Developing Human Capital in Micro Enterprises: Do the Theories Apply?

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Abstract

The face of Human Resources is continually changing as knowledge becomes the driving force in human capital. Attracting the best talent is only the beginning of a successful partnership between employee and organization, development of the relationship requires the use of theory drawn from psychology, sociology and organizational development. Research focuses on large organizations where hundreds of employees are studied for the purpose of measuring output. Do the same theories apply to companies that have ten or less employees, also known as micro-enterprises? This paper will review literature on developing human capital to determine if the theories presented specifically in Organization Development apply to large organizations will work in micro-enterprises.

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Background

In 2004 the Department of Labor (DOL) embraced a detailed study on the importance of small business to the economic development of the United States. The findings of the study show that small businesses combined "employ the vast majority of workers, serve as a critical entry point to the workforce for most Americans, and provide significant skill and training and workforce experience that help workers advance in the labor market." (p. 6) Zhao (2005) explains that the Small Business Administration held a series of eleven hearings around the nation in June 2005 gathering feedback on the definition of what a "small" business is. Small business owners and some members of Congress have complained about the current definition because some large companies used their smaller units to receive contracts under the "small" definition. The administration is examining a number of proposals to restructure the small business standards.

A micro-enterprise is a business with fewer than five employees and requires less than $35,000 in start up money. There are nearly 2 million micro-entrepreneurs in the United States today and the micro-enterprise sector is growing daily. Micro-enterprises range from cleaning services and childcare programs to designer textiles and specialty foods. These businesses often employ members of the same family and sometimes grow into larger businesses that employ others in the community (Association for Enterprise Opportunity, 2002).

Seymour (2001) avers that "rural areas tend to undergo "brain drain," whereby the best and brightest young people take their ideas, labor and energy to other areas, leaving their native regions devoid of both the talented workers and business leaders needed to launch new ventures." (Appalachian Regional Commission, 2000, p. 2). Anderson (2002) explains that "Micro-entrepreneurs are relatively well-educated; are in wholesale or retail trade or services,

with some manufacturing and construction firms; show high survival rates (78%), gains in net worth; and employment generation."

The impact micro-enterprises make on the US economy is evident, but ironically most empirical studies are focused on large enterprises. For the purpose of this paper, the definition of small will be Micro-enterprises that are considered small businesses that do not have a public offering, are owned by individuals, and employ less than fifty employees and will then review literature on developing human capital to determine if the theories presented specifically in Organization Development that traditionally apply to large organizations will work in micro-enterprises.

<div align="center">Review of the Literature</div>

Certain terms should be identified and defined prior to reviewing the methods and applications discussed in this paper.

Organization Development

Organization Development (OD) draws from several different disciplines such as psychology, sociology, economics, and business administration for the purpose of teaching organizations how to embrace change both internally and externally. The practice focuses on changing the entire system through its leaders who must be committed to the change and visibly supportive in the process. Underlying principles such as "respect and inclusion; Collaboration; Authenticity; Empowerment; and Self-awareness must be present in order to change the system, and the system cannot change until a full diagnosis and collection of data has been obtained, analyzed and reviewed.

The idea is that when systems are open and comprised of interdependent pieces of the integrated whole, then change can be sustained continually as the environments change.

Open System

     In the field of Organization Development an open system view of the organization relates to scientific understanding of the universe as a whole made up of smaller pieces that must be in place in order for the system to work. Scientific evidence applies these ideas in the natural sciences when it studies atoms, molecules, and solar systems; social science research focuses on human behaviors individually and in groups; and applied sciences study business administration, economics, medicine, and engineering. In each of these mediums the same underlying assumptions are considered, that each area consists of interdependent pieces that are part of the whole. In OD the same assumptions are used to change the system using the view that if one area of a system changes, the remaining areas of the system will be affected.

     The open system view of the organization stresses team development and focuses on changing processes to create a team environment. Working with the organizational leadership, OD change agents instill team development, collaboration, coaching and leadership skills, and teach the company how to focus on employee development and empowerment. Systems thinking, according to Senge (1994) "is more powerful as a language augmenting and changing the ordinary ways we think and talk about complex issues." (p. 88) The entire system is interdependent. What happens in one part of the system ultimately affects the outcome of another part of the system. The idea is to be able to view the entire system as a whole to understand the dependence that each of the subsystems has on each other. Open systems recognize that a change in one area may effect a process in another area. According to Senge (1994) "At its broadest level, systems thinking encompasses a large and fairly amorphous body of methods, tools, and principles, all oriented to looking at the interrelatedness of forces and seeing them as part of a common process." (p. 89) Systems thinking allows an organization to

departmentalize in a manner that connects each area to the system as a whole. Departments are interconnected by the system.

Process Intervention

Different types of interventions are used to change the behaviors and culture of the organization so that it will avoid falling into a "quasi-stationary equilibrium'' (Lewin, 1952; Schein, 1985, 1987), the place where comfort and familiarity overshadows the need or desire for change. As Schein (2002) points out "Process is about interacting forces acting over time. Process is about the "dynamics" of human affairs. Process is about forces acting out of awareness and under the surface of things." Processes affect reward, recognition, empowerment, leadership, and training in the practice of OD.

Diagnosis

OD works the entire system using diagnosis to determine the areas where change needs to occur and then teaching the company itself how to change with the help of a change agent (Schein, 2002) using a holistic approach to change. The idea is to diagnose and change processes which requires an understanding of human behavior. Because OD is a data-centered approach to organizational change, diagnostic tools are used to determine exactly where the underlying problems are within the organization. Data is collected through surveys, interviews, observation, corporate and industry research. Once the data is gathered, it is then analyzed and reviewed to determine a starting point for creating a change strategy throughout the organization.

The following sections of this paper will focus on just a few of the areas addressed through OD including reward, recognition, empowerment, teams and coaching, tools and training, and personal alignment with the organization. These ideas are typically applied to larger organizations with the assistance of an OD practitioner or consultant who approaches the

organization as a change agent that teaches the management of change. Can the same concepts apply to the micro-enterprise if the role of the change agent is not present in the equation?

Pay for Performance and Reward

A "pay for performance" plan is a relatively simple concept that includes at a minimum two different pay schedules. The first of the two would be a base salary that is guaranteed where the second would be considered an "incentive" that is linked to production or productivity which in theory will increase performance. Pay for performance is supposed to increase shareholder value, increases individual and team accountability and by offering a plan of this type, a company is able to weed out the "poor performers" and retain the "top performers" for the purpose of maximum productivity (Pfau & Kay, 2002). Shaffer (2000) et al explains that "reward systems and the performance management processes reinforce messages consistent with winning. They differentiate between exceptional and average performance. People know how their financial success is linked to the success of the organization." Under this definition, pay for performance then becomes the driving factor to increased productivity and for attracting the right employees.

However, the debate is strong in the area of pay for performance. Kohn (2002) suggests that employees "want to be paid, not "incentivized"; encouraged, not praised; offered respect, not reinforcements." In simpler terms, the "carrot and the stick" approach to pay (Kohn, 2002). Gelinas and James (2001) suggest that this type of incentive program "degrades the environment" and creates and "imbalance" that can damage the entire organization. If an organization focuses on weeding out the poor performers and encouraging and rewarding the top performers, where will the company stand in the eyes of potential employees?

Other theorists remain strong supporters of pay for performance (Ferracone, 2001). Whether a company decides to use pay for performance and reward, these types of incentives should not be taken lightly, and a company needs to diagnose the need on acceptance and desire for pay for performance. Morris (2005) warns that "rewards strategies must be aligned not only with the organization's business strategy, but also with its human capital strategy."

Pay for performance (Pfau & Kay, 2001) or linking rewards to performance (Mohrman & Finegold, 2000) leads to accountability and ownership in the job for employees. This logical look at pay for performance should apply to the micro enterprise as well. In small communities, businesses depend on customer service for repeat business and income. Each member of the small organization must have the ability to make decisions that affect both the company and their own paychecks in a positive manner. Therefore, each individual must be prepared for any situation that may be presented and this requires that knowledge be shared freely and consistently making performance a key factor in the success of the company.

Unfortunately, monetary rewards in micro-enterprises may be limited to bonuses or merit pay and in some cases annual profit sharing, however, non-monetary incentives become important motivators that can be used in addition to tangible rewards. For example, recognition goes a long way in creating an empowered employee. As Pfau & Kay suggest, a "flexible" workplace is another method of increasing employee satisfaction.

Talent in rural communities is limited. Wages are below the national average and the war tends to focus on getting hired by the right companies to make the best money. Not all rural businesses see the important role of their human capital. Rural community business owners in many instances still view their workers as "machines" (Kaufman, 2001) which focuses on getting as much "bang for the buck" in order to survive. That said, when a company in the same

community uses Strategic Human Resource Management (HRM) concepts such as pay for performance to keep employees satisfied, the word gets out.

Strategic HRM is an idea that can work in both large and small business if there is a willingness to commit. However, that willingness to commit requires a willingness to learn the concepts that go with the strategy. There is a variety of compensation plans out there. Pay for performance, skills based pay, incentives, broad banding, comparable worth, etc. Strategic rewards, however, goes beyond the idea of compensation planning and enters into the area of employee satisfaction. What satisfies the employee? Is it tangible such as monetary incentives? Is it intangible, such as flexible schedules and job enrichment? Strategic rewards suggest that all of the above apply to the ultimate goal of employee satisfaction.

In a time when knowledge is fast becoming the driving factor in economics, the need to attract and retain good employees is essential to maintaining a competitive advantage in the market. Benefit packages are one of the tools utilized by organizations to attracting the best employees. However, both employees and their organizations need to be aware of the benefit works. These incentives can change with changes in the environment and in some cases can be lost as quickly as they were offered due to circumstances beyond the control of the employee and in some cases the organization. Information and planning are the keys to success. Rewards, then could theoretically work in the micro-enterprise.

Reward is a part of American life. Individuals are rewarded from the time they enter into the world to the time they exit. For example a child receives a cookie for eating all of his dinner. A student receives a gold star for doing well on a test. A worker receives a bonus for doing an outstanding job and a retired individual is rewarded by the community for having the nicest lawn in the neighborhood. American society not only offers tangible rewards but non tangible

rewards as well which will be addressed in the next portion of this paper.

Recognition

The concept of recognition has long been the subject study in psychology, social behavior, and in Organization Development. The idea is that recognition for acceptable behavior versus consequence of unacceptable behavior will eventually eliminate negative behaviors, so the theories state. However, recognition by itself has the potential to backfire when managers fail to enforce the desired behavior by focusing on the undesired behavior. The consensus is that as human beings we want attention even if that attention is negative. This is similar to when an infant behaves badly in order to get attention from its mother; when she picks the child up and comforts him after he has behaved negatively, the behavior is then reinforced and the child continues to behave badly. Albeit, the discussion here focuses on adults, the same psychological factors apply in the human desire for attention and recognition.

Although recognition is a relatively inexpensive incentive used to create employee satisfaction it is also a "double edged sword" (Daniels, 2005) that must be understood in order create the desired effects in the organization. Behaviors must be "unlearned" (Schein, 2004) so that the desired state is achieved. According to Henneman (2005) "Research shows that companies do benefit from good employee recognition programs. The Forum for People Performance Management and Measurement at Northwestern University found a direct link between employee satisfaction, customer satisfaction and an organization's bottom-line success."

Another obstacle in the use of recognition as an incentive is the need to understand diversity and individual culture. What works for the goose may indeed not work for the gander. If a company offers a blanket recognition program then behaviors both acceptable and unacceptable may be reinforced which in turn negates the entire concept of recognition.

Recognition then, like reward, must be carefully contemplated and initiated to have the desired effect in businesses both large and small.

Today's multi-cultural organizations require leaders to understand that what may be considered acceptable recognition to one person could very well be unacceptable to a different person. Diversity then becomes an important factor in determining a recognition program in larger organizations. The psychological impact of recognition can be huge depending on the circumstances under which it is given. Some individuals are naturally motivated and recognition or reward appears as simply a form of bribery rather than a genuine tool to increase productivity. For example, during a period of change management, recognition may be initiated in order to create "short term wins" (Kotter, 1995) making the practice part of the corporate strategy that is linked to increased employee satisfaction. However, if the recognition reaches a point that it is expected then the desired outcome may be decreased productivity and motivation.

In the micro-enterprise recognition plays an important part in allowing the employees to maintain their personal integrity and self worth. Unable to provide the types of benefits that their larger cousins can offer, small businesses rely on more cost effective means of increasing employee satisfaction. Recognition and acknowledgement go a long way in showing employees how important their parts are within the organization. For the micro-business owner recognition may be the one area in which a competitive advantage can be maintained in smaller communities. Employees want to be noticed and when a small business cannot compete monetarily, they can certainly compete psychologically. Recognition then becomes a critical part of the company brand and ultimately and underlying factor that leads to increased employee satisfaction.

Recognition must become part of the micro-entrepreneur's strategy which in turn means that recognition for the sake of recognition could potentially backfire. Guidelines as to what type of performance begets official recognition should be established and employees need to be informed as to what they must do in order to get that recognition. Does this mean that the "pat on the back" and the "atta boys" will not work? Absolutely not. Informal recognition in terms of a simple thank you for a good job should always be part of the culture within the organization. The idea is to establish formal recognition as part of the business strategy. As an incentive, this may include simple amenities such as a dinner at a local restaurant, a gift certificate to the local ski resort, or a paid day off for a long weekend. All of which are relatively inexpensive incentives to let the employee know that he or she has done a good job. The focus must be strategically placed recognition to increase the worker's motivation and output.

Personal and Organizational Alignment and Development

The practice of OD focuses on the organization as an "open system" which means there is no one piece that is completely autonomous, because all of the pieces are linked in some way (Kotter, 2001; Schein, 2004). Consider a finely hand-crafted pocket watch. Although, each piece of the watch is painstakingly created and perfected it remains relatively useless until it is placed in the final product. Once the pieces are set in place, the watch runs flawlessly. Remove one of the pieces, and the watch stops running. Each piece relies on the remaining pieces to create the whole. For the organization this means that each piece of the company must work in alignment with all of the other pieces of the company which requires organizational alignment between the pieces. Each employee must understand exactly what is expected of them, what tools are available for reaching the objectives, and of course they need to know what the

objectives entail along with the overall corporate vision and goals; a task that may appear simple but can be quite difficult depending on the functionalability of the organization.

According to Brown (2002) "Strategic alignment addresses whether the program concept is aligned with the relevant organizations' goals, strategies, problems, and developments." This means that the goals of the organization should also be the goals of the employees in a way where both are aligned to obtain the objectives.   All too often employees are not only unaware of the organization vision or goals let alone their own goals and how they fit in with the company. Organization Development works in a way that employees become completely aware of the reasons and directions of the company. The notion is once these employees are well aware of where the company is headed, they can then review their own personal goals and work to align the two which will increase productivity and satisfaction because of a "work life balance" (De Cieri et al, 2005) which enables employees to create a balance between the responsibilities of their personal lives with those of their professional lives. A good leader also realizes the importance of this alignment and will work with employees to create this balance through employee development.

If indeed as Organization Development suggests, that the organization is an open system made up of interdependent parts of the integrated whole, then it would stand to reason that the personal lives of each employee would be part of the system. The old adage "Leave your work at work and your personal problems at home" would not apply in this situation because the imaginary line that separates the two would have to be eliminated. In this idealistic situation, life is part of work and work is part of life. The organization then must also be aware of this connection and offer the tools and assistance necessary to balance the two worlds. Employee development must then become the focus in order to maintain that balance and amicably

intertwine the two worlds. There are several interventions that help create this balance, for

example work arrangements such as job sharing, flexible work hours, and child care provisions

bring together the personal needs and the organizational needs into balance within the system.

This requires that the organization have a comprehensive understanding of its employees' needs.

De Cirri et al (2005) explain that for this balance to exist there are certain factors that must be

present within the organization such as:

> "organizational culture which emphasizes and rewards long hours and high
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> organizational commitment (to the neglect of other life commitments); an
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> isolated, hostile and unsupportive working environment for employees with life
>
> commitments external to the organization; attitudes and resistance of supervisors
>
> and middle management; preference of senior management involved in recruiting
>
> to dealing with people perceived as similar to themselves (homo-sociability); and.
>
> lack of communication and education about WLB strategies.

Employees that know their organizations genuinely care about their development and

satisfaction can successfully create the alignment necessary to increase motivation, satisfaction

and ultimately productivity. However, idealism aside, employee development must also fall into

alignment with the needs and capabilities of the company as well. In larger organizations this

requires assessment of both the employee and corporate needs and accomplished through

analytic processes that include assessing employee career goals to determine if those goals fall

into practical alignment with company time lines; and assessment of the training and

development necessary to meet the employee/corporate goals. If the goals meet the

organizational needs then the development process can begin. If, on the other hand, the two will

not work together, then another series of potential problems may result such as creating a sense of false hope in the employee and ultimately affect the corporate culture as a whole.

In the micro-enterprise, management layers are flat and an understanding of employee issues is a way of life that requires the business owner to automatically align the two worlds. Unlike larger organizations, there are very few if any barriers that stand between the small business owner and employees. In order for the company to continue running smoothly employee development and alignment are essential to success. Not only does the entrepreneur work to develop the employee, it is an essential element in the success of the company. The employee must take ownership in his or her position which makes employee development critical. Small businesses may not use the analytic tools that larger businesses use, but they understand the need for the employee to grow with the company. True alignment leads to true empowerment (Kotter, 2001)) which is addressed in the next session of this paper.

Empowerment and Ownership (Leadership and team approaches)

To understand empowerment once again the focus of an "open system" must be considered. Empowerment and ownership in ones job allows employees to make the decisions necessary to complete tasks and reach objectives. Hakim (2003) offers a list of qualities that determine if the system is truly open and if interdependent: An ability to move beyond your fears. These qualities include: 1) A loyalty to "self-truth, 2) A sense that you can make a difference, 3) A willingness to plan and risk, 4) A facility to manage outcomes, 5) A spirit of adventure, 6) A gracious attitude toward others on their journey, 7) A loss of interest in controlling others, 8) A freedom to give and to receive, and 9) Team Building and Coaching. The idea of "empowerment" must not be taken likely. Simply allowing an employee to take

ownership of their job can be dangerous if the individual lacks the skills or experience to own the job.

Along with empowerment, education and assessment are essential to relinquishing control. The job itself must be evaluated in order to determine the skills, knowledge, and experience needed to perform the job adequately. If the employee does not possess all of the requirements for the job, then empowerment indeed can be a dangerous proposition. Handing the keys to a semi to a non driver and encouraging them to go, could cause a catastrophic accident. It's the same in the business world, knowledge and skills must be present prior to allowing empowerment and ownership of a situation. In some cases, the knowledge and skills that are necessary to success must be learned by the employee(s) which requires the organization to provide the learning tools necessary.

Another consideration is for those individuals that prefer not to be empowered (and they do exist). Some employees prefer to work eight hours a day and are completely comfortable being told what they should do by someone in a higher position. Would empowerment benefit these individuals? The upside is when the employee does possess the requisite skills, knowledge, and experience they he or she not only embraces ownership in the job, but excels in that ownership.

Empowerment through the eyes of OD includes the concept of organizing around self-directed work teams. Team development interventions teach team members how to interact within the team environment to create cohesion and collaboration. The team development process educates team members on how to utilize constructive conflict, role analysis, establishment of norms, in order to create collaboration and cohesion. Properly established teams go through a series of phases that assist in reaching the level of cohesion and collaboration

needed to become top performers. This in turn encourages risk taking and decision making along with accountability and responsibility for actions. Teams at this level are diverse and capable because they are willing to take more risks in the group than any one would take as an individual. A properly developed team understands the importance of constructive conflict and debate as well as the power of critically assessing a situation before coming to a decision for action which in turn increases the ability to take risks.

Diversity is another area that is essential to team development. Avoidance of homogenous teams prevents situations such as group think or low cohesion. Albeit should be noted that some writers debate this idea such as Hanson (2003) who states that "there is little evidence on performance results, there's even less indication of effectiveness in the aggregate compliance data." Lecioni (2003) points out that the first and most important step in building a cohesive and functional team is the establishment of trust. The team leaders, also referred to as "coaches" are responsible for teaching these qualities to team members. Mentors, coaches and teachers are interactive ideas that are intertwined in their meanings.

For the purpose of this paper "coaching" is the term to be used for review of the literature as it is presented through the eyes of the Organization Development practitioner. A coach both mentors and teaches his or her teams. Scott (2003) explains that coaches "mentor, coach, counsel, and consult." The intention is that in an open system, self directed work teams are empowered to do the jobs they were hired to do which puts the coach in a position of overseeing the teams when necessary.   Richards (2003) states that "coaching is to improve performance by unleashing human potential." A good coach according to Feldman (2002) must be prepared at any time to deal with any situations that may arise in the workplace.

Even teams that are comprised of a diverse group of individuals all of which are considered experts, who know their roles within the group, still face circumstances where a mediator or teacher must intervene. A coach enters the situation at this point, to assist the team members in reaching consensus through reasoning and debate until the best decision is reached. As an OD intervention coaching is a logical way to allow teams to remain empowered to do their tasks, while at the same time providing a psychological security of knowing that there is an alternative resource available should it be needed (Wales, 2003).

Empowerment, therefore could be considered a subjective term because theoretically there is always a leader, coach, mentor-type individuals available in times of uncertainty. Provided a micro-enterprise is not completely controlled in an autocratic manner and the business owner can indeed delegate and trust his employees, then the coaching is a technique that can successfully and in some cases subconsciously be utilized in micro-enterprise. Employees must be able to make decisions and solve problems when the micro-entrepreneur is unavailable. The business owner becomes the coach and the small staff of employees becomes the team.

Tools and Training

Today's organizations can not afford to separate employees from the information they need to keep the company competitive. Outdated views of information as power are quickly being replaced with views of information as the tool to complete the job for the overall success of the organization. Scott (2003) states that "superior performance requires appropriate knowledge, skills, and resources" and acquisition of the appropriate knowledge, skills, and resources can be divided in education, training, and development. Dalton and Maxine (1997) explain that cognitive skills, interpersonal skills, personal skills, and knowledge of the business are essential to productivity and employee satisfaction. As change continues to be the one

constant factor in business today, knowledge, skills, and experience are the essential ingredients in preferred human capital. Those employees that possess the desired attributes make the competitive advantage for the organization making employee development a factor in remaining competitive, and employees that work to increase skill sets add to the value of the company as a whole.

Information and access to resources are also vital elements to the success of employees although the issue of what type of information should be made available to employees' remains a subject of debate (Eisenberg, 1987). The question that continues to be asked is "How much information is too much information?" Are there lines that should be drawn in the pool of information that is available to employees, and if so, where should the line be drawn?

Information as a tool however, includes the use of feedback in order to make adjustments to behavior. This type of information then is an important means for increased productivity and ultimately employee satisfaction provided it is given and received with honest intention (Hall, 2001) Shaffer (2000) et al explain that this type of information "creates an environment where everyone has the information needed to make the right decisions at the right times. In fact, if a communication activity, initiative or program doesn't contribute to improved performance, these companies probably don't do it."

Technological advances are forcing businesses to understand that the need to share information must be preceded by the need to educate employees on how to share that information. Electronic mail and the internet provide channels to information that have never before been realized and a lack of understanding in the area of virtual environments may present resistance or desire not to utilize the technology (Conner, 2003). On the other side of the debate, there are also possibilities that if individuals communicate via technology, then the personal

interaction between employees and or leaders could possibly effected (Feldman, 2003; Montoy et al, 2001). Can leaders lead via technological communication? We see virtual universities becoming more and more popular. The mentor-mentee relationship exists in each classroom. Virtual leadership is fast becoming a cultural norm in our knowledge driven society (Knouse, 2001; Manoochehri & Pinkerton, 2003).

The issue here is that the virtual communication is here and it's here to stay (Katzenback and Smith, 2001) and if we look at the ideology behind empowered employees and teams, then the logic is right there in front of us, empowerment reduces the need for constant supervision (McDade, 2002) making virtual communication and information sharing the next logical step in the business environment.

Ironically authors such as Pfau and Kay (2002) state that "training is actually linked to lower shareholder value." (p. 247) The reasons for this finding are that once employees are trained they are then in a position to make demands or the training does not place the employee in a position for growth within the company. Looking at this reasoning the initial idea makes sense. Perhaps the term "developmental training" needs to be defined in more detail to get a better understanding of why training programs are backfiring. The type of development could very well be the reason the numbers show less value. "To determine what combination of the methods to use, the evaluator must decide what kind of feedback is necessary to improve the program." (Brown, 2002) In a knowledge driven society not only do employees need to understand and utilize the technological tools available, but so do the leaders and business owners in both large and small organizations.

The use of information and technology for the purpose of offering tools and training is no different in the micro-enterprise where the need for cross training is essential to reaching the

goals and objectives. Each person involved in the business must understand each role in order to keep the business running. Quite often this training becomes the tool that employees need for advancing their own careers outside of the rural community. It's a risk that small business must accept if they want to remain competitive in these little communities.

Conclusion

Schein (1983) provides an interesting perspective on both large and small companies pertaining to leaders in the beginning versus leaders in the end and explains "The ultimate organizational culture will always reflect the complex interaction between (1) the assumptions and theories that founders bring to the group initially and (2) what the group learns subsequentially from its own experiences." (p. 14) This confirms that the change from industrial to knowledge does have an impact on micro enterprises which occurs naturally as information and knowledge become available, the founder will experience changes internally that follow changes externally in the environment.

Because the micro-enterprise does not fall under the same microscope of conformance as their larger brother and sister organizations, the change from industrial to knowledge based organization may actually be easier to undertake. Competitive advantage in rural communities and in smaller businesses naturally requires the ability to adapt to new ideas and concepts. Strategically planned adaptations to technology and information, although necessary for larger entities, tend to fall into place for the micro-enterprise as part of the growth factor. Typewriters have been replaced by computers; email reduces the need for vast amounts of postage, and the traditional pad and paper have been replaced with Word documents, not because of a strategically aligned plan of action, but simply because the technology is available.

As more tools become available, the micro-entrepreneur will adapt that technology into the business environment as well in order to stay in business. The same applies to tools that are utilized for retaining and increasing employee satisfaction and ultimately productivity. Pfau and Kay (2001) explain that employee satisfaction is essential for increasing the company bottom line. Companies with happy satisfied employees are worth more than companies with dissatisfied employees. The seven key factors according Pfau and Kay include trust, competitiveness, security, quality, stress, honesty and skills affect commitment. (p. 168) The idea is that if an employee is satisfied then his or her satisfaction will drive productivity and increase customer satisfaction. The result is both employee loyalty and in the end customer loyalty.

In both the larger organization and the micro-enterprise the concepts appear to apply in similar manners. Pay for performance increases employee satisfaction and productivity although the means of pay may be slightly different. Recognition and reward are equally used in both large and small businesses to increase satisfaction. Alignment between personal and corporate life are essential to success in both types of organizations as well. And tools and training are vital to the survival of any organization no matter what size the organization.

The main difference between the larger corporate entity and the small micro-enterprise appears to be the manner in which each approaches the issues. For the large company each area must be part of the strategy in order to work efficiently, whereas for the micro-enterprise each area tend to be part of the unplanned natural evolution of the business making this a fascination area to conduct additional research.

This paper reviewed several different Organization Development techniques that intended to increase employee productivity and satisfaction. Do these techniques work better in larger organizations than their smaller counterparts? Do happy employees make a difference in

the overall productivity of the organization? Koys (2001) suggests that "job performance and behavior are considered essential elements for the success of the company." Perhaps Edgar Schein (2004) has the right idea, "Deep down I think organization studies is still in a pre-Darwinian state of development. We do not yet know what the key categories of variables are around which to build our field, but the search for them is great fun."(p.12)

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