

Staffing Practices in Australian ICT Micro-Firms: growing virtual?

T. Burrows and S. Tywoniak

Queensland University of Technology, GPO Box 2434, 4001 Brisbane, Australia

s.tywoniak@qut.edu.au

Principal Topic

Human resource management in small enterprises has traditionally been under-researched and remains poorly understood (Heneman & Berkley, 1999). With respect to HR issues, recruitment, selection and retention of staff have been identified as among smaller firms' greatest challenges (Heneman, Tansky & Camp 2000; Hornsby & Kuratko 1990). Key points have been identified as: difficulties in accessing suitably skilled workers (Sambrook, 2005), entrepreneurs lacking management capability (Mazzarol, 2003), and resource constraints (Marchington, Carrol & Boxall, 2003). Existing literature pertaining to attracting, motivating and retaining staff in micro-firms principally depicts practice as: (1) informal, due to the close relationship between the employer and employees; (2) driven by the personality of the owner-manager, which permeates virtually every micro-firm decision; and (3) occurring under intense resource constraints, inherent in micro-firms' small size. However, to date research in this area has been largely conducted from a functional HR perspective rather than a managerial/entrepreneurial viewpoint. Therefore the practices and thinking of micro-firm managers relating to these staffing issues are poorly documented, in particular in terms of the alternatives and trade-offs managers have to consider.

The primary purpose of this study is to explore from a managerial/entrepreneurial perspective the issues and challenges facing micro-firms in relation to staffing. Taking a broader perspective allows to examine these issues using both an HR lens (eg: recruitment, selection, retention) and an organisational theory lens (eg: organisational structure and boundaries, insourcing versus outsourcing). This broader perspective provides for a richer investigation of the issues in that it enables us to examine practices not captured by the functional HR lens, as well as giving a fine-grained contextualisation to the investigation, leading to a better understanding of this important dimension of micro-firm management.

Methodology/Key Propositions

This research centres on exploring an apparent gap in understanding, a qualitative, exploratory design has been engaged (Yin 1994). Both non-probability and snowball sampling, from several sources, have been utilised in order to yield rich and meaningful information and also due to sampling difficulties inherent in small business research, associated with respondent accessibility (see Curran & Blackburn 2001). We have chosen to recruit survey respondents from a single industry in order to control for environmental differences. The ICT service sector was selected as an industry of choice for two main reasons: it has a relatively high number of micro-firms and entrepreneurial start-ups and thus increases the population of potential survey participants; project-based activity is prevalent within the industry and this is premised to lead to a diversity of staffing arrangements including insourcing, temporary assignments, subcontracting and outsourcing.

In-depth, semi-structured interviews were conducted with 20 owner-managers of Australian ICT micro-firms. Investigation centred on both the entrepreneur and the firm, as recommended by Shepherd and Wiklund (2003). In accord with qualitative approaches (Miles & Huberman 1994), data analysis comprised content analysis, uncovering the most illustrative comments that describe themes and patterns and relay central ideas.

Results and Implications

Several key issues of significance have been uncovered. First, it was found that within the ICT sector employers and employees differ in expectations regarding remuneration levels and skills. Second, even the smallest of firms investigates and utilises overseas-based staff as a source of cheap labour and to access needed resources/skills, enabled by ICT technology. Third, the sector relies heavily on contracting and outsourcing, rather than employing staff according to the traditional employer-employee relationship.

Thus, staffing practices within the sampled micro-firms appears to be concerned with organisational governance and structural issues, exhibiting a tendency for virtual and networked organisational forms, implying a possible disconnect between firm size measured by activity and measured by employment. This suggests that a business or management perspective may provide a more suitable framework for understanding micro-firm staffing practices, rather than a functional Human Resource Management lens. However, these findings should be confirmed through replication surveys in other industries.

Contact

Stephane Tywoniak. Queensland University of Technology, GPO Box 2434, 4001 Brisbane, Australia.
(T) 07 3864 2523, (F) , Email: s.tywoniak@qut.edu.au