

Editorial: Employment Relations Issues in Small and Medium Enterprises (SMEs)

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The latest Ministry of Economic Development report, “SMEs in New Zealand: Structure and Dynamics”, lists 474,415 small- and medium-sized enterprises (SMEs)¹ in New Zealand, representing 99 percent of the business population (Ministry of Economic Development, 2010). It is therefore understandable that the SME sector is often referred to as the backbone of the economy. In this issue the emphasis is on a relatively overlooked area of research; that is the *people* who own and operate these firms – the entrepreneurs or owner-managers – and *their relationships with their employees*, rather than the SME. Much of the research to date has focused on identifying characteristics of the firm (e.g. size, sector, performance and practices, etc), in an attempt to understand their survival, growth and failure (Massey, 2007). Yet the characteristics of the entrepreneur and owner/manager and SME labour force have attracted far less attention, which is surprising given that one of the defining characteristics of SMEs is their dependence on the entrepreneur or owner/manager as a leader, decision maker, manager and day-to-day operator of the firm (Storey and Greene, 2010; or Down, 2010). The other feature of SME research is the predominance of large scale, quantitative surveys which often fail to capture the complexities and diversity that constitutes employment relations in this sector (Curran and Blackburn, 2001).

Another criticism of SME research is the lack of theoretical development and focus (Sarasvathy, 2004; Blackburn and Kovalainen, 2009). One of the possible reasons for these drawbacks is the heterogeneous nature of SMEs and entrepreneurs and owner/managers, who are as diverse as the businesses they run. A number of commentators have begun to recognise this lack of theory and focus and have suggested that research in this area should concentrate just on key aspects. It is argued that instead of attempting to research the entrepreneur *and* the owner/manager *and* the SME sector, attempts should perhaps be made to identify commonalities within subgroups and differences between subgroups in order to develop more robust and differentiated theories (Curran and Blackburn, 2001; Sarasvathy, 2004).

Against the background of these debates, this special issue endeavours to unpack the “black box” of SMEs by presenting papers that examine employment relations within this sector. Applying a mainly qualitative research approach, the papers investigate the motivations of owner/managers in formulating behaviour and employee relations. The papers illustrate the need for additional conceptual developments in Human Resource Management (HRM) and employment relations that is targeted specifically at SMEs. At the margin, larger SMEs may share some of the attributes of larger enterprises but overall it is inappropriate to treat small firms simply as ‘shrunk down’ large firms and to apply a “large firm” theory (Massey, 2005). The papers also highlight the need to develop conceptual frameworks based on the experiences of entrepreneurs and owner/managers in the context of their business.

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¹ SMEs are defined as employing zero to 99 staff (Cameron & Massey, 2004)

Recognising that the discipline of employment relations is broad, this special issue focuses on three aspects: human capital; social capital; and personal health and wellbeing and draws on interdisciplinary approaches, theories and themes. This reflects the necessity for multiple approaches to the study of employment relations in SMEs. The papers also share a couple of characteristics. Firstly, they all focus on the entrepreneur or owner/manager as being distinct from the firm. Secondly, they are all exploratory in nature which is reflected in the use of qualitative methodology. However, the five papers are different in that each focuses on a particular group of entrepreneurs or owner/managers, namely women, indigenous and small dairy farm entrepreneurs/owner/managers, set within a variety of industries. Further, they are placed in different national and cultural contexts, for example, Scotland, Switzerland, Australia and New Zealand. It should be noted that three of the papers were first presented at the 2009 SEAANZ Conference in Wellington and form the basis for the special issue and this editorial.

The first two papers tackle the difficult and related subjects of wellness and work-life balance. In the first paper, Thierry Volery and Janine Pullich investigate entrepreneurs' perceptions and awareness of their own health and well-being and whether this is crucial for entrepreneurial success. Drawing on a multiple-case study of six high growth entrepreneurs, their findings indicated that the entrepreneurs interviewed had a limited awareness of their health and of the impact that their health status could have on the survival and success of their business. In the second paper, Josephine Bourke, Karl Pajo and Kate Lewis explore how women small business owners juggle their twin responsibilities of their business roles and caring for their elderly relatives and how this impacts on their business activities. Building on boundary theory, the authors found that despite the flexibility of self-employment, the often unexpected nature of elder care did in fact impacted on the ability of the woman participants to organize their roles and activities, thus resulting not only in feelings of both guilt and frustration but also resulting in decreased business performance.

In the next paper, David Deakins and Janette Wyper examine the dynamic nature of entrepreneurial learning by drawing on two case study entrepreneurs that have been tracked over a five year period, from venture formation to becoming global players. Using a critical incident approach, the authors demonstrate the importance of learning from the experience gained in critical events and the importance of having sufficient quality of networks and advice where previous experience is more limited. Their findings contribute to the understanding of transformational aspects of entrepreneurial learning and places importance on how entrepreneurs transform their experience into entrepreneurial knowledge.

In the fourth paper, Rachel Lowry and Graham Elkin explore dairy farmers perspectives on the capabilities required from farm assistance. Due to the changes in dairy farming technology, the capability profile of farm assistance has changed resulting in a shortage of skilled people. Results showed that although there have been changes in the skills required and a need for further training, dairy farmers were more concerned with the attitudes of dairy assistants than their skill level.

In the last paper, Dennis Foley sets out to explore the networking ability of two indigenous groups of entrepreneurs – Australian Aboriginal and New Zealand Māori entrepreneurs. The author argues that when the relationship between social and human capital attainment was addressed within the majority settler society business culture, the networking ability of indigenous entrepreneurs can differ.

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