

URBAN VERSUS RURAL: HUMAN RELATIONS PERSONNEL AND PRACTICES IN MICROENTERPRISES

Donna Y. Stringer, University of Houston – Victoria
dystringer@gmail.com; stringerd@uhv.edu

LaVelle H. Mills, West Texas A&M University
lmills@mail.wtamu.edu

David F. Summers, University of Houston – Victoria
summersd@uhv.edu

ABSTRACT

Human resource management (HRM) practices, support systems, and personnel profiles were examined in microunban (9 or fewer employees) and rural enterprises. The investigation is an exploratory descriptive study employing a discussion of the results of a questionnaire. The authors' hypotheses were that urban and rural microenterprises would differ significantly in HRM practices, support systems, and personnel profiles. The research findings suggest the authors' hypotheses were generally incorrect. These results might advance the concept that the Internet, access to information, and management information systems has made possible comparable HRM activities and functions in both urban and rural enterprises. Additionally, the rural micro firm's general environment might be less inclined to litigate than the urban microfirm's environment, thus reducing the rural microfirm's need for extensive legal advice or more formalized employee handbooks.

INTRODUCTION

Do microbusinesses intentionally seek sustainable competitive advantage through sophisticated human resource management practices? Administrative problems including accounting, finance, personnel, and general management issues have been identified as one of three critical problems facing small business owners (Chrisman & Leslie, 1989). For small business firms, employees have frequently been a key factor in determining their success or failure (Hornsby & Kuratko, 2003). Entrepreneurs have always been dependent on human capital when compared to financial or physical capital (De Kok, 2003). Microenterprises (9 or fewer employees) will most likely be dependent upon recruitment and retention of human capital as components for success. Yet, the importance of HRM might be underaddressed in the initial start-up stage of a business and only as the business enters its growth and maturity stages will HRM issues become more formalized (Harris, Grubb, & Hebert, 2005).

The importance of human capital is readily recognized in today's knowledge-based businesses. Labor shortages for qualified employees and the need for highly skilled employees to fuel this need in a knowledge-based economy has become apparent (Audretsch & Thurik, 2000;

Audretsch & Thurik, 2001; Audretsch, Thurik, Verheul, & Wennekers, 2002). In a report produced by the Small Business and Technology Development Center, “the average small business in the United States has three employees and generates between \$150,000 and 200,000 in annual revenue” (Harris et al., 2005, p. 223). Businesses with nine or fewer employees have been designated micro-sized organizations (McQuaid, 2003). The owner or manager and employees of a microfirm might be committed to a vision that will combine growth of the organization and a lifestyle provided by the rural setting. While the owner or manager of a rural microbusiness might possess skills and experiences similar to that of their urban counterparts, other factors exist in the rural environment that might well render the owner’s expertise secondary in the determination of functions and behaviors used in the everyday operations of the business. As Harris et al. (2005) note, the rural community infrastructure might limit opportunities that can be achieved by owners. Thus, the business climate is potentially a very important determinant of success or failure in rural organizations. Despite the proliferation of microenterprises in America’s business history, not much is known about them at this time. Research has only recently started to distinguish micros from the SME literature. The terms urban and rural refer to geographic location, but undoubtedly there are other notable differences. The size of the area labor pool, the availability of applicants with a specific set of skills, and the potential lack of mobility might differ between urban and rural settings, especially in the top 26 counties of the Texas Panhandle. The authors believe that urban and rural microfirms are different in their HRM practices, support systems, and personnel profiles.

Research on HRM and performance illustrates that HRM practices can affect performance, which further strengthens the need for HRM investigation (Boselie, 2002; Boselie, Paauwe, & Jansen, 2001). This paper will illustrate the current state of HRM practices, support systems, and personnel profiles in microbusinesses that typify the urban and rural American business climate within the top 26 counties in the Texas Panhandle. Relevant information will be provided as follows: the literature review; hypotheses; methodology; results; discussion; implications, limitations and future research directions; and conclusion.

LITERATURE REVIEW

An estimated one fourth (22.5%) of the United States population lives in rural areas, defined as all places outside of metropolitan statistical areas (Fratoe, 1993). This assertion has been supported and expanded by Sears and Lovan (2006, p. 153), “Rural America, with roughly 80 percent of the nation’s land area and 25 percent of the population, remains a critical foundation of America’s economy and culture.” Rural communities have been depicted by such ideals as independence, freedom, self-reliance, and life style: traits that typically characterize the individuals that reside in rural America (Office of Advocacy, U.S. Small Business Administration [OA-USSBA], 2001). It is expected that owners and managers of microfirms hire carefully and with more prior knowledge about each candidate than their urban counterparts. This is due in large part to the rural environment and the likelihood that the future employer might well know each candidate from prior community and family activities. Perhaps this is one reason why smaller businesses have HRM practices that are less formal (Kotey & Slade, 2005).

Small businesses are the primary core of economic activity in rural areas (OA-USSBA, 2001) while urban areas are typically composed of a more diverse core of micro, small, medium, and large organizations. Miller (1990) indicates that smaller firms contribute more to the labor

markets in rural areas than in urban areas (Bruce, 2000). Even so, small businesses located in rural areas might have less access to resources, including limited networks, financial constraints, low demand levels, unskilled labor, and cultural barriers (Harris et al., 2005). A larger labor force exists in urban areas (Henry & Drabenstott, 1996), which provides a competitive advantage to firms that reside in these areas, while small businesses tended to cite labor force problems as a disadvantage due to their rural location (Strong, Del Grosso, Burwick, Jethwani, & Ponza, 2005). Research findings have demonstrated that managers of small firms have ranked personnel management as the second most important management pursuit behind general management activities (Hornsby & Kuratko, 1990).

It would appear that rural areas suffer serious deficiencies in individual human resource capacity (human capital) compared to their urban counterparts. Additionally, educational attainment rates remain lower, dropout rates are higher, schools are chronically underfunded, and training in entrepreneurship or other business subjects is limited in rural communities (Fratoe, 1993). Many businesses and individuals located in rural settings are significantly disadvantaged in terms of their access to and use of suitable training (Bennett & Errington, 1995).

A review of human resource management related literature for the past twenty years indicates that some scholars realize the importance of the role of HRM practices in SMEs (Deshpande & Golhar, 1994; Heneman, 2000; Hornsby & Kuratko, 1990; Katz, Aldrich, Welbourne, & Williams, 2000). While the literature addressing HRM policies and practices in microenterprises is somewhat limited, there has been some work addressing these topics. Studies of selected HRM activities in microenterprises have been conducted in Australia (Kotey & Slade, 2005), Sweden (Andersson & Karlsson, 2007), the United Kingdom (Matlay, 1999), Eastern North Carolina (Harris et al., 2005), and rural Georgia (Variyam & Kraybill, 1998). While the focus of each study varies somewhat, one factor that all of the studies appear to have in common is that as the microenterprise moves from start-up to early growth, the HRM activities tend to become more formal. Also emphasized in these studies is the importance of the owner's educational background and management style on the informality or formality of the HRM activities. A unique discussion of the "tyranny of distance" by Andersson and Karlsson (2007) highlights some of the difficulties when employees and organizations are located in remote areas and might be isolated from appropriate "outside" knowledge or spillover knowledge that can result in increasing returns. This could be a distinct disadvantage for the rural micro-organizations, which would not exist for the urban micro-organizations.

A review of the literature indicates a general absence of information in a number of HRM areas in microenterprises: the extent of the utilization of traditional human resource management functions; the level of support systems; and the education, experience and expertise of the employees responsible for human resource actions.

Consequently, the goals of this study are (a) to identify the breadth that traditional human resource management practices are currently being utilized by urban and rural microfirms; (b) to ascertain the support that urban and rural microenterprises provide to HRM as reflected by the number of full and part-time employees assigned to human resource management activities and by the use of support systems such as formal communication processes, management information systems (MIS), employee handbooks, and legal advice utilized by the firms' HRM personnel; and (c) to survey the level of education and experience of the human resource

management workforce and to establish the employees' self-perceived levels of expertise in selected human resource management practices in urban and rural micro-organizations. These goals, as depicted in Figure 1, lead to the hypotheses tested in this study.

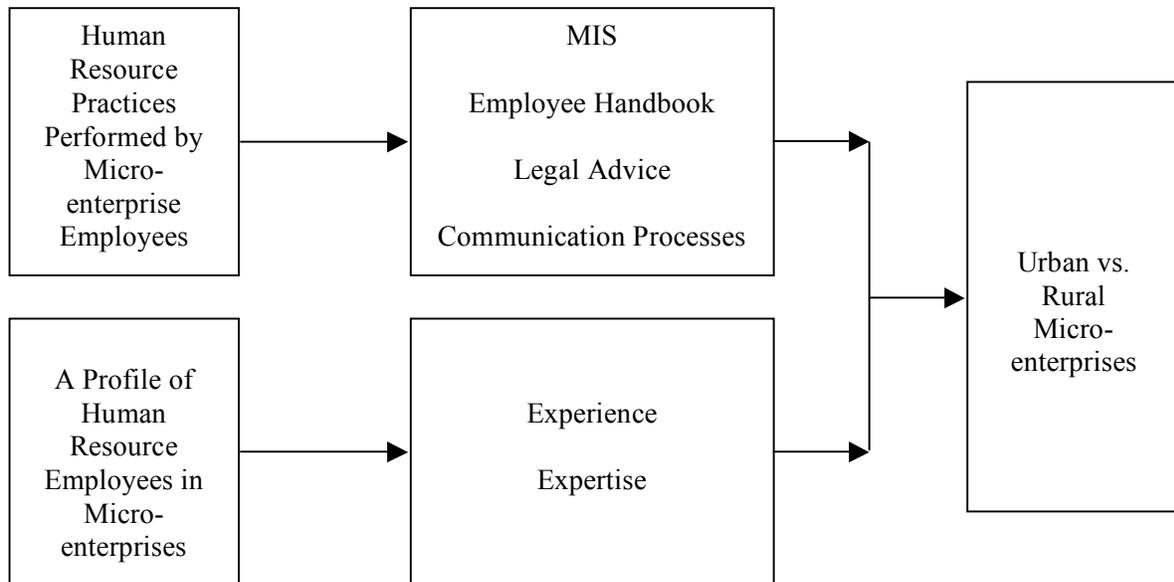


FIGURE 1. HUMAN RESOURCE PERSONNEL AND PRACTICES IN MICROENTERPRISES: URBAN VS. RURAL

Researchers have only recently initiated the examination of human resource management in small businesses. Such exploration is severely lacking when directed toward microenterprises exclusively, and virtually nonexistent with regard to microenterprises in urban and rural settings. The limited literature that does address small and microenterprises in urban and rural settings does so in limited ways. One study might address an area such as fringe benefits (Variyam & Kraybill, 1998) while another might address primarily the owner's preferred leadership style (Matlay, 1999), and still another might address the formality of HRM practices (Kotey & Slade, 2005). None of the existing literature addresses an overview of the HRM practices in microenterprises in urban and rural settings.

HRM in microenterprises might be composed primarily of the social skills or leadership styles demonstrated by the entrepreneur or manager instead of various HRM practices utilized by an HRM department or HRM personnel (De Kok, 2003). The deficiency of information concerning human resource management in small businesses is problematic for theory, research, and practice (Heneman et al., 2000).

Empirical data has generally demonstrated that smaller organizations do not have formal HRM departments nor do they adopt traditional HRM paradigms or practices (Barron, Black, & Loewenstein, 1987; De Kok & Uhlander, 2001; De Kok, Uhlander, & Thurik, 2003; Heneman & Berkley, 1999; Hornsby & Kuratko, 1990; Katz et al., 2000). Research to date has concentrated on SME determinants of HRM practices, such as firm size (De Kok & Uhlander, 2001; De Kok et al., 2003; Kotey & Slade, 2005; Ram, 1999), sector of the economy in which the firm competes (Curran, Kitching, Abbott, & Mills, 1993; Mowday, 1998; Ram, 1999), business

strategy employed (Lengnick-Hall & Lengnick-Hall, 1988; Schuler & Jackson, 1987; Youndt, Snell, Dean, & Lepak, 1996), family firm governance (Aldrich & Langton, 1997; Cyr, Johnson, & Welbourne, 2000; De Kok et al., 2003; Fiegener, Brown, Prince, & File, 1996; Reid & Adams, 2001), performance and HRM practices (Barron et al., 1987; Boselie, 2002; Boselie et al., 2001; De Kok, 2003; Heneman & Berkley, 1999; Hornsby & Kuratko, 1990; Huselid, Jackson, & Schuler, 1997; Kotey & Meredith, 1997; Management Services, 2001; McEvoy, 1984; Patton & Marlow, 2000; Zheng, 1999), recruitment (Aldrich & Langton, 1997; Carroll, Marchington, Earnshaw, & Taylor, 1999), training and development (Boocock, Loan-Clarke, Smith, & Whittaker, 1999; Carr, 1999; Hendry, Jones, Arthur, & Pettigrew, 1991; Koch & McGrath, 1996; Marlow, 1998; Nottinghamshire Research Observatory, 2002a; Nottinghamshire Research Observatory, 2002b; Westhead & Storey, 1997; Westhead & Storey, 1999), performance appraisals (Jackson, Schuler, & Rivero, 1989), specialists employed (Bacon, Ackers, Storey, & Coates, 1996; Heneman & Berkley, 1999; Jackson, et al., 1989; Wagner, 1997) and the development of a business plan (De Kok et al., 2003).

Despite these determinants, as well as others, an escalating body of research findings would conclude that smaller organizations have less formal HRM practices, but variation among these practices is fairly dispersed (De Kok & Uhlander, 2001). Hill and Stewart (1999) demonstrated this variation by the different levels of the HRM taxonomy of practices and sophistication exhibited by smaller firms. Hill and Stewart (1999) also suggest that smaller businesses need flexibility and less formality to compete in an environment of uncertainty. Hornsby and Kuratko (1990) discovered that HRM practices were more sophisticated than predicted among diminutive organizations. Deshpande and Golhar (1994) illustrated that HRM practices in small manufacturing companies were as sophisticated as large organizations. Hendry et al. (1991) purport that poor planning for the future or inadequate resources are rationales for informal HRM practices.

A longitudinal study of Australian manufacturing small businesses administered by Jones (2001) depicted a positive correlation between small business growth and certain industrial relation components as well as HRM practices. Results of a survey conducted on HRM practices and policies in Northern Ireland demonstrate that small businesses are more likely to employ and retain younger individuals with few qualifications (University of Ulster International [UUI] HRM Research Group, n.d.). The findings indicated training and development activities are vital for growth and sustainability in the market place (UUI, n.d.). Other research outcomes from the survey are as follows: recruitment and staffing and appraisal functions are highly developed; approximately half of the companies have dedicated HRM departments operated by the owner, managerial director, or a member of the board of directors; typically the HRM department employs one or two people; only one-third of the companies have a HRM plan; employee relations are exceptionally strong; training and development is one of the largest challenges faced by small businesses; and, most firms are committed to employee development (UUI, n.d.).

Summarizing and providing generalizations of the prevailing research regarding HRM practices of micro-, small-, and medium-sized enterprises (MSMEs) is difficult; it is practically impossible with regard to urban and rural microfirms due to the deprivation of information available. Accordingly, the goal of this research investigation is to extend the knowledge about HRM by developing or confirming information related to HRM personnel and practices employed in urban and rural microenterprises.

HYPOTHESES

Despite the lack of research evidence to support the supposition of differences between urban and rural enterprises, arguments can be postulated as to why this might be the case. The reasons why significant differences in formal communication systems are expected is partly due to the fact that rural firms are located in less populated geographic areas where employees are more likely to have known each other for longer periods of time and perhaps are related to a number of people who live and work in the geographic area. It is contemplated that these employees would be more likely to communicate informally rather than using formal communication systems. Variations in the utilization of MIS systems are expected to some degree because of the availability (or lack thereof) of personnel who have the expertise to design and operate such a system. The use of handbooks is consistent with a more formalized communication system.

The authors anticipated that rural enterprises will have fewer or less formalized communications and that they will be less inclined to use employee handbooks for presenting policies and procedures to their workforce. Additionally, it would seem credible that employees in urban firms would be less committed to the enterprise and have fewer prior long-term relationships with the other employees. Furthermore, an employee in an urban firm might be more prone to file a lawsuit whereas an employee in a rural firm would not be so disposed due to familial and familiar relationships, thus producing the expectation of urban firms' increased solicitation of outside legal advice. These arguments advance the first hypothesis:

Hypothesis 1: Differences exist between urban and rural microenterprises in the HRM support functions.

If rural firms operate on a more informal basis, it is presumable that there will be differences in the number of personnel dedicated to HRM activities. Informality of operations might lead to one of two situations: the owner/manager performs the HRM functions as a component of the overall job; or, individuals perform HRM-related activities as skills and time allow. In either case, it is doubtful that a rural enterprise would have one or more full-time employee dedicated to implementing the functions of HRM. It is more probable that HRM will be performed on a piecemeal basis. Thus, the second hypothesis is presented:

Hypothesis 2: Differences exist between urban and rural microenterprises in the number of personnel dedicated to HRM activities.

If rural personnel performing HRM activities are doing so in an ad hoc fashion, it is improbable that they will accumulate any substantial level of experience. Further, if the HRM activities are distributed among personnel or accomplished on a rotating basis, it is conceivable that there will be substantial differences in the amount of experience acquired by rural HRM personnel. Thus, the following hypothesis is advanced:

Hypothesis 3: Differences exist between urban and rural microenterprises in the HRM experience of the primary HRM personnel.

In order to obtain an HRM-related degree, it is likely that travel and time away from home and the job will be required for rural personnel. It is implausible that an employer would solicit

employees to acquire such a degree, but more credible that an individual would have coincidentally received a degree related to HRM before locating to a rural area. Similarly, for certificates, a rural employee is likely to be required to travel or engage in correspondence (or other long-distance learning) in order to receive a certificate. In both education and certificate acquisition, urban employees are more inclined to have the opportunity and the support to pursue such endeavors. It is suggested in the fourth hypothesis that these differences will be substantial when comparing urban and rural microenterprise HRM employees.

Hypothesis 4: Differences exist between urban and rural microenterprises in HRM-relevant education and certificates obtained by the principal HRM personnel.

Formal schooling in HRM-related areas should increase perceptions of expertise. Since it is anticipated that rural HRM employees will have lower levels of formal education and certificates, it might be presumed that perceptions of expertise will be lower in rural HRM employees. However, if there is no perceived need for formality in HRM practices one might propose that there are fewer or less complicated HRM activities being performed in rural enterprises. It would not be unrealistic to assume that levels of expertise would be reported at lower levels in rural firms. Therefore, the fifth hypothesis is presented:

Hypothesis 5: Differences exist between urban and rural microenterprises in the perceptions of expertise reported by the organizations' primary HRM personnel.

METHOD

The research employed the use of a single administration of a survey. The data are self-reports of the participants' own perceptions and experience. The survey asked respondents to reply to questions about practices and functions, education and experience, and perceptions of expertise with regard to HRM in their organizations. The responses were analyzed to gain a better understanding of differences between urban and rural micro-organizations concerning these questions.

The data for this paper were collected as part of a larger, more comprehensive research project of HRM practices in firms of various sizes in a 26-county area of the Texas Panhandle. A cover letter requested that the person responsible for HRM activity complete the instrument. The mailing list was provided by the Panhandle area Better Business Bureau and included both members and nonmembers of the bureau. Criteria for this study were (a) nine or fewer employees and (b) operational independence (independent firms are not components or extensions of larger organizations). There were 77 respondents who satisfied the established criteria for this study.

A total of 78% of the participants identified their organizations as either retail (40.3%) or service businesses (37.7%). The remaining sample was 11.7% industrial, 6.5% health care, and 3.9% financial services. Of the 77 respondents, 45 (58.4%) of the firms were located in the survey area's standard metropolitan area (a population of approximately 174,000) and 32 (41.6%) were in the surrounding rural area.

The questionnaire contained five major divisions: (a) the firm's demographic data, (b) HRM management employee demographics, (c) personal data about the primary HRM individual, (d) perceptions of HRM expertise by the principal HRM employee, and (e) HRM support processes. Firm demographic data included type of business (e.g., retail, service) and whether the firm was independent or functioning as an extension of another organization.

Data were collected concerning each firm's use of management information systems (MIS), formal employee communication processes, use of employee handbooks, and the solicitation of legal advice. In addition, respondents were queried about the firm's time commitment of personnel to HRM activities. For the employees who perform part-time HRM functions, participants were requested to estimate the percentage of time allocated to HRM activities. The principal HRM employee was questioned about his or her years of experience, education level, and whether he or she had any HRM certificates.

The principal HRM employee was requested to rate his/her level of expertise in 15 separate HRM functions such as strategic HRM planning, recruitment, job design, and employee relations. Respondents rated their own levels of expertise on a scale of 1 = *very little expertise* to 5 = *extensive expertise*.

All data were analyzed using a *t* test or a chi-square test, as appropriate, to determine statistically significant differences between HRM support activities, personnel, and perceptions of expertise in rural and urban microenterprises. The results of the analysis are presented in the following section.

RESULTS

Firms were asked the extent to which they used formal employee communication processes, MIS systems, employee handbooks, and outside legal advice. The findings are presented in Table 1. Urban microenterprises utilize employee handbooks slightly more than rural microenterprises. In addition, urban firms tend to seek legal advice more so than rural firms. There was no variation noted between urban and rural organizations with regard to the use of formal employee communication activities or formal MIS systems.

TABLE 1. DIFFERENCES BETWEEN MICROURBAN AND RURAL ENTERPRISES ON HRM SUPPORT FUNCTIONS

	Urban		Rural		χ^2	<i>p</i>
	Observed*	Expected	Observed*	Expected		
Formal communication system	19	16.3	9	11.7	1.710	.191
MIS system	25	22.2	13	15.8	1.841	.175
Employee handbook	17	13.6	6	9.4	3.067	.080
Outside legal advice	15	10.4	3	7.6	6.508	.011

Note: *Numbers reported are those who responded in the affirmative to the existence of such a mechanism out of a sample size of 45 urban and 32 rural respondents.

Respondents were queried about the deployment of full-time and part-time personnel to HRM functions. Additionally, the percent of work time that part-time personnel devoted to HRM activities on a weekly basis was requested. Table 2 presents these findings. Urban microenterprises require part-time HRM employees to devote a greater percent of work time to HRM functions (M = 15.4%, SD = 15.7%) than rural microenterprises (M = 7.7%, SD = 8.8%). Urban firms tended to use substantially greater numbers of part-time employees to accomplish HRM activities than did rural enterprises.

TABLE 2. HRM EMPLOYEE DEMOGRAPHICS

	Urban			Rural			<i>t</i>
	N	M	SD	N	M	SD	
Full-time employees devoted to HRM	42	0.40	0.59	29	0.48	0.69	-0.513
Part-time employees devoted to HRM	40	0.83	0.78	28	0.32	0.67	2.772***
Percent of part-time employees' work time devoted to HRM	30	15.37	15.70	20	7.70	8.80	1.982**

Note: * $p < .10$; ** $p < .05$; *** $p < .01$.

The person primarily responsible for HRM functions was solicited to provide information about years of experience. There was no significant difference in years of experience among primary HRM personnel in rural (M = 18.10, SD = 13.35) and urban (M = 14.38, SD = 9.79) microfirms.

The person primarily responsible for HRM functions was requested to furnish data concerning college degrees and HRM certificates. There was no significant educational differences among primary HRM personnel in rural and urban microfirms (college degrees: $\chi^2 = 0.884$, $p = .347$; HRM certificates: $\chi^2 = 0.646$, $p = .421$). Relatively low rates of educational expertise in microfirms, regardless of geographic location, were encountered: in rural microenterprises, 15.6% have college degrees and 10.0% have HRM certificates; and, 24.4% of urban microenterprise HRM personnel have college degrees and 5.0% have HRM certificates.

HRM personnel were requested to rate their levels of expertise on a variety of HRM functions. Table 3 provides a list of the functions and the results of the self-ratings. Significant differences in career development and employee compensation were discovered. In both instances (career development and employee compensation), urban micro HRM personnel perceived higher levels of expertise than rural micro HRM personnel. There were no dissimilarities in perceptions for all other HRM functions.

DISCUSSION

Approximately equal percentages of urban and rural microenterprises utilize formal communication systems and MIS systems. With regard to employee handbooks and solicitation of outside legal advice, urban microfirms employ handbooks more than rural microenterprises.

An extensive number of firms realize the importance of careful documentation and the adoption of formal communication systems to convey information to their employees in order to prevent misunderstandings regardless of the community in which the company resides. The expectation of informal communications in rural microenterprises might be a relic of a prior historical era. Alternately, managers are beginning to recognize the importance of fairness in communication and formalization; therefore, it might be a tool to aid in the implementation of such a system.

TABLE 3. HRM PERSONNEL PERCEPTIONS OF EXPERTISE

	Urban			Rural			<i>t</i>
	N	M	SD	N	M	SD	
Strategic HRM planning	42	1.95	1.10	29	2.21	1.08	-0.963
Recruiting	42	2.83	1.17	29	2.62	1.08	0.777
Selection	42	3.24	1.21	29	2.90	1.08	1.223
Orientation	42	3.17	1.29	29	2.72	1.07	1.525
Employee training	42	3.62	1.15	30	3.37	1.16	0.917
Employee development	42	3.26	1.25	29	3.00	1.16	0.892
Career development	42	2.90	1.32	29	2.41	1.09	1.651*
Job design	42	3.04	1.36	29	2.76	1.21	0.918
Performance appraisals	42	3.24	1.32	29	2.90	1.23	1.099
Compensation	42	3.33	1.34	29	2.69	1.07	2.156**
Employee benefits	42	3.12	1.29	28	2.68	1.16	1.456
Safety and health	42	3.24	1.32	29	3.31	1.11	-0.242
Communications	42	3.57	1.25	29	3.14	1.13	1.493
Employee relations	42	3.52	1.33	28	3.36	1.19	0.535
Personnel records	42	3.24	1.45	28	2.93	1.15	0.993

Note: * $p < .10$; ** $p < .05$; *** $p < .01$.

Similarity in the employment of MIS systems was an unexpected finding. One proposed reason why the anticipated discrepancies failed to emerge is the current availability of and access to a variety of robust software packages that do not require specialized programming support. If access to such software is the reason for the research findings of no significance, it is rational to assume that such software could be purchased as easily by rural enterprises as urban enterprises through the Internet.

Urban microenterprises utilize employee handbooks slightly more than rural microenterprises. The authors believe that urban firms have a strong requirement to be consistent in their practices with other area employers. This could account for the data that urban microfirms are somewhat more likely to incorporate the use of employee handbooks than rural microfirms.

Enterprises located in a rural geographic area might discover a more casual, laid-back environment spilling over into the workplace to some extent. In a rural geographic area, employees and their families are often known outside the firm. Due to the limited geographic area and the likelihood of employers and employees interacting outside the firm, personal situations of employees could conceivably be more public knowledge than in an environment that is more urban and where the private lives of employees and their families might be more confidential. Therefore, if firms are in rural settings, employers might be willing to effect adjustments for individual employee needs and situations than an urban employer.

The results illustrate that urban microfirms tend to seek outside legal advice more than rural microfirms. This is consistent with variations in workforce characteristics and expectations. For the microfirm in the urban area, the use of more formality and structure as well as the need to be legally correct would be compatible with business practices of other area employers. However, for a microfirm in a rural area, the application of less formality and structure is conceivably more comparable with other area employers. Furthermore, the exercise of policies and practices commensurate with other employers could be of more concern to employees than having a formal legal interpretation of policies and practices.

The data indicates that most microenterprises do not have a full-time employee dedicated to HRM. Instead, micros rely on part-time employees to complete HRM activities. The percentage of time that urban microfirm part-time employees dedicate to HRM is more substantial than that of the part-time employees in rural microfirms. Employers in an urban geographic area could require additional employee time for HRM activities because of the need to furnish HRM support similar to that provided by other employers in the same urban area. That is, employees in urban principalities might have expectations of more formalized HRM functions within the firm. This might require increased employee time for HRM activities than would be needed in a firm of comparable size located in a rural region. In the rural geographic area surveyed, many of the HRM functions might be more informal and provided as needed by individual employees.

Differences in HRM personnel experience were expected between urban and rural microfirm employees. Rural micro-HRM personnel reported more years of experience than did urban micro-HRM employees, although the finding was not statistically significant. Perhaps employees in rural microfirms remain with their organizations for longer periods of time and gather more tenure in position, whereas employees in urban micro-organizations change organizations and jobs more frequently.

Currently in the geographic area surveyed for this research project, the universities and community colleges do not offer specialized HRM-related degrees. Specialized training in preparation for HRM certification is available at one of the community colleges and HRM classes are offered at all higher education campuses in the survey's geographic area. While HRM-related degrees are not currently available locally, certainly such degree programs could be accessed through online programs and from a wide variety of educational sources. Availability of HRM degrees could explain the deficiency of HRM-related degrees for all respondents. Similar arguments could be postulated for the relatively low number of HRM-related certificates reported in the sample, as well as the lack of differentiation between urban and rural HRM personnel education and certificates.

Digressions in perceptions of expertise were expected; few were realized. If experience levels, education levels, and certificate levels are similar for both urban and rural micro-HRM personnel, it might be unrealistic to assume discrepancies in perceptions of expertise. However, there were two exceptions: employees in urban micro-organizations reported higher perceived expertise for career development and compensation. Perhaps there is more opportunity for advancement and greater resources (and competition) in urban micro-organizations, thus promoting the need for greater levels of expertise in these functions. For rural micro-organizations, pay and promotions cannot be as easily offered; therefore, they might resort to other benefits.

IMPLICATIONS, LIMITATIONS, AND FUTURE RESEARCH DIRECTIONS

This research adds to the knowledge base of HRM personnel and practices in urban and rural microenterprises. Microfirms take actions regarding employees that are required to assist a firm's competitiveness. It appears that in rural microfirms, those actions are more employee-centered than policy-centered. That is, firms in rural geographic areas are more likely to make adjustments as needed for individual employee situations. This accommodation increases the microfirm's ability to retain key employees. Microfirms in urban areas are more inclined to employ policy-centered approaches that are based on standardized policies and practices. This approach provides legal correctness that is required when operating within urban environments.

This study contains some limitations. First, the information gathered for this research project is self-reported data. It would be valuable for future inquiries to gather data that is of a more objective nature. Moreover, the small sample size could have precluded the researchers from discovering differences because of the statistical power associated with a sample of this size. This issue could be addressed by developing a larger sample population in future studies.

It is recommended that this study be replicated in several other geographical regions with a rural and urban mix to determine whether these findings are consistent across different regions. Additionally, future research could investigate the extent to which HRM practices do (or do not) influence a particular company's success. Inquiries to examine the extent to which companies copy best practices and whether or not the identification of these best practices are industry-based versus location-based would be valuable. Finally, it is recommended that future investigations examine specific industries to determine whether utilization of HRM practices vary by industry.

CONCLUSION

Micro urban and rural organizations necessarily perform the same basic HRM practices and functions as large organizations. Solicitation of legal advice and the use of handbooks occurred at a rate that was considerably higher than the researchers anticipated for micro-organizations, particularly those in urban settings. Microenterprises employed a larger number of individuals performing HRM functions than one might have suspected. Furthermore, there is a surprisingly large experience tenure in both urban and rural micro-organizations. Overall, this indicates a lack of differentiation between micro-sized urban and rural enterprises and illustrates a higher level of sophistication and experience than expected.

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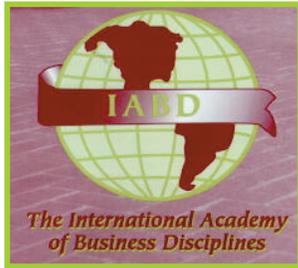
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