

# The Employment Relationship – a conceptual model developed from farming case studies

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## Abstract

This article reports on and develops the extant research in order to understand the change processes in farm employment relationships. Aspects of farm employment do not often feature in the business literature and only few studies that specifically address “relationship” issues in very small (or micro) businesses can be found in either the agricultural, small business or human resource management literature. The article outlines research that involved case studies of dairy farms in Victoria, Australia. Depth interviews were conducted over two years with dairy farm employers and their employees. A conceptual model of employment relationships was developed to better understand change processes in farm employment. This conceptual model may have wider significance for understanding small business employment in general and can also be a tool for third parties in supporting employment relationships. Further, the developed methodology has the potential to enhance employment relationship research.

## Introduction

There has been little attention given to the issues surrounding the relationship between employer and employee and the changes that influence the relationship within a rural setting. This article reports on research into change processes in farm employment relationships and argues for a “relationship” view of employment.

The article focuses on a study that investigated the employment relationships within the Australian dairy industry. The farm gate value of Australian dairy produce is around three billion dollars (Dairy Australia, 2004a) and dairy is one of Australia’s leading rural industries in terms of adding value through further processing, ranking third in world dairy trade (Dairy Australia, 2004a). Dairy contributes 0.2% of Australia’s GDP with agriculture overall contributing 3.1% (ABARE, 2000).

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The majority of Australia's 9,600 dairy farms are family owned and operated and the average herd size has increased from 77 cows in 1975, to 197 in 2003 with many farms having herds greater than 250 cows (Dairy Australia, 2004ab). Huge productivity gains have been achieved at the farm level in this time through improved technology and substitution of labour with capital. This, and increasing herd size, has increased the demands on management and, often, the dependence on non-family labour. Although reliance on family labour is high with 61% of farms using only family labour (Dairy Australia, 2005), this is changing (down from 66% in 2004). In a recent survey in South-West Victoria, farms were categorised based on the way in which labour was sourced and used (ACCIRT, 2004b). The study described: Traditional family farms (involving family labour only); Transitional farms (employing part-time and/or casual workers especially for relief milking); and Modified family farms (involving full time wage labour – with often less than 5 full time workers). Although modified family farms were more likely to be larger businesses (based on dairy herd sizes over 200 cows) and traditional family farms were more likely to be smaller businesses (based on herd sizes less than 200 cows), each category included a range of herd sizes. Overall, in this survey, paid labour was contributing between 40% and 70% of total farm labour. Further, employers surveyed identified a range of employment issues impacting on their farm businesses including attracting, retaining, paying, developing and organising their employees and managing the employment aspects of their business.

On-farm employment issues can be viewed as part of the wider social pressures mounting on human resources in rural areas. This pressure arises from a combination of factors: declining numbers of farms/farmers; movement of resources out of farming; declining numbers of young people in rural areas; declining rural services/population; and reticence of family members to return to farming (ABARE, 1998). These pressures are often expressed as low labour supply, lumpy labour demand (corresponding to fluctuations in farm-gate milk prices), reduced availability of family resources, production seasonality, and low commitment to training or development due to job instability (ABARE, 1998; Gasson and Errington, 1993).

In the dairy industry in Australia, there are concerns regarding the attractiveness of dairy farming to potential employees (Bodi and Maggs, 2001; ACIRRT, 2004a), and recent estimates of dairy industry turnover in the farm-hand sector of between 20-50% (ACIRRT, 2004b) suggest there are also employee retention issues. Despite these issues and concerns dairy industry attention often focuses on industrial processes (pay rates and conditions), recruitment strategies such as trainees and apprenticeships (Rural Skills Australia, 2004), addressing skills gaps (Bodi, *et al.*, 1999) and employer training (Murray Dairy, 1998). However, there has been little emphasis on understanding the dynamics of employment relationships from both employer and employee perspectives.

The article commences with a review of literature and research relevant to farm employment relationships and provides the context for the research study. The remaining

discussion focuses on the empirical research of employment relationships, namely the research methodology, the results and their implications. In particular, the research is used to develop a conceptual framework which aims to enhance the understanding of employment relationships and thereby facilitate improvements in these relationships.

## Key Literature Contributions to the Study of Farm Employment Relationships

Traditionally, farm management and agricultural economics have been the main disciplines for examining labour and employment issues in agriculture. More recently, the discipline of human resource management (particularly in relation to small business) has an emerging profile in farm employment. This section of the article reviews the contributions from these disciplines and highlights current gaps in theory and methodology for understanding change processes in employment relationships.

### *Farm Management and Agricultural Economics*

Research, theory and teaching in the realm of farm management have traditionally concentrated on applications of micro-economic theory and marketing at the level of the farm (Malcolm, *et al.*, 1996: 173). Conceptually, the farm is seen as a “firm” and neo-classical economic theory assumes that labour, as one of the three factors of production, is homogenous, perfectly informed, perfectly mobile and can immediately adjust in quantity to a new equilibrium, given a change in relative prices. However, as Gasson and Errington (1993: 120-135) recognise, once labour is employed in an owner-operator business, wages have to be paid out of profits, thus changing the social relations of production. In addition, for farm employers the effect of extra labour is uncertain, prices for agricultural products are uncertain, labour skill and ability differs and there are transaction costs, opportunity costs and psychic costs in finding, hiring and training labour (Gasson and Errington, 1993: 120-135; Errington and Gasson, 1994). These aspects are compounded by the very real stress involved in employment management. Unfortunately, the analysis by Gasson and Errington provides little insight into how the farm employment difficulties may be traversed.

Canadian agricultural economists Howard and McEwan (1989) reviewed the discipline of Human Resource Management (HRM) and its relevance to agriculture. Although they suggest HRM theory has more to offer than economic theory, their model of HRM emphasises individuals as being motivated by utility functions (profit and leisure) and restrict HRM processes to the managerial functions of attracting, keeping and motivating employees (Howard, *et al.*, 1991). The focus in HRM research in agriculture has been on employee satisfaction, farm labour force size and the relationship with turnover, employee wage rates and employee rewards and benefits (Howard, *et al.*, 1991). The dominant theme of their proposed research agenda for farm HRM is on the impact of HRM policies at the farm level, to help farmers develop “optimal” HRM policies. This is

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a limited research agenda, with neither a focus on the employment relationship, nor on processes of change toward these “optimal” HRM policies.

### *HRM and Small Business*

The discipline of Human Resource Management (HRM) has addressed the strategic and tactical actions undertaken by organisations to manage their employees (Steffy and Grimes, 1992: 181). Much of the HRM research and literature is often criticized for viewing procedures of HRM as an end in themselves, rather than part of the social and cultural construction of employment (Storey, 1995: 25; Benmore and Palmer, 1996). For instance, although there is anecdotal evidence of increasing use of standard HRM practices and procedures at the farm level, (mainly driven by regulatory and statutory requirements – see Rural Skills Australia, 2004), it has yet to be researched as to how such practices are used and what outcomes are experienced by employment participants.

In regard to small business HRM issues, although there is increasing interest in the relevance of management and organizational theory to small business (Scase and Goffee, 1987; Scase, 1995) specific gaps and/or criticisms still exist. These include:

- The extent to which employee perspectives are considered in HRM processes and decisions (Bacon, 1999: 1183; Guest, 1999);
- The alignment of perceptions and expectations of employers and employees (Burchell and Rubery, 1993);
- The narrow or stereotyped views of employee relations in small firms such as “labour harmony” or “bleakhouse” (Wagar, 1998; Wilkinson, 1999; Goss 1991; Rainnie, 1989; Gilbert and Jones, 2000);
- The impact of business size on HRM (Marlow, 2000 and 2002); and
- A need for research to reflect human agency rather than deterministic managerial control strategies (Wagar, 1998 and Wilkinson, 1999).

Ram and Edwards (2003: 726) suggest that extant research is aimed at understanding more about processes by which actors in small firms handle the employment relationship, however most of the cited studies involve medium sized enterprises employing over 100 people and do not address individual employment relationships in very small firms. Although Ram and Edwards (2003) support further research into the dynamics of change in employment relations, this raises the issue of the sort of research methodologies used. For instance, Bacon (1999) and Guest (1998, 1999) criticise the reliance researchers place on survey instruments that involve questions of primary interest to managers and often do not represent employee experiences of work.

### *Psychological Contracts*

A developing area of Human Resource Management theory is that of “contracting” in employment relationships. Rousseau, (1990, 1995) and Herriot (Herriot, 1992; Herriot, *et al.*, 1997) explore the nature of “contracting” in employment, differentiating between transactional and relational forms of employment contracting. Rousseau (1995: 3) strongly criticises the competitive, transactional view of employment and contracts. She suggests that this market orientation commodifies labour and employment and adopts a short term and limited view of what employer and employee offer each other, downplaying the value of the relationship. (Burack, *et al.*, 1994: 151) concur, suggesting that future employer-employee relationships will be based on new psychological contracts which emphasise:

*“...the social or psychosocial aspects of work and trust based on the mutual responsibilities and good faith efforts of both...reach(ing) far beyond the legalities of traditional employment contracts”.*

Millward and Hopkins (1998) advance the application of the theoretical psychological contract framework to small businesses. They suggest that the concept of psychological contracts is vital to an analysis of changes in the nature of the employment relationship and that the psychological contract is primarily a *job-level* rather than an *organisational level* phenomenon (emphasis added). Focussing on the content of the psychological contract, Herriot, *et al.* (1997: 160) found that it is the relative salience of the components of the psychological contract for the two parties that are at issue, that is, fair exchange. Tipples (1987, 1995 and 1999) has reviewed the changing nature of farm employment relations in New Zealand. Furthermore, he and colleagues (Tipples *et al.*, 2000) applied the theoretical framework of psychological contracts to understanding farm sector employment in New Zealand. Tipples (1996) had theorised a four stage process (pre-creation, creation, maintenance, conclusion) to be considered from the employer and employee perspective in a contracting approach. Tipples and colleagues found that employers and employees have different views on the most salient features of psychological contracts, which would need to be addressed in establishing “matches”.

This “relational contracting” perspective, although offering a unique focus on both employer and employee in farm employment does not offer an understanding of *how* the psychological contract is “worked out” in specific relational contexts and downplays the importance of processes (eg. how is “mutuality of meaning” accomplished?). These limitations highlight both a theoretical and methodological issue in employment relationship research which will be explored further below.

The preceding brief review highlights the need for both theoretical elaboration and methodological development to make progress in the area of farm employment relationships. To address this development need, research within relationships is

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required, with attention on relationship processes between employer and employee. A study designed on the basis of these theoretical and methodological gaps is outlined in the next section.

### Research Methodology

The need to define and understand employment relationship processes 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. Further, a sensitive and confidential approach is required, acknowledging the complexity of relationships. These criteria present methodological challenges, which include:

- Gaining access to employment relationships;
- Discovering ways to capture and interpret employment events; and
- Maintaining confidentiality for participants.

To address these challenges, a solid, social theoretical framework is required to guide the research process. A constructionist methodology was considered a necessary and appropriate basis from which to explore processes in employment relationships. Constructionism is a social theoretical position that suggests reality is created in the discourse of, and negotiations among, people as social actors (Crotty, 1998; Charmaz, 2000). It is the socially negotiated agreements that become experienced as "objective" truth. The aim in constructionist research is to search for the system of meaning that actors use to make sense of their world. Such a methodological approach is useful here because farm employment occurs in a social setting (people on farms and in rural communities), farming has complex social and cultural motivations (households as well as livelihoods and businesses) and farming is multi-dimensional (involving economic imperatives, management capability, biological and ecological elements, and human aspirations and interactions). Employment events will be interpreted differently and meanings constructed differently. It is the analysis of the generation of meanings that is important in understanding relationships. Therefore, the chosen approach is preferred as it allows concepts and theory to emerge from data, rather than a preconceived theoretical framework guiding the choice of data to be analysed. Furthermore, the qualitative research approach aims to "capture" the constructed perspectives of employer and employee and thereby gain an in-depth understanding of employment relationships and processes.

#### *Profile of the Case studies*

The study was conducted in Gippsland, Victoria, Australia, east of the state capital city, Melbourne. This region contains over 2300 dairy farms employing an estimated 350 employees (not including sharefarmers) (ACIRRT, 2004a).

Interviews were conducted with dairy farm employers, sharefarmers and employees in

the region to gain an appreciation of general issues being faced in relation to employment. In choosing interviewees, industry informants were asked for a list of names of dairy farmers who employed people outside the family (ie. transitional and modified family farms as identified earlier) and used different models of employment (sharefarming, managers, full-time/part-time, apprentices/trainees). In general, such transitional and modified family farms are larger farming businesses involving herd sizes over 200 cows, representing the limit to two-person owner-operator family farms. Small farming businesses are those generally with herd sizes less than 200 cows and using all family labour (traditional family farms). The focus in this research is on the transitional and modified family farms because these farms involve employment relationships beyond that of family members alone.

From these preliminary interviews, five farm businesses were selected as case studies for further research. All of the selected case farm owners and employees were willing to be involved in the case study research after receiving a copy of the research statement and ethics procedures. Details relating to confidentiality, use of the data, reviewing their interview transcripts and being involved in a feedback process, were discussed with participants.

The five farm businesses and their employment relationships were “followed” over 2 years as longitudinal case studies and provided insights into the context of actual employment relationships. The purpose of the case studies in this research follows Mitchell (1983:192) who argues that a case study is: “...a detailed examination of an event (or series of related events) which the analyst believes exhibits the operation of some identified theoretical principle”. The cases were selected based on both the diversity of employment context, structure and functioning, and the potential that the case offered towards learning about employment relationships (Stake, 2000: 446).

Semi-structured interviews were conducted with each employer and employee every six months over two years. The interviews consisted of questions relating to the employers’ and employees’ history and context of employment, employment events and interpretations of those events, actions taken in employment and interpretation of outcomes from these actions. As far as possible, where an employee left the employment relationship they were followed up in their new position. Each interview was audio-taped and later transcribed to a word processing file. Each case study consisted of between one and three employer-employee relationships over time. A description of the case study farm features and key themes over time, identified in the employment relationships, is provided in Table 1.

**Table 1: Profile of the Case Studies: herd size, employment structure and critical employment events during the study.**

<p><b><u>Case Farm 1:</u></b> <b>Theme:</b> "More than a job": expectations and rules that guide activity in farm employment. <b>Case description:</b> 300 cow farm, farm owner couple near retirement age, sharefarming model, high turnover of sharefarmers (3 over the course of the research), no sharefarmer capital contributed. <b>Critical employment events over time:</b> stability to instability → planning for stability → building a relationship (1) → falling out → building a relationship (2) → going separate ways → hanging in the balance.</p> <p><b><u>Case Farm 2:</u></b> <b>Theme:</b> "Changing rules". <b>Case description:</b> 600 cow "rapid expansion" farm, farm owner-manager with 2 permanent and 3 to 5 casual employees. <b>Critical employment events:</b> Breaking from tradition → Expansion and change → Learning → Getting it right → More change.</p> <p><b><u>Case Farm 3:</u></b> <b>Theme:</b> "Change as the intervention". <b>Case description:</b> 1100 cows over 3 farms, major change from sharefarming to management model during the research and reduction in number of people working. <b>Critical employment events:</b> Stability → Stagnation → Change → Working it out.</p> <p><b><u>Case Farm 4:</u></b> <b>Theme:</b> "Change in the family farm". <b>Case description:</b> 600 cow farm, brothers as farm owners and managers with permanent and casual employees. <b>Critical employment events:</b> Family order → Employing workers → Learning → Keeping options open.</p> <p><b><u>Case Farm 5:</u></b> <b>Theme:</b> "Change in the investment farm". <b>Case description:</b> 300 cow farm owned by an investor, change from 50% sharefarming model to 2 specialised employee roles. <b>Critical employment events:</b> Working it out → Mutual separation → Learning → Exciting possibilities.</p>
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## Data Analysis

The constant comparative method of grounded theory (Glaser and Strauss, 1967) provided a way to organise the rapidly accumulating store of text data as each case study unfolded. In this analytical approach to data analysis (based on the constructionist framework of symbolic interactionism (Blumer, 1969), theory is systematically generated from data (Glaser, 1978). The grounded theory method consists of systematic inductive guidelines for collecting and analysing data to build middle-range theoretical frameworks that explain the collected data (Charmaz, 2000: 509). The fact finding, comparing, contrasting, classifying and cataloguing (analysing) activities are conducted progressively and iteratively (Miles and Huberman, 1984).

By way of an example of concept development arising from the research, the key concept "*guiding rules of employment*" (see Table 2 and discussed further in the results section)



emerged from analysis of employer and employee experiences in employment over time. Different employer “guiding rules” were evident and explored in the context of their impact on employment outcomes, as illustrated from the response by the employers from case study 3 and case study 1:

*“...some people have been with you long enough that they actually take initiative and will do things and then after a while (you) see that they think you leave too much to them, but I always think you should be getting satisfaction out of having responsibility. Well I do...”* [A guiding rule that employees need to have motivations similar to employers.]

*“...nearly every dairy farmer in the country has to do it (work Christmas day) if that’s what you want to do...that’s dairy farming...whether they (sharefarmers) really want to be dairy farmers, you start to wonder because dairy farming is a big commitment...”* [A guiding rule that people wanting to be in dairying have to show the same *form* of commitment as the employers.]

Computer software can enhance the ability to rapidly store, recall, (re) code and electronically make memos of recorded data. The software used (NUD.IST n-vivo™ version 1.1, 1999 (Non-numerical Unstructured Data Indexing Searching and Theorizing)) permitted the coding of interview transcripts and field notes. The transcriptions of employment participant interviews were entered as separate on-line documents and filed as a case study. The coding process involved each document being analysed, with segments of transcript allocated to a node address. Memos (representing the researchers’ analysis of the codes) were built for each node. These memos were used to examine relationships between concepts and formed the basis of the development of a model of the farm employment relationship for each case study.

After the case studies had been documented, analysed and a conceptual model of the employment relationship built, research participants (employers and employees) were provided with this material and a conversation was held between the researcher and participants regarding the “fit” of the models to their experience - a requirement of the grounded theory methodology (Glaser, 1978). Their responses were audio-taped and documented and used to further refine the models.

## Results and Discussion

The key concepts in employment relationships identified from the analysis of each case study are outlined first, along with the understanding of employment relationships that emerged from the analysis. Then, a model of the employment relationship is presented, representing how the key concepts in employment relationships are linked. Finally, the contribution of these findings and the methodology to employment relationship research is discussed.

*Key concepts and processes identified in employment relationships*

As each interview transcript of employment was analysed, concepts explaining the concrete events of the case study farm employment relationships were developed. This iterative process identified 20 “key concepts” in employment relationships. Further analysis grouped concepts that were functioning in closely related ways in the employment relationship into categories. The four concept categories developed were: 1. *core principles guiding employment*; 2. *mediating processes*; 3. *change processes*, and 4. *relationship outcomes*. These concepts and categories are defined in Table 2.

**Table 2: Explanation of key concepts identified in farm employment relationships**

<p><b>1. Core principles guiding employment</b></p> <ul style="list-style-type: none"> <li>• Guiding rules: The beliefs and attitudes that employers and employees hold regarding employment relationships and what can be expected from them. “Guiding rules” generate the assumptions, expectations, and often the outcomes of the relationship.</li> <li>• Relationship role positioning: The process of defining ones position and role in the employment relationship that directly influences the expectations of the “other” person and the job.</li> <li>• Employee career orientation: The way employees “frame” their work in dairying. Key orientations include: ownership of farm vs. job, partner vs. experience gainer vs. worker.</li> <li>• Social shaping: The way employees and sharefarmers assess where there is “best-fit” between their job and their sense of self or life. It is a seeking, searching, assessing process.</li> <li>• Employee socialisation: The way an employees past experiences in being employed or part of farm life influences their orientation to employment. It can be defined as the degree of good or poor socialisation and appears influenced by tradition, age, experiences.</li> <li>• Employee positioning: The “position” that (generally) youth take in dairying and their job. People often position themselves either for or against farm ownership. Positioning is a way young people establish their identity, e.g., as farmers/workers.</li> <li>• Social order: The unique arrangement that can hold a family farm together, and provides the enduring value system for members. High social order can give stability, resilience and endurance in times of change and instability.</li> </ul> <p><b>2. Mediating processes in the relationship</b></p> <ul style="list-style-type: none"> <li>• Social order: The unique arrangement that can hold a family farm together, and provides the enduring value system for members. High social order can give stability, resilience and endurance in times of change and instability.</li> <li>• Active alignment: The process in which the actions of employer and employee align expectations of both the relationship and the work.</li> <li>• Contracting: The process by which an employer and employee’s expectations are formalised in words and actions.</li> <li>• Enlisting: The (positive) process of ‘mutual choosing’ in beginning an employment relationship, rather than “recruiting”.</li> <li>• Embodiment: The (negative) process by which an employee or employer develops the idea of the ideal identity of the other.</li> <li>• Communicative competence: Concerns the ability of those involved in the employment relationship to talk about and take action toward maintaining the employment relationship (not just the job or contract).</li> <li>• Support networks: The mediating, influencing and supporting roles that people outside the employment relationship play in the relationship.</li> <li>• Bridging age-gaps: The extent to which the employment relationship strives to “bridge” the generation gap and involve all ages in employment processes.</li> </ul> <p><b>3. Change processes</b></p> <ul style="list-style-type: none"> <li>• Becoming: The process of change and development that employers undergo. New roles, faculties and skills help to create an emerging identity as an employer.</li> <li>• Indicators for change: Is change evident – in thinking, in resilience, in active alignment, in “becoming”?</li> </ul> <p><b>4. Relationship outcomes</b></p> <ul style="list-style-type: none"> <li>• Simple-reliable: The outcome when the employment relationship is not seen as important to employers or employees. In other words, it is a transactional relationship – work for pay, labour as a factor of production.</li> <li>• Relationship balance: An outcome of an employment relationship that involves a balancing of expectations, desires and needs of both employer and employee</li> <li>• Relationship resilience: An outcome resulting from employer and employee actively responding to different shocks as they emerge.</li> <li>• Relationship synergy: An outcome resulting from the combination of other positive outcomes being attained (eg. balance, resilience) and involves joint decision making, involvement and commitment in how the farm is run and improved.</li> </ul>
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The concepts represent a deep understanding of employment relationship attributes as well as processes involved in employment relationship development and change. The insight this analysis provides is discussed next. The definitions in Table 2 will need to be referred to.

### *Understanding Employment Relationships*

The identification of key concepts and processes provides 3 main insights into farm employment relationships. Firstly:

- *Employment relationships have outcomes other than “retention” or “turnover”*

The category “relationship outcomes” represents the group of concepts that focused on what employment was achieving for both employer and employee. Employment outcomes are often described in a human resource management context as a dichotomy (i.e. either retention or turnover) and from an employer perspective. The case study analysis identified extra dimensions of employment outcomes for both employer and employee. These included:

- transactional outcomes: the concept of “simple-reliable” or work for pay;
- balanced outcomes: the concept of achieving mutual benefits from employment through “balancing” expectations, desires and needs of both employer and employee;
- resilient outcomes: the concept of actively responding to shocks to the relationship (eg. a large change in farm business operation, the impact of falling milk price) to support both employer and employee needs; and
- synergistic outcomes: the concept of joint decision making, involvement and commitment in how the farm is run and improved that results in greater than anticipated benefits for both employer and employee.

Whereas employment outcomes are often viewed as an end in themselves, this analysis suggests relationship outcomes are *summative* and *hierarchical*. That is, to achieve higher level outcomes such as synergy, there is a stage-wise flow from a balanced outcome, through resilience to synergy. Relationship outcomes can also operate in reverse. For instance, a lack of change in relationships (stagnation) can mean a negative summation, back down the relationship outcomes from (say) synergy to imbalance, to simple-reliable, to turnover. This does not imply a value judgement about the “best” outcome in employment relationships rather, it can support thinking by employers and employees concerning desired outcomes.

Secondly:

- *Key mediating processes are more than just HRM practices*

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The employment relationship outcomes discussed above, result in part from mediating processes, such as contracting, enlisting, alignment, communicative competence, bridging age-gaps and mediating roles (see Table 2 for definitions). For high level outcomes, the processes appeared summative. For an outcome of synergy, for example, all the mediating processes are required to achieve this mature type of relationship outcome. Such processes require a more active “working through” rather than an adherence to HRM “procedures”.

Finally:

*- The core principles of employment held by employers and employees explain relationship outcomes and the presence of key mediating processes*

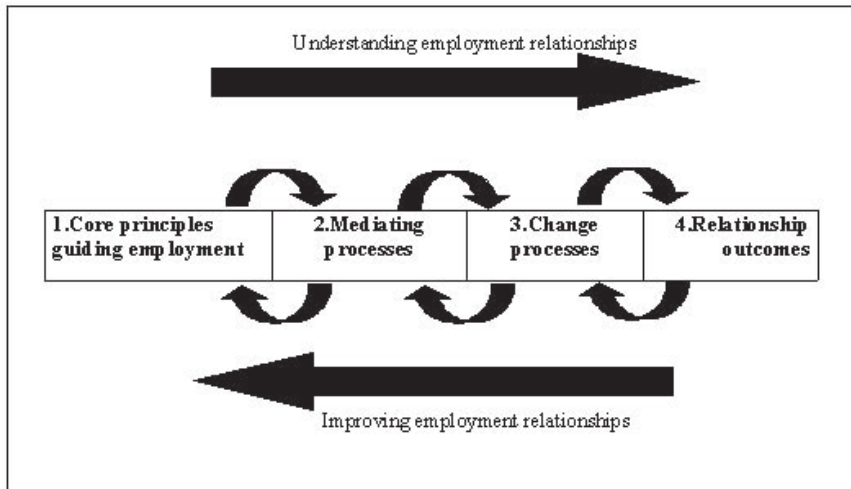
The core principles of employment held by employers and employees impact on relationship outcomes directly, or through application of mediating processes for positive and negative outcomes. For instance, an employer with a guiding rule of employment that suggests the need for long hours of work and limitations to income because “this is dairy farming” is less willing to look for ways to achieve balance or resilience and also less likely to engage in processes of alignment and contracting with employees. The “guiding rules” of employment are among the hardest to change, but they also have the greatest scope for impacting positively on relationship outcomes.

These insights provided the basis for the development of a model of the employment relationship which is discussed next.

#### *A Model of the Employment Relationship*

The inter-relationship between the four categories explaining employment relationship concepts and processes outlined in Table 2 forms a conceptual model of the employment relationship. The 4 categories impact each other as employment relationships work over time. This is represented diagrammatically in Figure 1. The *core principles* that guide employment relationships, effect *relationship outcomes* directly (1 impacts 4), or they operate through employment participants engaging in mediating processes (1 effects 4 through 2 and 3). In this way, the outcome of employment that is desired (4) appears to dictate the processes needed, which provides an indication for what core principles (1) are necessary. This regressive “view” appears to be how improvement in the employment relationship is achieved. The progressive “view”, that is, core principles (1) affecting processes (2) which determine outcomes (4), provides a way of explaining how the current outcomes are being achieved on a particular farm. So in terms of the role of the model for improving employment relationships it can be viewed from either direction.

**Figure 1: A conceptual model of employment relationships (Processes of explanation and improvement take place in opposite directions in the flow chart.)**



When presented with the specific models of their employment relationship, case study participants found the analysis insightful and useful not only in explaining what had happened, but in exploring alternative actions in the future. Responding to elements of the model of their employment relationship, an employee from case study 3 noted:

*“I would have “Guiding rules” smack bang in the middle in a big square – that’s how important I think it is –the hard thing is that all your experiences – you have to change the experiences to positive experiences so they can have more positive guiding rules so they can work through all these things to get to balance...a long road.”*

**Research Contribution**

The conceptual model of employment relationships and its empirical research contributes to the literature and the theory in a number of ways. In particular, the study has questioned the preoccupation with staff turnover issues and HRM “procedures”; adds to the knowledge of psychological contracts in employment and offers an alternative platform for farm business management research.

Human resource practitioners may identify with the mediating processes of “Contracting”, “Active alignment” and “Communicative competence” and suggest that the research merely confirms the need for “good” human resource management. However we would argue that this research has shown that “mediating practices” are embedded in the

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context of employers' "Guiding rules" and employees are often ill equipped to participate in the processes, thus "good" human resource management practice is not (by itself) adequate for successful employment relationships.

The results also support an altered focus away from "turnover" issues in employment toward the mutual action needed in achieving particular needs of employment participants for outcomes of "balance" or "resilience".

Enhanced understanding of the theory and practice of "*psychological contracts*" in employment relationships are offered. Although key elements of what might be referred to as a "relational contracting" perspective are visible in the model, a greater understanding of change and improvement for employees and employers is offered. For instance, the content of the psychological contract is focussed on the concept of "mutual obligations" (Herriot, *et al.*, 1997) and perception of balance or imbalance in these obligations caused problems in the psychological contract. This research suggests that perceptions of balance can originate from an employer's or employee's "*core principles guiding employment*" – set prior to entry into an employment relationship. That is, their beliefs, attitudes and values held about employment that guide their (often unconscious) action, their "Role positioning", or an employee's "Career orientation" and degree of "Shaping". These all influence pre-perceptions of obligations and balance in employment. This provides a framework for understanding more of Tipples' first stage in employment relationships of "pre-creation" (Tipples, 1996). The research has shown that if employers and employees are aware of these core principles for themselves, and are able to explore them with their respective employees' or employers' principles, this provides a starting platform for initial "perception balance".

Further, we would argue that this research contributes to the discipline of farm business management by offering a change in focus away from the farm as a "firm" to the farm as a "social organisation". This philosophical shift brings social theory and its methodological underpinnings to farm management and allows a deeper analysis than often provided by the usual focus - that of economic decision-making.

### *Methodology Contribution*

The research approach in this study addresses some of the weaknesses of other methodologies identified earlier. In particular, this studies' methodology offers greater insight into how employers and employees construct and make meaning of their employment experiences, allows for change processes in employment to be observed and reported and strengthens the validity of research findings by involving research participants.

The longitudinal case study and grounded theory methodology offers greater understanding of the agency of employer and employee within the employment relationship and their

respective roles in relationship processes than more traditional approaches that obtain “once-off” snapshots of employment relationships and have a limited ability to explore change processes. Further, involving research participants in interpreting and providing feedback on research findings not only offers a means of verification of findings, but further adds to the research results by providing another way for employers and employees to reveal their construction of employment and how they view their agency within employment. We would therefore argue that such rigorous qualitative methodologies can offer employment researchers an alternative strategy in research approaches.

## Conclusion

This article has reported on research to understand the change processes in farm employment relationships. This understanding was encapsulated in a conceptual model that links four main process categories: “Core principles guiding employment”, “Mediating processes” in employment relationships, “Change Processes”, and “Relationship outcomes”. Further, the research approach of longitudinal case studies and grounded theory analysis was argued to be a potential alternative approach for employment researchers aiming to understand more of employment relationship processes.

Although this research was conducted in the context of employment relationships in farm businesses, it is conceivable that the definition of the conceptual model of employment relationships and the use of the model by researchers, employment participants and third parties in employment is generally applicable to other forms of small businesses involving small numbers of employees (i.e. less than 10 employees, often referred to as micro-businesses).

Further research focusing on “relationship” aspects of employment is warranted, particularly to explore the use of the employment relationship model by employment actors and third parties as well as the efficacy of the model to different employment contexts (ie. small businesses).

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