INTRODUCTION

Small and Medium-sized Enterprises (SMEs) are often deemed critical to the economy of many countries. The reason for this is twofold: first, there are so many smaller firms that they make up a large proportion of employment; secondly, because the way people are managed is regarded as central to the competitive standing of firms and industries (Boxall and Purcell, 2003). Such a recognition has provoked debate about the role of HRM as a means to enhance organisational effectiveness (Den Hartog and Verburg, 2004). What is problematic, however, is that much of the literature that espouses the virtues of HRM is almost exclusively derived from larger firms (Dundon and Wilkinson, 2004).

The purpose of this chapter is to assess the nature and extent of HRM among SMEs. We adopt a generalist approach to HRM, which includes employment relations broadly defined . In this way the chapter can report on various practices while providing an analysis about the meanings and interpretations of management action in the context of a smaller rather than larger firm, mostly from a UK perspective. The chapter starts by asking what an SME is, commenting on the importance of SMEs for the economy as a whole and for human resource management specifically. Traditional approaches to HRM are then considered, assessing how they have been applied to smaller businesses. From this it is suggested that much theorising about HRM in SMEs is limited in that analysis often gravitates around one of two polarised perspectives: the ‘small is beautiful’ versus ‘bleak house’ scenario. (Wilkinson 1999).The remainder of the chapter then reviews current research evidence concerning the core dimensions of HRM among SMEs (e.g. informality, recruitment, training, employee involvement /voice and related management practices).