WHAT FIT MATTERS? EFFECTS OF EMPLOYMENT MODELS ON EMPLOYEE OUTCOMES IN ENTREPRENEURIAL FIRMS (SUMMARY)

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SUMMARY

WHAT FIT MATTERS? EFFECTS OF EMPLOYMENT MODELS ON EMPLOYEE OUTCOMES IN ENTREPRENEURIAL FIRMS

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Principal Topic

Bringing individual values, perceptions and organizational systems into the equation, this paper examines how employment models of relatively young and small entrepreneurial firms affect organizational commitment and job satisfaction of their employees, by teasing out the effects and relationships among the fit of the employment model espoused by management (espoused model) with the model perceived by employees (perceived model), and the fit between the espoused employment model and the one preferred by employees based on their personal values (preferred model). Our key arguments are that employee attitudes are results of management “walking the talk”, rather than simply espousing a set of cohesive HR values. Furthermore, organizational commitment and job satisfaction of employees may also have to do with whether the perceived model actually fits with employees’ personal values and preferences. The central tenet of this paper is to bring these various types of “fit” into consideration in examining the effects of employment models of entrepreneurial firms on their employees.

Method

Data are collected through surveys with HR persons-in-charge from 13 companies, and 230 of their employees. Employment models are classified into four types based on the competing values framework (clan, adhocracy, bureaucracy, and market).

Results and Implications

Findings from this study suggest that the fit between espoused and perceived employment models predicts affective and normative commitment, as well job satisfaction of employees. Moreover, the fit between perceived and preferred models, mediated by employees’ self-evaluation of P-E fit, predicts all three types of organization commitment, as well as job satisfaction.

This study teases out the multiple facets of “fit” from system design and implementation, to employee perception and experience, to personal values and preference to achieve a better understanding of what “fit” matters, and how “fit” matters. Such an understanding is particularly valuable for young and small entrepreneurial firms as they are still in the process of building up their core systems. Appropriate management of the various levels of fit can help such firms in selecting and retaining the right talent, thus crafting a unique competitive advantage based on their human resources.

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