**Qualifying beliefs about informality and hard HRM in small, medium and large firms: an employee’s perspective**

**Abstract:** Our study expands extant knowledge regarding the role of informality and ‘hard and soft’ approaches, in shaping the perceived Human Resource Management (HRM) experience and subsequent employee wellbeing across firms of different sizes. Noting that formalist remuneration, performance, recruitment and succession management tools are now commonly available and utilised by firms of all sizes, a perfect association between (for example) small firms with informal and soft HRM can no longer be presumed. Equally, as larger firms seek to decentralise their operations, adopting flatter structures and outsourcing whole divisions and departments, a traditionalist formal and hard HRM association with these firms warrants challenging. This paper accounts for perceptions of hard-soft and informal-formal dynamics, and examines how these factors shape the perceptions of human capital enriching (HCE) HRM practices across small (<51 employees), medium (between 51-199 employees) and large (200< employees) firms. The findings from SEM group comparison analysis indicate that informality and hard HRM had a significant impact on HCE for most firm types. As expected, small firms were found to be significantly more informal and more inclined towards a soft HRM approach, and this significantly shaped HCE. In small firms, HCE was associated with employee wellbeing, however, perceived organisational support was not, and this differed in comparison to medium and large firms. The results qualify held beliefs about the presence of HRM in firms of different sizes, suggesting that the informal and soft approaches shape HRM, and this in turn influences employee wellbeing and their perceptions of organisational support.

**Keywords: High performance work practices, HRM theory, informality, wellbeing**

**INTRODUCTION**

Over the last three decades there has been a consistent stream of research comparing human resource management (HRM) practices across small, medium and large organisations (Haneman, Tansky, & Camp, 2000; M. Sheehan, 2014; Wager, 1998; Wu, Hoque, Bacon, & Bou Llusar, 2015). In general, this research has positioned HRM in small firms as being more informal and boutique in comparison to larger firms (Kotey & Slader, 2005), often connoting a state of underdevelopment. However, given the rise of technology-driven change giving small firms access to management tools formerly exclusive to large firms (Roehling et al., 2005), in addition to the fragmentation of large organisations into groups of devolved and integrated smaller firms (De Peuter, 2011), a fresh look at an old subject is warranted. In this paper, we examine the perceptions of hard-soft and informal-formal dynamics, and explore how these shape human capital enriching (HCE) HRM practices across small (<51 employees), medium (between 51-199 employees) and large (200< employees) firms. We also compare the influence of HCE on perceived organisational support (POS) and employee wellbeing across these kinds of firms. Hard-soft HRM refers to a dichotomous conceptualisation of the underpinning drivers behind organisational control systems for employee management (T. Watson, 2004). Hard HRM connotes a calculative, instrumentalist and ‘resource’ perspective of an employee’s value to an organisation, whereas soft HRM is associated with a humanistic, satisfaction- and engagement-orientated model (Jenkins & Delbridge, 2013; J. Watson, 2007). Research often advocates for the latter, softer approach, given its association with positive employee attributes such as autonomy, discretion, commitment and engagement (Jenkins & Delbridge, 2013). However, critical perspectives argue that HRM is ultimately a form of managerial control, and any signs of humanistic behaviour shown towards an employee can be thwarted when competitive and rationalist devices are not served (Thompson, 2011). The not-unrelated concept of formal-informal HRM also presents as a pluralistic construct. Formal HRM is associated with the presence of somewhat immutable policies and processes that are enforced. In contrast, informal HRM exists when there is an absence of written/ascribed policies, whereupon control and decision making is more discretionary (C. Sheehan, De Cieri, Cooper, & Brooks, 2014). Highly formalist approaches to HRM have previously been associated with larger organisations, owing to a perceived connotation with efficiency, uniformity and transparency (Kotey & Slader, 2005). However, a movement towards more devolved and agile HRM systems, whereupon frontline managers are empowered to make critical decisions has been touted as the future of HRM in all forms (Dyer & Ericksen, 2005).

 Human capital enriching HRM comprises bundles of HRM systems typically associated with a normative, high performance-oriented model of HRM. This includes actions such as selective and strategic recruitment practices, the provision of training for employees, performance management processes and malleable compensation and remuneration arrangements that can respond to employee outcomes (Snell & Dean, 1992 ; Teo, Le Clerc, & Carmen Galang, 2011). Teo et al. (2011) note that while a formalised HCE system may not always be appropriate for small and medium sized firms, a positive association with HCE and performance can often ensue as a result of implementing HRM bundles. In this paper, we look at the distribution of HCE, and the way that informal-formal and hard-soft HRM approaches are associated with it across small, medium and large firms. The primary research question guiding this study is:

*How does informal-formal and hard-soft HRM shape human capital enriching HRM practices, and how do these relationships vary across small, medium and large firms?*

This is complimented by the following secondary research question:

*How does human capital enriching HRM practices influence POS and employee wellbeing differently across small, medium and large firms*?

The contribution of this paper is that it adds to a body of knowledge concerning the things that shape HRM, and how this ultimately affects employee wellbeing. Such a focus corresponds to a call for a consequentialist revaluation of the HRM concept, whereupon its effect on employee and organisational outcomes are emphasised (Bowen & Ostroff, 2004; Paauwe, 2009). Importantly, the research is well timed particularly owing to a renewed focus on the role of small and medium sized firms as domestic drivers of innovation and productivity in developed countries such as Australia and the USA. Such a focus is associated with the political unpopularity of former economic models accentuating globalised outsourcing of high and low-tech manufacturing.

**BACKGROUND**

**Human Capital Enriching and Hard and Soft HRM**

A decade ago, the focus was on understanding high performance work practices (empowerment, participation, rewards linked to performance, self-managed teams, quality circles etc.), however, further research has suggested that specific bundles of HRM are more Human Capital Enriching (HCE) than others (Subramony, 2009). For hard HRM, return on investment and strategic fit are key considerations and employees are simply one of the costs of production, whereas for soft HRM, the factors (communications, values) enhancing “humans” management are central to HRM practices because they impact employee’s outcomes (Storey, Sridakis, Sen-Gupta, Edwards, & Blackburn, 2010). In particular, those calling for softer HRM approaches argue that only some HRM bundles are human capital enriching (HCE) in that they build empowerment, motivation and skills (Teo et al. 2011) because only those HRM bundles will enhance a firm’s performance (Subramony, 2009). This means that Hard HRM is likely to be negatively correlated to employee’s perceptions of HCE.

*H 1: Hard HRM is negatively associated with HCE*

**Informality and Human Capital Enriching HRM bundles**

Research shows that HRM systems and the degree to which they are formalised differ across entrepreneurial, SMEs, public and/or private contexts; as does their impact on employee and organisational performance. Most importantly, different HRM bundles are more important to some firms and not others. For example, Rauch and Hatak (2016) found that HRM practices related to empowerment and participation, as well as training and performance appraisal, were significant for SMEs, whereas selection, rewards and compensation practices were less important. In other contexts, training (as part of a high-performance work system) was more important to performance for small emerging firms (Rauch & Hatak, 2016). Accordingly, we hypothesise that a low level of formality acts as a precursor that positively shapes HRM bundles and HCE in firms.

 *H2: Informal HRM is positively associated with HCE*

**The link between HCE and POS**

POS refers to the extent to which employees perceive that organisations, via their decision-making in terms of policies, processes and practices, are supportive of employees, value their work, and care about their wellbeing (Allen, Shore, & Griffeth, 2003). Past research shows a significant relationship between POS and employee outcomes such as affective commitment (Marique, Stinglhamber, Desmette, & De Zanet, 2012). Marique and colleagues found that a relational management approach positively enhanced employees’ commitment to the organization because it promoted respect, autonomy and participation. The nature and presence of HRM in a firm shapes how POS is perceived by employees. When an organisation has HRM bundles that promote positive employee behaviour such as commitment and wellbeing, a stronger perception of POS is likely. Hence, we hypothesise that HCE is positively associated with POS.

 *H3: HCE is positively associated with POS*

**The link between HCE and Wellbeing**

There is growing evidence that employee wellbeing is a barometer of organisational health because when employee wellbeing is high, so too are numerous employee outcomes (Brunetto, Farr-Wharton, & Shacklock, 2011; Xerri, Farr-Wharton, Brunetto, & Lambries, 2016). The concept ‘employee wellbeing’ captures employees’ emotional perceptions of workplace processes and practices, but differs from job satisfaction because it includes both tangible and in tangible parts of the workplace (Brunetto et al., 2011). Previous research indicates that high POS is associated with high employee wellbeing and therefore we expect to replicate these findings.

 *H4: POS is positively associated with employee wellbeing*

 Additionally, to account for the impact on HCE, we utilise the construct of employee wellbeing as a dependent variable. We expect that HCE will positively impact wellbeing because of the research showing that soft HRM bundles aimed at HCE also positively enhance employee outcomes, although no specific research has examined its impact on wellbeing.

 *H5: HCE will positively correlate with employee wellbeing*

Additionally, we expect that POS is a mediator between HCE and employee wellbeing. We argue that POS explains some of the processes in the background leading to the relationship between the independent variable – HCE and the dependent variable - employee wellbeing. In particular, since Tremblay, Cloutier, Simard, Chenevert, and Vandenberghe (2010) found that employees’ perception of trust and justice promoted POS, and since employees’ perception of trust and justice are examples of HCE, it is likely that POS is the underlying process explaining the relationship between HCE and employee wellbeing.

 *H6: POS mediates the relationship between HCE and wellbeing*.

Finally, the evidence suggests that the size of the organisation will affect the extent to which each of the relationships tested will be significant. The justification for the premise is because researchers such as Rauch and Hatak (2016), Messersmith and Guthrie (2010) and Storey et al. (2010) suggest different results for SMEs compared with large organisations.

 *H7: There are significant differences across each construct for small, medium and large organisations.*

These seven hypotheses test the model presented in Figure 1.

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Insert figure 1 about here

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**METHOD**

**Survey design and measures**

To examine the hypothesised relationships between the constructs: perceived informal HRM, perceived hard HRM, HCE, POS and employee wellbeing, a survey-based, self-report process targeting employees in different firms of different sizes was adopted. For the constructs, HCE, POS and employee wellbeing common-use, validated survey instruments were adopted. Thus, HCE was measured using the 32-item Snell and Dean (1992) instrument, which was adapted for the Australian context by Rodwell and Teo (2004). POS was measured utilising a shorented 7-item scale developed by Eisenberger, Cummings, Armeli, and Lynch (1997), and employee wellbeing was measured using a 4-item scale by Brunetto et al. (2011). A scan of the literature yielded no scales specifically measuring informal-formal and hard-soft HRM; where previous empirical conclusions simply categorised a lack of certain HRM practices as evidence of informality (Kotey & Slader, 2005). Using the psycometric instrument development framework of Hinkin (1998), we drafted, piloted, refined, tested and applied a five- and four-item scale to measure perceived hard and informal HRM respectively (see appendix). We validated the scales, using exploratory and confirmatory factor analysis, and both developed scales in addition to the other tested constructs, had good reliability (above .7) (see table 1) and appropriate discriminant validity.

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Insert table 1 about here

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**Sample**

The survey was delivered online, and a reputable Australian panel data company specialising in small-to-medium sized employee respondents was commissioned to distribute 750 surveys. To be eligible, respondents needed to be employed by an organisation, not a manager, and not an owner of that organisation. Respondents were filtered into three groups based on their reported organisation size, categorised as; small (<51 employees), medium (between 51-199 employees) and large (200< employees) firms, these categorisations closely correspond to that of the OECD (2005). There is conjecture regarding how many employees constitute different firm sizes, particularly regarding if a small organisation is less than 20 or less than 50 employees. While more recently, the size of an organisation has tended to be measured by its financial turnover, we wanted to examine the HRM function in such firms, and this categorisation would not yield a necessarily comparable mechanism to do so. Thus, the OECD classification seemed most apt. To reduce the influence of common method variance in analysis, respondents who completed the survey in less than 5 minutes were removed from analysis, leaving a total sample size of 702 (small n= 252, medium n=210, large n=240). Additionally, criterion and predictor variables were separated and the surveys were completed anonymously, as prescribed by Podsakoff, MacKenzie, A., and Podsakoff (2003). Gender and age were used as control variables. Of the sample, 50.3 per cent were male, 49.4 per cent were female, and .3 per cent identified as being transgender. 29.2 per cent of the sample were below 35 years of age, 37.5 per cent were between 36-50 years of age, and 33.3 per cent were more than 51 years old.

**Data analysis**

In this study, we applied three approaches to data analysis: (1) a two-step approach to Structural Equation Modelling (SEM) prescribed by Anderson and Gerbing (1988) was used to examine hypotheses 1-6; (2) we examined the equivalence of latent mean structures using the SEM approach prescribed by Byrne (2010) to examine mean differences for hypothesis 7; (3) a SEM test of causal structure equivalence prescribed by Byrne (2010) was used to test path differences for hypotheses 7.

The hypothesised measurement model was a poor fit with the small organisation sample (χ2/df = 2.27, CFI = .896, TLI = .888, RMSEA = .071, SRMR = .0794). Due to poor fit, five error covariances were added due to modification indices above 40, each was within a construct. The modifications to the measurement model resulted in an acceptable level of model fit for the small, medium, and large organisation samples (see Table 2). To test common method bias, a common latent factor was added to the structural models. The common variance was approximately 44 per cent. As such, we controlled for common variance using the common latent factor. Discriminant validity was established by testing a number of alternate models against the hypothesised model (See Table 3). The two alternate models had a significantly worse fit compared to the baseline model (Fornell & Larcker, 1981). There is support for conceptual similarity, with most of the constructs in the study significantly correlating with one another. However, informal HRM was not significantly related with other constructs in the model (See Table 4).

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Insert Table 2 about here

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Insert Table 3 about here

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**RESULTS**

We controlled for gender and age, however, we have removed the controls from figure 1 as they were not significantly related to wellbeing and POS. Figure 1 depicts partial support for hypotheses 1-6. Perceived informal HRM positively correlated with HCE for small and medium firms, but not for large firms (where no significant relationship was found). Hard HRM was negatively correlated with HCE for all firm types, but most strongly for employees from small firms (.616\*\*\*). In combination, informal and hard HRM explained 24.1 per cent of the HCE variance for small firms, but far less for medium (R2=9.4%) and large firms (R2=13.1%). HCE was positively related to POS for all firm types, and POS was positively associated with employee wellbeing for employees in medium (.605\*\*\*) and large firms (.373\*\*\*), but not for those employed by small firms (qualifying the 6th mediation hypothesis for this group). Conversely, HCE had a strong positive association for employee wellbeing for employees in small (.519\*) and large (.389\*\*\*) firms. Mediation between HCE and wellbeing through POS testing was conducted by comparing the standardised regression weights and significance levels between HCE and wellbeing, with and without POS (using the Baron and Kenny (1986) method). For large firms, partial mediation through POS was evidenced. For employees in medium-sized firms, full mediation was evidenced. As noted above, there was no evidence of mediation for small firms, as the POS to wellbeing path was insignificant.

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Insert Figure 1 about here

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Due to the structural differences between the small and large samples (see Table 4), a set of chi-square difference tests were used to establish the parameters (hypotheses) that differed between small and large companies. The results depict that the path from informal HRM to HCE (Δχ² = 3.624,Δdf = 1, p > .05) and from POS to wellbeing (Δχ² = 5.355, Δdf = 2, p > .05) did not significantly differ between small and large organisations. The parameters from hard/soft HRM to HCE (Δχ² = 10.809, Δdf = 2, p < .01), and HCE to POS (Δχ² = 22.661, Δdf = 2, p < .001) and wellbeing (Δχ² = 10.722, Δdf = 3, p < .05) significantly differed between small and large organisations.

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Insert Table 4 about here

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Insert Table 5 about here

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Further, a test of the equivalence of latent mean structures (see Table 5) provided partial support for hypotheses 7. The results depict no significant mean differences between the three groups for employee wellbeing and hard/soft HRM. However, small organisations had significantly higher POS compared to large organisations, that is, the mean difference (Δm) was .352 and significant at p < .001. However, as noted in the path analysis, POS was not associated with wellbeing for this group. Small organisations also had significantly less HCE compared to large (Δm = -.279, p < .01) and medium (Δm = -.325, <.01) organisations. Finally, informal HRM was significantly higher in small organisations compared to large (Δm = .507, p < .001) and medium (Δm = .242, p < .05) organisations, and large organisations had significantly less informal HRM compared to medium organisations (m = -.272, p < .05).

**DISCUSSION**

Overall, this paper accounts for perceptions of hard-soft and informal-formal dynamics, and examines how these shape human capital enriching (HCE) HRM practices across small, medium and large firms. The first aim of this paper was to examine firstly how informal-formal and hard-soft HRM shape human capital enriching HRM practices, and secondly how these relationships vary across small, medium and large firms. The second aim was to examine whether human capital enriching HRM practices influence POS and employee wellbeing differently across small, medium and large firms. Seven hypotheses were used to address these aims. The findings indicate all hypotheses were supported but not across all sizes of organisations. The first hypothesis examined whether hard HRM is negatively correlated with HCE. The finding supports previous research by Teo et al. (2011) and Subramony (2009) who argue that the type of HRM impacts on the extent to which human capital enriching (HCE) HRM builds empowerment, motivation and skills. The second hypothesis examined whether informal HRM is positively correlated with HCE. The findings indicate that hypothesis 2 was supported for both small and medium sized, but not large organisations. As expected employees in small and medium sized firms perceived significantly higher levels of informality (revalidating previous research). For employees in small organisations, the more informally-imbued HCE had a very significant relationship with their wellbeing (β = .519, p < .05). Noting this, the results support a shift to develop more informally-underpinned HRM bundles. Support was found for the hypothesised paths linking HCE and employee wellbeing (through POS), except for in the case of employees in small firms. In such firms, POS was not a predictor of wellbeing, which contrasts findings from previous research exploring the POS - wellbeing relationship (Brunetto et al., 2011). A possible reason for this is that HCE (and the broader human resource function), informal as it is in such settings, is the forum where employees ascribe their positive/negative emotions on an organisation (rather than POS as in larger organisations). In larger firms, with different layers of hierarchies, messages conveyed from ‘the organisation’ are shaped by other institutional actors in the hierarchy (for example by line managers, department heads, etc.); thus, disassociating POS from other managerial functions like HRM. In small firms, the hierarchy is less complex, and the message more unified; hence the influence of HCE is substantial and POS becomes secondary. The fourth hypotheses examined the relationship between POS and employee wellbeing. The results show that the significant relationship is significant for medium and large organisations as was expected from previous research, but not small organisations.

 The seventh hypothesis examined whether there were significant differences across each construct for small, medium and large organisations. The findings from the SEM group comparison analysis indicate that informality and hard HRM had a significant impact on HCE for most firm types (the exception is large organisation). As expected, small firms (<50 employees) were found to be significantly more informal and more inclined towards a soft HRM approach, and this significantly shaped HCE. In such firms, HCE was associated with employee wellbeing, however, POS was not, and this differed in comparison to medium (between 51-199 employees) and large firms (200< employees). Whilst Teo et al. (2011) argued that a formalised HCE system may not always be appropriate for small and medium sized firms, it is apparent from the results herein that an informally-oriented HCE system has benefits with respect to employee wellbeing in small firms. The results qualify held beliefs about the presence of HRM in firms of different sizes, suggesting that the informal and soft approaches shape HRM.

**CONCLUSION**

The contribution of this paper is that it has provided new empirical knowledge about how informality and ‘hard and soft’ approaches impact the HCE HRM experience and subsequent employee wellbeing, across firms of different sizes, as called for by Bowen and Ostroff (2004) and Paauwe (2009). Long standing presumptions about the relationship between HRM formality/ soft/hard options; HCE HRM and outcomes were tested because formalist payroll, performance management, recruitment and succession planning tools are now commonly available, and therefore held beliefs about the nature of HRM in small, medium and large firms warranted re-examination. The findings provide greater clarity about how informality and hard-soft HRM impact HCE across small, medium and large firms based on the effect that such a dynamic has on the employee. Understanding the role of informality and hard-soft HRM is relevant because increasing HCE in small firms that, in countries such as Australia and the USA, are leading the quest for innovation, and understanding how informality shapes the HRM function in such firms has broader economic significance.

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**Figure 1: The hypothesised relationship between HRM models, HCE HRM and outcomes**

H1 (-)

H2 (+)

H3 (+)

H5 (+)

H6 (+)

**Figure 2.** Path model showing the relationship between formality, soft/hard HRM, HCE HRM and employee outcomes

Small = .366\*\*

Medium = .279\*\*

Large = .158

Small = -.616\*\*\*

Medium = -.316\*\*\*

Large = -.398\*\*\*

Small = .883\*\*\*

Medium = .766\*\*\*

Large = .773\*\*\*

Small = .519\*

Medium = .123

Large = .389\*\*\*

Small = .152

Medium = .605\*\*\*

Large = .373\*\*\*

Small = .747\*\*\*

Medium = .862\*\*\*

Large = .754\*\*\*

Small = .856\*\*\*

Medium = .855\*\*\*

Large = .814\*\*\*

Small = .795\*\*\*

Medium = .857\*\*\*

Large = .814\*\*\*

Small = .907\*\*\*

Medium = .902\*\*\*

Large = .830\*\*\*

\*. Significant at the 0.05 level (2-tailed).

\*\*. Significant at the 0.01 level (2-tailed).

\*\*\*. Significant at the 0.001 level (2-tailed).

**Table 1. Composite reliability and average variance extracted**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Small** | **Medium** | **Large** |
|  | **CR** | **AVE** | **CR** | **AVE** | **CR** | **AVE** |
| **Wellbeing** | .93 | .76 | .92 | .75 | .90 | .68 |
| **POS** | .94 | .67 | .96 | .77 | .94 | .69 |
| **HCE** | .92 | .75 | .91 | .73 | .86 | .60 |
| **Informal HRM** | .80 | .50 | .88 | .65 | .89 | .66 |
| **Hard/soft HRM** | .90 | .64 | .92 | .70 | .90 | .65 |

**Table 2.** Results of model-fit

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **χ² / df** | **CFI** | **TLI** | **RMSEA** | **SRMR** |
| **Small-sized organisations** |  |  |  |  |  |
| Measurement model | 2.268 | 0.896 | 0.888 | 0.071 | .0794 |
| Respecified measurement model | 2.133 | 0.914 | 0.906 | 0.067 | .0651 |
| **Medium-sized organisations** |  |  |  |  |  |
| Measurement model | 1.988 | 0.914 | 0.907 | 0.069 | .0656 |
| Respecified measurement model | 1.883 | 0.927 | 0.921 | 0.065 | .0560 |
| **Large-sized organisations** |  |  |  |  |  |
| Measurement model | 2.105 | 0.901 | 0.893 | 0.068 | .0818 |
| Respecified measurement model | 2.010 | 0.915 | 0.907 | 0.065 | .0688 |
| **Structural model (3 groups)** |  |  |  |  |  |
| **Model 1:** Structural model (Baseline) | 2.083 | 0.912 | 0.905 | 0.039 | .0943 |
| **Model 2:** Combined informal & hard/soft HRM  | 2.385 | 0.887 | 0.878 | 0.045 | .0981 |
| **Model 3:** Combined HCE factors | 3.229 | 0.817 | 0.804 | 0.056 | .1008 |
| **Model 4:** Add common latent factor to structural model | 1.880 | 0.932 | 0.923 | 0.035 | .0491 |

Note: N (Small) = 252; N (Medium) = 210; N (Large) = 240

**Table 3.** Correlations matrix

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Small and large | 1. Gender
 | 1 | -.140\* | -.023 | -.039 | -.038 | -.065 | -.069 |
| 1. Age
 | -.012 | 1 | .129\* | -.100 | -.050 | -.197\*\* | -.035 |
| 1. Wellbeing
 | -.005 | .141\* | 1 | .618\*\* | .587\*\* | .010 | -.200\*\* |
| 1. POS
 | .086 | .038 | .585\*\* | 1 | .686\*\* | .033 | -.359\*\* |
| 1. HCE
 | -.121 | -.132\* | .453\*\* | .558\*\* | 1 | .027 | -.131\* |
| 1. Informal HRM
 | -.121 | -.121 | -.013 | -.004 | -.047 | 1 | .490\*\* |
| 1. Hard HRM
 | -.190\*\* | -.213\*\* | -.232\*\* | -.326\*\* | .105 | .471\*\* | 1 |
| Medium | 1. Gender
 | 1 |  |  |  |  |  |  |
| 1. Age
 | -.102 | 1 |  |  |  |  |  |
| 1. Wellbeing
 | -.020 | .022 | 1 |  |  |  |  |
| 1. POS
 | -.079 | -.136\* | .671\*\* | 1 |  |  |  |
| 1. HCE
 | -.069 | -.161\* | .521\*\* | .712\*\* | 1 |  |  |
| 1. Informal HRM
 | -.123 | -.134 | .112 | .093 | .113 | 1 | . |
| 1. Hard HRM
 | -.097 | -.133 | -.225\*\* | -.267\*\* | -.063 | .522\*\* | 1 |
|  |

\*\*. Correlation is significant at the 0.01 level (2-tailed). \*. Correlation is significant at the 0.05 level (2-tailed). Note: Small sample results inserted below the diagonal

**Table 4.** Test of invariance

|  |  |  |  |
| --- | --- | --- | --- |
| **Sample Model** | **Δχ²** | **Δdf** | **P** |
| **Small, medium and large** | Model 1 (Measurement) | 59.989 | 58 | <.001 |
|  | Model 2 (Structural) | 112.341 | 74 | <.001 |
| **Small and medium** | Model 1 (Measurement) | 18.768 | 29 | >.05 |
|  | Model 2 (Structural) | 46.169 | 37 | >.05 |
| **Small and large** | Model 1 (Measurement) | 34.859 | 29 | >.05 |
|  | Model 2 (Structural) | 73.032 | 37 | <.001 |
| **Medium and large** | Model 1 (Measurement) | 35.142 | 29 | >.05 |
|  | Model 2 (Structural) | 48.784 | 37 | >.05 |

**Table 5.** Invariance of latent mean structures

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Dependent Variable** | **Mean** | **Standard deviation** | **Groupings** | **Difference estimate** | **P** |
| Wellbeing | 4.4365 | 1.04144 | Small | Large | .066 | .511 |
| 4.3702 | 1.14086 | Medium | Small | -.058 | .585 |
| 4.3921 | 1.05120 | Large | Medium | .012 | .914 |
| POS | 4.2272 | 1.05618 | Small | Large | .352 | < .001 |
| 4.1185 | 1.21397 | Medium | Small | -.117 | .303 |
| 3.8958 | 1.08844 | Large | Medium | -.218 | .069 |
| HCE | 3.6616 | 1.10009 | Small | Large | -.279 | < .01 |
| 3.9770 | 1.04656 | Medium | Small | .325 | < .01 |
| 3.9176 | .93469 | Large | Medium | -.032 | .753 |
| Informal HRM | 3.8508 | 1.04174 | Small | Large | .507 | < .001 |
| 3.6210 | 1.25684 | Medium | Small | -.242 | < .05 |
| 3.3192 | 1.23748 | Large | Medium | -.272 | < .05 |
| Hard HRM | 3.4782 | 1.17167 | Small | Large | -.170 | .128 |
| 3.5778 | 1.26669 | Medium | Small | .146 | .246 |
| 3.6278 | 1.14047 | Large | Medium | .037 | .775 |

*Note: Groupings to the left of the vertical line are compared to those on the right of the line. A negative difference estimate reveals that the grouping on the left has decreased.*

­

**Appendix**

Developed survey items for Hard and Informal HRM

|  |
| --- |
| **Perceived Hard HRM** |
| I am managed as if I am a ‘number on a ledger,’ and not a ‘person’ |
| The impression that I get from my organisation is that I am fundamentally here to do a set job, and nothing more |
| I am encouraged not to deviate from my set tasks |
| I feel that this organisation considers me to be a ‘means to their end’ |
| I feel that the organisation that I work for is only really concerned with me making them money and/or adding value to their operations |
|  |
| **Perceived Informal HRM** |
| There are few written policies and procedures that prescribe how employees are managed in this organisation |
| Decisions concerning how staff are managed at this organisation are made up on a case-by-case basis |
| If a person needs something official in my organisation, there are only informal pathways to get this |
| In my organisation, there is a bare minimum of formal, written-down rules an policies regarding how the workplace is run |