Family models as a framework for employment relations in entrepreneurial family businesses

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Abstract

Since the 1980s, family businesses have become a global phenomenon. Research in Europe and the USA shows that most of the new jobs created in the last decade have originated from family firms and that there are links between family businesses and profitability, longevity, and entrepreneurship. Research has also shown that the overwhelming majority of family firms are small- and medium-sized enterprises, and it is part of the received wisdom that for any small business, employment relations is one of the most important functions. Despite its acknowledged importance, little research has focussed on employment relations in either 'family', or 'entrepreneurial' businesses. This paper provides an overview of the relevant research and offers a preliminary exploration of how the family models, defined in binary terms as patriarchal or parental, can impact on family and non-family employees in entrepreneurial, family businesses The family models are then combined with a learning model as a framework for understanding employment relations in such enterprises.

Introduction

Family businesses are important for a number of reasons. Contrary to the widely held perception of family businesses as backward and lacking in most aspects of modern management practices, data is emerging on their comparative success and their contribution as a seedbed for entrepreneurship (Miller and Le-Breton-Miller, 2005; Neubauer and Lank, 1998; Aldrich and Cliff, 2003; Colli, 2003; Fletcher, 2004; Sharma 2004). Family businesses also matter because of their numerical presence in the economy, primarily as small- and medium-sized enterprises (SMEs) make up approximately 75 percent of all enterprises in USA and Europe (Neubauer and Lank, 1998; Fletcher, 2002; Colli, 2003; Sharma, 2004; Chrisman, Chua and Steier, 2005). The limited data available suggests similar prevalence of family-owned SMEs in Aotearoa (Evans, 1998; Cameron and Massey, 1999; Woods, Dale, Shepherd and Oliver, 2005; Ministry of Economic Development, 2005). Evans's (1998) survey of successful local enterprises[1] found just over 75 percent were 50 to 100 percent family owned, and had been operating on average for 25 years. His figures reflect international research that finds no evidence that family firms are less profitable, profit-

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oriented, or efficient than those run by managers (Colli, 2003); nor is there evidence that they have shorter lives than non-family firms (Sharma 2004).

While employment relations[2] matter to SMEs, there has been little research in this area, (although there are exceptions, for example Hornsby and Kuratko (1990), Perry-Jenkins, Repetti, and Crouter (2000), Lamm and Tipples (2005), and Lamm, Massey and Perry (2008) provide a comprehensive literature review on the topic), even less research has focused on employment relations in entrepreneurial, family businesses. Employment relations in family businesses are complicated by employment of both family and non-family members, with family members frequently being used as unpaid workers. In today's economy, as in yesterday's, the tendency is to turn to family members to assist in the process of resource mobilisation and thus they are used as a source of unpaid labour, just as much as start-up funds (Aldrich and Cliff, 2003).

This paper follows the shift, in recent years, in the way small family businesses are viewed, from the traditional, microeconomic and managerial method of studying firms to a more holistic and critical method, that incorporates key elements, such as employment relations (Chrisman et al, 2005). We also note the shift from focusing on just "the entrepreneurial founder" to "the entrepreneurial team", that is, the important contributions of employees (Harper 2006; Ensley and Pearson 2005); and from focusing on competition to recognising the significance of networks and alliances that are part of a collaborative strategy used in a range of employment relations activities, from labour hire to occupational health and safety practices (Tapscott, Ticoll and Lowry 2000; Getz, Carlsen and Morrison, 2003; Lamm, et al. 2008).

To highlight important differences amongst family businesses, we exaggerate a binary distinction between a "patriarchal" familiness model, and a "parental" familiness model. Most family businesses would fall between the two extremes. The patriarchal model is rigid, resistant to change, hierarchical, with a managerial "command" culture. In contrast, the "parental" familiness model is knowledgeable, nurturing, co-operative, and flexible (Fletcher 2002; Yanagisako 2002; Cardon, Zietsma, Saparito, Matherne and Davis, 2005). This use of what could be classed as "family metaphors" as an explanatory tool in business and economics in not new. For example, in Adize's (1979) life-stage framework, created to research the organisational structure of firms, respondents self-classified as: Infancy; Go-go; Adolescence; Prime; Mature; Aristocratic; Bureaucratic; or Missing Values. Ward (2005) also remarks the importance of good parenting, and its impact on the future of family businesses; and Cardon et al (2005) use a parenthood metaphor to emphasise the passion of the entrepreneur for their "baby", the business (Cardon et al, 2005: 26). Recent research has also found that "good parenting" in emerging businesses can be linked to financial success; fairness for family and non-family members and other good business and governance practices; as well as team working, networking and alliances (Heyden, Blondel and Carlock, 2005; Stavrou, Kleanthous and Anastasiou, 2005; Gubitta and Gianecchini, 2002). These very different family models imply different issues for employment relations whereby the model influences systems, culture, orientation, and access to and exercise of power. In the final section, the concept of culture as a process is used with Nettle, Paine and Petheram's (2005) learning model of employment relations, and Edkins and Tipples' (2004) report on a cooperative employment relations learning network, to foreground explanation, understanding, communication and change in employment relations. This provides a foundation for addressing the research question: *In an entrepreneurial family business, what impact is the family model likely to have on employment relations, both for family and non-family members?*

Family-owned SMEs, Employment Relations and Entrepreneurship

Family business researchers reject the traditional economic definition of "the family firm" (e.g., in Casson, 2000) as one stage in the life of the enterprise, following the start-up period and preceding the public company phase. The "family business" is more than merely a stage of growth, it involves "familiness", Habbershon and Williams' (1999) all-encompassing term for the sources, processes, and consequences of family involvement, including ownership, management, and intergenerational intention (Habbershon and Williams, 1999). To "kin, property, and control" (Colli, 2003: 20), Chrisman et al (2003) add three factors contributing to the "essence" of a family firm: "unique, inseparable, and synergistic resources and capabilities"; a vision, "held by the family for trans-generational value creation"; and the pursuit of such a vision (Chrisman et al, 2003: 470–1). Rather than focussing exclusively on the bottom line, on profits, Sharma (2004), Fletcher (2004) and Miller and Le-Breton-Miller (2005) also locate the guiding force in family businesses in the fulfilment of a mission to do something important and to do it exceptionally well. These understandings of family business fit well with "familiness".

A business speaking proudly of "family values" is echoing a claim made in every nation. However, while "family" is often an idealised concept, issues of "control, oppression and inhibition" (Fletcher, 2002:6) are the darker side of family businesses. Fletcher (2002) and Yanagisako (2002) point particularly to patriarchal models of the family, and managerial models of the firm, as limiting and restrictive. Often, too, the SME is idealised. Challenging the "small is beautiful bandwagon" that emerged in the 1970s. Rainnie (1989) surveyed the amassing evidence that contradicts the cosy family atmosphere ascribed to small firms. In these "flexible" SMEs, the evidence is of low pay, systematic evasion of employment rights, and poor health and safety provisions, suggesting that "small is brutal" (Rainnie, 1989: 6). The anti-labour connotations of "flexibility" are noted (e.g. Dunn, 2004), and the ILO's *World Labour Report 1997-98* reports the widespread empirical finding that, relative to large firms, SMEs are far more likely to be non-unionised It also factors into the proliferation of SMEs the trend among large corporations toward outsourcing and subcontracting (ILO, 1997). The dark side of SMEs is often related to employment relations practices, in which compliance with employment law is seldom a high priority for SMEs (Lamm 2002). Murphy's (2005) American family business research, for example, shows that the economic environment of the early twenty-first century directs less attention to family management issues, employee issues, and government regulation issues; and directs most concern and attention to issues of finance, operations, tax and insurance.

As well as employment relations and familiness, entrepreneurship is central to this preliminary research. The entrepreneurial family business is distinguished from the family-owned SME where vision is often limited to the "3 Bs", the BMW car, the bach, and the boat. Schumpeter's (1942) creative destruction, implying dynamism, innovation, change, and growth, is a prerequisite, and we suggest this dynamism links to learning models of employment relations, as discussed below. We also suggest the distribution of power is revealed in models of patriarchal and parental familiness. Family businesses tend to be entrepreneurial (Fletcher, 2004; Sharma, 2004), and like SMEs generally, they are diverse (Chrisman et al, 2005). Family business researchers argue that the types of firms and family businesses that prevail in a country are constrained and impacted by cultural, geographical, demographical, historical and legal frameworks, and by changes in those frameworks (Sharma and Manikutty, 2005). As Sharma (2004) explains: in every country, national laws, including inheritance, capital gains tax laws, and employment law, "influence the type of family firm that prevails; and in every country, leaders of firms attempt to minimise tax payment and retain the fruits of their labour within their family and business" (Sharma, 2004:5). Aotearoa New Zealand, for example, is unusual among Western economies in having no capital gains tax or inheritance penalty, and has one of the lowest rates of compliance costs in the OECD countries (McMillan, 2004). However, Aotearoa New Zealand is not unusual among Western economies in experiencing radical change in employment relations in the last 30 years. An arbitration system supported by a closed economy was replaced in 1991 by a contract-based framework compatible with a deregulated economy (Rasmussen and Lamm, 1999).[3] Deeks and Rasmussen (2001) emphasise the "relative powers and interests of the key parties - employees, employers and government – in the regulation of employment conditions and the establishment of workplace rights"; and also the strategies, rules and processes that are adopted, and the cultural, social, economic, political, legal, and institution contexts within which power is established and exercised are critical to employment relations (Deeks and Rasmussen, 2001:4). In essence, orthodox employment relations recognise that the context, and the relative powers of the key parties, can and do change.[4]

In addition to the influence of national and international legislative environments and cultures, every business is shaped by its own culture: "the historically evolved, learned values, attitudes and meanings shared by members of a given community" (Lewis, 1992:1). Yanagisako (2002), like Lewis (1992), develops the concept of culture as "a process rather than a stable structure or system" (Yanagisako, 2002:6). This approach, allowing for responsiveness and adaption to changes in the social, political and economic environments, is applied here to family culture. Like all cultures, family culture is not fixed and immutable, it responds to endogenous and exogenous pressures. Zahra, Hayton and Salvato (2004) establish organisational culture as an important strategic resource that family firms can use to gain a competitive advantage, realised when the firm is more proactive, innovative, and risk-oriented (Zahra et al, 2004).

Gersick, Davis, Hampton and Lansberg's (1997) definition of culture fits well with the models of patriarchal and paternal family businesses suggested here:

> "A company's culture (like the culture of any social group) is its strongly held values and assumptions about correct behaviour in a number of areas: proper decision-making authority (hierarchical, collateral, or individual), the role of management, ideal leadership style (autocratic, consultative, or participatory), norms of openness

> versus secrecy, people versus task orientation, loyalty to the leader versus loyalty to the organisation, respect for management hierarchy and structure, the role of the family in the business, and the time orientation of the company (focused more on the past, the present, or the future).' (Gersick et al, 1997:149).

The founder, the "patriarch", symbolises and articulates these underlying values and beliefs. Founder myths and stories, dress codes and visible features of the company, the written philosophy, traditions, and other such cultural artefacts also identify the values and assumptions of family businesses. Moreover, Gersick et al (1997) suggest the early success of the business depends on these values and assumptions that are part of the "founder mythology" (Gersick et al, 1997:149).

Entrepreneurial family-owned SMEs

There is no internationally agreed definition for family business, SMEs, or entrepreneurship. Harper (2006) notes that focus on the founder evolved alongside the conceptual framework underlying most entrepreneurship research which locates entrepreneurial agency solely within single enterprising individuals (e.g. Venkataraman, 1997). Harper also notes that while Schumpeter's original theory develops the notion of the entrepreneur as a 'lone hero' with exceptional creative ability who overcomes all barriers to innovation in order to bring discontinuous new combinations to fruition (Schumpeter, 1947); Schumpeter's later work suggests that the entrepreneurial function may be performed collectively (Schumpeter, 1965 as cited in Harper, 2006). Following Fletcher (2004) and Sharma (2004) the entrepreneurial function could be allocated amongst family and non-family employees in a family business.

The shift of attention from the manager, founder, or individual entrepreneur, to the team (Harper, 2006; Ensley and Pearson, 2005), is an aspect of the more holistic and critical approach to the study of firms previously noted. This shift, which could be described as from patriarchal to parental, has yet to produce a consensus on either the nature of teams (Cooney, 2005), or their value (Allen and Hecht, 2004; West et al, 2004). Like patriarchal and parental models of family businesses, teams function in both family and non-family firms. Unsurprisingly, at the same time as attention was shifting from the individual entrepreneur to the team, attention was shifting from competition to networking, alliances and collaboration as strategies (Tapscot et al, 2000; Getz et al, 2003). For SMEs, and family businesses, quantum growth often requires strategies that include partnering with others in order to take the unique bundle of heterogeneous resources, capabilities and competencies that is the family firm and use them to achieve sustainable advantage (Hamel and Prahalad, 1994; Campbell-Hunt, 2001; Culpan, 2002). Partnering with others may take the form of franchising, mergers, acquisitions, or other market alliances or networks with distributors and agents. Networks are based on trust, and Landes's (1975) list of advantages of family firms includes in particular the cultivation of trust, with long-term commitment, and know-how. Early research suggesting that networking and alliances are an intergenerational strategy in family businesses (Shepherd and Woods, 2005) leads to the linkage here of entrepreneurial teams, top management teams (TMTs), and networking. This holistic and critical method, changing from static to dynamic, resonates with learning models of employment relations, discussed in the final section.

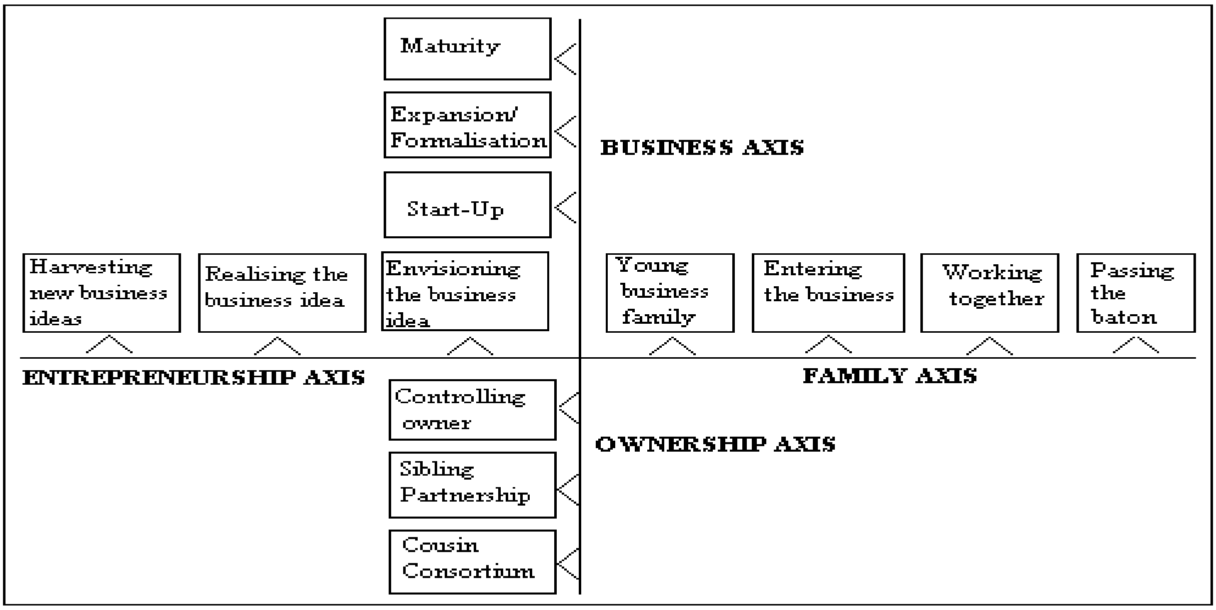
Networks and family connections could be important in both start-up and development phases of the family business (Getz et al, 2003). Business webs (b-webs), whether networks, coalitions or alliances, offer growth opportunities for SMEs from internet-based models, dramatically reducing the costs of many kinds of transactions (Tapscott et al, 2000). Also, informal networks are cast widely in a quest for useful information and advice on product development, competitive concerns, and labour issues (Kingsley and Malecki, 2004). The downside is that networks, coalitions and strategic alliances can result in "deskilling" and "hollowing out", with the firm "locked out" from learning critical new skills and technologies (Lei and Slocum Jr., 1992: 82–6). Lei and Slocum Jr. (1992) suggest that successful alliances are based on integration of daily processes; and understanding of corporate values. Also, their research finds that a non-hierarchical or horizontal (parental) organisation works better than a traditional functional structure (Lei and Slocum Jr., 1992).

Patriarchal and parental models are also read in Harper (2006). The patriarchal "founder" model is apparent in his "nested entrepreneurial" team, where the set of agents contains a lead entrepreneur and at least one sub-entrepreneur. He cites several empirical studies, including Timmons (1994), which support the existence of a lead entrepreneur who displays a superior ability to "... imagine how to change the environment to create profit opportunities" (Harper, 2006: 8). Harper (2006) contrasts "nested" or patriarchal teams with "emergent entrepreneurial" teams containing at least two entrepreneurs, where group orientation and power allocation make it apparent that members are on an equal footing, collaborating in the joint enterprise: a parental model. He suggests some profit opportunities can only be discovered and exploited if entrepreneurs combine with others in the pursuit of common goals, thus his definition of entrepreneurship emphasises communication. He argues that "the more frequently, extensively and openly members of a small team communicate and interact with one another, the more likely will team members spontaneously come to share a common entrepreneurial vision which guides their problem-solving", thus. Harper suggests members of emergent teams epitomise "entrepreneurial discovery as an integrated, socially distributed process" (Harper, 2006: 8–15). Team members trust one another, and trust is a characteristic of family firms (Neubauer and Lank, 1998; Landes, 1975).

Adapting Gersick et al (1997), Fletcher's life cycle model (2004), as shown in Figure 1, adds a fourth "entrepreneurial" dimension to the three dimensions of family, ownership, and business (e.g. Basu and Altinay, 2003). It is at the third "harvesting" stage on the entrepreneurship axis that attention moves to "inter-generational emergence", a process of interpreneurship in which "family members are interacting and creating new possibilities for themselves, their lives, and their organisations whilst drawing upon past events, happenings, experiences and conversations" (Fletcher, 2004: 36-8). The entrepreneurial axis increases the model's applicability to the complex reality of family business, allowing for a return to the investors, and a future beyond the conception and realization of the founder's ideas. For Fletcher (2004), the model takes account of "…the inter-relationship between family, ownership, management and entrepreneurship … that is constantly emerging through old and new, family and non-family interactions that are always culturally, socially and politically situated" (Fletcher, 2004: 46); that are always in process.

Fletcher (2004), like Poza (1988), Hoy and Verser (1994), and Aldrich and Cliff (2003), emphasises entrepreneurship at the centre of understanding of family business. Innovation is strongly associated with family firms, where less formality and greater decentralisation is associated with a greater innovational posture (Craig and Moores, 2006). Family firms “create value through product, process, and innovations that fuel growth and lead to prosperity”, and long-term family firms’ ownership allows them to dedicate the resources required for innovation and risk taking, yet, as Zahra et al (2004) note, over time, “…some family firms become conservative, unwilling or unable to take the risks associated with entrepreneurship” (Zahra et al, 2004: 363). Poza (1988) also makes the point that: “the difficult destruction that is needed within a business to create something better is even harder to accomplish when the business system is entwined with a family system” (Poza, 1988: 347). Compounding the difficulty, King, Solomon and Fernald Jr. (2001) find that non-family members who are treated as family are often reluctant and resistant to change.

Figure 1. Four dimensional developmental model of Family Business
Source: Fletcher (2004) p. 37, Gersick et al (1997) adapted



Family and non-family business comparisons

As already indicated, much research relating to family businesses and employment relations is contradictory. For example, there is conflicting evidence from McCann, Leon-Guerrero and Haley (2001) and Neubauer and Lank (1998) on the issues surrounding “familiness” of the business, and its impact on employment relations. McCann et al (2001) and Neubauer and Lank (1998) agree that all the family businesses they surveyed gave more importance to long-term sustainability than short-term profitability. Neubauer and Lank’s (1998) list of advantageous characteristics of family firms begins with introduction of excellent management development systems for family and often for non-family members. McCann et al (2001) also found the family businesses surveyed gave the highest priority to building the management team, but priority was given to opportunities for growth and development for non-family members.

Jorisson, Lavern, Martens and Reheul (2005), however, suggest that as well as stereotypical notions of family resulting in biased data, differences found between family and non-family firms could be due to demographic sample differences. They found “real” differences for exporting, budgeting, variable reward systems, profitability and gender, educational degree, and tenure of the CEO. However, they found no differences between family and non-family firms in strategy, networking, long-term planning and control systems, perceived environmental uncertainty, growth, or management training (Jorisson et al, 2005). Over the past 15 years, the characteristics of family and non-family firms have been identified and debated in contributions based on many theoretical frameworks, including agency theory (e.g. Jorisson et al, 2005), transaction costs theory (e.g. Williamson, 1981; 1996), and theories attributing differences between family and non-family firms to contradictions between “subjective and emotional” family systems, and “objective” business systems (Ward, 1987; Craig and Moores, 2005). For de Vries (1993), the dual characteristics of family and business result in benefits: long-term orientation, strong commitment, less bureaucratic, and less impersonal processes. But family characteristics can also result in disadvantages: confusing organisation, nepotism, family disputes, autocracy leading to secrecy and resistance to change, and succession dramas.

Ensley and Pearson (2005) compare the cohesion, conflict, potency, and shared strategic cognition of three types of top management teams (TMTs): non-family; family with parent involved; and family without parent involved. They start with the assumption that behavioural processes of TMTs affect the strategic direction and performance of family firms. Composition of the TMT determines the behavioural processes which are different in family firms and non-family firms. Ensley and Pearson also found that TMTs in family firms with parents actively involved were different from those where parents were not actively involved. Their results suggest that family business teams that include parents have more effective behavioural attributes than both other family business teams and non-family business teams. Family business teams without parents had the highest level of ideas and relationship conflicts,[5] and were also weakest in terms of cohesion, potency, and shared strategic cognitions. Importantly, on all the behavioural measures, non-family teams scored between the two groups of family firms (Ensley and Pearson, 2005), indicating that the family model has a strong effect on the outcomes for TMTs, and is a source of both strength and weakness. As previously argued, a ‘”kin-effect” or familiness effect is intensification, for good or ill.

Chrisman, Chua and Steier (2005) suggest Ensley and Pearson’s (2005) study has important implications for understanding the sources and consequences of familiness in family firms. It also has implications for understanding family models and employment relations. Their three main points are, firstly: “compared with non-family firms, it appears that family involvement in top management leads to a distinctive set of behavioural dynamics that has the potential to affect the evolution and performance of family firms for good or ill” (Chrisman et al, 2005: 241). Secondly, apparently, “…the strengths and weaknesses of a family management team are contingent upon the relationships between the members of that team" (ibid). The third point is: "these strengths and weaknesses imply that we might expect different types of behaviour from different types of family teams" (ibid).

Thus, by applying the exaggerated binary distinction within the familiness model, it is possible to reveal and articulate the state of the family business' employment relations in terms of its culture, the system and distribution of power. As noted, "parenting", as opposed to a "patriarchal" model, appears to link to financial success; fairness for family and non-family members, and other business and governance practices; and teamwork, networking and alliances. These metaphors or models of family businesses reveal also different employment relations cultures, and different understandings and applications of rights, equity, and power.

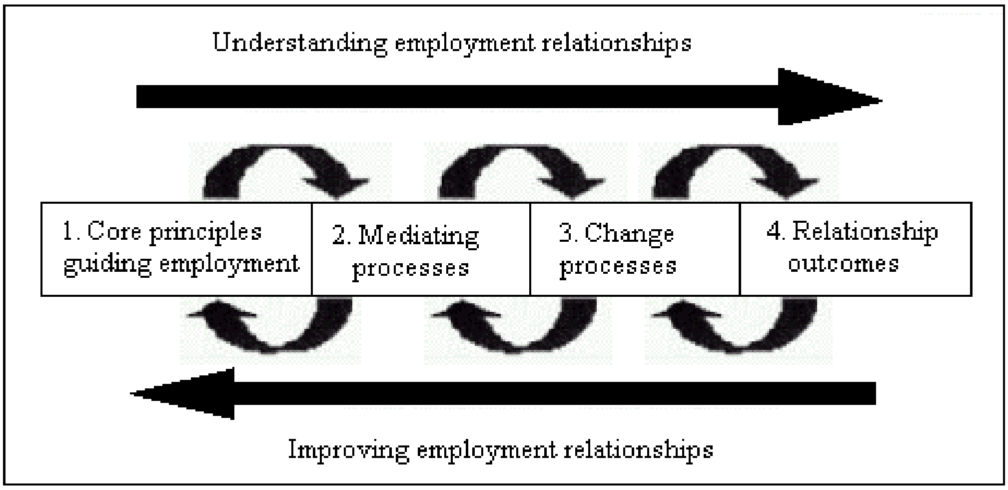
The Research Question and Learning Models of Employment Relations

Cardon et al (2005) note that metaphor is often used for scientific theory generation and development, and it is a strong tool for communicating emotions and bringing to the surface taken-for-granted assumptions. Also, people think, understand, and learn through metaphor, mapping one domain onto another. Like Cardon et al, (2005), we are cautious in the use of the patriarchal and paternal metaphors for the organisational structure or model of the family business, knowing tropes can be dangerous and lead to unwarranted assumptions and inferences (Cardon et al, 2005). However, such risks are minimised firstly by acknowledging the unrealistic exaggeration in the models, and secondly, by recognising the mutability of culture. As well as changing in response to exogenous pressures, culture is a process that can change by choice. This concept of deliberate and chosen change is applied in learning models of employment relations, which bring to the fore explanation, understanding, communication and improvement.

The research question is: *In an entrepreneurial family business, what impact is the family model likely to have on employment relations, both for family and non-family members?* The previous sections have surveyed international and local research on family business, employment relations, entrepreneurial teams, and patriarchal and parenting metaphors to address this question. In particular, we have brought forward the negative aspects and outcomes of the patriarchal model, and the positive aspects and outcomes of the paternal model. While we suggest these models are a useful tool or language for understanding employment relations, their usefulness is severely constrained if they are not understood in the context of culture and change. Family culture, like every culture, changes in response to internal and external pressures. Although the subjects were identified as farming businesses rather than families, the "explanation and improvement" model of employment relations developed by Nettle et al (2005), and the Good Employer experiment (Edkins and Tipples, 2004), offer useful frameworks to explore, explain, and improve the complex and dynamic employment relations environments that are entrepreneurial family businesses. In these learning models of employment relations, the emphasis is on chosen and deliberate change, reinforcing the point that the culture of an enterprise is not inevitably fixed.

In their learning model of employment relations[6], Nettle et al (2005) develop a conceptual model to assist in understanding the change processes in farm employment relationships. Their qualitative research approach aimed to capture the constructed perspectives of employer and employee, deepening understanding of employment relationships and processes. Nettle et al, 2005 state that the constructionist approach "requires a methodology that permits the study of actual employment relationships in real time and allows for the differences in how employment participants construct meanings" (p.24-25); and the approach also "allows concepts and theory to emerge from data". The methodology requires sensitivity, confidentiality for participants, and acknowledgement of the complexity of relationships. It requires access to employment relationships; discovering ways to capture and interpret employment events (ibid).

Figure 2. A conceptual model of employment relationships. (Nettle et al, 2005)
Processes of explanation and improvement take place in opposite directions in the flow chart



Nettle et al's (2005) research offers evidence of learning, and of the impact of learning on the employment relationship. Concepts explaining the concrete events of the farm employment relationships in Gippsland, Australia, were developed through an iterative process. The key concepts identified, functioning in closely related ways in the employment relationship, were condensed into four concept categories: core principles guiding employment; mediating processes; change processes; and relationship outcomes, shown in Figure 2. While employment outcomes are often viewed as an end in themselves, Nettle et al's (2005) analysis suggests relationship outcomes are summative and hierarchical: "to achieve higher level outcomes such as synergy, there is a stage-wise flow from a balanced outcome, through resilience to synergy" (p.29-30). They also make the important point that relationship outcomes can operate in reverse, exacerbating and accelerating a negative business outcome. This reflects the finding in family-owned SMEs already noted: the "family effect" intensifies processes and relationships in either direction.

Drawing on Tipples, Hoogeveen, and Gould (2000), Nettle et al's (2005) research suggests employers' or employees' core principles, their beliefs, attitudes and values about employment, already set prior to entry into an employment relationship, guide their often unconscious action, and influence pre-perceptions of obligations and balance in employment. Importantly, Nettle et al's (2005) research shows that if employers and employees are aware of these core principles and how they apply to themselves, and are able to explore them, "it provides a starting platform for initial perception balance" (p.30); for learning, change, and improvement.

The second example of a learning model of employment relations draws on Edkins and Tipples (2004) report of a local internally-driven improvement, the Amuri Dairy Employers' Group (AEDG). Their research focuses on the AEDG, established to combat the social and economic hardships of a downturn in the industry, and difficulty recruiting and retaining quality employees in that geographically isolated area. Established at a public meeting in April 2000, the AEDG's main aims were: functioning as a group of high calibre employers; promoting the Amuri dairy industry as a career choice and an employment option; and as a secondary function, providing a dairy employer network for local area industry support. Most of the rules in the Code of Practice, also proposed at that meeting, were adopted without disagreement, and initial employer and employee training was set up. By 2002, the overwhelming majority of employees and ADEG members perceived improvement in Amuri's employment situation. In addition to its contributions to training, networking and support, and action, the ADEG changed the farmers' core employment values in a positive way (Edkins and Tipples, 2004).

Discussion

It is reasonable to assume the farming enterprises are mainly family businesses. That point is secondary. The principal reason for inclusion of these explanation and improvement models of employment relations is to reinforce the concept of change as both possible and beneficial, and to ensure that the metaphor of patriarchal or parental, when applied to or within a family business is not perceived as a permanent characteristic. In answer to the research question, the previous sections have shown that, in an entrepreneurial family business, the family model is likely to have a profound impact on employment relations, both for family and non-family members. Parenting in businesses, as opposed to a patriarchal culture, appears to link to productive teams, networking and alliances; overall success; fairness for family and non-family members; and other good business and governance practices.

The advantage of explanation and improvement models of employment relations is expectation, recognition, and incorporation of the capacity for learning and change into the understanding of both the family and non-family business. By supporting learning and change, like Harper's (2006) "communication", learning models of employment relations support growth, and continued innovation and entrepreneurship. Cultures, assumptions, models, and businesses can choose to change, whether or not the firms are family-owned. Employment relations can also change, whether or not it the change is deliberate and directed development. Another advantage of learning models of employment relations is that they appear to reveal the patriarchal or parental characteristics of the individual family business model. This revelation could serve to articulate and break costly patterns and systems, and instigate advantageous changes in perceptions, culture, communication, and the distribution of power, benefiting family and non-family employees.

The anecdotal evidence as well as the statistics relating to employment relations are stacked against family-owned SMEs. At the same time, the statistics show family enterprises, depending on their model, score well on entrepreneurship, innovation, teamwork, and longevity. The recurring explicit and implicit themes of culture, communication, perception, and power appear to be captured in the distinction between patriarchal, individualistic or founder models, and parental or group or team oriented models of families, and businesses. Paternal and patriarchal appear to be useful models and metaphors for generalising family businesses, and understanding the culture and the distribution of power, in order to improve employment relations for family and non-family employees, and thus to improve entrepreneurial and economic performance.

Summary

Employment relations is complex and made more so by the tensions between the needs and expectations of family and non-family employees. The contradictory claims regarding treatment of family and non-family employees have been remarked. Differences between family and non-family firms, as well as differences between parent-involved and non-parent involved family businesses have also been noted. The multiplicity of variables that interplay with and influence family business cultures, including: owners' values, organisational history and accomplishments, the competitive conditions of the firm's major industry, and national and regional cultures, the ethnic heritage of the family that owns and runs the firm, and a wide range of political, ideological, sociological, experiential, economic, and psychological factors, makes them "distinct and difficult to imitate" (Zahra et al, 2004: 382). It also makes it difficult to generalise from the data. Also, most of these variables and factors influence the cultures, structures, entrepreneurial and employment relations decisions and actions of non-family firms, as much as family firms.

The approach suggested here provides a level of analysis that recognises the complexities of the research question, and provides direction for future research. The entrepreneurial dimension of family businesses demands a dynamic model, incorporating capacity for growth and change, and for learning. It appears that the distinction between patriarchal and paternal models is useful for distinguishing the type of entrepreneurial team functioning in a family or non-family business. Most importantly, Nettle et al (2005), and the Amuri experiment (Edkins and Tipples, 2004), show that learning and communication can have dramatic effects on employment relations, and on other economic and social dimensions. Learning models of employment relations acknowledge both the necessity and inevitability of organisational and cultural change over time, and involve change as a chosen process instead of a threat to well-being. The learning approach to employment relations supports business growth, and entrepreneurship in family and non-family businesses.

The exaggerated opposites of patriarchal and paternal family models provide a useful framework to communicate the culture and processes of a business, and the distribution of power. They also appear to have implications for understanding businesses beyond those that are family owned. The next research steps will be: to refine this approach to employment relations; secondly, to test the model in analysis and comparison of entrepreneurial family business case studies; and thirdly, to take this employment relations framework out to family businesses and investigate its usefulness for illuminating and improving their employment relations processes.

Notes

[1] Evans uses a minimum of average and median annual sales per FTE of $345,000 and $227,000 respectively to define success (Evans, 1998, p. 23).

[2] Issues of culture, communication, perception, and power, in an entrepreneurial context, a context of change, foreground the issue of language. For example, transition from Industrial Relations (IR), to Labour Relations (LR), to Employment Relations (ER), and recently, to Human Resources Management (HRM). See Deeks and Boxall (1991) on language and culture, and Rasmussen and Lamm (1999) on HRM.

[3] Rasmussen and Lamm's record of radical changes here includes: Labour Relations Act 1987, Employment Contracts Act 1991, Health and Safety in Employment Act 1992, Industry Training Act 1992, and Accident Rehabilitation and Compensation Insurance Act 1992, and Human Rights Act and Privacy Act in 1993 (Rasmussen and Lamm, 1999: vi). More recently, the Employment Relations Act 2000 and Amendments restored some rights to employees and unions, and some balance to power relations between employer and employee.

[4] Although the employment relationship is described as contractual, Jacobssen and Skillman (2004) note that unlike other commercial contracts, not all relevant terms of a labour exchange can be costlessly specified and enforced via the use of employment contracts, thus the structure of relations within the workplace matters. Employment is "a hierarchical relationship in which the work of non-firm owners is supervised by firm owners or their agents" (Jacobsen and Skillman, 2004: 260). This paper argues that the hierarchical distribution of power between employers and employees is intensified in family businesses; and the balance of power between employers and employees in family businesses is determined and revealed in the patriarchal or parental model of ER

[5] In their study, Ensley and Pearson (2005) value conflicts of ideas as constructive

[6] Interestingly, neither learning model of ER was union-driven. The first was research-instigated, and the second was an employer initiative.

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