--------|--------|--------|--------|--------|--------|-------|
| <i>Individual level</i> | | | | | | | |
| 1. Procedural justice | 3.62 | .66 | | | | | |
| 2. Job demands | 2.18 | .46 | -.091 | | | | |
| 3. Emotional exhaustion | 1.33 | .98 | -.189* | .311* | | | |
| 4. Contract type | .50 | .50 | -.022 | .172* | .038 | | |
| 5. Educational level | 2.39 | .58 | -.055 | .229* | -.002 | .141* | |
| 6. Gender | .49 | .50 | .157* | -.106* | -.131* | -.440* | -.093 |
| <i>Organizational level</i> | | | | | | | |
| 1. HPWPs | 3.25 | .62 | | | | | |
| 2. Average Procedural justice | 3.63 | .44 | .013 | | | | |
| 3. Average Job demands | 2.19 | .29 | .354* | -.053 | | | |
| 4. Average Emotional exhaustion | 1.32 | .55 | .080 | -.289* | -.053 | | |
| 5. Sector | 2.18 | 1.04 | .019 | -.169 | -.071 | .062 | |
| 6. Size | 374.38 | 805.69 | .230* | -.136 | .191 | .070 | -.047 |

* $p < .05$. Gender: 1 = female 0 = male; Contract type 1 = contract > 36 hours 0 = other ; Sector 1 = profit 0 = non-profit

At the organizational level we found a positive relationship between organizational size and HPWPs. Furthermore, we found significant relations between HPWPs and job demands, and between procedural justice and emotional exhaustion.

Job demands

First we discuss the effect of HPWPs on job demands (part of H1a). We specified a null model (M1) to split the variance in parts at the individual (σ^2) and organizational level (τ^2). At both levels there is unexplained variance in job demands ($\sigma^2 = .17$, $\tau^2 = .05$). The ICC value of job demands is

.21, meaning that 21 percent of the variance is attributable to organizational membership, our grouping variable.

In a second model we entered our control variables (M2). Only educational level was significantly related to job demands ($\gamma = .137$, $t = 2.63$, $p < 0.05$), higher level educated employees experience higher levels of demands. Furthermore it was found that the more an organization applies HPWPs for all jobs, the higher the job demands. Including HPWPs scores resulted in a significant model improvement ($\Delta\chi^2 = 12$, $p < 0.05$). HPWPs demonstrated a positive significant relationship with job demands ($\gamma = .183$, $t = 3.5$, $p < 0.05$).

Procedural justice

Secondly, we examined the effect of HPWPs on procedural justice (part of H1b). We specified a null model (M1) to split the variance in parts at the individual (σ^2) and organizational level (τ^2). At both levels there is unexplained variance in procedural justice ($\sigma^2 = .34$, $\tau^2 = .10$). For procedural justice we found that 24 percent of the variance in individual procedural justice perceptions is attributable to the organization.

In the baseline model we entered our control variables (M2). In model 3 HPWPs demonstrated a non-significant relationship with procedural justice ($\gamma = .039$, $t = .45$, $p > 0.05$). Therefore we did not find evidence that the more an organization applies HPWPs to all employees, the higher the average perception of procedural justice is. Including HPWP scores did not result in a significant model improvement ($\Delta\chi^2 = 1$, $p > 0.05$).

Table 2 | Multilevel regression analyses predicting job demands

| Variable | M1 | M2 | M3 |
|------------------------------|------|--------------|--------------|
| <i>Individual level</i> | | | |
| Educational level | | | |
| Low | | -.120 (.111) | -.117 (.109) |
| High | | .137 (.052)* | .115 (.051)* |
| Gender | | -.069 (.057) | -.069 (.056) |
| Contract type | | .088 (.057) | .065 (.057) |
| <i>Organizational level</i> | | | |
| Size | | .00 (.000) | .00 (.000) |
| Sector | | -.056 (.075) | -.064 (.069) |
| HPWPs | | | .183 (.052)* |
| <i>Variance components</i> | | | |
| Individual level | .170 | .167 | .168 |
| Organizational level | .045 | .037 | .026 |
| Modelfit (-2 log likelihood) | 486 | 407 | 395 |

* $p < 0.05$.

Notes: The first value is the parameter estimate; and the value in parentheses is the standard error.

Educational level: medium is reference category

Gender: 1 = female 0 = male; Contract type 1 = contract > 36 hours 0 = other ; Sector 1 = profit 0 = non-profit

Table 3 | Multilevel regression analyses predicting procedural justice

| Variable | M1 | M2 | M3 |
|------------------------------|------|--------------|--------------|
| <i>Individual level</i> | | | |
| Educational level | | | |
| Low | | .243 (.158) | .244 (.158) |
| High | | -.013 (.074) | -.017 (.075) |
| Gender | | .157 (.081) | .156 (.081) |
| Contract type | | .124 (.081) | .119 (.082) |
| <i>Organizational level</i> | | | |
| Size | | .00 (.000) | .00 (.000) |
| Sector | | -.138 (.117) | -.140 (.117) |
| HPWPs | | | .039 (.087) |
| <i>Variance components</i> | | | |
| Individual level | .337 | .328 | .328 |
| Organizational level | .104 | .109 | .109 |
| Modelfit (-2 log likelihood) | 762 | 652 | 651 |

* $p < 0.05$.

Notes: The first value is the parameter estimate; and the value in parentheses is the standard error.

Educational level: medium is reference category; Gender: 1 = female 0 = male; Contract type 1 = contract > 36 hours 0 = other; Sector 1 = profit 0 = non-profit

Table 4 | Multilevel regression analyses predicting emotional exhaustion

| Variable | M1 | M2 | M3 | M4 |
|------------------------------|------|---------------|---------------|---------------|
| <i>Individual level</i> | | | | |
| Educational level | | | | |
| Low | | -.204 (.217) | -.260 (.245) | -.134 (.232) |
| High | | -.055 (.104) | -.115 (.115) | -.194 (.110) |
| Gender | | -.277 (.112)* | -.318 (.125)* | -.240 (.119)* |
| Contract type | | -.094 (.111) | -.162 (.127) | -.187 (.120) |
| Job demands | | | | .667 (.115)* |
| Procedural justice | | | | -.179 (.078)* |
| <i>Organizational level</i> | | | | |
| Size | | .00 (.000) | .00 (.000) | .00 (.000) |
| Sector | | -.022 (.153) | -.032 (.149) | -.011 (.140) |
| HPWPs | | | .211 (.111) | .095 (.107) |
| <i>Variance components</i> | | | | |
| Individual level | .849 | .862 | .864 | .772 |
| Organizational level | .108 | .114 | .098 | .083 |
| Modelfit (-2 log likelihood) | 1090 | 946 | 943 | 904 |

* $p < 0.05$.

Notes: The first value is the parameter estimate; and the value in parentheses is the standard error.

Educational level: medium is reference category; Gender: 1 = female 0 = male; Contract type 1 = contract > 36 hours 0 = other ; Sector 1 = profit 0 = non-profit.

Emotional exhaustion

Finally, we assessed the effects of HPWPs, job demands and procedural justice on the burnout dimension of emotional exhaustion. Again, we specified a null model (M1) to split the variance in parts at the individual (σ^2) and organizational level (τ^2). At both levels there is unexplained variance in emotional exhaustion ($\sigma^2 = .85$, $\tau^2 = .11$). The ICC1 value of burnout was .11, indicating that 11 percent of the variance in burnout was at the organizational level. This amount of variance at the organizational level is comparable to values reported previously in the literature (Van Veldhoven, De Jonge, Broersen, Kompier and Meijman, 2002).

In a second model we entered our control variables (M2). Only gender was significantly related to burnout ($\gamma = -.277$, $t = 2.47$, $p < 0.05$), female employees experiencing lower levels of burnout than male employees.

Next, we regressed burnout on the HPWPs (M3). Including HPWPs scores did not result in a significant model improvement ($\Delta\chi^2 = 3$, $p > 0.05$), and in this model HPWPs demonstrated a small non-significant relationship with burnout ($\gamma = .211$, $t = 1.90$, $p > 0.05$). This implies that the first part of H2 is confirmed; we found no relationship between HPWPs and emotional exhaustion.

To further explore the counterbalanced mechanisms (H2), we included job demands and procedural justice (M4). As a block these predictors showed a significant model improvement ($\Delta\chi^2 = 39$, $p < 0.05$). Both job demands and procedural justice showed a significant relationship with burnout ($\gamma = .67$, $t = 5.8$, $p < 0.05$; $\gamma = -.18$, $t = 2.3$, $p < 0.05$). The more an individual experiences job demands the higher the feelings of emotional exhaustion. The more an individual experiences procedural justice, the lower the feelings of emotional exhaustion. However, since we did not find a relationship between HPWPs and procedural justice, we could not confirm the part of the hypothesis that states that procedural justice and job demands are counteracting mediating mechanisms between HPWPs and emotional exhaustion. So, according to the rules of Baron and Kenny (1986) only for job demands confirmation of a mediation thesis was found (H1a). A Sobel (1982) test revealed that the indirect path linking HPWPs to emotional exhaustion through job demands was significant ($z = .3.00$; $p < 0.05$). The results are summarized in figure 2.

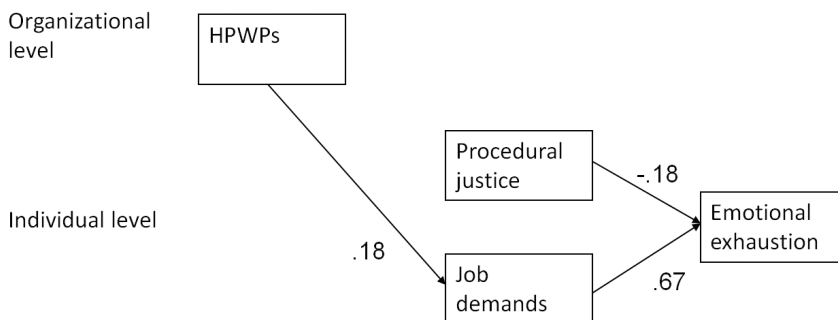


Figure 2 | Research findings

CONCLUSION AND DISCUSSION

Management practices like High Performance Work Practices (HPWPs) can yield negative consequences for employees when effects like emotional exhaustion are considered, rather than the mainstream job attitudes that dominate the current HPWPs literature. In our multilevel study of 393 employees working in 86 organizations, we examined two counteracting perspectives on how HPWPs relate to the emotional exhaustion dimension of burnout. The critical perspective predicted that HPWPs intensify job demands with more burnout as a result, whereas the positive perspective predicted that HPWPs cause more procedural justice for employees with less burnout as a result. HR managers of the 86 organizations provided information about the amount of employees in the organization that are covered by HPWPs. On average five employees in each organization filled in questionnaires about job demands, procedural justice and emotional exhaustion.

As to the results, first of all, we found a rather small relationship between the amount of employees in an organization covered by HPWPs and emotional exhaustion. Further examination showed that this relationship was completely mediated by intensified job demands. So, in organizations that reported that more employees were covered by HPWPs, employees reported higher levels of job demands and this was also associated with more emotional exhaustion. Job demands mediated the link between HPWPs and emotional exhaustion.

The counteractive mechanism that was derived from the positive perspective was not confirmed by our data. Although it was found that employees who experienced more procedural justice also reported lower levels of emotional exhaustion, we could not confirm a relationship between HPWPs and procedural justice. The strength of the relation between procedural justice and emotional exhaustion was comparable to earlier findings, like that by Elovainio et al. (2001). In the absence of a link from HPWPs to procedural justice, however, mediation could not be established in this study.

An explanation why HPWPs coverage at the organizational level and individual experiences of procedural justice in our study was not confirmed could be related to the level of the source for procedural justice. The measure of procedural justice related to the organization as the source of justice, not to (line) management. This seems to be the right anchor when considering that our HPWPs were conceptualized and measured at the organizational level. However, many authors underline the importance of line manager behaviour as to whether employees feel that they are treated procedurally just (Colquitt et al., 2001). Although HPWPs apply to all employees, which should make it easier for (line) managers to treat individual employees in a more similar way, individual differences between line manager styles of dealing with HPWPs might interfere with the perception of procedural justice by employees.

Overall, our study revealed more evidence that management practices like HPWPs act as contextual stressors that result in an intensification of job demands (Noblett & Rodwell, 2008).

Limitations

The study is cross-sectional; all questionnaire data were collected at about the same time. The group size of employees per organization is quite small (on average 5 employees). Although equal group sizes facilitate between-group comparisons, it is hard to claim that our samples are equally representative for the participating organizations. However, our intra-class coefficients showed that enough variance in the experiences of these five employees was attributable to their organizational membership, providing justification for this study's data collection and analytical approach.

HPWPs were measured using a single respondent per organization, the HR manager, which implies a risk of rather large random measurement error (Kumar, Stern, & Anderson, 2004). In addition, scores on the HPWPs scale can be interpreted in two different ways. For example a high score can either be caused by the application of many individual HPWPs for some or many jobs, or by the application of some individual HPWPs for all jobs in the organization. However, the HPWPs measure itself was carefully designed by integrating available literature on how to measure HPWPs, especially in the context of the Netherlands. Moreover, Gibson et al. (2007) found that HR managers are in the right position to inform researchers about this topic.

Implications and future research

Our study addressed some of the shortcomings of earlier research about the impact of human resource management on employee well-being as noted by Peccei (2004). First, we used HR managers (presumably the subject matter experts on this topic in their organizations) to inform us about HPWPs. Much employee well-being research is based on employee's subjective reports of Human Resource practices, whereas our measure of HPWPs is related to policies as attributed to the entire organization.

Second, we consider multiple Human Resource Practices simultaneously. Very few studies have done this so far (e.g. Godard, 2001a, 2001b; Ramsay et al., 2000), but all of these studies point in the direction that HPWPs do, to some extent, increase job demands.

Compared to positive employee outcomes that are reported elsewhere (e.g. Appelbaum, et al., 2000) our findings indicate that Peccei's (2004) critical approach to understanding the effects of modern HR management practices on employee well-being is justified. We need to consider that eventually a healthy *and* productive workforce is economically most valuable, and this implies that research about all varieties of management practices and systems should have employee well-being of the type "job stress" or "fatigue/exhaustion" higher on the research agenda.

Also, practitioners could possibly benefit from a critical perspective when implementing new HR management practices, because eventually a long-term viable and productive workforce starts with a healthy workforce today. HR managers are in the position to signal the balance between well-being and performance effects of new management practices, and could contribute distinctively to long-term viability by combining attention for competitive advantage (innovation, productivity) with due attention to employee well-being, including health.

Conclusion

This study examined the relationship between HPWPs and burnout. The multi-level and multi-source research design, often advocated by contemporary HR scholars (e.g. Wright & Boswell, 2002), revealed that HPWPs can have a negative side effect on employee burnout. Our study underlines the importance of a more balanced or critical approach to HPWPs (Legge, 1995; Peccei, 2004; Paauwe, 2004).

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Appendix 1 | Sample questions on High Performance Work Practices

| Practice | Question |
|--------------------------------------|---|
| Strict selection | "Are selection tests used in your organization?" |
| Development and career opportunities | "Does your company offer formal internal training?" |
| Rewards | "Does your company pay higher than average salaries?" |
| Performance evaluation | "Does your company have a formal performance evaluation system?" |
| Participation and communication | "Are employees involved in strategic decisions in your organization?" |
| Task analysis and job design | "Are there tasks and jobs descriptions in your organization?" |

Chapter 5

Can HR practices retain flex workers
with their agency?



ABSTRACT

Purpose – Workers have different motives to be employed at specialist contract work agencies, such as career development aspirations, or a desire for freedom and independency. The aim of this paper is to research how different motives relate to the appreciation of HR practices applied by agencies and consequently to employee retention at the agency.

Design – Data were collected in a contract work agency for financial professionals. Management was interviewed about the HR practices used for employee retention. In addition, 291 agency employees filled out a questionnaire about their motives to be employed at the agency, their appreciation of the HR practices of the contract agency and their turnover intentions.

Findings – Regression analysis showed that career development motivation was related to retention at the agency, but that this relation became weaker when tenure at the agency increased. HR practices (like training, supervisory support, career development support, information sharing and employee participation) proved to be related to lower turnover intentions of flex workers with a career development motivation. For flex workers with a freedom motivation the HR practices had no relationship with retention.

Research limitations / implications – Data collection in one agency may limit generalization. Additional research needs to zoom in on alternative HR retention practices that might align with freedom motivation.

Originality / value - Specialist contract work agencies typically experience difficulties with employee retention. Agencies may retain their workers if they apply HR practices that are aligned with the motivation of people to do contract work.

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INTRODUCTION

Strategic tendencies of organizations to focus on core processes in order to be responsive to changes and demands in their markets, have increased the strategic application of flexible human resources (Kalleberg, 2001). A whole industry of organizations that supply flexible employment has arisen and grown tremendously over the past decades (Mitlacher, 2006). Within the group of flexible employment providers, there is a great variety of organizations. At one end of the extreme, low-cost suppliers operate which aim at functions in organizations that access widely available skills. At the other end of the extreme, specialist contract employee agencies supply for the flexible need of specialist knowledge in organizations (Mitlacher, 2006). These agencies match the demand for very specific knowledge or skills, which contracting organizations do not continuously need to have available in-house to reach their strategic goals (Lepak & Snell, 1999). Moreover, by relying on flexible specialists, organizations share in the knowledge creation between organizations and avoid dealing with outdated information (Matusik & Hill, 1998). Since skills for these positions are not widely available in the labor market (Lepak & Snell, 1999), specialist contract agencies build their business on marketing short-term specialist human capital. Positions that typically fit this specialist category of contract work are for example technicians, IT-specialists lawyers or financial experts (Matusik & Hill, 1998; McKeown & Hanley, 2009).

In this paper, we address the issue of attachment of specialist contract employees to the agency. In spite of the strategic importance of attracting specialist employees and the availability of tenured positions as a contractor at agencies, employee turnover rates are typically high in the contracting industry (McKeown & Hanley, 2009). To contract agencies, retention of their specialist contract employees is a prerequisite to acquire new projects. Since specialist contract agencies are no longer a marginal phenomenon, but mainstream employers of many professionals, human resource management practices at agencies deserve further exploration (Mitlacher, 2008).

Employee retention is of key strategic value to specialist contract agencies. However, the nature of contract work, involving employment at various contracting organizations with their own human resource systems, complicates the delivery of “traditional” human resource interventions aimed at employee retention (Mitlacher, 2008). In addition, the agency’s human resource management needs to take account of the pull and push factors that drive employees motivation to move into contracting positions (McKeown & Hanley, 2009). Motives for contracting can be categorized as either involuntary motives, where contingent work is as a stepping stone to permanent employment (career development motives) or as voluntary motives, where contract work offers advantages like high levels of work variation and independency (freedom motives) (De Jong et al., 2009). The challenge to the specialist contract agency is to meet the perceived organizational obligations that are created by each of these motives (career development or freedom) in order to retain contingent workers at their agency (Redpath et al., 2009). Psychological contract theory addresses the perceived social exchanges in the employment relationship (Rousseau, 1995). This theory would predict that employees with a career development motive for example expect to fulfill their psychological contract by receiving HR practices like training and development opportunities. They will reciprocate by fulfilling their employee obligations by participating in

training and development opportunities. A fulfilled psychological contract is related to all kinds of positive employee outcomes, like employee retention, satisfaction, lower absenteeism etc. (Tekleab et al., 2005, Turnley & Feldman, 2000, Johnson & O'Leary-Kelly, 2003). In this paper we will explain how HR practices fulfill perceived organizational obligations in the psychological contract that appeal to the specific motivations specialist flex workers have to work for a temporary work agency. Moreover, this fulfillment of the psychological contract will support retention of employees at the agency.

The aim of this paper is to investigate the contributions of human resource management in the specific context of high quality specialist contract work, with special attention to the different motives contract workers have for working with the agency. The research question that will be put central is: Can HR practices contribute to retaining specialist contract employees to the agency and do motives why employees choose to work for a specialist work agency matter?

THEORY

Specialist contract work agency work and retention

Although the permanent contract still constitutes the largest part of all employment relationships, a substantial amount of the workforce today is now being employed under some kind of non-permanent work arrangement (Kalleberg et al., 2000). Non-permanent work-arrangements include a kaleidoscope of employer-employee relationships such as flexible hours contracts, seasonal employment, independent contractors or freelance work, temporary contracts or outsourced contract work (Connolly & Gallagher, 2004). Compared to this broad category of additional, flexible labor, specialist contract agency workers exemplify by the following characteristics: the work is conducted at a client, contracting organization who is not the employer. Instead, the specialist worker is employed by an agency. Client organizations pay a fee for their specialist work, but develop no long-term relationship of mutual investments with contract agency specialists. Contract agency specialists are working scattered over several contracting organizations, which implies that colleagues and managers are not working closely together. Instead, contract employees work with changing groups of colleagues and changing contracting managers. A stable factor in the work of contract agency workers is the agency. However, their contact with the agency is infrequent, and certainly not on a daily basis (Connolly & Gallagher, 2004).

Compared to other types of organizations, contract agencies run higher risk to suffer from high employee turnover rates. Because of the nature of their work arrangements, contract agency employees continuously experience two important turnover predictors: job uncertainty and comparison (Griffeth et al., 2000). Job uncertainty is high because contract workers hop from project to project. Projects are defined in time, and after finishing one project it is uncertain what the next project will be. Besides, projects are dependent on what the contract agency can acquire, which is dependent on the market. As a consequence, contract employees have more possibilities than permanent employees to compare working conditions in different organizations (Griffeth et al., 2000). A comparison of working conditions happens with every new project and

repeatedly impacts on equity evaluations concerning the employment conditions at the agency. In turn, the outcome of these repeatedly occurring equity evaluations shape the attitudes towards employment continuity with the agency. Hence, the specific context of contract agency jobs complicates the delivery of human resource management practices aimed at employee retention. In the next section, the literature on HR practices and employee retention is reviewed considering the nonstandard employment context of agency employees.

HR practices and employee retention in the agency context

To understand the potential of HR retention practices in the context of agency work we turn to social exchange theory. Retention is a possible outcome of a social exchange process between employer and employee. Human resource theory advocates that when practices go beyond what might be expected based on contractual employment obligations, employees reciprocate that investment by developing positive attitudes towards their employer and by displaying higher levels of discretionary behaviors like retention with the agency for multiple projects (Tsui et al., 1997). However, the delivery of HR practices by the agency takes place in a situation of dual employment; where the employee both experiences the HR practices delivered by the contracting firm and by the agency (Mitlacher, 2008). A process of comparison of HR practices and equity evaluations at the side of agency employees is inevitable.

In this context of dual employment, the agency should take the different roles of the agency and the contracting organization into account when preparing human resource management interventions (Rubery et al., 2002). In the eyes of contract agency employees, HR practices of the agency should deliver a competitive advantage over the HR practices of the client organization in order to result in reciprocal attitudes and behaviors towards the agency. Mitlacher (2008) suggests how this can be achieved and how this can result in the retention of retain agency staff for contract projects. We build on his suggestions and indicate four areas of human resource management where the agency could add value in the eyes of agency employees: agency supervisory support, training and career development support, information sharing and agency employee participation.

First, agency workers in client organizations often feel excluded from social relations at the client organization (Mitlacher, 2008). Although it is the contracting organization's role is to focus on managing the work and social relations between permanent staff of the client organization and contract employees, agency management could monitor the social inclusion of agency employees at the client organization. For example, agency employees could be included in the client organization's employee involvement programs and teamwork. An inclusive human resource management at the client organization leads to commitment spill-over effects to the agency (Gallagher & McLean Parks, 2001). Agency management should therefore monitor the way their employees are treated at the client organization. This can be achieved when agency supervisors keep in touch with their agency workers and provide support while they work at projects in client organizations.

Second, the agency and the contracting organization need to work on congruence between the values of contract workers and permanent workers of the contracting firm, so that expectations about the project are well aligned. Liden et al. (2003) and Gallagher and McLean Parks (2001)

showed that when an agency pays attention to finding a good match between the temporary assignment and the contract employee's assignment aspirations, contract employees are more committed to the agency. Hence, agency management could put effort into investigating the career aspirations of agency workers.

Third, the agency in itself could concentrate on developing the specialist employability of contract workers (Mitlacher, 2008). This could be achieved by offering specialist education and skill development training beyond what non-specialist organizations could offer to these workers and by creating career development opportunities by offering challenging projects. In the comparison with training and development opportunities at client organizations, the agency can focus more on the professional development of their specialist workforce.

Finally, the agency could help to reduce employees' feelings of being an outsider in the client organization by creating an agency-worker identity (Kunda et al., 2002). People who identify with their employer will be more committed (Ashforth & Mael, 1989). Here, the agency can have a role in providing a professional community in which the professional aspects of work in general can be discussed (Kunda et al., 2002). Instead of raising commitment to a standard organization, the agency could emphasize the shared professional identity of specialist agency workers and raise commitment to the profession; the specialism of the agency (Gallagher & McLean Parks, 2001). George and Chattapadhyay (2005) showed that a trustworthy management of the agency increased the contract worker's identity with the agency. Agency identity enhancing practices could be information sharing and employee participation in the agency.

In brief, agencies that wish to retain specialist contract employees need to focus on delivering HR practices that provide a unique contribution over and above the delivery of HR at the client organizations. HR practices that fit this condition are: supervisor support from the agency, the provision of training and development, and the use of information sharing and employee participation practices that sustain the development of a professional community with an own identity.

Hypothesis 1: The more specialist contract agency employees appreciate the agency's HR practices aimed at providing support during the project (supervisor support), employability (training and career development practices) and professional community building (information sharing and involvement in the agency), the less their intention to leave the agency.

Motives to contract and turnover intentions of contract agency employees

Given the factors in the work context that pull contract agency employees to other jobs, it is beneficial to understand the motives that bind contract agency workers to the agency. Evidence from temporary agency employees in general indicates that a majority prefers to work in a permanent job (Hardy & Walker, 2003, OSA, 1999). Recent research by ABU (2009) (Dutch sector institution of temporary work agencies) indicates that the most often provided motive (28%) for working on a temporary contract is that employees hope to find a permanent contract. The second most given reason was acquiring job experience (18%). These reasons are covered by the "involuntary motive" in the frequently used dichotomy of voluntary – involuntary motives for temporary working (Krausz, 2000; Tan & Tan, 2002). Working for a temporary agency is thus used

as a stepping stone to permanent employment. Other researchers have pointed out that there are more diverse reasons, like personal preference, self-development, economic incentives etc. (Tan & Tan, 2002; Kalleberg et al., 2000; Morris & Vekker, 2001). However, empirical results of motives to accept temporary work typically end up with a very clear involuntary factor (not finding permanent employment) complemented with various factors like gaining experience or better possibilities to combine work with non-work roles (Kalleberg et al., 2000).

However, in this study we are interested in a group of highly skilled professionals, which may have different motives to engage in contract work than flex workers in general. Kalleberg et al. (2000) indeed found evidence that a lot of contract agency employees preferred their work arrangement over that of standard, permanent contract employees. The decision to work as a flex professional is sometimes induced by a feeling of entrapment in a bureaucratic, dull environment, and a wish for more variation and challenge (Kunda et al., 2002; Connolly & Gallagher, 2004). Some contingent workers seek to be challenged by their job, instead of the organization they work for (Allan & Sienko, 1998, Marler et al., 2002). This reflects in anticipated rewards expressed by people who change from a permanent job to contingent work: contingent workers expect to have more autonomy at work and a better control over time (Kunda et al., 2002). Besides, they expect more money than they would have earned in a permanent position (Kunda et al., 2002; Marler et al., 2002). However, the trigger to actually start working as a contract worker is often (a threat of) being laid off, and the subsequent impossibility to find a new job. Working for a specialized contract agency then, is an escape from unemployment (Hardy & Walker, 2003, Kunda et al., 2002) and a way to develop marketable new skills (Marler et al., 2002).

Marler et al. (2002) have tried to link typologies of temporary workers (low skilled versus high skilled) to the motives for working temporarily, as they assumed that traditional contingents (i.e. temps working for low-cost labor providers) might have different motives than contingent professionals who deliberately chose a free life as independent contractor, and who are better educated and older than the traditional contingent worker. Indeed they did find two types of temporary workers: traditional workers and boundaryless temporary workers (Marler et al., 2002). Still, the population of employees working at a specialized contract agency may be a mixture between traditional worker motives (contingents who are looking for a permanent job in this area of specialism) and boundaryless motives (specialists who like the independency and job variety offered by working in projects).

Summarizing: The motives to work as a contractor with an agency are a mixture of more voluntary and more involuntary motives. On the one hand, the stepping stone motive, which drives the employee to accept a position through a contract agency to develop marketable skills and specialist job experience, in order to acquire a permanent position in the future. On the other hand, the autonomy, independency and freedom offered by contract work are other sources of motivation. We label this boundary-less like motivation "freedom motivation". This is in line with De Jong et al. (2009), who found that motivation of temps cannot be placed on a single continuum from voluntary to involuntary, but that multiple motives for accepting temporary employment may play a role (De Jong et al., 2009).

With regard to continuing the employment relationship with the agency, the two different motives may lead to different levels of turnover intention over time. Whilst the type of work offered by the agency (autonomous, diverse projects) meets the perceived organizational obligations of people with high levels of freedom motivation continuously, the perceived organizational obligations of people with higher levels of career development motivation will be fulfilled after a few projects that increased their skills and experience and hence, their need to stay with the agency will become less. Over time the perceived organizational obligation of providing career development opportunities becomes less relevant (as they acquired the experience they needed), whereas the perceived organizational obligation of providing job security cannot be fulfilled at the contract agency. This leads to the following hypotheses:

Hypotheses 2a: The more specialist contract agency employee's motivation is based on freedom motivation, the lower their intention to leave the agency.

Hypothesis 2b: The more specialist contract agency employee's motivation is based on career development, the lower their intention to leave the agency. This effect is negatively moderated by tenure. When tenure with the agency increases, the career development motivation will increase turnover intention.

Motives and appreciation of HR practices: the psychological contract

The appreciation of HR practices aimed at employee retention that specialist contract agencies can offer depends on the motives that drive employees to work for a contract agency. Psychological contract theory provides a framework to explain why the different motives contracts workers hold lead to differential appreciation HR practices. The psychological contract is defined as the perceptions of employees on reciprocal obligations in the employment relationship (Rousseau, 1995). The obligations include organizational obligations (for example, providing interesting work, career opportunities, good social atmosphere, organizational policies and job security) and employee obligations (providing good service, cooperating well with colleagues, going the extra mile, taking up training responsibilities) (Freese & Schalk, 2008; Robinson & Rousseau, 1994). A fulfilled psychological contract is related to commitment and retention with the organization, while contract breaches lead to dissatisfaction and employee turnover (Tekleab et al., 2005; Turnley & Feldman, 2000).

From psychological contract theory, it follows that the appreciation of the agency's HR practices acts as a mediating process between employee motives and their intention to leave the agency. The psychological contract of employees with high levels of career motivation aligns with many of the HR practices that the agency can offer. Their psychological contract contains perceived organizational obligations such as providing training and opportunities to build up work experience to overcome the inability to find a permanent position at the moment. Because the psychological contract cannot be fulfilled with respect to job security, it is assumed that the provision of HR practices that contribute to their career development is very important for the retention for these employees. Training and skills development, supervisory support (like coaching and providing feedback) and career development support are important HR practices that fulfill their psychological contract. The provision of training encourages retention, because it fulfills the

psychological contract with respect to acquiring increased work experience (Gallagher & McLean Parks, 2001). Liden, Wayne, Kraimer and Sparrowe (2003) found that support of the agency with assignments increased the contract employee’s commitment to the agency. The employee works for the agency to acquire skills to enhance employability or to get into contact with possible future employers. Practices like information sharing and employee participation allow employees with a career development motive to learn about future projects, to learn from other specialist colleagues at other organizations. If the employee with career development motives does not perceive these HR practices, their turnover intentions will be higher.

On the other hand, the implications of agency commitment enhancing HR practices for contract workers with freedom motives are less clear cut. The psychological contract of an employee who wants to have more freedom is fulfilled, if the employee is provided with autonomy, high salary and many different, interesting projects. Although we do not believe that support, training and agency identity enhancing practices (information sharing and employee participation in the agency), will have an adverse reaction on the psychological contract, nor do we believe that it would contribute to the retention of the “freedom” employees. This leads to the following hypothesis:

Hypothesis 3: The relationship between career development motivation and turnover intention is mediated by the perception agency HR practices (supervisor support, training and career development support, information sharing and involvement in the agency): the higher the career development motivation of agency employees, the better agency HR practices are appreciated, the lower their turnover intention.

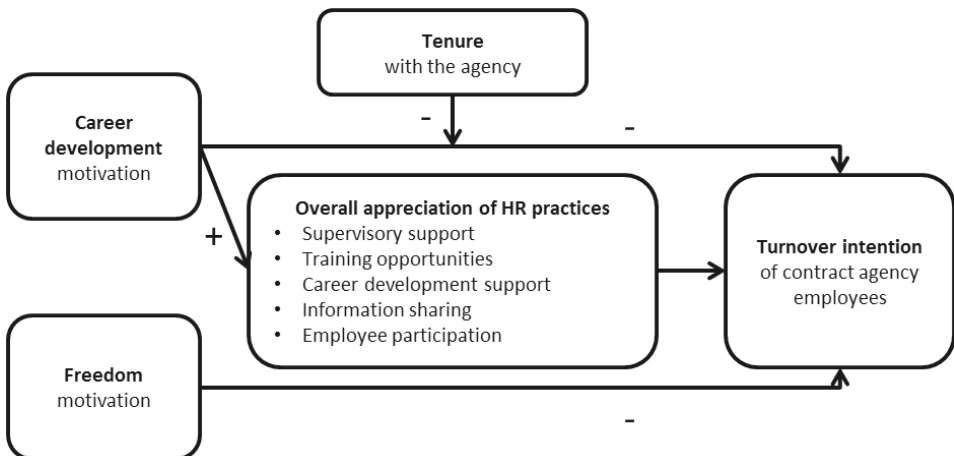


Figure 1 | Schematic presentation of hypotheses

METHOD

Research context

The data for the research were collected in an agency for flexible financial professionals in the Netherlands ("Flexcorp"). Interviews with founders, managers and a small number of employees were conducted in order to understand the research context. The agency was founded in 1992 as a certifying training institution for financial specialists. Rapid growth was achieved after 1999, when senior management decided to provide their customers with temporary financial staff. In the early years after 1999, these financial specialists were self-employed and the agency only had an intermediary position by offering projects. Later, after the introduction of the more restrictive "Flexibility and Security" law for flexible labor arrangements in 1998 (Pot et al., 2001), these self-employed professionals joined the agency as workers with a permanent contract and worked as a contract employee in other organizations. At the time of the questionnaire, the organization employed 759 financial specialists on contracted projects. Because of the presence of an in-house certifying training institution, flexible staff can be offered a lot of opportunities to acquire competence in finance.

In order to understand the specific HR practices in place at Flexcorp, nine managers were interviewed about which HR practices they used to attract, commit and manage the contract agency workers in their business unit. The interviews lasted about one hour. When allowed, the interviews were recorded and later transcribed verbatim. One interview was not recorded, but extensive notes were taken during the interview. The interviews were coded by using the definitions of the practices detailed out in the theoretical framework (supervisor support, training and development, participation in the agency and information sharing). After coding the interviews, the number of managers who mentioned the use of a practice to manage their group of agency employees was counted. Table 1 provides an indication of the use of HR practices aimed at employee retention by managers of Flexcorp. The use of training and development practices stands out as these were mentioned by almost all managers an important intervention to retain employees at Flexcorp. As one manager articulated:

"Look, we as an organization, we consider it very important that we enable people to develop, anyway. But our employees should have a certain need for development as well. That is where we ought to match with each other." (Manager M, Flexcorp).

Procedure and sample

Questionnaires were sent to the home addresses of all 759 employees doing contract-work. A letter guaranteeing the confidentiality of personal information preceded the questionnaire. After two weeks, a reminder was sent by email. The final data file contained 291 respondents (response = 38.3%). The sample existed predominantly of young, high educated men (67.1% men; average age 32 years (sd = 9.23), holding a university degree (72.3%). The average tenure of the respondents to the agency was approximately 1.5 years (sd = 1.55). The relatively short tenure was related to the recent growth in the number of employees. The sample was checked against the characteristics of the non-respondents, and was found to be representative.

Table 1 | HR practices aimed at employee retention reported by Flexcorp management (n=9)

| HR practices at Flexcorp |
|---|
| <i>Training and development</i> |
| Flexcorp offers possibilities for professional development and training (9) ¹ |
| Line managers coach employees on the job (7) |
| Organization has a clear vision about people development (6) |
| There is a philosophy of on the job development (5) |
| Formal training programs are available in-house (5) |
| Minimal training requirements exist for all employees (3) |
| There is an entrance course to introduce new employees in organization (3) |
| People also have a responsibility for their own development (4) |
| Development of marketable skills (that contracting organizations ask for) has priority (3) |
| <i>Supervisory support</i> |
| Flexcorp is involved when problems are reported by employee or client (6) |
| The role of line management is to stay in touch, listen, pay attention (4) |
| Agency supervision is aimed at supporting the development of employees (6) |
| Role of line management is coach employees on the job (4) |
| Employees are independently operating professionals (8) |
| The operational management is located at the client organization (6) |
| Manager and employee together define what kind of support from the line manager is needed (4) |
| <i>Information sharing</i> |
| Contact not only at end of a project, also during assignments (5) |
| Social happenings to increase feeling of being a community (meet & greet, theme nights) (4) |
| Stimulating professional environment, being a professional sparring partner (2) |
| <i>There is a need for clear procedures (5)</i> |
| <i>There is a need for more information (4)</i> |
| <i>Participation</i> |
| Flexcorp has an informal, open atmosphere (5) |
| <i>Selection criterion concern people who are "enterprising", who see opportunities to improve things: initiative should come from employee (6)</i> |
| <i>Base salary</i> |
| <i>Base salary is at market level, but no extra's; especially difficult because competition with high remuneration at banks (8)</i> |
| <i>No systematic employee appraisal and reward system in place (4)</i> |

¹Between brackets: the number of interviewed managers that mentioned the practice.²Italics: quotes referring to shortcomings in retention practices

Measures

Turnover intention. Three items by Valentine, Greller and Richtmeyer (2006) were used to measure turnover intention. Sample item: “I sometimes think about leaving Flexcorp”. The items are answered on a five-point Likert scale (totally disagree- totally agree). Scale reliability was good ($\alpha = .894$).

Motivation. Eight questions were developed to measure *Career development motivation* and *Freedom motivation*. Respondents were asked to evaluate statements about why they work at Flexcorp. All items had to be answered on a five-point Likert scale (totally disagree- totally agree). Scale reliabilities were sufficient to good (CD: $\alpha = .87$; FM: $\alpha = .69$). Table 2 shows the factor loadings of items on both measures.

HR practices. Five scales were developed to measure employees’ evaluation of the human resource practices at the agency: supervisor support, training opportunities, career development support, information sharing and participation in the agency. It was emphasized that respondents had to answer these questions for Flexcorp and not for their client organizations. Three items developed by Greenhaus, Parasuman and Wormley (1990) were used to measure *career development support*. The other HR practices were taken from Boselie, Hesselink, Paauwe and Van der Wiele (2000): *Supervisory support* (6 items), *Training opportunities* (4 items), *Employee participation* in the agency (4 items) and *information sharing* (5 items). The response scales for all HR items ranged from 1 = “completely disagree” to 5 = “completely agree”. Scale reliabilities ranged from $\alpha=.749$ to $\alpha=.890$. All items and scales are presented in appendix 1.

Table 2 | Scales and factor loadings of motivation items

| | Career development motivation | Freedom motivation |
|---|-------------------------------|--------------------|
| <i>Why do you work at Flexcorp?</i> | | |
| To receive a lot of training | .908 | |
| Because of the learning opportunities Flexcorp offers | .900 | |
| To receive different types of training | .866 | |
| Because of the opportunities to receive coaching | .695 | |
| To work on a variety of assignments | | .773 |
| To work on different locations | | .728 |
| To work on project base | | .702 |
| To work independently | | .676 |
| Cronbach’s α | .874 | .686 |

Correlation analysis showed that the HR practices scales all positively correlated with each other (range from $r=.192$ to $r=.533$) (Table 3). This implied that an underlying construct, "Overall HR appreciation" could be constructed. The average score of these five HR scales was calculated and used in the regression analysis. This average score indicates to what extent contract agency employees perceive that the agency applies HR practices to them ($\alpha = .750$).

Tenure. Tenure was measured by asking respondents about the number of years they had been working for the agency.

RESULTS

Table 3 shows the means, standard deviations and correlations of all variables. As can be seen from Table 3, the overall perception of HR practices is negatively correlated with turnover intentions ($r=-.449$, $p<.01$). This also applies to the five practices that sustain this overall perception of HR (supervisor support, training, career development support, information sharing and employee participation). Besides, there is a positive correlation between the career development motivation and freedom motivation ($r = .279$, $p<.01$). Career development motivation is negatively correlated to turnover intention ($r = -.245$, $p<.01$) and positively to the perception of HR practices ($r = .370$, $p<.01$). There is no significant correlation between freedom motivation and turnover intention. The correlations between freedom motivation and the perception of the separate HR practices (supervisor support, training, career development support, information sharing and employee participation) are absent to small (range from $r=-.007$, n.s. for information sharing to $r=.197$, $p<.01$ for training opportunities). The correlations between career development motivation and HR practices were somewhat stronger (range from $r=.206$, $p<.01$ for employee participation to $r=.367$, $p<.01$ for training opportunities). Tenure was not correlated to turnover intention ($r=.076$, n.s.). However tenure was positively related to freedom motivation ($r = .157$, $p<.01$), and negatively to career development motivation ($r = -.213$, $p<.01$).

Next, the influence of HR practices on turnover intention was examined (Hypothesis 1) using a regression analysis. Correlation analysis already indicated a positive effect for the overall appreciation of HR practices, indicating that employees who better appreciate the HR practices offered by the agency, are more likely to stay employed with the agency ($r=-.449$, $p<.001$). All practices had negative correlations with turnover intentions. However, in the regression analysis, only two practices showed to hold a significant negative relationship with turnover intention: career development support ($\beta=-.269$, $p<.001$) and supervisor support ($\beta=-.163$, $p<.01$). It appears that the high correlations between most of the practices (see Table 3), cause multi-collinearity. Hence, the regression weights of the separate HR practices need to be interpreted with caution. As such, Hypothesis 1 is largely confirmed.

Table 3 | means, correlations and standard deviations

| | N | M | sd | TI | FM | CDM | HR | SS | TO | CD | IS | EP | TE |
|----------------------------|-----|-------|-------|---------|--------|---------|--------|--------|--------|--------|--------|--------|-------|
| Turnover intention | 289 | 2.409 | 1.057 | (-.890) | | | | | | | | | |
| Freedom motivation | 291 | 3.734 | .679 | -.043 | (.686) | | | | | | | | |
| Career dev. motivation | 286 | 3.357 | .916 | -.245** | .279** | (.874) | | | | | | | |
| Overall HR appreciation | 290 | 3.206 | .773 | -.449** | .185** | .370** | (.750) | | | | | | |
| Supervisor support | 291 | 3.436 | .709 | -.359** | .128* | .233** | .753** | (.890) | | | | | |
| Training opportunities | 290 | 3.076 | .746 | -.328** | .197** | .367** | .794** | .506** | (.799) | | | | |
| Career Development Support | 285 | 3.264 | .673 | -.414** | .187** | .268** | .729** | .467** | .533** | (.772) | | | |
| Information sharing | 287 | 3.408 | .677 | -.201** | -.007 | .224** | .560** | .210** | .317** | .192** | (.812) | | |
| Employee participation | 286 | 3.577 | 1.551 | -.274** | .148* | .206** | .692** | .397** | .424** | .350** | .309** | (.749) | |
| Tenure | 289 | 1.329 | .471 | .076 | .157** | -.213** | .025 | .031 | .084 | -.008 | -.095 | .073 | |
| Gender (0=man, 1=woman) | 289 | | | -.104 | .052 | .215** | .086 | .033 | .070 | .078 | .107 | .023 | -.076 |

Notes: **p. 0.01 *p. 0.05; n= 291; values in parentheses are α reliabilities

The next two hypotheses concerned the influence of the specialist contract agency employee's motivation on turnover intention. Freedom motivation proved not to be related to turnover intentions ($\beta=.045$, *n.s.*), which disconfirms hypothesis 2a. However, a significant negative effect was established for career development motivation ($\beta=-.225$, $p<.001$). This implies that the more the employee's motivation is based on career development motives, the less the intention to leave Flexcorp (see table 4, M1).

As expected in hypothesis 2B, this negative relationship between career development motivation and turnover intention was found to reduce with the increase of employee's tenure with Flexcorp. The explained variance in the model that included the interaction term significantly increased as compared with the model without the interaction term ($\Delta R^2=.060$, F change = 18.510, $p<.001$) (table 4, M2 and M3). This indicates that the effect of employability motivation on turnover intention indeed depends on the employee's tenure (Brambor et al., 2006). To further illustrate the effect of tenure with the agency on the link between career development motivation and turnover intention, the significant interaction is presented graphically. Following Aiken and West (1991), simple slopes of the effects of the awareness of career opportunity practices are represented for employees with a relative short tenure (one standard deviation below the mean) versus a relatively long tenure (one standard deviation above the mean). Figure 2 illustrates that, when tenure is relatively short, the relationship between career development motivation and turnover intention is clearly negative. However, with a longer tenure, the negative relation between career development motivation and turnover intentions becomes less strong. This means that when tenure increases, employability motivation has a reduced effect on employee retention. These results largely confirm Hypothesis 2B.

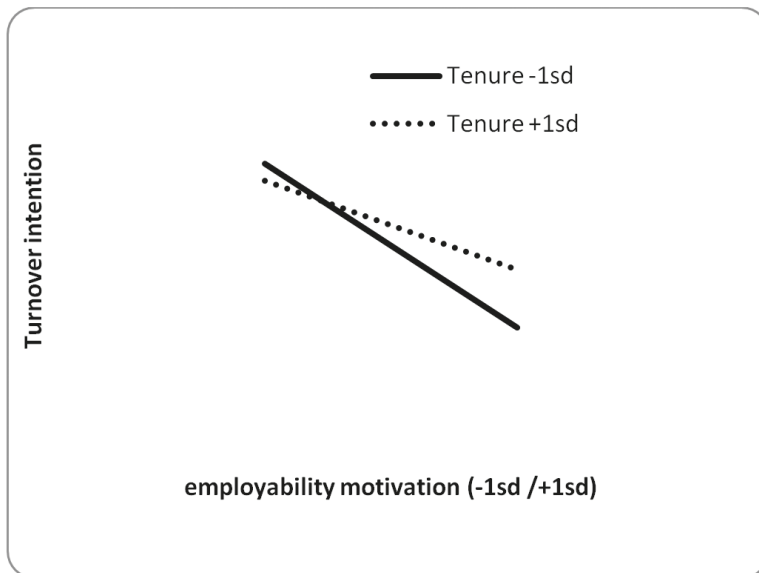


Figure 2 | interaction H2b

Table 4: Regression analyses

| Dependent = | Turnover Intention (TI) | | | | | | Overall HR appreciation | | | | | | | |
|--------------|-------------------------|------|---------|----------|------|---------|-------------------------|------|---------|-------------------|------|---------|----------|------|
| | M1 | | M2 | | M3 | | M4 | | M5 | | M5 | | | |
| | B | SE | β | B | SE | β | B | SE | β | B | SE | β | | |
| Constant | 2.993 | .374 | | 2.939 | .394 | | 5.090 | .629 | | 5.109 | .473 | | 2.558 | .168 |
| FM | .068 | .095 | .045 | .050 | .096 | .032 | .042 | .093 | .027 | .102 | .088 | .067 | .044 | .042 |
| CDM | -.256 | .070 | -.225** | -.243 | .071 | -.214** | -.944 | .177 | -.833** | -.111 | .069 | -.098 | .169 | .032 |
| HR | | | | | | | -.828 | .125 | -.390** | | | | | |
| TE | | | | .018 | .040 | .027 | -.597 | .148 | -.912** | | | | | |
| TE *CDM | | | | .208 | .048 | 1.040** | | | | | | | | |
| ΔR^2 | .041 | | | .060 | | | .049 | | | .133 ¹ | | | .115 | |
| F change | 5.625** | | | 18.510** | | | 16.618** | | | 42.673** | | | 17.361** | |

Notes: **p. 0.001 *p. 0.01 ; ¹ ΔR^2 : M4 compared to M1 ; FM=freedom motivation; CDM=career development motivation; HR=overall HR appreciation; TE=tenure

Finally, support was found for the mediation effect stated in hypothesis 4. First, the statistical significance of the relations between the independent variables career development motivation and freedom motivation and the overall perception of HR variable and between the mediator variable and the dependent variable were established (MacKinnon et al., 2007). When both paths are significant, there is evidence of mediation (MacKinnon et al., 2007). The results were significant for the path from career development motivation to the overall HR appreciation ($\beta=.317, p<.001$), and for the path from HR to turnover intention ($\beta=-.390, p<.001$) (table 4, M4 and M5).

In addition, the evaluation of the significance of the mediation effect was determined by calculating a Sobel test (MacKinnon et al., 2007). The Sobel test confirmed that a full mediation of the path from career development motivation to turnover intentions through the appreciation of HR practices ($z = -4.408 > 1.96, p < .001$). Employees who have a greater career development motivation, are less inclined to leave Flexcorp because they better appreciate the HR practices that are offered. Having a freedom motivation does not seem to be related to turnover intentions, nor to an appreciation of HR practices. This confirms hypothesis 4.

DISCUSSION

The labor market for contingent high skilled professionals consists of triadic relations between worker, intermediary agency and client organization (Kunda et al., 2002). Where most studies focus on flex workers and the position of flex workers in client organizations, we focused on the effect of HR practices of an intermediary agency for flex worker retention to the agency.

An often made distinction in the motivation of employees for a career as a flex worker is between flex-work as a second best option: a way to open new career opportunities (career development motivation), or flex-work as an alternative and admirable career track (freedom motivation). Like previous research, we found a clear two factor structure for motives to work as a flex worker (De Jong et al., 2009). In this study we found that motives of flex workers to work at a contract agency explain which HR policies can contribute to retention. In a sample of 291 employees of an agency for financial specialists, we found that contract workers with a career development motive who work for the agency for a longer time, have a higher intention to leave the agency. Probably the need of the contract worker to become more employable has diminished over time, when work experience was built up. The need that cannot be fulfilled by the agency, acquiring permanent employment, then becomes more apparent. Longer tenure did not have the same impact on contract workers who are highly driven by a freedom motivation. Knowledge of the motivational drivers of contract workers is thus essential to be able to develop HR practices that commit contract workers to the agency. The results show that it is possible to commit contract workers with a high career development motivation to the agency by providing HR practices that are supplementary to the HR practices delivered by the client organization. These HR practices fulfill the specific needs of contract agency workers: feeling part of a professional community (information sharing and involvement with the agency), creating employability (by providing training and career development practices) and support with their career (supervisor support from the agency).

The HR practices did not have an influence on the retention of contract workers with a high freedom motivation. This indicates that the obligations in the psychological contract of the autonomous professional are not met with human resource management practices like providing supervisor support, training, career development support and information sharing. Following psychological contract theory, one would expect that additional or different kinds of practices, aimed at facilitating their independent way of working, like networking facilities, flexible work arrangements to suit personal and work time demands, or technological support to facilitate work-at-distance would contribute to the retention of freedom oriented flex workers (Mitlacher, 2008). At the same time, freedom motivation in itself seems to contrast with being employed at all. In the psychological contract of employees who are largely motivated by the freedom of being a flexible professional, the added value of being employed by an agency is marginal.

For the interpretation of the findings some sample specificities need to be spelled out. First, the data were collected in one organization, within a specialized industry of high-educated financial professionals holding high quality jobs. The results cannot be generalized automatically to other industries, nor to flex workers in low quality jobs. Flex workers in low quality jobs have fewer options and are less likely to expect and receive HR practices like career development support or information sharing.

Furthermore, our sample contained a large amount people who were at the beginning of their careers. Besides, the sample was predominantly male. Research by De Jong and Schalk (2009) showed that younger people and men more often have career development motives. Relatively few women or more senior professionals work at Flexcorp, who are supposed to have higher freedom motives than young, male professionals. Our sample did not show these age and gender effects, but this may be due to the skewedness towards young, male professionals.

Given the large amount of young professionals in the organization, it can be questioned whether Flexcorp is a specialist contract agency that acts as an external strategic alliance partner for client organizations as suggested by Lepak and Snell (1999). In the eyes of the employees of Flexcorp, the organization may act more like a broker of contract workers in a specific industry (in this case, finance) than as a supplier of specialist knowledge.

Finally, the data were cross sectional in nature. Since the majority of respondents were at the beginning of their careers, it would be interesting to track the perceived impact of the HR practices in our study (supervisor support, training and career development support) over a longer period. This would imply longitudinal data. Given the high turnover rates, performing such a longitudinal study might prove to be a challenge.

Research implications

A large industry of various types of organizations of flexible labor has developed over the past decades. Theory distinguishes between low-cost labor suppliers versus strategic alliance partners that provide organizations with specialist knowledge on demand (Lepak & Snell, 1999). Employees' motives to work as a flex worker will attract them to different types of flex agencies, as our study illustrates. Flex workers looking for career development are well served at Flexcorp. Positioning the

agency as a strategic partner would mean that the psychological contracts of freedom motivated flex workers need to be met. Future research needs to identify whether human resource practices like network structures, offering a professional community and identity, and the acquisition of high level professional projects could fulfill the psychological contract of these workers. To achieve an added value position in the relationship with client organizations, perhaps another set of flex employees needs to be recruited as well. Future research should extend this single organization study to flex organizations that are more clearly positioned in the strategic partner quadrant of Lepak and Snell (1999). It may show that the image of the organization in the eyes of employees (contract broker or external alliance partner) attracts employees with different motivations: contract brokers would attract more career development oriented employees (as were predominantly present in our sample) and external alliance partners would attract more freedom oriented employees. One expectation to be tested would be that the HR practices to retain flex employees that develop in the latter type of organizations go beyond the HR practices that were found in our study.

Practical implications

This paper focused on the psychological contracts of people working in the high-end of outsourced work; people working at a specialized job agency. The results illustrated the importance of meeting the expectations of flex workers when an agency wants to retain their flex employees. Career supportive oriented human resource practices are exactly what temps with a career development motivation expect to find and this will keep them with the agency. This insight in the effects of human resource management on agency employee attitudes is of practical relevance for professional populations like IT, consultancy or accountancy.

Our findings show that HR practices aimed at the specific expectations of flex workers in this context contribute to the retention of flex workers to the agency. Given the human resource investments in these flex workers by the agency; this is a valuable finding for specialist contract work agencies.

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Appendix 1 | Items of the HR scales

Item

Supervisor Support (SS)

- My team manager communicates effectively.
- My team manager motivates and inspires me.
- My team manager sets clear goals.
- My team manager is available when I need him/her.
- My team manager provides regular feedback about my performance.
- My team manager looks well after the development of my skills.

Information Sharing (IS)

- I am well informed about the future plans of Flexcorp.
- I am well informed about the mission and vision of Flexcorp.
- I am well informed about the business results of Flexcorp.
- I am well informed about the activities of other business units at Flexcorp.
- I am well informed about the total package of services that Flexcorp provides.

Training Opportunities (TO)

- I get enough opportunities for education that would improve my performance in my current job.
- I get enough opportunities to follow education that would increase my chances for a better position.
- Flexcorp supports my plans for additional training or education to progress my career.
- I am well prepared for my job because of the training provided by my business unit.

Career Development Support (CD)

- Flexcorp provides me with assignments that allow me to develop new skills.
- Flexcorp provides me with assignments that support my development.
- Flexcorp keeps me up to date about the various assignment opportunities.

Employee Participation (EP)

- Employees are encouraged to bring up new solutions to problems.
 - Management is prepared to act on my suggestions for improvement.
 - Flexcorp puts great endeavour in hearing about the opinions of employees in my business unit.
-

Chapter 6

Structuration of precarious employment in
economically constrained firms: The case of
Dutch agriculture



ABSTRACT

Precarious employment practices such as short contracts, low pay and lack of voice have undesired outcomes for workers, because these impede employees in their ethical rights to freedom, wellbeing and equality. Still, precarious employment practice is common in sectors with restrained economic conditions, such as Dutch agriculture. However, in every restrained industry examples of more socially responsible employment management are reported. The question why some firms develop more socially responsible employment systems when economic conditions predict the use of low cost, precarious employment systems is central in this paper. Structuration theory provides a lens to understand how employers position their employment practice in the wider (institutionalized) social context. Insight in the reproduction circuits that link employers' actions with their social context (product, market, institutions and policies, demographics) can reveal where, at a sector level, change to avoid unethical employment practice could start.

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INTRODUCTION

On-going globalisation and labour offshoring have not led to low-skilled work completely vanishing from high income countries. In particular, the hotel and restaurant industry, the personal services sector and agricultural businesses still host large numbers of low-paid and generally low-skilled jobs (Gauthié & Schmitt, 2010). Precarious employment practices such as uncertainty about employment continuity, arbitrary discipline, lack of employee voice and low wages are expected to fit with the marginal economic position of firms in these sectors (Appelbaum & Schmitt, 2009; ILO, 2011; Pena, 2010). However, not all firms in these sectors automatically adopt precarious practices that violate ethical rights of employees (Edwards & Ram, 2006; Simmons, 2008). Idiosyncratic examples of organizations in which investments in employees prevail over low cost employment practice exist in each sector (e.g. Edwards, et al., 2009; Hoque, 1999, Knox & Walsh, 2005). An integrative theoretical framework is offered that incorporates institutionalist insights on sector structure as well as human agency processes to explain heterogeneity in employment systems when economic conditions predict the use of low cost, precarious employment systems (Edwards & Ram, 2006; Barret & Rainnie, 2002). As structuration theory (Giddens, 1984) integrates the actions of agents in the wider social (institutionalized) structure (Barley & Tolbert, 1997), it is more effective in explaining processes that sustain both within sector conformity as heterogeneity than other integrative approaches such as institutionalism (Heracleous & Hendry, 2000). The research draws on interview data obtained from employers and experts in one highly competitive industry in a wealthy country: agriculture in the Netherlands. But first, the theoretical foundations will be explained in more detail in the next sections.

Precarious employment

Employment management systems are organizational routines concerned with how management aligns the behaviour of employees to the goals of the organization (Boxall & Purcell, 2008, Feldman & Pentland, 2003). Although most literature is concerned with the economic linkage between employment management systems and organization performance, evidently there is an ethical component to employment that becomes apparent in the discourse about precarious employment (Greenwood, 2002). The distinction between precarious - and socially responsible employment exemplifies the economic and ethical perspectives on employment.

In a strictly economic view, labour is a commodity for company performance. In exchange for some return, employees allow employers to exercise authority over how their behaviour is aligned. Under cost reduction strategies, precarious work systems characterized by adverse contractual arrangements and unfavourable work conditions for employees provide the least expensive way to employ human resources (Schuler & Jackson, 1987). However, from an ethical point of view, labour is not just another commodity. Following Kantian ethics, the way in which authority is exercised over employees should be an end in itself, meaning that employers should not undermine the autonomy of others (employees), and that employees should be treated with respect (Greenwood, 2002). Hence, ethical principles put some restrictions on the economic considerations in managing labour.

In practice, ethical considerations of employment management show in social discourse about 'good employership' (Van Dalen, 2006), decent work (ILO, 2011), and socially responsible HRM (an employee stakeholder view as part of corporate social responsibility) (Simmons, 2008). The shared understanding is that all employees have the right to freedom, wellbeing and equality (Rowan, 2000). The right to freedom touches upon managerial control over workers and on providing employees with sufficient income to live as an independent person, that is, for example, by having job security and a fair wage. The right to well-being points at the rights of individuals to pursue their own interests or goals, such as that all employees have the freedom of association and collective bargaining. It also emphasizes a safe work environment, both physically and socially. Finally, the right to equality refers to due processes in the workplace (equity, equal opportunity, justice) (Greenwood, 2002). From here, it follows that absence of these rights indicate unethical management of human resources. The ILO (2011) in particular labelled this "precarious work", defined by the presence of adverse contractual arrangements and work conditions that violate employee ethical rights and that withhold individuals to make an independent living. Table 1 summarizes typical employment management practices under precarious and socially responsible employment (Gallie, 2007; ILO, 2011).

In industries where labour costs are the largest component of the total production costs, margins on products or services are low due to fierce price competition and labour is a commodity factor in production in the sense that one employee can easily be replaced by another, precarious work systems will more likely be present (Gittel & Bamber, 2010; Michie & Sheehan-Quinn, 2001; Rainnie, 1991). Labour-intensive agriculture is an industry that fits many of these characteristics (Pena, 2010). Previous research in other economically restrained industries, such as the hotel and restaurant industry has shown that, in general, employment management systems can be classified as 'precarious'. However, more socially responsible HRM systems have also been reported (Hoque, 1999; Knox & Walsh, 2005). Similar exceptions were reported in the low-cost airline industry (Gittel & Bamber, 2010), and in the British clothing industry (Ram, 1991). This evidence of variation in employment management systems within economically restrained industries suggests a need to simultaneously examine structural characteristics of an industry and the agency of actors within such industries.

Structuration

Employment management systems are tied to the context of organizations through processes of legitimacy. Country regulations and sector characteristics put some restrictions to the freedom to use any type of employment management system. According to (neo) institutional and resource based theories, organizations need to balance between the degree of conformity and differentiation in order to be effective (Oliver, 1997). However, both institutional and resource based theories have been criticized for downplaying the process how actors behave strategically within social institutionalized structures (Watson, 2004). Structuration theory provides a complementary process perspective to understand reasons why actors show divergent behaviour in similar social structures (Heracleous & Hendry, 2000).

Table 1 | Employment systems and practices

| Ethical employee rights | Precarious (ILO, 2011) | Socially responsible |
|--------------------------------|---|--|
| <i>Right to freedom</i> | Limited duration of contract (fixed-term, short-term, temporary, seasonal, day-labour, casual labour); | Full-time contract. |
| | Dependent nature of the employment relationship (triangular and disguised employment relationships, bogus self-employment, subcontracting, agency contracts); | Year round, permanent contract. |
| <i>Right to wellbeing</i> | Low wage (e.g. piece rate). | Legal minimum wage, legal overtime payment; Incentives, above-market wages |
| | Lack of or limited access of workers to exercise their rights at work. | Works council; Employee work meetings; Job autonomy, team work; Performance interviews. |
| <i>Right to equality</i> | Poor protection from termination of employment. | Training, career development support; |
| | Physically unsafe work environment. | Physically and socially safe work environment. |
| <i>Right to equality</i> | Lack of access to social protection and benefits usually associated with full-time standard employment. | Written down employment policies; Employment benefits scheme. |

The core of structuration theory holds that structure does not exist outside the actions of agents; rather it is the outcome of repeated actions by multiple actors (Giddens, 1984). For example, authoritative management can be practised only as long as both employers and employees adhere to this routine. Once people start to ignore this routine, or start acting differently, the structure that once sustained this precarious work practice ceases to exist. This two-directional reinforcing process is called the “*duality of structure*” reflecting the idea that the structure that drives the behaviour of agents only exists because agents act according to the structure. In this sense, employment management systems are examples of social structures (Feldman & Pentland, 2003). In a precarious work system, employers and employees are the actors who practice routines – and their continuous, repetitive practice sustains the existence of authoritarian employment. Employees may adhere to the routine because they feel that they do not have the power to speak up against their employer. In their experience, it is a matter of this job or no job at all (e.g. Rainnie, 1985; Pena, 2010). Similarly, employers may also experience a lack of means to act otherwise because of product price competition and therefore see no option but to control employee productivity in an authoritative manner. Further, employers can adhere to institutionalised rules that legitimise the practice of an authoritative style in their industry (Edwards, et al., 2006).

Together, all actors reproduce a social structure that has legitimacy both at the level of the firm and at the level of the industry.

This process is graphically represented in so-called *Reproduction circuits* (Figure 1) (Giddens (1984). Reproduction circuits indicate how social practice gets reinforced over time and becomes embedded in institutionalised rules of practice, while these virtual rules of practice simultaneously inform the day-to-day practice of agents. Hence, reproduction circuits link the sense making of people in firms in a sector with larger social structures like economic conditions and institutional pressures.

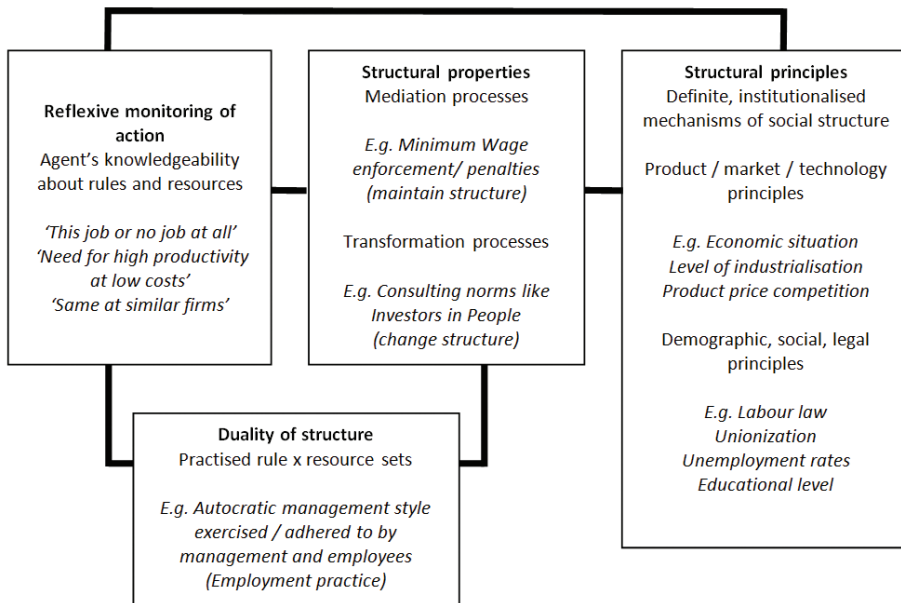


Figure 1 | Illustration of reproduction circuits of (institutionalised) structure on employment practices in agriculture

Structural principles (on the right-hand side of the figure) are the most recognisable and consistent forms of social structure. These principles apply to the organisation of societal wholes, such as organisational fields. Early institutional theory also sees organisational fields as structured social contexts (DiMaggio & Powell, 1983). Firms in organisational fields share the same information load, with which all firms must contend, either in a normative or in a coercive manner because of formalised legal regulations. For example, in the Netherlands, terms and conditions of employment are negotiated at the sector level and result in Collective Labour Agreements (CLAs) to which all employers within the sector must comply (Hartog et al., 2002). Stable social structures on the societal level can broadly be divided into product-market structures and demographical, social-legal structures (DiMaggio & Powell, 1983).

However, even structural principles are never definitive because they link with *mediation* and *transformation processes* that result from the *structural properties* (shown in the centre of Figure 1).

Structural properties of social systems are structures that persist consistently over time and space and which eventually become part of the structural principles that characterise an institutional domain (Giddens, 1984). Collective initiatives in organisational fields, like the advice standards practiced by consultants and policymakers are examples of structural properties. Mediation processes are enacted structural properties that sustain the structural principles, whereas transformation processes are enacted structural properties that could eventually change the structural principles.

Dutch sector-level CLAs provide examples of mediating processes of structural properties of social systems, as these reflect the mores within organisational fields on, for example, working times and the value of different jobs (Hartog et al., 2002). Transformation processes, such as the need to facilitate flexible forms of labour, have informed more recent CLAs (Bovenberg & Wilthagen, 2008).

Structural properties feed into *rules and resource sets* that guide the day-to-day practices of agents (on the left hand side of Figure 1). They bring stability and reduce anxiety about what to do. The duality of structure means that agents are not unwillingly subjected to these rules and resources. Rather, in order to enact the structure, agents need to be *knowledgeable* about the rules and resources that sustain it. Much of this knowledge of social structures is tacit; it is practiced in day-to-day habits without much consideration. However, if asked, agents are able to verbalise the reasons for their actions (Giddens, 1984).

Hence, the route in, if one wants to investigate agents' practices in the wider social context, is to obtain their verbalised consciousness about the social structure. Verbalised reports of agents reveal rules and resources agents are knowledgeable about and which they use to legitimise their practice (Heracleous & Hendry, 2000).

As agents possess the ability to reflect on their actions, they may decide to act differently than anticipated. In other words, although a social structure may be taken for granted, that does not mean that agents will never choose to deviate from it (Giddens, 1984). Repetitious deviations feed transformation processes and create margins for structure change. The source of change lies in the agents' perceived ability to act otherwise, which depends on the degree of leeway they experience: their *reflexive monitoring of action*.

The resources that agents are knowledgeable about determine their perceived power to act and to deviate. Gittel and Bamber (2010) illustrate this with their findings in the low-cost airline industry where product cost minimisation strategies resulted in either cost-cutting employment strategies or in substantive investments in employees aimed at increasing employee commitment and productivity.

Towards an empirical approach

The cyclic notion of the duality of structure (as visualised in figure 1) implies that neither agency nor structure should be investigated in isolation. Nevertheless, for purposes of analytical clarity

they can be disentangled (Pot, 1998). Since our interest lies in understanding the circuits that reproduce and sustain both precarious and more socially responsible employment management systems in a single organisational field with the same set of structural principles, we purposely separate the structural principles of the organisational field – such as the product-market structure and demographical, social and legal structures - from the actions and knowledgeability of agents in firms within the sector before we bring them back together again (Pot, 1998).

In the next section, we first present the main structural principles of agriculture in the Netherlands. This information was gathered during two group interviews with sector experts (organisation consultants (2), policymakers (2) and CLA experts (2)). Also national and agricultural newspapers and websites on employment management in agriculture, and statistical reports on the sector were gathered during the data collection period (2010).

Following this, we present the methods used and the results from a multiple case study in 19 agricultural firms. By comparing the verbalised knowledgeability of employers having a precarious employment system with the knowledgeability of employers that practice socially responsible employment systems, it becomes possible to detect patterns in agents' knowledgeability of the reproduction circuits of employment management systems in their organisational field (Caramani, 2009; Rihoux & Ragin, 2009). The focus is on detecting mediation processes (which sustain the continuation of the status quo of precarious employment management systems under tight economic regimes) and transformation processes (which may lead to a change in the structural principles) (Pot, 1998).

STRUCTURAL PRINCIPLES OF AGRICULTURE

The presentation of the structural principles of Dutch agriculture is based on the commonly used distinction between resource structure (product/market/technology) and institutional structure (demographic/social/legal principles) (DiMaggio & Powell, 1983). Table 2 summarises the findings.

Products, market and technology structures. A wide variety of products are produced in the sector; broadly divided into food (fruit/vegetables/cereals/meat) and non-food (plants in pots or trees in fields). The mechanisation of production has reduced the need for labourers over time. Further mechanisation of production is still under development (such as a harvesting machine for asparagus), although the general consensus is that most of the likely mechanisation has already taken place. What remains are two types of tasks: those that involve quite some skill and knowledge (such as fertilisation, technological aspects of production, and management of climate systems) and work that involves some skill, but for which no specific education is needed (such as picking fruit). Most labourers work in the second category. They are concentrated in a few product lines that are still labour intensive, requiring picking or planting by hand: glasshouse horticulture (vegetables, fruit, plants) and field horticulture (vegetables, fruit, trees).

Table 2 | Structural principles in the agricultural field

| <i>Products, market and technology structure</i> |
|--|
| - Ceiling effect in technological innovation. Remaining tasks include unskilled production work and specialised production/management tasks. |
| - Labour costs make up the largest part of production costs in labour-intensive cultures. |
| - Auction system gets replaced by conglomerates of retailers that gain power over producers. |
| - Declining product prices; farmer's incomes reduce. |
| - Average firm size increases. |
| <i>Demographic, social, cultural and legal structure</i> |
| - Rapid demographic changes in the population of agricultural employers and employees. |
| - Reduced numbers of students in agricultural education; reduced availability of educated workers. |
| - New labour markets opened after extension of European Union. |
| - High levels of employer membership of employer's associations. |
| - Collective Labour Agreements determine the minimum employment conditions in the sector. |
| - Employer's associations' representatives lobby at national and international levels for advantageous sector policies. |
| - Employer's associations offer consultancy to individual members about strategy, production, administrative processes and management. |
| - Newspaper coverage of incidents with illegal employees created negative image of the sector. |

Traditionally, food products are sold through auctions that apply the classical market principles of supply and demand, where prices for various products are updated weekly in newspapers and sector journals. However, the traditional auction system is getting bypassed since the retail market has become dominated by five large retail conglomerates who seek to control the supply chain by directly contracting food suppliers. The power distribution in the supply chain is perceived to be unfavourable for the food producers and has led the NMA (competition authority) to examine price margins in the sales channels. As anticipated, the largest margins were found in distribution and retail and not at the producers (Nieuwe Oogst, 2010). Prices of labour-intensive fruits and vegetables have declined in recent years and the income of farmers is under pressure (LEI, 2011). As labour costs make up to 80% of production costs when it comes to labour-intensive fruit and vegetables, making profit depends to a large extent on managing labour-related costs.

Demographical, social, cultural and legal structures. Traditionally, farm organisations have been family businesses and many of the smaller farms are still entirely run by family members. However, demographic changes (smaller families, and more highly educated children who are leaving the sector) and a reduction in the number of agricultural businesses have reduced the number of people who are connected with the sector. Many farmers have no family successor and close down their businesses when they retire. The remaining businesses tend to be growing in size by taking over these firms. Although the total productive agricultural area is not growing, the average

size of agricultural firms has substantially increased in the past two decades. Nevertheless, with a few exceptions, almost all agricultural businesses in the Netherlands can be categorised as SMEs employing less than 250 employees (LEI, 2011). The reduced availability of family labourers and the increased size of firms imply a need for new sources of labour.

Although the sector has its own educational system covering all educational levels from training farmhands up to university level, the number of students in agricultural education is decreasing. Collective initiatives such as 'Step2green' aim to increase the attractiveness of working in the agricultural sector by offering combined work and education trajectories. Despite these initiatives, agricultural employers have to a large extent met their labour needs by tapping the potential offered by workers from Eastern Europe (van de Meulen et al., 2011).

In the Netherlands, employers' associations negotiate sector-level collective labour agreements (CLAs) which cover minimum legal employment regulations with representatives of national labour unions. There are three (regionally organized) agricultural employers' associations and two large labour unions involved in the CLA negotiations. The sector is covered by several CLAs, for example, for open field culture, for glasshouse culture and for tree nurseries with which individual employers have to comply. Deviations (in the sense of offering more than the legal minimum) reflect the structural characteristics of the sector, such as the glasshouse CLA which allows annually repeated short-term contracts and a clause means that employers do not have to pay annual salary increases to these structural short-term employees.

Law enforcement agencies focus on sectors seen as vulnerable to illegal labour practices and the agricultural sector is under increasing surveillance by the labour inspectorate (Frouws, de Ruig, Grijpstra, 2010). In recent years, several incidents concerning illegal employment practices have received national news coverage (Rijken, 2011). Illegal practices involved the use of Polish workers that are hired by firms based in Poland – and then paid much lower Polish wages (Frouws, et al., 2010) - and the trafficking of Romanian workers which led to a criminal case (Rijken, 2011). The employers' association covering the southern part of the country emphasises the importance of acting as a 'good employer' to their members. They disassociate themselves from illegal and precarious employment management practice. The 'good employer' project receives regular coverage in the weekly agricultural journal 'Nieuwe Oogst'.

CASE STUDY METHOD

Population, case selection and sample.

To control for type of work and location effects, such as in the labour market and related institutions, the investigation was limited to low-skilled, labour-intensive agriculture in the southwest area of the Netherlands. Here is a concentration of labour-intensive fruit and vegetable producers (5500 businesses, equalling 17% of all agricultural businesses, LEI 2011). Organization consultants of the employers association ZLTO composed a list of organisations that showed variation in employment management. In total 19 owners were interviewed at their business locations. Where possible, production processes were observed (some seasonal fruits and vegetables were not in

open-field production during the research period) and informal talks were held with employees (in 14 cases). This provided the interviewer an informed perspective about working conditions, tasks carried out and the managerial regime in place before the interview. To prepare for the interview, owners were asked to complete a questionnaire concerning business characteristics and employment practices. The completed questionnaire served as a starting point for the interviews. The semi-structured interviews covered topics such as staffing, pay and recognition, motivation, daily management routines and employee involvement. Further, owners elaborated on the work processes in their firms, their strategy, market position and ambitions. Interviews typically lasted two hours. All interviews were transcribed verbatim. For each case, a summary was created of the employment practices.

Analysis

A comparative case study (CCS) analysis was performed to explore reproduction circuits that sustain within-sector heterogeneity of employment management systems (Rihoux & Ragin, 2009). Cases were dichotomously divided based on the presence of a precarious work system (Caramani, 2009). By first comparing interview data of cases with precarious work systems with each other, and then with socially responsible cases, reproduction systems which are shared by all cases that are comparable in terms of the employment system can be found. Conditions that are either shared by all cases, or that vary equally over all cases, can be excluded as causes for the presence of precarious work systems (Rihoux & Ragin, 2009). Quotes from case interview transcripts of owners of businesses were coded to identify shared reflexive monitoring of action and linkages with structural properties of the sector. Results are presented in the next section.

CASE STUDY FINDINGS

Table 3 (*appendix*) provides an overview of precarious and socially responsible work practices per case. Cases A to I have predominantly precarious work practices. Cases J-S have increasingly less precarious practices, in combination with examples of socially responsible practices.

When comparing all cases, it appeared that all companies were homogeneous on the following characteristics: all firms were family-owned and managed; all had seen large growth in production over the past ten years, and all changed from the employment of family-only to all non-family employees in the same period. Further, similar variations in size, type of product and type of production were found in both groups (see table 3). Hence, these characteristics hold less consequence for explaining variation in the selection of employment management systems.

Conditions that are shared by cases that have a precarious employment system, but that are different in the socially responsible cases, are considered to represent reproduction systems that sustain variation in employment systems. Three topics revealed distinct reproduction systems between both groups: staffing, remuneration practices, and authority and voice. Findings are summarized in table 4.

Staffing

A recurrent theme in interviews in all cases was labour shortage. However, precarious and socially responsible employers reason differently about labour shortage solutions. In precarious cases, the shared understanding is that Eastern European employees are the only group left to do this type of job properly (as compared to local employees). Agricultural employers' associations launched the "seasonal work" project that provided employers with extended support in preparing requests for work permits. Other initiatives that have been considered at the government level include opening up seasonal work to third country workers on short-term contracts only (Rijken, 2011). These kinds of legal constructions legitimise the short-term commitment of employers to employees. In the reflexive monitoring of precarious employers, the work permit system is viewed as a necessary means to staff production in peak season: *"With a work permit, they [the Romanians] are more tied. As long as the permit is valid, they can work nowhere else. The permit is bound to one firm. You can't go to another firm just like that."* (Case B).

In contrast, employers in socially responsible cases express a longer-term vision of labour supply. Case N verbalises the shared concerns about the practice of work permits: *"Look, there are organizations that changed to employ Romanians [on work permits]. I figure, if you are unable to keep Polish people now, you will be the first to lose those Romanians later. And then what? I sometimes wonder why [employers association] is so short sighted [about offering work permit project]. But time will tell."*

Instead, socially responsible employers look for ways to commit employees, by looking for ways to extend contract duration. Interestingly, initiatives at the sector level also support these staffing choices. Several collective initiatives by groups of employers together with educational institutes work on improving career opportunities for local youth in the sector by offering combined work and development trajectories (e.g. 'Step2green'). Adherences to these types of initiative imply employer commitment to longer term employability.

Remuneration practices

Another theme was labour costs. Precarious cases apply remuneration practices that fit with a cost minimization strategy, such as piece rate pay or asking higher than legal fees for housing. Socially responsible employers emphasized the value of working efficiently rather than working cheap. Socially responsible remuneration practices included paid overtime policies or free housing facilities. Overall, labour costs and pay structures primarily feed on the structural properties laid out in the sector's CLAs. This reflects in the reference to CLA pay levels in all cases, even in cases that rely on piece rate pay:

"Piece-rate pay just makes them work. [...] New pickers get three weeks to get their performance up to the CLA wage rate. Otherwise we tell them sorry, either you pick faster, or you find something else, because you will give me problems [with the labour inspection]" (Case A).

Table 3: Reproduction circuits of institutionalised structures: employment management systems in agricultural firms

| Employment management system | Theme | Reflexive monitoring of action: | Duality of structure | Structural properties ¹ |
|------------------------------|----------------------------|--|---|---|
| Precarious | <i>Staffing</i> | <p>“Eastern European workers are more willing and more suitable for seasonal production work than other groups of workers”.</p> <p>“Work permits guarantee all-season availability of labour”.</p> | <p>Predominantly seasonal jobs.</p> <p>Mainly Eastern European employees</p> <p>Work permits often used.</p> | <p>Collective work permit project initiated by the employers’ association.</p> |
| | <i>Remuneration</i> | <p>“Labour costs must be as low as possible”.</p> <p>“Too stringent legal procedures but penalties are expensive”.</p> | <p>Use of loopholes in regulations to cut down on labour costs.</p> <p>Short-term contracts, contingent labour force.</p> | <p>Increased attention by labour inspectorate.</p> <p>Legal requirements concerning housing conditions for seasonal workers.</p> <p>Seasonal labour regulations allow short-term contracts in greenhouses and horticulture.</p> |
| | <i>Authority and voice</i> | <p>“Communication difficulties because of language differences”.</p> | <p>Uncontrolled social control style or authoritative control style.</p> | <p>National newspapers focus on excesses such as the exploitation of, sometimes illegal, seasonal employees.</p> |
| Socially responsible | <i>Staffing</i> | <p>“Need for long-term labour supply: Continuous, year round contracts maintain labour supply”.</p> | <p>Creative solutions to create permanent jobs in seasonal work.</p> <p>Offering greater job security.</p> <p>More diverse labour force.</p> <p>No use of work permit system.</p> | <p>Collective initiatives to make work in agriculture more attractive (step2green).</p> |
| | <i>Remuneration</i> | <p>“Working efficiently rather than working at low costs”.</p> <p>“External advice and consultancy is useful”.</p> | <p>Performance incentives, employment benefits, training, job rotation, teamwork.</p> | <p>ZLTO ‘Good employer’ project.</p> <p>Collective initiatives to advise employers about strategic human resource management.</p> |
| | <i>Authority and voice</i> | <p>“Employee commitment guarantees the organisation’s continuity”.</p> <p>“Speaking a common language facilitates employee management”.</p> | <p>Participative control styles, including formalised meetings and giving employees voice.</p> <p>Language training.</p> | <p>Organisation consultants advise about strategic human resource management (e.g. IIP).</p> |

¹: Mediation and transformation structures that sustain or change structural principles.

Common practices, such as housing seasonal employees on the firm's premises (at the advised rate of 35 Euros per week) or allowing the unlimited use of seasonal contracts, have become legalised in official regulations. Direct reference is made to labour costs in legitimating the use of these practices. For example, the following argument was provided as a reason for deducting housing expenses from pay (employees stayed in junk beds in a barn):

"Those people are used to lower wages but they are no fools. And we do pay in the right direction, only now we deduct housing expenses and that brings us to CLA level. [...] We have to pay in line with the CLA but that's actually impossible... but we have no choice. But they [government, policymakers] don't think about that, they don't care." (Case E).

Stringent inspections linked to labour law execution in the agriculture sector seem to determine the legally legitimate minimum employment conditions; any further reduction in labour costs would drive employers towards criminal acts (Rijken, 2011). Newspapers have become keener on reporting excesses such as worker exploitation (Rijken, 2011). Employers are aware of this; many refer to a legal case in the region that involved illegal employees. *"The chance is you will get a fine. That gets you nowhere. If we work here, with 50 people, and you get a sanction, then I am damned. Look... when the labour inspector comes by and says "about 50 people" and they see your wages are too low that costs you a 3000 Euro. And illegal... I don't know exactly. That costs the 8000 Euro [per employee] and you end up without people to work. And the work can't wait, that's not possible." (Case B).*

Employers' associations are trying to raise awareness about the implications on consumer goodwill of repetitive negative news reports. Initiatives like the "good employer project" aim at increasing employers' awareness of the added value of good people management. In many of the socially responsible cases, some business consultancy had taken place about professionalising people management practice. The effects of consulting were even more prominent in leadership style and employee voice.

Leadership and voice

Interviews in precarious cases disclose a distant, impersonal relationship between employer and employees, while the patterns of authority in the alternative approaches seem to be more inclusive. The distant approaches are either characterised by the use of informal ethnic supervisors (at some cases labour brokers), or by strict authoritarian supervision by the employer. In the verbalised knowledgeability expressed by interviewees, this type of leadership mostly relates to communication difficulties with foreign workers. Also, the proximity of large numbers of foreign workers staying on the farm's premises can be a distressing experience that is sought to be controlled through the expression of an authoritative leadership style or the use of foreign intermediaries:

"Three or four people in the group came here for about seven years or so ... they'd got some sort of gang-master position. They'd let all the other people do all the work and did almost nothing themselves anymore. That even went as far as to get the subordinated Polish to get them coffee. I didn't see all this fully at the time, I did not control it.... I speak no Polish so it's difficult to tell what's going on." (Case D).

Some of the precarious employers drew parallels between their situation and the turmoil in Dutch newspapers about an asparagus farmer who kept her seasonal workers in custody. This awareness of bad employership has led to stricter application of labour regulations, but in the case of precarious employers not to more inclusive ways of supervision:

“Something happened in the news and then employees should get better facilities [refers to housing facilities] and then you do that. But still they [public opinion] look down on you” (Case E).

Improved authority and employee voice in socially responsible cases related to a desire for continuity, growth and expansion, and to an open mind for asking external advice in realising their ambitions. The reasons for asking advice vary from personnel shortages to succession issues, leading to a desire to professionalize the business.

“2006 has been a difficult year. I remember I had to beg people not to leave. ... I have resolved that I would never let that happen again.” (Case S). After that, external advice was sought and more socially responsible practices were introduced. External consultants bring their professional organisational models, which shows in the adoption of formalized meetings, the instalment of a works council or Investors in People certification in socially responsible cases. Moreover, the importance of communicating with foreign employees is acknowledged and managed by initiatives to learn to speak each other’s language. Precarious employers expressed a fear for increased costs should consultants be asked for advice, and hence their knowledge about alternative ways to manage employees remains limited.

CONCLUSIONS

This paper sets out to explain variation in employment management systems in economically restrained organizations. We do so by drawing on Giddens’ structuration theory, which suggests that actions of agents are supported by, but in themselves also sustain structural characteristics of the social context. Comparative case studies illustrate how employers position their employment management system – varying from precarious to socially responsible - in their organization contexts. We summarize our explanation of variation before turning to the theoretical and practical implications.

The explanation of variation focuses on integrative processes that embed employers’ agency in the sector structure. If we first look at the structure of the sector, we show that Dutch agricultural employers are strongly embedded in their business context, which is characterized by adverse economic conditions, a strong business network guided by an active employers association, and demographic, economical and societal changes that have led to a shift from family operated businesses to the employment of nonfamily, mainly Eastern European workers. Since the conditions for all agricultural businesses are broadly similar, the explanation for variation lies in choices employers make.

Turning to employers’ agency, choices for either precarious or socially responsible employment systems mostly relate to structural properties in the sector (Figure 1). Precarious employers

justify their practice by referring to the need to cut costs and to facilities offered by the employers association that accommodate precarious practice. Socially responsible employers acknowledge the existence of these facilities, but tend to rely on alternative structural resources initiated at sector level and consultancy. In addition, awareness of law enforcement seems to restrict the use of illegal employment practice. Hence, sector level structural properties mediate ongoing precarious employment to the level where it is about legal, as well as opening up transformation into socially responsible employment relations. Of course, the distinction between precarious and socially responsible employers is not absolute. In most cases being labeled as socially responsible, also some precarious practices were found, in particular the use of seasonal workers. This illustrates the limitations of choice determined by the most definite structural principle in the sector: the seasonality of agricultural production. In due course, technological advancements may even change this structural principle.

Employers' choice to pursue social responsibility is informed by reflexive monitoring about how the sector develops, about accidents involving personnel and knowledge about alternative approaches to employment. Thus, variation in employment systems is explained by how employers make sense of tangible and intangible resources available to them. This latter point supports Edwards and Ram's (2006, p. 911) assertion that even 'highly marginal firms have distinct sets of resources which they deploy actively'. Moreover, the findings underline the need to apply an integrated view, which embeds organization level employment practice in the product and labour market context (Barrett & Rainnie, 2002).

In relation to theoretical contributions, we suggest a process oriented perspective and an adjacent empirical approach to realize an integrated view on employment practice. Previous work using an integrated approach applied a critical realist perspective (Edwards et al., 2006; Edwards & Ram, 2006), which suggests a fundamental distinction between structure and agency (Heracleous & Hendry, 2000). Conversely, Giddens (1984) provides a more process oriented perspective (Barley & Tolbert, 1997). Via its focus on enactment, structuration theory bridges more definite characteristics of a field with processes in the social context that may change or sustain practices through sense making processes of actors. It also elucidates how institutions such as employers' associations and law enforcement institutions react to changes in the field.

Despite being theoretically appealing, structuration theory has been criticized for its ontological nature, making it hard to distinguish empirically between agency and structure (Heracleous & Hendry, 2000). We developed a method that recognizes the dynamic interrelation of structure and agency, by focusing on communication at both sector and organization level. Communication is the vehicle that, according to Giddens, carries the duality of structure. By applying comparative case study analysis (Rihoux & Ragin, 2009), patterns in the discourse of employers were detected that relate various types of employment systems to structural properties and principles in the sector. Comparative case studies combine the use of context sensitive, qualitative data, with a systematic almost variable-like quantitative approach (Edwards et al., 2006). By our focus on patterns in the discourse of agents in an organization field, the approach facilitates theory development about the dynamics that integrate structure and agency. In the current study, the discourse of employers was put central in the analyses. Of course, future research could include employee discourse as well.

Another theoretical contribution concerns the categorization of employment management systems in exploitative, precarious employment systems, and moral, socially responsible systems by relying on employee stakeholder theory (Simmons, 2008). Smaller organizations often lack formal rules and regulations and practices are mostly characterized in the daily routines between managers and employees. The case descriptions reflect examples of informal practice. The employee stakeholder perspective facilitates classification of practices as precarious or socially responsible, because it states three clear ethical employee rights against which practices can be held. Stakeholder theory aligns with societal morals on employment, given best practice guidelines that have developed in the last decade (e.g. van Dalen, 2006; ILO, 2011).

As we have shown, such institutional directions on ethical employment management practice should be understood as a dynamic product of the duality of structure, which both feeds into and exists because of the daily practice of agents. Following the findings in Dutch agriculture, reproduction systems that sustain precarious employment practice exist next to systems that advocate socially responsible practice. The key to changing reproduction systems from precarious to socially responsible employment lies in creating structural properties that support transformation such as sector level regulations, resources and projects, and in making agents knowledgeable about the rules and resources available to realize the transformation by using proper channels for communication to and education of employers in the sector.

Summarizing, the value of an integrated methodological approach in examining variation in employment systems in Dutch agriculture concerns its simultaneous sensitivity to context and to human agency. Structuration theory provides a dynamic framework to account for observed heterogeneity, which is worthwhile to pursue in future research.

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Appendix: Table 3 | Case summaries

| System | Case | Product ¹ | Size ² | Precarious work practice | Precarious conditions | Socially responsible practice |
|-------------------|------|-------------------------|-------------------|---|--|--------------------------------|
| <i>Precarious</i> | A | Strawberries/ apples | 100 | Contractual arrangements No permanent staff. Extensive use of work permits. Informal labour agents recruit in Poland; Bulgaria | Informal leaders supervise groups based on nationality. Piece rate pay. Dismissal of employees who do not make target production after induction period (that is, able to earn CLA wage). Public display of daily individual performance. Housing on property at 35 euro/week. Additional fee for use of kitchen utilities. | |
| <i>Precarious</i> | B | Strawberries* | 55 | No permanent staff. Extensive use of work permits. Informal labour agents recruit in Poland; Bulgaria. Signals that employees have to pay labour agents for their service. | Informal leaders supervise groups based on nationality, communication with employees happens through these informal supervisors. Lower performance is tolerated when someone is "good for the group". Housing on property at 35 euro/week. | Minimum CLA wage / hourly pay. |
| <i>Precarious</i> | C | Strawberries | 120 | Small permanent staff (5). Extensive use of work permits. Recruitment through senior workers' networks (East European villages, families). | Informal leaders supervise groups based on nationality. Piece rate pay. Public display of daily individual performance. Dismissal after drunk in evening to set an example to the rest; fines for hangover or not showing up at work. Housing on property at 35 euro/week. Additional fee for use of kitchen utilities. Strict code of conduct how to behave on property. | Written work instructions. |
| <i>Precarious</i> | D | Asparagus | 40 | Only seasonal staff on 10-week contracts. Illegal employment/black money. Recruitment through informal labour agents and agency for seasonal work. | Informal supervisors (Poland) based on seniority. Hourly wage below CLA. Housing in caravans on own property, more than 35 euro/week. Dismissals after conflict about pay and housing. After this incident more formalised/legal labour constructions. | |

| System | Precarious work practice | | Socially responsible practice |
|---------------------|----------------------------|----|---|
| <i>Precarious</i> E | Asparagus/ strawberries | 26 | Informal coordinator for peak employees of same ethnicity (labour broker). Pay per hour (mix CLA and minimum wage), Public display of individual performance. Housing in units on own property, more than 35 euro's/week. |
| <i>Precarious</i> F | Strawberries* | 45 | Only productive personnel get a contract after the induction period. Network recruitment through senior seasonal workers. System of below CLA base salary and performance based incentive: "hard work, good pay". Housing on property / camp sites at 35 euro/week. |
| <i>Precarious</i> G | Paprika* | 35 | No payment of breaks and legal overtime surplus. Hourly wages (CLA). Permanent staff: performance appraisal interviews, training. |
| H | Hydrangea* | 15 | Hourly wages (CLA). Overtime black pay. Housing on property. |
| <i>Precarious</i> I | Mushrooms* | 19 | Performance appraisal interviews. Owner took Polish classes. Informal supervisor (Poland) based on skill. Permanent staff on CLA wages, temporary (new) staff on minimum wage, hourly. Recruitment through employee networks. Production is outsourced to subcontractor (Poland). |

| System | | | Precarious work practice | | Socially responsible practice |
|-----------------------------|---|------------------|---------------------------------|--|---|
| <i>Socially responsible</i> | J | Tomatoes* | 50 | Some seasonal workers. South European/ African employees. Some work permits. School youth (on weekends). | Direct and close supervision by owner (authoritarian). Most staff permanent (year round jobs). Salary system: differential pay for different production jobs (CLA). Job descriptions. Job autonomy over part of the production. Extra investments in ergonomic equipment. Owner speaks Spanish/ Portuguese/ English. |
| <i>Socially responsible</i> | K | Container plants | 11 | Part time school youth (on weekends). | Hourly CLA wages. Permanent staff (5). Career development/ training. Job autonomy. Work meetings. Work/ school trajectory. |
| <i>Socially responsible</i> | L | Strawberries | 80 | Small permanent staff (2) Eastern European seasonal workers (not on work permits). | Piece rate pay. Leniency towards lower performance. Housing on property at 35 hours/ week. Daily individual performance feedback (barcodes). Formal weekly work meetings with all employees. Free bikes, tourist information “what to do in the weekend”. Employer travels to home villages in Poland, Lithuania to meet with employees, do recruitment. |
| <i>Socially responsible</i> | M | Bamboo* | 25 | Year round work. Repeated nine-month temporary contracts (three months no work). School youth (weekend). Some seasonal workers (not on a work permit). | Formalised overtime policy. Formal induction/training program. Work meetings for employees. Career opportunities for production staff (team leader, production specialist, sales). |
| <i>Socially responsible</i> | N | Broccoli | 12 | Only seasonal staff, from Poland (no work permits). | Hourly wage (CLA). Housing for free (on campsite). Job autonomy, rotation, teamwork. Owner speaks Polish. |

| System | | Precarious work practice | Socially responsible practice |
|-----------------------------|---|--------------------------|--|
| <i>Socially responsible</i> | O | Strawberries* 75 | <p>Hourly CLA wage.</p> <p>All employees have permanent (or temporary with the outlook on permanent) contract with agency owned by owner of this company (Flexicurity).</p> <p>Outside strawberry season, employees continue work in other agricultural businesses under same employment contract.</p> <p>Performance incentives. Job rotation.</p> <p>Employee work meetings. Formal supervisors with HR responsibilities (selection, sick leaf guidance, performance appraisal interviews).</p> |
| <i>Socially responsible</i> | P | Paprika* 43 | <p>Some seasonal workers in peak season. Specialist part of production outsourced to subcontractor.</p> <p>Lower performance is tolerated when someone is good for the group.</p> <p>Public display of daily individual performance.</p> <p>Written code of conduct.</p> <p>Most staff permanent, year round work. Hourly CLA wage.</p> <p>Personnel Association. Performance based incentives. Job autonomy, rotation, enrichment. Employee work meetings. Formal employee training (safety, product). Personnel manual.</p> <p>Work-school trajectories.</p> |

| System | | Tomatoes* | 220 | Precarious work practice | | Socially responsible practice |
|-----------------------------|---|------------------|------------|---|--|--|
| <i>Socially responsible</i> | Q | Tomatoes* | 220 | All permanent staff in pay-rolling construction. Permanent contract after agency contract (selection period). Part of production outsourced to subcontractor. | Selection on productive personnel, only those get a contract after the recruitment (agency) period. Public display of daily individual performance. Written code of conduct. | Hourly CLA wage. Mostly permanent contracts. Performance based incentives. Formal employee training (Dutch language, safety). Performance appraisal interviews. Employee newsletter. Formal induction program. Employee work meetings. Personnel manual, job descriptions. |
| <i>Socially responsible</i> | R | Ivy* | 50 | Some school youth (on weekends). Part of production off shored to Africa. | Public display of daily production targets and individual performance. | Most permanent staff. Hourly CLA wage. Official works council in place. Performance based incentives. Job autonomy, job rotation. Organization chart and job descriptions. Career opportunities for production staff. Employee training, fair visits. |
| <i>Socially responsible</i> | S | Tomatoes* | 75 | Small amount of agency workers (peak) | | Permanent staff. Hourly CLA wage. Official works council in place. Investors in People certificate. Team work, job rotation, training. |

1 * : Greenhouse, other: field cultures; 2 Including seasonal workers;

Chapter 7

Discussion



INTRODUCTION

The aim of this thesis was to understand the nature of HRM systems outside big organizations, in nonstandard contexts like small organizations and flexible work agencies, and to discover the potential here to which HRM systems can contribute to outcomes that are beneficial to organizations as well as employees. In four studies and a literature review, three propositions were addressed, which concerned the nature and scope of HRM systems in nonstandard contexts (proposition 1), the potential of HRM systems to result in balanced outcomes for organizations and employees alike (proposition 2), and the role of human agency in deciding on the application of HR practices in nonstandard contexts (proposition 3). In the following sections, the main findings for each proposition are presented and discussed, followed by an outline of the main limitations. Next, theoretical, practical and methodological contributions and implications are discussed. Finally, suggestions are made to advance future research in the area of HRM systems in nonstandard contexts.

PROPOSITION 1: HRM SYSTEMS AND CONTEXT

One of the criticisms to the best practice approach in HRM is that these systems might not be achievable for any other than large organizations. Although debated, ‘best practice’ relies on employers adopting high-cost, high-skill employment policies that in turn allow employers compete on quality and productivity. A key assumption in the best practice approach is that employers are in the position of taking a long-term perspective on investments in employees. This may be feasible when labor costs do not form a major proportion of controllable costs and in cases where employees have highly specific skills (Marchington & Grugelis, 2000). It may be less so in smaller organizations and in cases where labor costs do take up the largest part of controllable costs, as is the case in the contexts that have been put central in this dissertation. Although the combined use of more expensive best practices may not be feasible in these contexts, it goes without saying that under circumstances single practices or more focused bundles of best practices could progress employee quality and productivity here as well. However, in order to advance the understanding of HRM systems beyond “Big Firms”, more theory and research is needed that contextualizes HRM systems (Boselie, Dietz, & Boon, 2005). Therefore, the first proposition of this thesis claims that best practices of HRM do find their way to organizations outside the big multinationals or large institutions, but that resource scarcity results in a different selection of practices, or in a prioritization of HR principles:

Proposition 1: The organization context determines which resources are available to design HRM systems. The organization goals determine how the resources are used. This will lead to a prioritization of principles and a selective use of practices.

Chapter 2 and chapter 3 addressed this proposition for small organizations in particular, by means of a literature study and a study of HRM systems in 45 small organizations. In addition, the interviews that were performed with managers of a flex work agency (chapter 5) and with farmers

that employ low-skilled seasonal workers (chapter 6) revealed how HRM systems are designed to meet the specific characteristics of these organizations.

The HRM systems described in these chapters provide clear examples that fit is sought between the type of organization and practices needed to manage people issues. In the literature study, the nature and scope of HRM systems in small organizations was examined comparing findings of previous (mainly qualitative) research. It appeared that a wide range of systems could be discerned, varying from sweatshop-like HRM, to teamwork-like systems, to best-practice HRM systems (chapter 2). In the empirical research in small organizations (chapter 3), it was found that hardly any organization had a full HPWS system in place. However, results showed that more focused bundles, either on ability, motivation or opportunity, did exist. In the flex agency, the geographical distance between employees, managers, other agency colleagues, and the presence of managers and colleagues at the contracting organization, complicated the execution of standard HR practices. This led to focusing on development opportunities and training for flex employees, which was a specific strength of this organization (chapter 5). In the same vein, low-skilled seasonal work challenges staffing and coordination practices in Dutch agriculture, which in some cases led to investing in commitment enhancing HRM systems (chapter 6). These findings have conceptual and methodological implications when searching for the nature, scope and content of HRM systems in nonstandard contexts.

First, the need to distinguish between HRM system principles and practices became obvious. Conclusions based on questionnaire research, using lists of HRM practices, have often concluded that sophisticated, formal HRM is lacking in small organizations. A focus on the presence of practices will not show the true nature of HRM systems in small organizations. Instead, an approach that seeks to understand the principles behind HRM systems and that allows for various ways to match practices with these principles will help to provide meaning to the variation in HRM systems. Using this approach, Drummond and Stone (2007) found that some small organizations managed to have a kind of informal high performance work system, in which principles as trust and teamwork prevailed. Also, Baron, Burton and Hannan (1996) found that employers were able to mention coherent principles as the rationale behind a selection of HR practices. The interviews in chapters 5 and 6, and the confirmative factor analyses of smaller bundles of high performance work systems in chapter 2 also emphasize the value of seeking for the principles (or 'latent variables', Wood & Menezes, 2008) behind the bundle of practices, rather than counting the presence of practices.

Next, the results correspond with debates around the fit of HRM systems with the type of work, organization strategy, and also with the wider economic, social and institutional context (Lengnick-Hall, Lengnick-Hall, Andrade, & Drake, 2009; Paauwe, 2004). In addition, Cassel et al., (2002) showed that a scarcity of resources within the organization (time, money and knowledge constraints) interferes with decisions about the value of investments in HRM in relation to issues that organizations face. Findings in chapter 3 also showed that strategic choices of the owner manager mattered for which investments in elements of an AMO system were given priority. This implies that context serves as an enabler and as a restraint to the design of HRM systems, but

never in a completely deterministic way. Actors involved put different meaning to the importance of issues and on the resources used to address these. Hence, organization context influences organization goals and strategy, but also the organization's resources and the people involved in taking decisions, which in turn relates to the complex and dynamic design of HRM systems (Colbert, 2004, Paauwe, 2004).

To conclude, the findings in this thesis support that there is much variation in HRM systems in organizations beyond "big firms", but this does not mean that 'best practice' proven, effective practices and principles of HRM do not exist here.

PROPOSITION 2: HRM SYSTEMS AND EMPLOYEE OUTCOMES

Systems of best HRM practices have been mostly welcomed for their positive outcomes for organizations as well as for employees, although critics warn that the unilateral focus on performance increases the risk of employee exploitation (Godard, 2001, 2001b; Legge, 2005; van de Voorde, van Veldhoven, & Paauwe, 2012). The risk of exploitation of employees is also raised in numerous publications about working conditions in nonstandard contexts (e.g. Wilkinson, 1999; Kalleberg, 2000), but here in combination with the observed *absence* of HRM's best practices. Given that employees are stakeholders of organizations like are shareholders and customers, their wellbeing in relation to HRM systems deserves attention. In this dissertation, I aim to combine positive outcomes for employees with positive outcomes for the organizations by taking a balanced approach. This is expressed in proposition two:

Proposition 2: Balanced HRM systems contribute to organization goals while enhancing employee wellbeing, freedom, and equality.

In past research on HRM and performance, many measures for organization-relevant performance have been suggested, varying from financial performance to employee effort and motivation (Paauwe, 2004). A fundamental assumption in much HRM research is that adopting high-cost, high-skill ('best practice') employment policies results in enhanced organization performance. Meta analyses largely confirm this assumption (e.g. Subramony, 2009; Jiang, Lepak, Hu, & Baer, 2012). I pursued two lines of reasoning concerning the employee side of balance. First, I drew upon the idea of 'mutual gains'. This describes that investing in HRM leads to enhanced organizational performance, as well as in increased reports of employee wellbeing (van der Voorde, Paauwe, & Veldhoven, 2012). In addition, I explored the concept of employee exploitation (the opposite of positive outcomes for employees). This concerns a more normative approach for judging the moral value of HRM (Greenwood, 2002).

The first perspective, mutual gains, involves relating HRM systems and practices to employee reports of their wellbeing. These reports can involve employee experience of the job itself, of social relations at work, and of their physical and emotional wellbeing (van de Voorde et al., 2012). In chapter 4 and 5, research data included both information about the nature of the HRM system, and direct measures of employee outcomes. The HRM system examined in chapter 4 concerned a high performance work practices system (HPWPs), and the employee outcome was emotional

exhaustion (the core dimension of burnout). Multilevel analyses in 86 organizations and 393 employees showed that a larger scope of high performance work practices in the organization, related to an increased level of workload and emotional exhaustion reported by employees working under such systems. The expected positive mediation of procedural justice could not be confirmed. These findings align with other studies reported in van de Voorde et al. (2012), who found that employee outcomes of HRM investments were largely positive for employee satisfaction with work and social relations, but mixed for employee health indicators.

In chapter 5, a single organization's HRM system was examined and compared with employees' expectations and motivation. The organization in question was a contract work agency, which provided financial institutions with temporary financial experts. The organization had great trouble keeping their qualified staff, and wondered which HRM system could be designed to reduce employee turnover rates. The research involved an examination of employee motives why people would work at a contract agency. It appeared that many employees used the agency as a stepping-stone towards a permanent position elsewhere. Employees appeared to appreciate HRM practices that supported them in their development. In turn, they showed reciprocal intentions to stay employed at the flex agency. These findings illustrate a specific example of mutual gains in the area of retention (a desirable outcome for the agency) and development (a valued outcome for many flex employees).

The second perspective on balanced HRM systems is more ethical in nature. I set out to define the employee side of HRM systems from the moral value that the well-being of employees is an end in itself (Greenwood, 2002). I used this approach to develop the concepts 'precarious work system' (relating to employee exploitation) and 'socially responsible work system' in chapter 6. Instead of asking employees about their wellbeing in relation to the HRM system, in this approach the evaluation of the observed HRM systems in organizations relies on scoring the balance between ethical and unethical HR practices. Using this approach, I was able to compare HRM systems reported by employers in Dutch agriculture in terms of employee outcomes, without explicitly involving employee reports of wellbeing in the study.

How do the mutual gains perspective and this moral approach in judging HRM systems relate? A number of reflections can be made here. To begin, the mutual gains and the employee rights perspective are grounded in different perspectives (social sciences and an ethical- normative perspective). However, they share the focus on employee wellbeing and opt for a more critical than mainstream positivist approach about business outcomes of HRM systems (Greenwood, 2012). Moreover, both perspectives refrain from the dialectic rhetoric about the potential exploitative nature of HRM as a device for managerial control but rather focus on multiple stakeholders involved in establishing employment relationships. What the perspectives do share is focusing attention on balanced outcomes. The contrast lies in the approach: where the mutual gains approach tries to account for the actual functioning of HRM systems, the moral approach is more prescriptive.

One could compare the HRM systems examined in chapter 4 and 5 against the ethical standards suggested in chapter 6. The suggested ethical standards are very clear with regards to conditions that sustain or avoid employee exploitation. For example, from an ethical point of view, the type

of work offered by the agency (chapter 5) conflicts with the standard about employee right to freedom. However, by prioritizing employee development and professional networking as a principle guiding the design of the HRM system, balanced outcomes for employees (in terms of job security and development) next to desired organization outcomes (in terms of employee retention) could be achieved. This illustrates how aligning HR practices to the needs of employees, contributes to HRM systems becoming better in standing up against ethical guidelines as well. Besides, positive outcomes for the organization were reached as well: balanced outcomes indeed.

A peculiar observation results from comparing the HRM system measured in chapter 4 to the ethical standards. Although a system of best practices was covered that appears to fulfill the ethical standards easily (focusing on high-cost, high-skill employment policies), employees reported less wellbeing under higher presence of a 'best practice' system. Why did this misalignment happen? The most likely explanation is in the combination of practices in the High Performance Work Practices (HPWPs) system in chapter 4. HPWPs combine employment practices and work practices. Employment practices are aimed at facilitating individual employees by providing them with opportunities for development and reward. Work practices however aim at changing working relationships and facilitate group effort. The latter can be classified as intrinsic motivators, and the previous as extrinsic motivators (Boxall & Macky, 2009). The practices included in the measure in chapter 4 were mostly employment practices. These may not always serve employee needs best. Employees could attribute the perceived practices as aiming for employee control (by reporting higher levels of work pressure) rather than enhancing wellbeing (Niishi, 2008). Perhaps systems of 'best practices' such as HPWPs have focused so much on the issue of performance, that what is meant by 'best practice' HRM from an employment relationship perspective has been relatively ignored (Marchington & Grugelis, 2000). Work like Boxall and Macky (2009) that delineates the underlying principles of HRM systems and relates it to active input from employees seems to be the way forward to balance employee and organization outcomes. Also, as the findings in chapter 5 show, balancing systems on employee and organization needs (mutual gains) seems to lead to systems that better compare against ethical norms as well.

To conclude, the findings for the second proposition fulfill a role in answering the thesis' core question by focusing on which HRM systems relate to balanced outcomes. This was achieved by exploring different systems and outcomes. Also, this was done according to two perspectives that albeit starting from different research traditions, seem to meet in taking the needs of multiple stakeholders of HRM into account. This appears to be a sensible starting point for exploring the last proposition.

PROPOSITION 3: HRM SYSTEMS, CONTEXT, AND EMPLOYEE OUTCOMES

The last proposition addressed the call to use an integrative perspective when researching HRM in nonstandard contexts in relation to employee outcomes (Barret & Rainnie, 2002). It claims that:

Proposition 3: No matter how restraining the context, some kind of balanced HRM system can be implemented.

Two nonstandard contexts were chosen to examine this proposition: a contract work agency (chapter 5) and Dutch agriculture (chapter 6). The restraining characteristics of the contract work agency related to the organization of work: high educated employees working in various locations, away from their manager, together with non-agency employees. The challenge for the agency was to retain their valuable employees, while these were continuously made aware of employment opportunities elsewhere. In this case, the HRM system had to align with the needs and interests of employees. In general, agency work is classified as precarious, because it reduces people's right to equality, wellbeing and freedom (ILO, 2011). However, in line with the findings of Mitlacher (2008), the results presented in this paper indicate that investments in employees paid off for both employees and for the agency. In the same vein, employers in Dutch agriculture who invested in people oriented practices also reported they had less difficulties finding and keeping (seasonal) employees (chapter 6). While no financial figures were examined to test the economic value for organizations, at least intermediate beneficiary outcomes such as employee retention appear to follow directly from the presence of ethically responsible HR systems.

The restraining conditions in the context of organizations were most clearly present in Dutch agriculture, where organizations undergo economic restraints as result of low products prices and labor intensive cultures (chapter 6). Here, several organizations could be classified as having a precarious HRM system in place, while also organizations were found that operated a more ethical HRM system. Because the context, type of product and firm sizes were held constant, I was able to detect processes that related the practice of either system within the organizations, to norms, legal structures and institutional directions in the wider social and economic context. It appeared that processes towards more ethical HRM systems were facilitated by clear legal norms on the one hand, and awareness of business owners of the advantages of ethical, people oriented HRM on the other hand. This conclusion fits nicely with the findings of chapter 3, where it was established that when employers in small organizations are more aware of best practice HRM, they tend to have more Opportunity practices: they are more willing to involve their employees in important decisions. One of the most difficult things for entrepreneurs to achieve is delegating responsibilities to employees (Spreitzer & Mishra 1999). Obviously, knowing about the beneficial effects of advanced people management practices may help them to overcome the reluctance to empower and involve employees.

To conclude, in the examples where balanced HRM systems existed under potentially difficult conditions (small firms, agency work, seasonal production), there was benefit in investing in employees for employers as well, mainly in the area of employee retention. In addition, those employers investing in their own human capital tend to have scientifically proven and ethically just HRM systems.

LIMITATIONS

The specific limitations of each research are discussed in the respective chapters. Here I would like to point at two overall limitations. The first issue concerns the concept “context”, and the other the issue of evaluating ethical HRM.

The main limitation of the studies presented in this thesis is that ‘context’ is an omnipresent and all-encompassing concept. Each type or field of organizations is characterized by its own set of resource (product/market/technology) and institutional structures (demographic/social/legal principles) (DiMaggio & Powell, 1983). The empirical findings of each paper in this thesis do not necessarily extend to other types of work, or other fields than those researched, but serve as case studies that illustrate how the propositions could work. Hence, a larger number of studies in even more diverse contexts is needed.

Another limitation is that the outcomes for employees of HRM systems were only directly addressed in two of the four empirical studies (chapter 4 and 5). The findings in chapter 4 indicated that, from an employee perspective, ‘high performance work systems’ only caused negative effects to their wellbeing. In chapter 3 and 6, the positive value of the system for employees was based on a comparison of the practices with the definition of moral HRM. This indicates a difference in objective and subjective evaluations of HRM systems. When HPWS are compared with an objective standard such as employee ethical rights, the evaluation is positive, however, the subjective feel of people working under such systems can be different. The research in chapter 3 did include employee perceptions of HPWS, but not their attitudes towards these systems. With regard to the research in Dutch agriculture, I did try to collect employee data in all organizations, but unfortunately only employees in those firms with more ethical HRM systems responded – a curious finding in itself...

CONTRIBUTIONS AND IMPLICATIONS

The research presented in this thesis covers a period of seven years. The relative slow pace and the time between projects allowed reflecting, experimenting and improving in each new phase. Below, I would like to share some of these contributions in the area of theory, methods and practice.

Theory

The implications for theory lie in the conceptualization of HRM systems, in advancing a balanced view on HRM outcomes, and in the search for an integrative perspective on HRM systems in diverse business contexts.

The key contribution to the conceptualization of HRM systems has been to further operationalize the notion of equifinality (Delery & Doty, 1996; Arthur & Boyles, 2007) by looking for the basic functional requirements of HRM (Gresov & Drazin, 1997). Basic functional requirements define the smallest set of HRM tasks that need to be performed in order align people’s behavior into a common organizational goal; it deals with the ‘*what is HRM*’ question. In turn, equifinality addresses the

question *how*: the same tasks can be performed in different ways and still lead to similar outcomes. The key question then is which are the basic functional requirements of HRM? I suggested, based on organization theory, to focus on tasks needed to manage integration and differentiation, and the need to manage the human factor (Jaffee, 2001). However, other ways have been suggested to find the core tasks of HRM. One reviewer suggested focusing on common researched tasks like resourcing, rewarding, relations and development. Following Boselie et al.'s (2005) review of practices measured in HRM and performance research, this set would exist of compensation, staffing (recruitment and selection), performance management and training and development. However, such copycat lists lack theoretical foundation. An empirical effort to seek the core tasks of HRM is offered by Baron, Burton and Hannan (1996). They found that business founders talked about the core tasks of HRM centering around attaching employees to the organization, controlling and coordinating work and selecting employees. In a way, the development of AMO theory could be seen as a theoretical foundation to define the core tasks as well. Two considerations made me stick with the four functional requirements I outlined in chapter 2. First, I have tried to include the most fundamental tasks that appear as soon as two or more people start working together. A key inspiration has been Aldrich's (1999) evolutionary perspective on organizations, which raises fundamental sociological questions about 'what is an organization', what keeps it together, what gives it direction. According to Aldrich (1999), entrepreneurial activity develops into recognizable organization entities in a field as soon as members whose working life is subject to these organization entities replicate the routines and competencies of the organization. Constructing organization members does not happen coincidentally, but in some controlled way by recruiting members into the organization. This includes considerations about what kind of people would be attracted to stay working with the organization. From there, organizational role structures emerge: a division of labor and a 'community of practice', which means that control and reward structures develop. Hence, in order to maintain being an organization as a recognizable, social entity, some core activities happen: recruiting members, maintaining membership by managing the employee-organization relationship (reward), labor division, and coordination. Therefore I decided that these are the bare tasks of HRM.

I realize that by using the 'two-people-is-an-organization' principle as the foundation to define the fundamental tasks of HRM, I rule out one-person businesses. This is a choice. Although the number of one-person businesses is increasing rapidly, many of these people do work for, or together with, others (as an independent contractor, or as business partners) (Cörvers, Euwals, & de Grip, 2011; Hartog, Hessels, van Stel, & Wennekers, 2011). As soon as some form of working together is involved, the basic functional requirements of HRM that I outlined start to apply. Hence, I am convinced that these functional requirements are indeed the most basic tasks that need to be performed in any type or organization. Next, I wanted the functional requirements to be 'value free', so that it would be truly possible to think about equifinal ways to fill the system with different practices (Gresov & Drazin, 1997). This is not the case with the AMO theory, which starts from the normative assumption that best performance begins with investing in human capital, which would rule out the possibility of more mechanistic, outsourced or control oriented HRM systems. The value of the approach suggested in this thesis lies in its applicability to any type of situation in which two or more people work on a common project.

The next implication concerns the balanced outcomes of HRM systems. Balanced means positive outcomes for the organization as well as the workers. Empirical evidence points at conflicting outcomes of HRM systems for employees. On the one hand, more advanced HRM systems intrinsically motivate employees to perform better, while at the other hand neutral or even negative effects are reported on employee wellbeing (van de Voorde, Paauwe, van Veldhoven, 2012). This has led some authors to state that modern HRM is no more than a disguised approach to control and exploit laborers; “a wolf in sheep’s clothes” (Legge, 2005). Under such a critical perspective, with a fundamental focus on conflicting interests between labor and capital, it would appear that HRM can never have good outcomes for employees. However, the question of “good” can also be phrased as an ethical concern. Greenwood (2002) suggested taking a Kantian ethical perspective on HRM, which shifts the focus from utilization (or exploitation) of human resources, to the normative values that are involved in performing authority over others. The morality following from Kant’s deontological ethics dictates that you should always treat people with dignity, because they are never just a means to reach something, but always an end in themselves. Ethical HRM further details the implications of this morality by formulating three fundamental ethical rights of employees that should be met by any HRM system: the rights to freedom, wellbeing, and equality (Rowan, 2002). Turning back to conceptual issues surrounding HRM systems, the ethical perspective offers a balanced view on evaluating principles that drive constellations of HR practices and it defines which HRM systems stand up against the employee’s ethical rights. As I showed in chapter 3, High Performance Work systems could contribute to improved perceptions of procedural justice. Procedural justice reduces unfair inequalities between employees. From this perspective, HPWS can be considered to have higher moral validity than HRM systems lacking these due processes. In a similar vein, informality of HR practices in small organizations (as described in chapters 4 and 6) should be criticized rather than encouraged, because formal practices provide employees with more opportunity to equal treatment (Saridakis, Sen-Gupta, Edwards, & Storey, 2008). Also the HRM system to retain flex workers with their agency (chapter 5) stands up against employee ethical rights because by developing people in temporary positions, their employment opportunities increase, which contributes to fundamental right to freedom. Hence, by acknowledging that HRM systems serve multiple stakeholders (shareholders and employees and other parties), and by applying ethical standards, we could evaluate the balanced outcomes of the ‘*how of HRM*’, the principles and practices of HRM systems.

A final theoretical implication concerns the use of an integrative perspective when looking for HRM in nonstandard contexts, as is urged by many scholars (e.g. Barret & Rainnie, 2002). Integrative means that it needs to be taken into account that the contribution of HRM to organization goals continuously interacts with structural forces within and outside the organization. For example, Harney and Dundon (2006, p. 67) noted for small organizations that there is a continuous “*complex interplay of external structural factors and internal dynamics including resource constraints, managerial influence and proximity to environmental forces shaped HRM in each of the case study companies*”. This implies the need for theory that includes the role of human agency in selecting and using resources to dress up HRM systems, within the country culture and regulations, sector, product market, strategy and social communities in which the organization operates (Colbert,

2004; Paauwe, 2004). Many candidate theories could offer such an integrative perspective. These include contingency theory (fit between HRM and context), configurational theory (HRM systems arrive at a natural steady state that fits with its context) (Delery & Doty, 1996), institutional theory, Resource Based View and balanced integrations of these (Oliver, 1997), like Paauwe's (2004) Contextually Based Human Resource Theory. Chapter 2 in this thesis was inspired by configurations and equifinality theory, while chapter 3 was mostly informed by a contingent resources perspective. A critique that applies to either of these theories could be that these downplay the *process* how actors behave strategically within social institutionalized structures (Watson, 2004). Theories that include processes that link structure and agency are open systems theory (Wright & Snell, 1991), complex resource-based view (Colbert, 2004) and structuration theory (Giddens, 1984). Open systems theory points out that change in any part of a system (being inside or outside the organizations), will lead other parts of the system to change along (Wright & Snell, 1992). Colbert (2004) combines this living-systems approach with the resource-based view, drawing on complexity theory. Compared to open systems and complex resource-based view, structuration theory provides a complementary process perspective to understand *reasons why* actors show divergent behaviour in similar social structures (Heracleous & Hendry, 2000). Finally, in chapter 6, I concluded that structuration theory offers the most inclusive integrative perspective to link the behavior of agents to the wider social structures in which they act. Structuration theory has not been used much in HRM systems research. To my knowledge, within HRM research the theory was only used explicitly used in some papers on the diffusion of HRM in multinational organizations (e.g. Edwards, Rees, & Coller, 1999), and a doctoral dissertation (e.g. Pot, 1998). The experience gained with using structuration theory in questions involving context, agency and HRM has been promising.

To conclude, the dissertation contributed to fine-tuning the meaning of HRM in nonstandard contexts, to developing a standard for determining employee outcomes of HRM in these contexts, and to developing a process oriented integrative perspective that can help explain the nature of HRM in nonstandard contexts.

Methods

The key methodological implication following from the thesis' research question, is the need to include data about the context, and data from or about employees in the design of the study. As I have shown in the empirical chapters, it is possible to use both quantitative and qualitative research designs to serve this need. The implications for quantitative research can be considered as common good practice: consider multi-source data by including managerial and employee data, and account for nesting structures when performing the analyses. However, to fully grasp how HRM systems and outcomes for employees depend on the context and to apply a truly integrated perspective, qualitative method provides the most insight and detail. In chapter 6, I suggested an innovative method to examine intertwined processes that link the behavior of agents within organizations with the social structures in a sector. The method was based on two premises: multilevel data and comparative case studies. Multilevel data means gathering both sector level information about HRM and employment by talking to field experts and looking at communication

channels (newspapers, projects), and collecting data on organization level by performing case studies in multiple firms within the sector. This way, structure and agency were artificially disentangled. Next, comparative cases studies were performed to seek linkages between enacted HRM systems within organizations, with structures reported on sector level. Comparative case studies are an analytical method to compare multiple case study material on an outcome variable (such as HRM system) (Caramani, 2009). It combines a variable-like approach without losing the richness of qualitative data. Such methods overcome the tendency of case studies to be merely descriptive, and move towards interpretation and explanation of the findings (Rihoux & Ragin, 2009). Therefore, this method is most suitable when developing theory about HRM systems in nonstandard contexts from an integrated perspective.

Practice

One of the reasons why large organizations get most attention is their visibility in society. Organizational mistakes, employee layoffs and economic turmoil happen in the public domain of newspapers, television reports and political debates. Other types of organizations operate more anonymously in society; they do not have the glamorous shine of big money. However, the sheer number of people working outside large corporations urges the need to include small companies, independent contractors and temporary work agencies into policy making. Although specific practical implications follow from each study presented in this thesis, some implications follow from all chapters. These are the usefulness of the acknowledgement that there is not one best solution for every situation and the acknowledgement that one can be a 'good employer' in any context. From these implications follow some guidelines for policy makers, as will be explained below.

The first practical implication concerns the choice of HR practices to implement. Before implementing an HR practice (for example individual performance based pay), one should first consider which task it serves (staffing, or managing?), and from which underlying principle one would like to fulfill this task (promoting individual performance, or being an attractive employer to potential employees?). The best considerations are made by those who are most informed. In line with other research, this thesis confirms that more informed and knowledgeable employers make more effective decisions about which practices to implement for what reason. Knowledge of HRM can be brought to organizations in the person of an HR professional, but not necessarily so. Employers' associations, business networks, MBA educations, business consultants could all be vehicles to disseminate HR knowledge. Of course, as Denise Rousseau points out, one needs to be careful about knowledge because it tends to get outdated in time. Organization decision makers could use evidence based management techniques to overcome knowledge gaps in the state-of-art-HRM (Rousseau & Barends, 2011).

Second, the thesis contributes to national and international debates about 'good employership' and corporate social responsibility. Employee fundamental ethical rights to freedom, wellbeing and equality reject precarious work for all workers (ILO, 2011). These rights also serve to evaluate the level of 'good' HRM in non-precarious work settings. As the findings of HRM in Dutch agriculture (chapter 6) and in the 'best small employers' in the UK (Drummond & Stone, 2007) illustrate: doing 'good' HRM that can meet employee ethical rights is possible without making huge financial investments.

Finally, the findings of this thesis also indicate some directions for policy makers. These are awareness creation about good employership on the one hand, and implementing and strictly inspecting labor legislation to avoid non-ethical and precarious work on the other hand. Starting 'good employer' projects through business networks could be a more efficient channel to reach organizations than targeting individual organizations. In addition, labor regulations should be clear and concise, adherence should be inspected and the penalties to not adhering to the regulations should be severe enough. Results in chapter 6 showed that this stimulates employers to adhere to at least minimal ethical employee rights. Given the complaints about regulatory pressure by small entrepreneurs (Goslinga & Denkers, 2009), policy makers should make sure that the regulations aim at meeting the minimal standards for employee ethical rights.

FUTURE RESEARCH

This should be the end of a thesis, and yet there are so many ideas for future research that I feel it is far from ready. Considering the contributions and limitations of this thesis, I suggest three areas for future research: replication of the findings in other contexts, improving methods, and developing theory on change of HRM systems in nonstandard contexts.

First, I would like to extend the question of balanced outcomes of HRM systems to other contexts. Three projects are under development to progress this desire. First, by teaming up with Mondragon University, the opportunity arises to research HRM systems in the world's largest cooperative organization. Cooperative organizations provide perhaps the best organization design to enhance employee ethical rights. The project will focus on which contribution HRM systems could bring to enhance worker wellbeing and performance here. Next, trends towards individualization of employment relationships (I-deals) raise new questions about balanced outcomes. It seems to challenge the ethical right to equality, and it is interesting to seek out how organizations act strategically upon the need to adapt to individual needs of talented employees, without risking unequal treatment between employees. The final project under development concerns a type of precarious work that has developed recently: part-time mail delivery jobs. By transforming permanent, fulltime positions of mailmen into a logistics process with a contingent workforce, the quality of mail delivery is reducing (organization outcome) as well as the wellbeing of the people performing these new jobs. These projects will allow the examination of HRM systems and balanced outcomes.

On a different level, there is a need to further improve methods used to work from an integrative perspective that combines worker, employer and contextual variables. This implies a multi-method approach that combines qualitative and quantitative methods. No context-blind measures of lists of HRM practices in any situation, nor single case studies illustrating the idiosyncratic nature of HRM outside the world of large organizations. Rather, we need to advance the use of structured qualitative comparisons. The comparative case studies approach could help to advance theory development on the variation in HRM systems in various contexts.

Of particular interest for future research is the issue of change in HRM systems. In this thesis, the emphasis has been on making sense of cross-sectional snapshots of HRM systems in particular contexts. As the interview studies illustrated, the HRM systems as they occurred all had a history from which they developed. Structuration theory helps to find replication circuits that explain variation in HRM systems within sectors. It also points at processes that could move some of the less socially responsible systems towards systems with better employee outcomes. Future research could follow on these findings, and build theory that focuses not only on understanding variation, but also on understanding change.

CONCLUSION

Although HRM systems in nonstandard contexts, such as small organizations and flexible work agencies, do not automatically compare to what is supposed to be best practice in big organizations, this thesis has shown that even outside resource-rich organizations, there is room to enact HRM systems that contribute to outcomes that are beneficial to organizations as well as employees. However, a keen eye is needed to the form and function of HRM in these contexts, as standard methods and theory do not automatically lend themselves for application here. Also, it is important to look at larger social structures such as sector characteristics, the economic situation and legislation and at the way that actors (employers and employees alike) make sense of that. Improving positive outcomes for organizations as well as employees by means of changing HRM systems in nonstandard organizations involves creating resources like awareness of alternatives, and facilitating structures beyond the borders of organizations.

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Samenvatting Nederlands



INLEIDING

Het soort organisaties waar mensen werken is zeer divers, variërend van multinationals tot bedrijfjes met slechts een paar mensen en zelfstandigen. Meer dan 90% van alle organisaties heeft minder dan 50 mensen in dienst. En hoewel vaste contracten nog steeds het leeuwendeel van alle arbeidsovereenkomsten uitmaken, neemt het aandeel tijdelijke en flexibele contracten steeds verder toe. Meer kwetsbare groepen (jongeren, laagopgeleiden, allochtonen) zijn oververtegenwoordigd in deze flexibele schil van de arbeidsmarkt. Ondanks deze gegevens vindt onderzoek naar HRM, het vakgebied waarin het aantrekken, aansturen, belonen en ontwikkelen van mensen centraal staat, vooral plaats in 'grote bedrijven' en onder vast personeel. Nog weinig is bekend in hoeverre resultaten van HRM onderzoek dat is uitgevoerd in grote organisaties, zich laten vertalen naar kleinere organisaties, uitzendwerk of laaggeschoold werk.

Een belangrijke bevinding van HRM onderzoek, is dat wanneer een organisatie erin slaagt om een systeem van op elkaar afgestemde HR activiteiten in te voeren, dit ten goede komt aan de resultaten van de organisatie en aan het welbevinden van medewerkers. De vraag die daarom centraal staat in dit proefschrift betreft in hoeverre HRM systemen gunstige gevolgen kunnen hebben voor medewerkers en organisaties, wanneer rekening gehouden wordt met de context van de organisatie: de grootte, het soort werk, of het soort sector.

Het proefschrift is opgebouwd rondom vijf artikelen die ieder een aspect van HRM systemen en het soort omgeving waarin deze toegepast worden belichten (soort organisatie, werk, sector), en de gevolgen daarvan voor de mensen die ermee werken. De samenhang tussen het soort organisatie en aanwezige HRM systemen is uitgewerkt voor kleine organisaties (hoofdstuk 2 en 3) en voor een detachingsorganisatie (hoofdstuk 5). Hoofdstuk 4 gaat meer in het algemeen in op de gevolgen van een bepaald type HRM systeem voor medewerkers, namelijk een High Performance Work System. In hoofdstuk zes wordt gekeken hoe variëteit in HRM systemen binnen één sector met veel kleine bedrijven (land en tuinbouw) verkaart kan worden. Het laatste hoofdstuk (hoofdstuk 7) integreert de bevindingen van de verschillende onderzoeken.

DE ONDERZOEKEN IN DIT PROEFSCHRIFT

Het eerste onderzoek beschrijft *hoe HRM systemen in kleine organisaties eruit kunnen zien* (hoofdstuk 2). Hiervoor is eerst gekeken wat de minimale taken zijn voor HRM waar iedere organisatie die uit ten minste twee mensen bestaat mee te maken krijgt. Dit zijn bemensen (met wie), binden (zorgen dat mensen zolang als nodig hun bijdrage blijven leveren door daar iets tegenover te stellen), taken verdelen (wie doet wat) en coördineren (zorgen dat de verdeelde taken aangestuurd worden). Deze taken kunnen op vele manieren uitgevoerd worden. Management control theorie laat zien hoe de variëteit aan mogelijke HRM systemen langs drie onderliggende dimensies gelegd kan worden: de mate van hiërarchie, de mate van nadruk op prestatie en resultaten ten opzichte van de kennis en kunde van mensen, en de mate van formaliteit van de arbeidsrelaties. Het combineren van de uitersten van deze drie dimensies levert een achttal archetypische HRM systemen op. Dit zijn: strategisch ondernemer, traditionele ondernemer,

sweatshop, kennis ondernemer, maatschap, informeel samenwerken, uitbesteding, vakwerk ondernemer. Een literatuuronderzoek toonde aan dat ieder van deze archetypen voorkomen in onderzoeken naar HRM in kleine organisaties, wat aanknopingspunten biedt om dit model te gebruiken in toekomstig onderzoek naar oorzaken en gevolgen van diverse typen HRM in kleine organisaties.

In het tweede onderzoek stond één type HRM systeem centraal: het 'high performance work system (HPWS)' (hoofdstuk 3). Dit is een HRM systeem dat bestaat uit HR activiteiten gericht op het investeren in personeel, onder meer door het betalen van goede lonen (motiveren), het bieden van trainingen (kennis en vaardigheden) en het geven van inspraak (optimaliseren van de inzet van medewerkers). Dit komt overeen met het archetype van de strategische ondernemer (hoofdstuk 2). Er wordt vaak verondersteld dat hoewel ook kleine organisaties zouden kunnen profiteren van een dergelijk HRM systeem, de investering die ervoor nodig is niet opweegt tegen de kosten die ervoor gemaakt moeten worden. Eerder onderzoek vindt dan ook dat HPWS systemen in kleine organisaties veel minder voorkomen (dit is ook gevonden in hoofdstuk 4 van dit proefschrift). Er is echter geen onderzoek gedaan naar motieven en mogelijkheden van ondernemers om delen van dit systeem toe te passen. In een vragenlijst onderzoek onder 45 ondernemers en 211 medewerkers is gekeken ***onder welke condities de verschillende HR activiteiten die bij een HPWS horen gebruikt worden in kleine organisaties***. Uit de resultaten bleek dat een gebrek aan middelen inderdaad samenhangt met de afwezigheid van relatief dure HR activiteiten (zoals hoge lonen), maar dat dit niet alles verklaarde. Met name bleken strategische overwegingen van ondernemers bepalend te zijn voor welke HRM praktijken toegepast werden. Vooral opvallend was dat ondernemers die meer inzicht hadden in de effectiviteit van HR activiteiten, meer HR praktijken inzetten die medewerkers inspraak geven in hun werk en in de strategie van de organisatie. Veel ondernemers vinden het moeilijk om verantwoordelijkheden te delegeren, waarmee ze de groei van hun organisatie beperken. Dit onderzoek toont aan dat kennis over HRM helpt om over de angst om te delegeren heen te stappen en te profiteren van het potentieel van medewerkers.

Het onderzoek in hoofdstuk 4 betreft een nadere inspectie van ***de gevolgen voor medewerkers wanneer organisaties een 'high performance work system (HPWS)' toepassen***. Het doel van een HPWS is om door te investeren in medewerkers ervoor te zorgen dat zij zich optimaal kunnen, mogen en willen inzetten. Op het oog is dit systeem gunstig voor zowel de organisatie als voor medewerkers. Kritische auteurs constateerden echter dat het mogelijk is dat de werkdruk door een HPWS toeneemt, waardoor het systeem niet alleen maar gunstig is voor medewerkers maar ook kan leiden tot stress. In een onderzoek onder 393 werknemers van 86 organisaties is in kaart gebracht welke processen als gevolg van het toepassen van een HPWS bijdragen aan het ervaren van stress. In het bijzonder is gekeken naar twee processen: de mate van ervaren werkdruk, en de mate van procedurele rechtvaardigheid. Verondersteld werd namelijk dat hoewel een HPWS tot meer werkdruk kan leiden, HPWS ook meer duidelijkheid en eerlijkheid propageert. Werkdruk leidt tot meer stress, maar procedurele rechtvaardigheid juist tot minder, waardoor het totale gevolg van HPWS voor stress zich uitbalanceert. De resultaten toonden aan dat HPWS inderdaad positief samenhangt met stress, en dat dit vooral werd verklaard door de ervaren werkdruk.

In hoofdstuk vijf is het HRM systeem van een grote detachingsorganisatie voor financiële professionals onder de loep genomen. Hier worden hoogopgeleide professionals uitgeleend aan bedrijven die behoefte hebben aan hun specifieke kennis. Het feit dat de medewerkers van deze organisatie door het hele land aan het werk zijn bij andere bedrijven, maakt het uitvoeren van HRM ingewikkeld voor het detachingsbedrijf. Bovendien zijn medewerkers zich continu bewust van de (aantrekkelijke) arbeidsvoorwaarden en omstandigheden bij hun inleenwerkgevers. Deze twee omstandigheden leiden tot een ongewenst hoog verloop onder het personeel. In het onderzoek stond centraal **hoe het HRM systeem rekening kon houden met de verwachtingen die medewerkers hadden over wat het werken als detacheerder hen zou kunnen brengen**. Er werd een tweetal motieven onderscheiden: professionele ontwikkeling ten behoeve van een volgende carrièrestap, en de wens om ongebonden te zijn aan één specifieke werkgever. In totaal 291 gedetacheerde medewerkers hebben deelgenomen aan een vragenlijst onderzoek naar hun motieven om te werken als detacheerder, hun vetrekintentie, en hun waardering voor HR activiteiten van de detachingsorganisatie. De HR activiteiten betroffen ontwikkeling, ondersteuning bij opdrachten en loopbaan, informatie en inspraak. Onderzoek onder medewerkers in het algemeen (dus niet onder flexibel personeel) heeft aangetoond dat dit type HR activiteiten bijdraagt aan het behoud van medewerkers. Uit de analyses bleek dat vooral gedetacheerde medewerkers met een ontwikkelingsmotivatie gevoelig zijn voor de aanwezigheid van HR activiteiten als training, ondersteuning door leidinggevend en loopbaanontwikkeling. Zij nemen dit mee in hun overweging om voor de detachingsorganisatie te blijven werken. Deze HR activiteiten bleken echter geen reden te bieden om bij de detachingsorganisatie te blijven voor medewerkers die meer ongebonden willen functioneren. Voor dit type detacheerder zijn andere HR activiteiten nodig. Hiermee toont dit onderzoek aan dat het type werk (detachering) specifieke eisen stelt aan de inrichting van HRM systemen om gunstige uitkomsten voor zowel de organisatie (laag verloop) als voor medewerkers (aansluiting bij motivatie voor dit werk) te bereiken.

Het laatste onderzoek (hoofdstuk 6) is op sector niveau. In dit hoofdstuk staat de vraag centraal **hoe HRM eruit ziet als de economische omstandigheden in een sector het accent leggen op kostenverlaging**. Kostverlagende HR activiteiten zoals kortlopende contracten, lage lonen en afwezigheid van verdere investeringen in personeel hebben nadelige gevolgen voor het welzijn van medewerkers, en in bredere zin op hun mogelijkheden om zichzelf te onderhouden en hun kansen op de arbeidsmarkt. In sommige sectoren lijken de economische omstandigheden zo nijpend dat werkgevers hun toevlucht tot dit soort HR activiteiten nemen. Eerder onderzoek toont echter aan dat er steeds voorbeelden zijn van bedrijven die in eerdere omstandigheden er toch in slagen om een personeelsbeleid te voeren dat meer gericht is op investeringen in medewerkers. Voor de arbeidsintensieve land- en tuinbouw in Zuid Nederland, een sector waar de product prijzen al jaren onder druk staan, is onderzocht of ook hier sprake was van verscheidenheid in HRM systemen, en hoe deze variëteit verklaard kan worden. Volgens de structuratie theorie van Anthony Giddens moeten activiteiten van actoren begrepen worden als onderdeel van hun sociale context. Bovendien is die sociale context niets anders dan het herhalen van handelingen van actoren. Om inzicht te krijgen in hoe dit werkt, moet aan actoren gevraagd worden naar de redenen die zij aangeven waarom zij bepaalde activiteiten doen. Hierdoor krijgt men inzicht in de 'reproductie circuits' die

de acties van actoren rechtvaardigen – voor zichzelf maar ook op bijvoorbeeld sector niveau. Nu bestaan er verschillende reproductie circuits waar actoren uit kunnen putten. Voor dit onderzoek is door middel van focusgroepen met experts uit de sector en interviews met werkgevers met een kostenverlagend HRM systeem (10), danwel een HRM systeem dat meer gericht was op investeren in personeel (9), een aantal van deze reproductie circuits in kaart gebracht. Redenen die voor de verschillen in HRM systemen genoemd werden hadden betrekking op het verschil in visie op hoe organisaties het best konden worden bemenst (alleen seizoenswerk of meer continuïteit bieden), belonen (goedkoop werken tegenover efficiënt werken) en het uitoefenen van autoriteit (controle versus inspraak). Opvallend was de overeenstemming over de economische omstandigheden die ten grondslag lag aan beide visies. Voor het rechtvaardigen van lage-kosten danwel investeren in HRM werd teruggegrepen op regelgeving, sector-brede projecten en initiatieven van werkgevers organisaties. Giddens noemt dit ‘mediatie’ en ‘transformatie’ processen: dit zijn enigszins stabiele factoren in de sociale structuur, maar minder onomkeerbaar dan bijvoorbeeld demografische processen en technologische veranderingen. Wanneer een sector ‘goed werkgeverschap’ zou willen promoten, dan liggen op dit niveau aanknopingspunten voor verandering.

CONCLUSIE

Resultaten van HRM onderzoek uitgevoerd in grote organisaties laten zich niet automatisch vertalen naar kleine organisaties, uitzendwerk of laaggeschoold werk. De gepresenteerde onderzoeken laten echter ook zien dat er in organisaties met minder middelen, of anderssoortige arbeidsrelaties, wel degelijk ruimte is om HRM systemen te voeren die bijdragen aan positieve uitkomsten voor zowel organisaties als medewerkers. Men moet dan wel aandacht hebben voor de specifieke eisen die aan HRM systemen gesteld worden en niet als vanzelfsprekend een model dat ontwikkeld is voor een andere organisatie overal willen toepassen. Daarnaast laten de onderzoeken zien dat het begrip ‘context’ breed gehanteerd moet worden: zowel organisatiekenmerken, als kenmerken van het werk, als kenmerken van de economische en sociale omgeving van organisaties stellen eisen aan het HRM systeem. Hieronder worden de belangrijkste bijdragen en de beperkingen van de onderzoeken in dit proefschrift besproken.

Op het gebied van *theorievorming* zijn drie bijdragen te onderscheiden. De eerste bijdrage betreft het beschouwen van HRM systemen als een set van HR praktijken die toegepast worden om uitvoering te geven aan de *functionele vereisten* van HRM: bemensen, binden, taken verdelen en coördineren. Vanuit het oogpunt van equifinality ofwel ‘tot hetzelfde eindresultaat leidend’ kan hier op vele manieren invulling aan worden gegeven. Dit bood ruimte om verschillende systemen van HR praktijken met elkaar te vergelijken, zonder gebonden te zijn aan vooraf gedefinieerde sets van HR praktijken. Dit is met name relevant voor onderzoek naar HRM in kleine organisaties, dat wordt geplaagd door bevindingen dat HRM daar afwezig zou zijn (hetgeen vreemd is wanneer men de functionele taken van HRM beschouwt) .

De tweede bijdrage betreft een nadere uitgewerking van wat verstaan kan worden onder ‘*slechte*’ HRM systemen in de zin van gevolgen voor werknemers. Hier is zowel gebruik gemaakt van het sociaal-wetenschappelijke perspectief (welzijn) als van een ethisch-normatief perspectief.

Ten slotte is gehoor gegeven aan de roep om HRM systemen in niet-standaard contexts te bestuderen vanuit een *integraal perspectief*: met oog voor het soort werk, de betrokken actoren en de sociale en economische omstandigheden. Met name de toepassing van Gidden's structuratietheorie in dit veld is vernieuwend.

Hoewel in de meeste onderzoeken gebruik is gemaakt van gangbare en geaccepteerde *methoden* voor data verzameling en analyse, is vooral de bijdrage in hoofdstuk 6 vernieuwend te noemen. Structuratietheorie wordt weinig gebruikt omdat het zich lastig empirisch laat beoordelen. Door gedrag en beweegredenen van actoren in bedrijven door middel van comparative case studies te verbinden met wat er gebeurt op sector niveau, kon in de analyses inzichtelijk gemaakt worden hoe 'reproductie circuits' bepaalde HRM systemen in stand hielden.

De belangrijkste *implicatie voor de praktijk* is dat er geen HRM systemen zijn die in iedere organisatie werken. Het goede nieuws is dat er ondanks dat, in vrijwel iedere context een systeem ontwikkeld kan worden dat zowel gunstige uitkomsten heeft voor de organisatie als voor medewerkers. Beleidsmakers kunnen dit sturen door regelgeving en regelnaleving, en door op sector niveau ondersteuning te bieden (kennis, advies en dergelijke). Dit is nodig omdat dit onderzoek aantoont dat toegang tot kennis en middelen om het meest geschikte HRM systeem te implementeren niet voor iedere ondernemer even vanzelfsprekend is.

Het proefschrift kent een aantal *beperkingen*. De beperkingen per onderzoek zijn genoemd in de betreffende hoofdstukken. Twee beperkingen zijn meer algemeen van toepassing. Allereerst de keuze om 'niet-standaard context' te definiëren als alle bedrijven, soorten werk en sectoren buiten de 'grote organisaties' die meestal centraal staan in onderzoek naar HRM systemen. In dat licht zijn de vijf gepresenteerde onderzoeken slechts een eerste aanzet voor wat er nog meer te onderzoeken valt. Daarnaast vertrekt het proefschrift vanuit het idee dat HRM systemen uitkomsten voor zowel werknemers als organisaties hebben. Deze assumptie is in dit proefschrift meer impliciet dan expliciet getest. Het accent in de onderzoeken ligt iets meer op werknemers uitkomsten dan op organisatie uitkomsten.

Het proefschrift moet gezien worden als een opmaat naar *toekomstig onderzoek*. Dit zal zich op een drietal terreinen toespitsen. Allereerst zal de assumptie dat HRM systemen met gunstige uitkomsten voor werknemers en organisaties mogelijk zijn in vele omstandigheden verder onderzocht moeten worden. Andere sectoren, andere uitkomsten, bijzondere werkorganisaties: er ligt een wereld open. Daarnaast is meer integraal onderzoek waarin meerdere niveaus worden samengebracht nodig: medewerkers, bedrijven, en sectoren. Ten slotte hoop ik naast het verklaren van variëteit, ook aandacht te kunnen besteden aan verandering in HRM systemen in sectoren over tijd. De turbulente ontwikkelingen in bijvoorbeeld de land- en tuinbouw in de afgelopen decennia laten zien dat HRM systemen zich continu moeten aanpassen aan veranderende demografische en economische omstandigheden. Hoe dit werkt, en of HRM een rol speelt in het keren van het tij, dat is een boeiende vraag.

About the author



Brigitte Kroon graduated in 1994 from Radboud University Nijmegen, in Psychology (Drs. / equivalent to Msc). During her studies she did a one-year project at the Dutch Institute for Working Conditions (NIA; now part of TNO) on the quality of work in the meat processing industry in the Netherlands.

After her studies, she worked in a number of operational and managerial HRM functions at Nacco Materials Handling B.V. (Hyster forklift trucks). Next to operational HR tasks, project responsibilities included the international relocation of an engineering department, business process reengineering of the spare parts division, and participation in the European HRM strategy team.

In 1999 she changed career to work as an IO psychologist / consultant at SHL Ltd. Part of that role included training HRM professionals to use psychometric tests and assessment centers in a valid and ethical way.

In 2004 she started working as a lecturer at Tilburg University. Teaching subjects are Individual Assessment in Organizations, Performance Management and a diversity of research training courses (from Bachelor's level introduction to research, to Master's thesis supervision). Her teaching was awarded the Education Innovation Award by Tilburg School of Social and Behavioral Science twice (2007 and 2011).

In this period, she also received funding by NSvP to develop a job interest test for young people with mild intellectual disability: the SIWIT test (together with dr. Renee de Reuver). Continuous funding by Koraal groep/ Sterk in Werk (until 2017) allows for further validation, norming and updating this test.

Currently, she is Director of Education of the Bachelor program Personeelwetenschappen (Human Resource Studies). Besides, she is a member of the Member of University Labour Representation Board (Lokaal Overleg), whose members consult with The Executive Board of the University on behalf of the trade unions, with regard to all legal employment matters.

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