

6-7-2014

HUMAN RESOURCE MANAGEMENT IN ENTREPRENEURIAL FIRMS: THE IMPACT OF DIFFERENT HRM PRACTICES ON PERFORMANCE (SUMMARY)

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Recommended Citation

Rauch, Andreas and Hatak, Isabella (2014) "HUMAN RESOURCE MANAGEMENT IN ENTREPRENEURIAL FIRMS: THE IMPACT OF DIFFERENT HRM PRACTICES ON PERFORMANCE (SUMMARY)," *Frontiers of Entrepreneurship Research*: Vol. 34: Iss. 11, Article 12.

Available at: <http://digitalknowledge.babson.edu/fer/vol34/iss11/12>

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≈ SUMMARY ≈

**HUMAN RESOURCE MANAGEMENT IN ENTREPRENEURIAL FIRMS: THE
IMPACT OF DIFFERENT HRM PRACTICES ON PERFORMANCE**

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Principal Topic

Human resources management (HRM) is not on the top priority of entrepreneurial firms and HRM practices are comparatively unsophisticated. However, the efficient management of employees' knowledge, skills, and abilities can provide a competitive advantage that results in firm performance. The question therefore remains as to which HRM practices need to be implemented in entrepreneurial firms in order to strengthen firm performance. Traditional HRM practices (planning, recruitment, selection, compensation, and performance management) are often not affordable for entrepreneurial firms. Moreover, such HRM practices have been suggested for large firms and may not be efficient in entrepreneurial firms. We argue that HRM practices need to be aligned with the strategic aims of entrepreneurial firms. Entrepreneurial firms have to convert knowledge into new products and services. Therefore, entrepreneurial firms need to adopt HRM practices that support exploration and exploitation. HRM practices focusing on exploration emphasize flexibility, empowerment, training and cooperation. Exploitative HRM practices emphasize communication and commitment.

Methods

We conducted a meta-analysis in order to compare different HRM practices (traditional, explorative and exploitative) and their impact on the performance of entrepreneurial firms. Our synthesis of the fragmented literature on HRM practices in entrepreneurial firms provides an overview of the research field. The scope of the study includes firms with up to 500 employees. Moreover, we included only studies that investigate firm-level HRM practices and performance. Our meta-analysis covered 45 studies.

Results and Implications

Across studies, we found a moderate correlation between HRM and performance ($r = .135$). Moreover, explorative HRM produced significantly higher correlations with firm performance than traditional HRM. These results provide several contributions to entrepreneurship research. First, we investigated knowledge configurations at the level of the firm, while the entrepreneurship literature assessed knowledge and capabilities usually at the level of the entrepreneur. By investigating a firm-level perspective, our study is consistent with approaches emphasizing competitive advantages of firms. Second, by looking at traditional, explorative and exploitative HRM practices, our results provide insights into which knowledge configurations are effective in terms of performance for entrepreneurial firms.

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