Southern Cross University
ePublications@SCU

Theses

2008

Staff recruitment, selection and retention in family-owned small businesses

Leone C. Cameron
Southern Cross University

Publication details

Cameron, Leone C 2008, 'Staff recruitment, selection and retention in family-owned small businesses', PhD thesis, Southern Cross University, Lismore, NSW.
Copyright LC Cameron 2008

ePublications@SCU is an electronic repository administered by Southern Cross University Library. Its goal is to capture and preserve the intellectual output of Southern Cross University authors and researchers, and to increase visibility and impact through open access to researchers around the world. For further information please contact epubs@scu.edu.au.

STAFF RECRUITMENT, SELECTION AND RETENTION IN FAMILY-OWNED SMALL BUSINESSES

LEONE C. CAMERON

Bachelor of Business (Management)
(University of Southern Queensland)

Master of Business Administration (Management)
(Monash University)

This thesis is submitted in fulfillment of the requirements for the award of the

Degree of Doctor of Philosophy

August, 2008

DECLARATION

I certify that the work presented in this thesis is, to the best of my knowledge and belief, original, except as acknowledged in the text, and that the material has not been submitted, either in whole or in part, for a degree at this or any other university.

I acknowledge that I have read and understood the university's rules, requirements, procedures and policy relating to my higher degree research award and to my thesis.

I certify that I have complied with the rules, requirements, procedures and policy of the University (as they may be from time to time).

Print Name: .....

Signature: .....

Date: .....

ACKNOWLEDGEMENTS

The support, assistance and encouragement provided to me throughout the duration of my candidature for this degree should be acknowledged and there are a number of people I wish to thank.

Firstly, Associate Professor Peter Miller provided guidance to me in initially taking my place within the PhD program, and assisted me to find my first PhD supervisor, Dr Brenda Hall-Taylor. Little did we know that Dr Hall-Taylor would succumb to cancer and her precious friendship and contributions to my early research would change my life forever. Associate Professor Peter Miller also supported my search for a replacement supervisor, that being Associate Professor Michelle Wallace who provided me with a new understanding and interpretation of small business from a sociological perspective. Finally, a very special thank you to Associate Professor Peter Miller, who throughout all of this, believed in my ability to complete this work and, as my final supervisor, could not have contributed more to my encouragement. His never failing belief that I could complete this PhD has endured all, for this I thank him most sincerely.

Special thanks go to Dr Margo Poole for her guidance in my data analysis and interpretation. Her unique ability encouraged me to critically appreciate the underlying values of the statistics. I would also like to thank the library staff at both Lismore and Tweed Campus for their continual efforts, especially when I was working from a distance.

To the myriad of small business owners/managers and friends who completed the survey instrument and discussed the difficulties of their staffing issues, thank you for sharing the problems and pleasures of staffing.

To my innumerable friends and family who have lived and supported me through my never ending dream of concluding this research project – thank you for being there for the good times and the bad. To my mother and late father for offering me every opportunity that they could give, I will be forever indebted. To my ever caring husband Maurice whose encouragement and support never failed me through thick and thin, thank you; this is yours. And finally, thanks to my Lord who has chosen this to be part of my life's work.

ABSTRACT

The proficient Human Resource Management of employees and their contribution to small business is commonly accepted as contributing to Australia's future prosperity (Schaper, 2000). Effective recruitment, selection and retention of employees are part of the employment relationship and can enhance work performance and contribute to business success (Compton and Nankervis, 1998).

Effective recruitment and selection has regularly been associated with positive retention and performance outcomes. However, this centre of attention has rarely focused on family-owned small businesses. This is reflected in the paucity of literature relating to family-owned small business, especially in rural and regional areas of Australia.

The research objectives were to understand the variables and dynamics of the recruitment, selection and retention process. This study focused on mixed research design. The triangulation firstly examined the literature. Then quantitative exploratory research investigated the recruitment, selection and retention activities in family-owned small businesses in rural and regional areas of Australia. Constructs were developed from the quantitative study. Qualitative semi-structured interviews tested the constructs to complete the 13-phase procedure used in this research.

The research found that the establishment, building and maintaining of strong relationships between employer and employees is significant to the effective recruitment, selection and retention of employees in family-owned small businesses in rural and regional areas of Australia. The research found four significant constructs, each having 'relationship' as a common theme. The relationship theme identified in this research can be compared with the framework established by relationship marketing, that is, owner/managers of family-owned small business should constantly sell themselves to their employees by concentrating on relationships as the primary emphasis of recruitment, selection and retention of staff.

To assist owner/managers of small family-owned businesses, a model and a check-list have been developed to ensure consistency in the application of the new relationship model. It is anticipated that this new model and checklist will enable effective utilisation of the newly developed Three R's of Relationship, Recruitment and Retention.

TABLE OF CONTENTS

Declaration i

Acknowledgements ii

Abstract iii

Tables.....ix

Figures.....x

List of Abbreviations x

CHAPTER 1 INTRODUCTION AND BACKGROUND TO THE RESEARCH 1

1.1 Background to the research 1

1.2 Small business vs. big business: recruitment, selection and retention 2

1.3 Justification for the research 3

1.4 Research aims, objectives and questions 6

1.5 The research questions 7

1.6 Overview of research design and methodology 8

1.7 Definitions 8

1.8 Limitations 10

1.9 Key assumptions 11

1.10 Outline of the research 11

1.11 Summary 13

CHAPTER 2 LITERATURE REVIEW 14

2.1 Introduction 14

2.2 The parent disciplines 15

2.3 What is recruitment and selection? 18

2.3.1 What is recruitment? 19
2.3.2 Recruitment strategies 21
2.3.3 Internal and external recruitment 22
2.3.4 Cost efficiency in recruitment 23
2.3.5 What is selection? 30
2.3.6 Legal and moral aspects of recruitment and selection 40

2.4 The cost of employing staff 42

2.5 Orientation and induction of new recruits 44

2.6 Employee development 47

2.7 Staff retention and employee turnover 48

2.8 Research doesn't take account of small business 50

2.9 Characteristics of small business **52**
2.9.1 What size is a small business? *55*
2.9.2 Small business – family and non-family *56*
2.9.3 Human Resource Management and small business *59*
2.9.4 Recruitment and selection in small business *61*
2.9.5 Firm size and recruitment practices *63*

2.10 Implications of regional diversity for small business **63**
2.10.1 Defining a region *64*
2.10.2 Regional development/regional decline *65*
2.10.3 Inter-regional migration *67*
2.10.4 Regional economics *68*
2.10.5 Employment growth/decline in regional areas *71*
2.10.6 Employment and tourism in regional centers *72*
2.10.7 Regionality as a demographic of Australia *73*

2.11 Emergent themes **76**

2.12 Summary **77**

CHAPTER 3 RESEARCH DESIGN AND METHODOLOGY **79**

3.1 Introduction **79**

3.2 Justification of the paradigm and methodology **81**

3.3 Specific research procedures **83**

3.4 Phases of research procedure **84**

3.5 Development of the questionnaire **94**

3.6 Administration and distribution of survey **96**

3.7 Response and analysis of data from survey **96**

3.8 Response rate **99**

3.9 Computer software for analysis **100**

3.10 Coding data for analysis **100**

3.11 Cleansing of data **100**

3.12 Reliability and validity **101**

3.13 Qualitative research **102**

3.14 Ethical considerations **105**

3.15 Summary **108**

CHAPTER 4 RESULTS AND DATA ANALYSIS **109**

4.1 Introduction **109**

4.2 Demographic profile of the respondents **109**

4.3 Owner/managers' descriptive demographics **109**
4.3.1 Demographic profile for the business *112*

4.4 Descriptive statistics **120**

4.5 Validity through qualitative and quantitative tests **126**

4.6 Reliability of primary constructs **129**

4.7 Presence of significant differences **130**

4.7.1 Formal Human Resource Management practices and demographic (Trading Type) *131*

4.7.2 Employees' commitment and demographic (Gross income) *132*

4.7.3 Deterioration of relationship and why employees leave and demographic (Gross income) and (Trading type) *133*

4.6.4 Legal and moral relationship with employees and demographics of (Education) and (Trading type) *135*

4.8 Regression Analysis **138**

4.9 Development of a model **143**

4.10 Summary **146**

CHAPTER 5 THE RELATIONSHIP FRAMEWORK **148**

5.1 Introduction **148**

5.2 Relationships and recruitment, selection and retention **148**

5.3 The need for a 'relationship' framework/theory **150**

5.4 Relationships are a key function in the marketing discipline **151**

5.5 Relationship Marketing **152**

5.6 Proposed new model **155**

5.7 Summary **160**

CHAPTER 6 QUALITATIVE STUDY **161**

6.1 Introduction **161**

6.2 Confirmation of new model strategy **161**

6.3 Qualitative Research Design **162**

6.4 Semi-structured interviews – the final phase of the triangulation **166**

6.5 Justification for use of informal semi-structured interviews **168**

6.6 Credibility and consistency in qualitative research **169**

6.7 Selection of the qualitative sample **169**

6.8 Semi-structured interview and links to 'relationship' **170**

6.9 Ethical Considerations **171**

6.10 Qualitative Ethical Considerations **171**

6.11 Pilot of semi-formal interview schedule **172**

6.12 Data analysis of the qualitative data 173

6.13 Quantitative data and the results of the semi-structured interviews 173

6.14 Confirmation of the construct for factor 1: HRM framework for employee relationships 174

6.15 Confirmation of the construct for factor 4: Initial employment relationship and orientation 176

6.16 Confirmation of the construct for factor 5: Long-term relationship and employee involvement 179

6.17 Confirmation of the construct for factor 10: Legal and moral relationship with employees 181

6.18 Summary 183

CHAPTER 7 CONCLUSIONS AND IMPLICATIONS 185

7.1 Introduction 185

7.2 Conclusions about each research question 188

7.3 Implications for theory 200

7.4 Implications for policy and practice 203

7.5 Relationship implications for new recruits and employees 206

7.6 Relationship implications for recruitment agents 207

7.7 Implications for policy makers 208

7.8 Checklist for relationship recruitment and retention (RRR) 209

7.9 Limitations 211

7.10 Future research 212

BIBLIOGRAPHY 214

APPENDIX 1: FORMAL SURVEY QUESTIONNAIRE 229

APPENDIX 2: SEMI-STRUCTURED INTERVIEW QUESTIONS 240

TABLES

Table 1.1 Costs associated with bad recruitment and selection choice 2
Table 2.1 Features of small firms 54
Table 2.2 Family vs. non-family businesses discriminating factors 57
Table 2.3 Regional sources of anger 66
Table 2.4 Factors impacting upon regional out-migration 70
Table 2.5 Factors impacting upon regional in-migration 70
Table 2.6 How visitor expenditure impacts on job creation 73
Table 3.1 Phases of the research process 85
Table 3.2 Methods of distribution and response rates total number of questions 1,400 98
Table 3.3 Errors in mail and hand delivered survey 102
Table 3.4 Phases of semi-structured interview process 104
Table 3.5 Quantitative ethical considerations 106
Table 3.6 Qualitative ethical considerations 107
Table 4.1 Gender of participants 109
Table 4.2 Relationship status of participants 110
Table 4.3 Age of participants 110
Table 4.4 Country of birth of participants 111
Table 4.5 Education level of participants 111
Table 4.6 Years of business operation by participants 112
Table 4.7 Years business has existed 113
Table 4.8 Origin of the business 113
Table 4.9 Type of business 114
Table 4.10 Annual gross income of the business 115
Table 4.11 Trading type of the business 116
Table 4.12 Full-time and part-time staff as percentage of overall staff employed by family-owned 116
Table 4.13 Percentage of employees employed on a full-time or part-time basis 117
Table 4.14 Percentage of employees who are family members 118
Table 4.15 Retention levels 119
Table 4.16 The extent to which family-owned businesses have formal HR policies and procedures 120
Table 4.17 Employment of HR personnel 121
Table 4.18 Extent to which family-owned small businesses receive help from the Government in relation to staffing policies 121
Table 4.19 Extent to which family-owned small businesses receive assistance with practical human resource programs from the Government 122
Table 4.20 Extent of use of various methods in recruiting staff 123
Table 4.21 The issues impacting on employee recruitment by family-owned small business 123
Table 4.22 Extent of use of various methods in staff selection 124
Table 4.23 Extent various methods used to encourage employee retention 125
Table 4.24 Issues that impact on retention of employees by family-owned small business in rural and regional areas 126
Table 4.25 Eigenvalue percentage of variance – construct for factors 1–10 128
Table 4.26 Component Matrix – construct for factors 1 – 10 129
Table 4.27 Construct 1 – relationship framework of human resource management practices and 131
Table 4.28 Construct 7 – employees show relationship commitment and gross income ANOVA 132
Table 4.29 Construct 8 – deterioration of relationship and why employees leave and gross income ANOVA 133
Table 4.30 Construct 8 – deterioration of relationship and why employees leave and trading type ANOVA 134
Table 4.311 Cross tabulation of number and percentage of employees per business trading type. 135
Table 4.32 Construct 10 – legal and moral relationship with employees and education ANOVA . 136
Table 4.33 Construct 10 – legal and moral relationship with employees and trading type ANOVAtrading type ANOVA 137
Table 4.34 Regression (Composite variables and demographics) 139
Table 5.1 Phases of relationship marketing adapted from (Calonisu 1988) (Reichheld, 1990) and (Gronroos, 1997) 154

Table 5.2 Proposed new model of Relationship Recruitment and Retention (RRR) overlaying the Relationship Marketing Model **157**
Table 5.3 New Model of the phases of relationship recruitment and retention (RRR) **158**
Table 6.1 New Model of the phases of relationship recruitment and retention (RRR) **162**
Table 6.2 Procedure for qualitative research **164**
Table 6.3 Qualitative Ethical Considerations **172**
Table 7.1 New Model of the phases of relationship recruitment and retention (RRR) **197**
Table 7.2 Model of the phases of relationship recruitment and retention (RRR) **202**
Table 7.3 Checklists for uses – the three R's of relationship, recruitment and retention **209**

FIGURES

Figure 4.1 Causative Demographics in the improvement of recruitment and retention in family-owned small businesses **144**

Figure 4.2 Causative Factors in the improvement of recruitment and retention in family-owned small businesses **145**

LIST OF ABBREVIATIONS

$AUS – Australian dollars

ABS – Australian Bureau of Statistics

ANOVA – Analysis of variance

ATO – Australian Taxation Office

CES – Commonwealth Employment Service

CPA – Certified Public Accountant

CV – Curriculum vitae

GCM – Graduate College of Management

GNP – Gross National Product

HR – Human Resources

HRM – Human Resource Management

HSD – Honestly significant difference

n/s – Not significant

PCA – Principal components analysis

Sig - Significant

USA – United States of America

Chapter 1 INTRODUCTION AND BACKGROUND TO THE RESEARCH

1.1 Background to the research

The successful recruitment, selection and retention of employees have proved to be an integral part of both large and small businesses success. Recruitment and selection for larger organisations have proved to be a core human resource planning activity and as such, they are a vital part of an organisation's overall strategic plan. However, the complexity of the human resource planning process varies with the size of the organisation and 'the perception and status of the human resource function' within the organization (Compton, Morrissey & Nankervis, 2002, p. 5). While large businesses have Human Resources (HR) as a core function, many small businesses are deficient, not only in management expertise, but especially in human resource management capability, and this can hinder development in small businesses (Scase & Goffee, 1985).

The views of some researchers are summed up by the statement, 'Don't Blame the workers; all they did was ask for a job' (Marvin, 1994, p.3). The role of recruitment and selection is to put in order preparations for potential long-term employment requirements, as well as deal with day-to-day employment vacancies, all as part of a human resource strategy (Kramar, 1992). It is a critical objective of all businesses to ensure that the people who are employed through the recruitment and selection process are the right people for the job. The alternative is to have unhappy staff and a high turnover level. Whilst recruitment and selection is a management problem, it is nowhere near as big a problem as that of losing well-trained and valuable employees. Notwithstanding this, Marvin (1994, p. 3) suggests that 'turnover is a management problem, either because management failed to provide a productive working environment or because the wrong person was hired in the first place'.

The cost of poor recruitment and selection processes can be significant. For example, Hacker (1997, p. 13) suggests that according to U.S. Department of Labor estimates, 'a bad hiring decision equals 30 per cent of the first year's potential earnings'. Hacker (1997) further suggests that this cost increases if not corrected within six months and is made up of the factors found in table 1.1 below.

Table 1.1 Costs associated with bad recruitment and selection choice

COSTS ASSOCIATED WITH BAD RECRUITMENT AND SELECTION CHOICE
• Training a replacement • Advertising • Time • Potential customer loss • Lower productivity • Recruitment agency fees • Possible unemployment compensation claim • Potential lawsuit • Low morale. **Source:** Hacker, C. (1997, p.13-14)

While Barrier (1999, p. 16) goes on to quote figures from Mornell (n/d), who suggests similar findings relating to the cost of poor employee recruitment choice, Mornell believes that losses can occur of between '2 ½ times the person's annual salary, whether they're entry-level or senior management'. This is a cost that big and small business alike can ill afford to sustain.

1.2 Small business vs. big business: recruitment, selection and retention

A number of recruitment, selection and retention issues have been investigated in the human resource literature. Unfortunately, this literature has primarily 'focused on medium and large firms' (Williamson, 2000, p.27). This paucity of research into small business has been reinforced, while others have completed comparative studies of the contrasting activities of both large and small business. In another example Savery & Mazzarol (2001) compared small business human resource needs with those of larger businesses on a broad range of issues. Further research by Williamson (2000) reviewed literature from three top academic journals from 1988 to 1998 and found that only seven out of 207 articles addressed the issues of recruitment, selection and human resources in small business. The difficulty experienced by a small business in filling a job 'is proportionately more significant than it would be for a large company', especially in a buoyant economy (Barrier, 1999, p. 16). Each position that becomes vacant in a small business is much more important proportionately than if that

vacancy occurred in a larger organisation, where other employees might be able to stand in to fill the gap.

Finding the right person to recruit is also difficult for small businesses wanting to expand. Barrier (1999, p. 16) suggests that 'seven out of 10 … employment decisions fail' because employers are forced to recruit and hire under difficult circumstances. One erroneous judgment in relation to recruitment can spell the end of a small business. Small businesses need to attract and retain the best possible staff to maintain a 'sustainable competitive advantage' (Kickul, 2001, p. 320). A comparison of recruitment practices of small and large businesses completed by Barber, Wesson, Roberson, & Taylor (1999) suggested that the two recruitment areas differ greatly, and for this reason should be treated differently. In contrast to this, Hornsby and Kuratko (1990) suggest that many small firms are involved in refined HR practices similar to those of larger organisations. Windolf (1986) on the other hand, found that firms with less than 20 employees adopt a 'muddle-through' attitude toward recruitment and selection of employees, which, in turn, could lead to higher levels of turnover. This, muddle-through effect, suggested by Cook (1998) is increased because of the infrequency of recruitment experiences. In contrast to this, McEvoy (1984) found that small firms were over confident about their human resources practices. Williamson (2000) looks at the prospective employee's understanding and knowledge of the firm's legitimacy, and suggests that larger firms may maintain higher levels of legitimacy than small firms.

Small business owners, often because of time pressures, do not devote sufficient time and discipline to an efficient recruitment and selection process, and this, in turn, could be a contributory factor in lower than desired retention rates (Barrier, 1999, p. 19). It is with the aim of overcoming the impact of such aspects on family owned/managed small business, that this thesis evolves.

1.3 Justification for the research

Deshpande and Golhar (1994) cite work by Hess (1987) that found human resource management was more important for small business than it was found to be in large business. According to Deshpande and Golhar (1994, p. 53), the only issue more important than human resource management for small businesses is overall management of the business. However, their findings also suggested that 'what is perceived as important by managers may not actually be practiced by them'.

Employees that are more inclined to leave their employment within a very limited amount of time normally leave because 'they did not want to stay, mainly because they are not getting what they want from the job' (Marvin, 1994, p. 3). Marvin (1994) goes on to suggest that employees need to be appreciated; feel that they are 'in' on things, and feel that they need help with their personal problems. Money is not always the motivator.

The psychological contract between employers and employees creates interpretations of what is expected by the employee in terms of the employment situation and commitment, and should this not be met, what is often an informal contract between employer and employee may be seen by the employee as not having been met (Kickul, 2001, p. 320). This perceived breaking of the psychological contract can lead to unhappy employees and, in turn, to turnover, despite the employer not viewing the contact as being broken (Rousseau, 1998). Family owned/managed small business can ill afford to break such psychological contracts.

Thousands of small family-owned businesses experience difficulty in recruiting, selecting and retaining employees in Australia each year (Hartcher, 2001; Mazzarol, 2003; Bartram, 2005). This is also the case in the United States and the United Kingdom (Fraza, 1998; Carroll, Marchington, Earnshaw, & Taylor, 1999). The success of attempts to attract and select staff, as well as retain them, can be crucial to the success of small business in rural and regional areas. If unsuccessful, this can become harmful not only to the business owner but to the region as a whole.

The current literature about methods of recruitment, selection and retention has been developed around, and is based extensively on, the experiences of big business. Deshpande and Golhar (1994, p. 49) summarise the work of Hornsby and Kuratko (1990), Mathis and Jackson (1991), Gatewood and Field (1987) and Verser (1987) when they suggest that 'recruitment, motivating and retaining employees is one of the biggest problems for small firms'. A number of factors that are present in small family-owned businesses in rural and regional areas make their situation significantly different. For example, tight cash flows impacting on salary outcomes, as well as time pressures on recruitment can impact on selection decisions. These issues are not normally problems for big business. The image portrayed by the owner/manager of family-owned small business, in terms of how he or she sees their own small business and what it has to offer, also impacts upon their capacity to attract the most appropriate candidate. This might be reflected through the family-owned

small business owner/manager's characteristics and demographics, or their personal behaviour patterns in dealing with the recruitment, selection and retention issues. It is apparent, however, that only meager amounts of research have been undertaken in this area to determine if management's behavioural and demographic characteristics impact upon small business recruitment, selection and retention outcomes.

Small businesses make up a significant proportion of the Australian economy, and the economy depends greatly on small businesses in terms of employment and gross domestic product. According to the Australian Bureau of Statistics, Characteristics of Small Business (2004a, p. 6) there were approximately 1.66 million operators of 1.269 million non-agricultural small businesses in Australia in June, 2004 (ABS, 2004a). In 2003, using 2001 Australian Bureau of Statistics figures (ABS, 2001, 3218.0), a Senate Report: (Employment, Workplace Relations and Education References Committee: Small Business Employment) into small business employment established the importance of small business to the economy by identifying that small business in Australia provided employment for over 3 million people, while it also accounted for approximately one-third of the nation's Gross National Product (GNP) (Senate Report, 2003). Hence the potential for cost savings, through the implementation of effective recruitment, selection and retention outcomes within small businesses can have an enormous impact on the whole of the economy.

Current research into small business recruitment, selection and retention issues focuses on their ability to discover and retain superior staff (Fraza, 1998). The research to date has not focused sufficiently on the fact that 'The informal nature of familial relations is frequently carried over into the firm, serving to foster commitment and a sense of identification with the founder's dream' (Linsberg, 1983, p. 39). Linsberg (1983) touched on the differences in the recruitment and selection of employees in family-owned businesses compared to the process in non-family-owned businesses. It could be possible to integrate the benefits of family relationship behaviours into the recruitment, selection and treatment of employees in non-family small businesses, in order to enhance the outcomes of those processes in non-family-owned businesses.

In 2003 a Senate report into small business employment emphasised the importance of staffing to small business in rural and regional areas by suggesting that 'consistent with survey rankings of small business concerns [include]…problems with recruiting suitable employees' (Senate Report, 2003, p. 135). Dwyer and Lawson (2002) in their research

discussion paper 'Labour Market Adjustment in Regional Australia' found that inter-regional migration may have an important bearing on the potential for small business to find suitably trained employees. Collist and Gastin (1996) suggest that it is the loss of facilities that forces potential employees to move to other regions, thus detracting from the capacity of small businesses to obtain trained staff.

1.4 Research aims, objectives and questions

The aim of this research is to investigate and derive improved methods for the recruitment, selection and retention of employees in family-owned small businesses and to better understand the variables and dynamics affecting the recruitment, selection and retention processes. It is the intention of this research to draw conclusions that will enhance the capacity of owner/managers of family-owned small business to deal with the difficulties of the recruitment, selection and retention relationship.

The general objectives of the research are —

- to describe the current methods of recruitment selection and retention used in small family-owned business in rural and regional Australia
- to investigate whether the demographic characteristics of owner/managers of family-owned small businesses have an effect in the recruitment, selection and retention of employees within their businesses
- to investigate whether any underlying constructs exist in the recruitment, selection and retention of employees in small family-owned businesses in regional and rural areas of Australia
- to propose a model and/or checklist to assist family-owned small business owners to be more effective in the recruitment, selection and retention of employees.

1.5 The research questions

It is apparent that family-owned small businesses in rural and regional areas have many questions that remain unanswered in relation to their human resource activities. Based on this, the research will address the following research questions

RQ1 To what extent is formal Human Resource Management used in family-owned small businesses in rural and regional areas of Australia?

RQ2 What recruitment methods are utilised by family-owned small businesses in rural and regional areas of Australia?

RQ3 What are the issues impacting on employee recruitment by family-owned small business in rural and regional areas of Australia?

RQ4 What selection methods are utilised by family-owned small businesses in rural and regional areas of Australia?

RQ5 How do owner/managers of family-owned small businesses in rural and regional areas of Australia retain staff?

RQ6 What are the issues impacting on the retention of employees in family-owned small businesses in rural and regional areas of Australia?

RQ7 Are there any underlying factors that contribute to effective human resource management practices in family-owned small business in rural and regional areas of Australia?

RQ8 Are the mean scores for the identified constructs significantly different when compared on the basis of the demographic variables?

RQ9 Can a model be developed to assist owners of family-owned small businesses to have more effective Human Resource (HR) practices in their businesses?

1.6 Overview of research design and methodology

The research design includes a mixed methodological approach in order to provide a rigorous and thorough research design. The 'mixed methods' of Brewer and Hunter (1989) and the 'mixed model' approach of Tashakkori and Teddlie (1998) focus on understanding and appreciating the strengths and weaknesses of two contrasting typological points of view.

The methodology for this thesis has been developed around a triangulation of three methods, in line with that recommended by (Perry, 1998). The mixed methods typology procedure must consider the principal method and the complementary method and the sequence in which this takes place.

The success of the pilot study conducted to test the proposed survey questionnaire led to the modification of the instrument and the mail and hand delivery of the questionnaire. The data was analysed and ten constructs identified, all relating to the relationships of recruitment, selection and retention. The third and final phase of the triangulation focused on the confirmation of the four significant constructs, which were firstly pilot tested, then followed by the semi-structured interview process. Upon modification of the interview questions, a series of 10 semi-formal interviews were conducted until saturation point was established with the owner/managers of family-owned small businesses. Their contributions provided the confirmation of the significance of 'relationships' and enabled the establishment of the new Three R's model, that is the Relationship of Recruitment and Retention (RRR) model and the four-part check list, which will make a significant contribution to the body of knowledge in the area, as well as enhancing outcomes for family-owned small business.

1.7 Definitions

The definitions of the key variables included in this research are provided here, as in many instances there are differing definitions that might distort the meaning of this research. It is the researcher's intention in this section to provide key definitions identified and established for the purpose of this research. Therefore, for the purpose of this research, the following definitions are adopted.

Human Resource Management —

The definition of Human Resource Management (HRM) 'Involves the productive use of people in achieving the organisation's strategic business objectives and the satisfaction of individual employee needs' (Stone, 2005, p. 861).

Human Resource activities —

The definition as identified by Stone (2005, p. 860) is: 'HR activities such as job analysis, HR planning, recruitment etc.' HR activities for the purposes of this research have been identified as recruitment, selection and retention.

Recruitment —

The definition of recruitment is 'The process of seeking and attracting a pool of qualified applicants from which candidates for job vacancies can be selected' (Stone, 2005, p. 867).

Selection —

'The process of choosing from a group of applicants the best qualified candidate' (Stone, 2005, p. 868).

Employee Retention —

Marvin (1994, p. 68) in his book *From Turnover to Team Work* put together a loose definition of *employee retention* suggesting that it can be looked at in either a specific or a general way. For the purpose of this work, it is seen to be 'any increase in the length of tenure of employees'.

Small Business —

Small business definitions vary around the world. Based on the Australian Bureau of Statistics definitions, and for the purposes of this research, *small business* refers to 'those businesses employing less than 20 people' (ABS, 2004a, p.113).

Family-owned Business —

Rosenblatt, de Mik, Anderson and Johnson (1985) defined a family business as being one which has 'majority ownership or control within a single family, and in which two or more family members are, or at some time were, directly involved in the business' cited in Moores and Barrett (2002, p. 4).

Rural and Regional Areas —

The definition of *rural* is especially disjointed but suggested descriptions include 'living in or characteristic of farming or country life; 'rural people'; 'large rural households'; 'unpaved rural roads'; 'an economy that is basically rural' (Definition in Context, 2006). While the Webster Dictionary's definition reinforces this by confirming that *rural* referred to 'the country, as distinguished from a city or town; pertaining to country life and country people' (Kellerman, 1973, p. 842). The Australian Oxford Dictionary identifies rural as 'of or suggesting the country, pastoral or agricultural' (Moore, 2004, p1129).

Regional, for the purposes of this research, is, utilising a definition by Jeremy Lawson and Jacqueline Dwyer (2002, p. 5), an area, which has 'a common set of economic characteristics' and a 'common industry structure … key elements should vary significantly' between regions more than it does within the region. The boundary of the region is taken to be 'the outer limits over which people can commute to a central location of economic activity' (Lawson, 2002, p. 5). While The Australian Oxford Dictionary identifies regional as 'an area of land…having definable boundaries or characteristics…administrative district' (Moore, 2004, p.1085).

Relationship —

The definition of relationship as referred to in this thesis is 'a connection or association (*enjoyed a good working relationship*) … an emotional association between two people' (Moore, 2004, p. 1088).

1.8 Limitations

The study has been limited to the problems and difficulties experienced by owners of small businesses in rural and regional areas of Australia. The placement of such limitations has been due to the following

- small business in rural and regional areas of Australia have a unique set of circumstances to deal with when trying to recruit and retain employees
- issues of recruitment, selection and retention have been studied in capital cities and in larger businesses
- the effects of poor recruitment and selection and why they occur have been studied, but not in relation to what impact the managers' personal characteristics have upon the outcomes

- the reasons why good employees are hard to find in rural and regional areas have to a limited extent been studied, but not in relation to how the personal characteristics of the owner/managers impact upon the problem
- what managers of family-owned small business in rural and regional areas have done to retain employees has not been identified
- the use of commercial recruitment agencies has not been examined
- the impact of recent government legislation on the retention of good employees in rural and regional areas has not been examined in terms of its impact upon recruitment, selection and retention of employees
- financial and time constraints of the research.

1.9 Key assumptions

The first assumption made is that managers are educated sufficiently to be able to make decisions about their needs in terms of employees and their qualifications. That is, they are able to judge whether the skills of the proposed employee are adequate in terms of their ability to perform in the position that needs to be filled. The second assumption is that managers of family-owned small businesses have a different relationship with their employees than do managers of non-family-owned businesses.

1.10 Outline of the research

The structure of this thesis is based on the model outlined by Perry (1998). However, adaptations have been made to account for the exploratory aspects of the original focus, which has developed in line with the findings. *Chapter One*, lays down the guidelines for the research process, firstly by introducing the foundation issues upon which the research questions are based, and then by outlining the potential outcomes or expectations of the research. *Chapter One* goes on to give an explanation of the investigation, including the impacts of recruitment, selection and retention processes upon small business in rural and regional areas and the impacts of recruitment and selection on retention and the relationship to the owner/managers demographic characteristics. Definitions used within the research are identified and the boundaries of the research are also identified.

Chapter Two comprises the Literature Review. Examinations are made of the parent literatures in Psychology, Business and Human Resource Management. Literature related to recruitment, selection and retention of staff in both large and small businesses, and their implications for family owned/managed business in regional and rural areas is examined. The chapter goes on to identify the various factors that impact on recruitment and selection and how, in turn, these impact upon retention. The implications for large business and its contrast to family-owned small business issues are discussed, and the issues are also viewed from an international perspective.

Chapter Three encompasses the research design and methodology. A mixed methodology or 'mixed model' approach is identified as being the most appropriate design to meet the exploratory nature of the study. Justification for the paradigm and methodology is provided and a table of the phases of the research process is established. The response rates to the survey are analysed and errors and ethical considerations are reflected upon.

Chapter Four takes in the analysis of the data. A demographic profile is established for the respondent owner/manager, as well as for the family-owned small businesses. Descriptive statistics are then established in order to respond to some of the research questions. Validity and reliability are established for the data and principal component analysis is used to identify the underlying factors. ANOVA and t-tests are then performed to identify significant differences, and Tukey's post-hoc is used to determine where differences apply. Finally regression analysis establishes where relationships between variables exist and as a result of the regression analysis two new models are established from the significant demographic and factorial convergence.

Chapter Five examines the concepts of Relationship Marketing theory, in terms of the framework links for the relationships identified by the factors. The phases of the relationship marketing concept are reviewed in terms of a proposed new model. *Chapter Five* discusses the relationship framework in relation to confirmation of the four constructs identified through the quantitative findings from *Chapter Four*, and introduces the final phase of the triangulation, the perspective of semi-structured interviews as the next phase.

Chapter Six sets out the procedures for the qualitative research and confirms the new model strategy. The new model is to be tested as the final phase of the triangulation though the use of the semi-structured interviews. The ethical considerations of the semi-structured interview process are dealt with, a pilot of the semi-formal interview is conducted and adjustments

made. The interviews are conducted in line with the four significant constructs established within the proposed model

Chapter Seven summarises the phases of the thesis, discusses the findings of the quantitative analysis and recognises the new model of relationship recruitment and retention. It then reflects on the underpinning theory of Relationship Marketing. Practical procedures and implications of the model are then discussed. A four-part checklist for relationship recruitment and retention is put forward to enhance outcomes. Limitations are discussed as well as proposals for future research.

1.11 Summary

Chapter One establishes the foundations for this research. The background to the research is outlined, followed by justification for the research. The aims, objectives and research questions are then identified. An overview of the research design and a brief description of the methodology are presented. Finally definitions of common terms used in the thesis are given, and limitations of the research are established. A comprehensive narrative of the research conducted continues in the chapters that follow.

Chapter 2 LITERATURE REVIEW

2.1 Introduction

The intention of this chapter is to examine the findings of the extensive body of literature related to the organisation of knowledge that affects the recruitment, selection and retention relationship between owner/managers of family-owned small businesses in rural and regional areas of Australia, and their capacity to recruit and retain staff. Human Resource Management literature covers the areas of recruitment, selection and retention in considerable detail, setting down the formal processes and procedures that are identified as the considered position of recruitment, selection and retention (Stone, 2005). However, the literature to date, which has focused primarily upon the characteristics of Human Resource Management in relation to recruitment, selection and retention, indicates characteristics employed mainly by big business and focuses on city business, rather than on small family-owned businesses in rural and regional areas.

The literature takes a limited focus in relation to the mechanical and practical issues surrounding recruitment, selection and retention of employees within the overall practice of Human Resource Management. It does not examine the relationships that develop within the phases of the practice. The focus of this research is, therefore, on the process of recruitment, selection and retention of employees within family-owned small businesses in rural and regional areas, rather than on the overall perspective of Human Resource Management, in general.

Recruitment, selection and retention literature is positioned throughout a number of related disciplines, for example, Psychology, Business, Management and Human Resource Management. This particular literature review focuses on the effects of owner/managers and their family-owned small businesses in rural and regional areas of Australia. Firstly, the Literature Review examines briefly the parent discipline of Psychology and the theoretical links to recruitment, selection and retention, as part of family-owned small businesses' humanistic understanding of the discipline. The activities surrounding recruitment, selection and retention have been documented and they can be costly, time consuming and cause considerable stress, and frequently considerable disruption, especially in periods of high

employment or regional economic downturn. The consequences of this will also be examined in this review.

Current recruitment, selection and retention literature focuses on the technical or more mechanistic side of Human Resource Management. The review takes a limited focus toward the psychological side of the owner/manager of the family-owned small business and meeting employee needs, in terms of the relevant behaviours and the relationships. The Literature Review elevates specific themes in line with the focus to be taken. The questions and expectations raised by the Literature Review form the first of the three factors of the methodological triangulation, which steers the rest of the study. It is from this point that the first of the research questions evolve.

2.2 The parent disciplines

The foundation discipline for the understanding of the implications of recruitment, selection and retention of employees by owner/managers of family-owned small businesses is based in the understandings of Work and Organisational Psychology. While the disciplines of Economics or Sociology could also be seen as alternative disciplines concerned with the recruitment, selection and retention in small family-owned businesses, Psychology and its behavioural links to Human Resource Management and organisational behaviours dominate the focus of this study. However, the discipline of Business has been identified also as having implications for the ordering of organisational and work behaviours within small business in this study. Therefore, both Business and Psychology are parent disciplines for this thesis.

Applied Psychology from which the aspects of Work and Organizational Psychology have evolved, show a history that is predominated by advancements made in studies originating in the United States of America. Work and Organisational Psychology, are said to have evolved in four stages. The first stage extends from the birth of Applied Psychology, the advance of which was lead by European researchers, to the establishment of the profession of Work and Organizational Psychology in 1945. This chapter of human resource management and development defines virtually half a century of Organizational Psychology. Patrizi in 1889, established a 'Laboratory of Work Psychology at Modena in Italy' to examine both Work and Educational Psychology, while fatigue and workload studies were carried out by Mosso in Italy from 1890 to 1904 and Kraepelin in Germany from 1890 to 1904 (Shimmin, 1998, p. 72). The first bureau for vocational guidance was established as early as 1908 in Boston in

the USA and Brussels in Belgium in 1909. In terms of Human Resource Management, the first psychologist to provide tests for selecting workers was in France by Lahy in 1905 when he tested for typists and 1908 for tram and railway drivers (Shimmin, 1998, p.75).

Munsterberg (1912) identified the importance of Psychotechnics '(the application of psychology to practical problems)' in his book on the psychology of industrial efficiency, which was published in 1913 and contributed to the growth of the study of Work and Organizational Psychology (Shimmin, 1998, p.72-73). This study followed the studies of Taylor (1911) and Gilbreth (1911) with their identification of 'scientific management' (Shimmin, 1998, p.73). The outbreak of World War II saw a hastening of the relevance of psychology in the area of Human Resource Management and the selection of appropriate staff for specific purposes. This provided an impetus for employee testing to meet military recruitment and productivity issues of the war.

The second phase of work and organizational psychological development and its contribution to Human Resource Management issues was in the post World War II period, which lasted until the late 1960's. The amount of employment for work and organizational psychologists grew post war with a great need for increased productivity. Job design, motivation, leadership and participation were factors that contributed to requests by business for assistance. Likert (1961) as cited in (Shimmin, 1998, p.80) identified a quality of life focus on 'participation' and 'democracy' and power and control in the workplace. This, in turn, led to growth in research and Work and Organizational Psychology consultancies. By this stage the application of Organizational Psychology was soundly in place as part of what was more commonly known then as Personnel Management. This phase saw the use of psychologists in the post-war placements of ex-services personnel into civilian employment through the use of vocational guidance, and many organizations and government departments employed their own psychologists as part of their Human Resource Management teams (Shimmin, 1998, p. 74).

The third phase took Work and Organizational Psychology in a new direction from the late 1960's and the 1970's. In this phase, Human Resource Management took into account, factors that were developed during the post-war phase and integrated the factors of 'personnel selection and vocational guidance. The old intelligence and performance tests were preserved, but they were supplemented with new kinds of tests … to capture the deeper structure of personality, namely expression and projection tests' (Shimmin, 1998, p. 77). This phase saw

a more 'holistic' approach. This era found the development of organizational design, conflict resolution and job and organizational development. Volvo was identified as a leader in industrial democracy. Studies took place into the effects of the organization upon the behaviors of the individuals within the organization, according to Pugh and Hickson (cited in Shimmin, 1998, p. 84). 'T' Groups and sensitivity training formed part of the contribution made to the 'quality of work life' focus experienced within the human resources of organizations during this phase.

The forth and final phase are the more recent advancements, for example Van Strien, (1997) as cited in (Shimmin, 1998, p. 76-77) pioneered work in human perceptions, individual differences and responses. This, it was suggested, identified 'suitability for a job conceived in terms of separate, elementary functions, and sometimes fitness for a specific task was seen as dependent solely on one function'. Clearly the latest phase is focused on work place psychologists' responses to economic problems and the nature of stress counselling of those whose 'job demands and pressures threaten their health and well-being' according to Thierry and Meijman, 1994 (as cited in Shimmin, 1998, p. 88). Selection of personnel must now focus on the environment into which the employees will be moving and the economic environment and its impact upon the organization. Demands now focus on staff adaptation and the flexibility of organizational structures in order to determine the best match between the 'people, technology, and the organizational style, structures and processes'. The foremost factor for work and organizational psychologists has been to 'achieve the best fit between the needs of the employers, in terms of the personnel requirements, and the needs and aspirations of those seeking employment' (Shimmin, 1998, p. 94). Consequently, it is within this perspective that this thesis examines recruitment, selection and retention of employees within the small family owned business.

Business, that is the 'commercial activity engaged in as means of livelihood; a trade profession, line, or occupation' (Kellerman, 1973, p. 134) provides the basis for the interpretation of the effects of recruitment, selection and retention of employees in the family-owned small business environment. While psychology, which is the 'branch of knowledge which deals with the human mind; that knowledge of the mind, which we derive from a careful examination of the facts of consciousness and of behaviour' (Kellerman, 1973, p. 771) will form the basis for understanding the behaviours and relationships that are related to the successful recruitment, selection and retention of employees. As previously defined in Chapter One, human resource management entails the active use of people to achieve

business goals and meet employee needs (Stone, 2005). This is achieved in small business through activities including recruitment, selection and retention of staff. However, in family-owned small business, it is not clear to what extent formal human resource management practices are being used. Accordingly, a research question might be posited to investigate this issue in regional areas:

RQ1 *To what extent is formal Human Resource Management used in family-owned small businesses in rural and regional areas of Australia?*

2.3 What is recruitment and selection?

Recruitment and selection form an essential part of small and large businesses alike, as without employees, many businesses would have difficulty in maintaining their existence, nor would employees gain employment without their interlocking dependence and 'discourse'[1] of interrelatedness and existence. While some authors treat recruitment and selection as inseparable, or even in some cases the same thing, others do identify differing levels of separation. This study examines recruitment and selection separately.

What are the processes of recruitment and selection? Raymond J. Stone in the fifth edition of his book *Human Resource Management* allocates one chapter to recruitment and a separate chapter to the selection process. Recruitment, he defines, as the process of 'seeking and attracting a pool of applicants from which qualified candidates for job vacancies within an organisation can be selected.' (Stone, 2005, p. 12). In an earlier edition of his book he suggests that selection is the process of linking 'organisation, human resource and employment objectives … [with] ultimate success depend[ing] on the best applicants being selected' (Stone, 1998, p. 242). In line with this, he defines selection, as 'choosing from the available candidates the individual predicted to be most likely to perform successfully in the job' (Stone, 2005, p. 12). Townley (1994, p. 83), on the other hand, identifies recruitment and selection as part of the Personnel or Human Resource Management practice and suggests that it involves 'uncover[ing] some essential knowledge about the individual to aid rational decision-making, by indicating which individual should be recruited'. Townley's (1994) characteristics of recruitment and selection provide an ideal basis from which decisions can

[1] Townley, B. (1994). Reframing Human Resource Management: Power, Ethics and the Subject at Work. London, Sage Publications. used (Foucault, 1972:48) 'Discourse' as to capture 'ways of doing things … .how certain acts become accepted at certain periods as being natural, self-evident & indespensable' (p.21).

be made; however, in this thesis, the process of recruitment will be defined as the identification of a group of suitable people from which a selection can be made to meet the employment needs of family-owned small business.

Compton, Nankervis and McCarthy (2002, p. 17) find a critical place under the Human Resource Management banner for recruitment and selection. They place a slightly less complex descriptor upon the recruitment process, suggesting that it finds the most suitable employees for jobs, and thus for the organisation as a whole. They go on to suggest that recruitment 'also has the function of 'selling' the organisation and projecting a favourable image to the applicant'. While Nankervis, A. R., Compton, R. L. and McCarthy, T. E. (1999) provide a simple but clear definition of selection, they fail to define recruitment. Instead, they describe useful activities within the process of recruitment such as establishing a job description and person specifications that allow easier selection. According to Hornsby and Kuratko (1990), small firms are frequently unable to afford Human Resource Management staff and, therefore, their owner/managers have to perform such duties as recruitment and selection themselves. It is anticipated that the cost of recruitment becomes more prohibitive the smaller the business, and depends on the demands placed by the economic circumstances of the workplace environment.

2.3.1 What is recruitment?

Clearly, definitions of recruitment are somewhat numbered. While countless authors discuss the process, many fail to give a clear definition of the process as they see it. The *Australian Oxford Dictionary (Moore, 2004, p. 1079)* however, defines recruitment as 'replenishing' or 'reinvigorating'. The dictionary definition has obvious wider applications; however, some of the textbook definitions are more appropriate. Cook (1998, p. 29), for example, defines recruitment as 'the effort of an organisation to induce a sufficient number of appropriately qualified individuals to apply for positions available in the organisation'. However, small businesses only have one position available and very infrequently. Notwithstanding this, the employee needs to know that the position is becoming vacant in order to apply. Compton, Morrissey and Nankervis (2002, p. 17) confirm this by suggesting 'the purpose is to attract suitable people to apply for employment vacancies by making them aware that such vacancies exist'. It is, therefore, important that the small business owner, as much as the owner of big business, identifies the need for recruits in the most effective method possible.

In a more widely encapsulating description, Epps (1998, p. 48) in his handy guide to recruitment and selection describes the process by suggesting that recruitment occurs because of the following reasons. 'Firstly, someone has left the organisation[s]; Secondly, a specialist is required for a particular position; Thirdly, the volume of work has increased; Fourthly, something new is happening, for example, the launch of a new product and finally, due to growth or restructuring of a particular area of the business'. Is it possible that small family-owned businesses experience these reasons as well as larger business?

Carroll, Marchington, Earnshaw and Taylor (1999, p. 236) when examining recruitment in small business, suggest that assumptions are made about the 'degree of formality' that encompasses the recruitment process and 'adopt[ion of a] systematic and proactive search … for new recruits' is essential.

Townley (1994, p. 1) confirms this formality when she suggests that to be effective, personnel practices must become less 'subjective' and more 'accurate', and to be relevant 'must provide people with a framework for understanding power'. At the same time, while this focus on control and power may be practical for larger organisations that have specific departments in charge of recruiting, it is apparent that the family-owned small businesses struggle with such concepts as formality and systems. But, is this why they experience difficulties in retaining staff? In line with the concept of formality, Compton and Nankervis (1998, p. 57) and Compton and Nankervis (2000) identified factors that make up the recruitment process. These are: 1. Preparing to recruit 2. Sources of employees 3. Consultants 4. Legislative aspects 5. Advertising 6. Methods of application and 7. Special applicant categories. This list of factors opens up the question — do small family owned businesses follow such formal methods in their attempts to recruit and retain staff in rural and regional areas?

In a comparative study of large and small firms in the U.S.A. Deshpande and Golhar (1994) examined their recruitment sources and ranked them in order. Their research suggested that small and large firms used almost identical methods of recruitment. This result is somewhat different to others discussed later in this review. Deshpande and Golhar (1994) found, however, that job posting, followed by promotion, referrals, temporary staff, transfers, advertisements, employment agencies, educational institutions, and finally previous applicants was the order in which they were ranked. However, because their work identified small firms as those that had 500 or less employees, it might be that the situation for small family-owned businesses is somewhat different.

In fact, Hendry, Arthur, and Jones (1995), while not specifically referring to recruitment and selection, but using the more general term 'Human Resource Management' in broad terms, suggests that 'large-solutions' have been prescribed for smaller firms that were originally designed for larger organisations. This confirms Townley's (1994, p. 86) use of Foucault's 1977 work, when she found that 'setting limits to define what is acceptable or normal over time, normalisation also reinforces the process of conformity and standardisation'. Townley (1994) conjures up the idea that perhaps small businesses, in order to conform, use formal systems of recruitment and selection that were designed for larger organisations. This too may be the cause of some of the difficulties experienced in the recruitment and selection process that contribute to higher than desirable turnover rates in small businesses.

2.3.2 Recruitment strategies

The recruitment strategies in many small businesses may appear to be somewhat simpler than the many formal systems recommended by leading textbooks. Reynolds, Savage and Williams (1994) suggest that the employer should identify the aspects of the person sought in terms of knowledge, experience, personality and any special features necessary. These features should be reviewed over the period of a week. This then forms the basis of the advertisement for the position. Conversely, small businesses frequently do not have the luxury of a week in which to review applicants. Townley (1994, p. 87) links her proposed recruitment strategy to Foucault's 1977 work when she suggests that the strategy must examine 'the individual as he may be described, judged, measured, compared with other, in his very individuality' as the basis of the staffing decision, whether it be small or large business that has to make the determination. Notwithstanding this suggestion of the need for judgment and comparison of applicants, small business is often pressured by the time they have to make recruitment decisions where limited numbers of applicants are available.

Despite what can best be described as the need for rapid recruitment within small family-owned businesses, Meredith (1993) advocates that recruitment should not be taken lightly. The financial commitment far exceeds the initial salary. He suggests that in 1990, the extra staff costs amounted to 30 per cent of the initial salary. This covered leave loading, long service leave, training, government taxes and charges, and various staff levies. Furthermore, Meredith (1993) suggests that the cost of recruitment must always be weighed up against the benefits. It is imperative to discuss requirements with current employees prior to looking to other recruitment sources. This can contribute to buying of time as current staff may

volunteer to close the staff shortage gap until suitable staff can be found, or recommend family or friends who might be seeking employment. As an example of this, Perry and Pendleton (1990) suggest that recruitment for small business can come from various areas: colleges, schools, the unemployed, employed workers who wish to change jobs, from current staff or friends and family. Meredith (1993) suggests recruiting from competitors, outside the industry, via information from employees or former employees, or through radio advertisements. However this does have what would appear to be weaknesses, as training standards may not measure up to the requirements of the recruiter and, hence, create an added burden of the need for extra training.

2.3.3 Internal and external recruitment

Internal recruitment is 'when an organisation seeks to fill job vacancies from existing personnel' where on the other hand, external recruitment is 'when managers look outside their own organisation to fill supervisory, middle and higher-management positions'. This is necessary because the skills can't be found within the organisation (Cook, 1998, p. 29-30). In small business this is not necessarily the case, as any level of employee may need to be recruited externally, based on the small number of employees with potential to fill the employment gap. Townley (1989, p. 92) confirms this by suggesting that 'such techniques are only required when there is a need for the coordinator of larger numbers of people and the ability to differentiate among them', as is the case with big business. This exposes what could be seen as a very narrow view in terms of small business, and calls into question the depth with which Cook (1998) has examined recruitment and selection in terms of Australian business, as so much of Australian business falls into the category of small to micro business, as is revealed later in this Literature Review.

Holliday (1995), whilst suggesting external recruitment as a possibility for small family-owned businesses, raises an issue that could be a source of troublesome complexities, by suggesting that trained or experienced staff can come from an opposition firm that shuts down, thus reducing the cost of training. From the internal point of view, Holliday (1995) recommends that family members bring to an organisation one of the most important aspects of success in family-owned small businesses, that is, for example that they will have the advantage of 'fitting into the business'. This factor of fit is the behavioural or psychological aspect of recruitment and selection in family-owned small business that could be seen to be different to that which exists in larger businesses. One must, however, question whether in

family-owned small business, this is really 'fitting in' or is it as Townley (1989, p. 6) asserts 'Power ...by virtue of things being known and people being seen', when she refers to the work of Foucault (1980a, p. 154). This poses the question — do family members involved in family-owned small business exert positive or negative power in their relationship with their new recruits that could be felt to contribute to or detract from the successful recruitment and retention relationship of employees in family-owned small business? Does this power relationship, either positive or negative, make the new or existing employee feel as if they really 'fit', and make them feel part of the family relationship?

For many family-owned small businesses, Aitkinson and Meager (1994) suggest that external recruitment is a most critical aspect for the small business, as it occurs infrequently, and if outcomes are unsuccessful the penalties can have much greater consequences for the family-owned small business. External recruitment provides new blood and fresh ideas, while reducing inbreeding and resentment of internal favourites. However, external recruitment can also be very expensive in competitive times of high employment (Compton et. al., 2002, p. 52). For family-owned small business, the costs can lead to their inability to vie for skilled staff.

2.3.4 Cost efficiency in recruitment

From a family-owned small business owner/manager's perspective, selection must involve examining the 'comparable worth' of one new applicant's potential against another, in order to meet the productivity needs of the organisation and assess the possible 'impacts upon the workforce' (Townley, 1994, p. 159). Successful recruitment practices can lead to good company public relations. This public relations success can be instilled through what Watson (1989) describes as the prior knowledge of the firm given by those who recommend the new recruit, as well as the 'socialisation' and relationship development that accompanies their subsequent placement within the small business. This can also lead to decreased turnover and emphasises the aspect of 'fitting in' put forward by Holliday (1995). It is thought that the successful fit between employer and employee could contribute to an enriched relationship in family-owned small business.

The cost-effectiveness of recruitment can be called into question, particularly with the case studies of Holliday (1995, p. 143) who found that 'smaller companies tend to recruit from disadvantaged labour groups'. This implies 'a trade-off between the level of skill possessed

by an employee and their cost'. This implication relates to Townley's (1994, p. 158) work where she suggests that 'one evaluation system is used to measure the relative value of all jobs within the organisation'. One might be led to think that this could be the case in family-owned small businesses, where it could be assumed that each employee is seen as 'one of the family', rather than as an employee with individual skills. This raises the question of whether this has an 'impact upon the workforce' and relationship and retention outcomes. Could this be a contributory factor to employee happiness or unhappiness and thus impact upon turnover in family-owned small businesses?

Keeping a 'Potential Employee Register' can provide a cost-effective means of recruitment for the family-owned small business. A 'Potential Employee Register' would be highly inefficient in large organisations, but for family-owned small business especially, it forms an excellent way of keeping at hand a list of potential employees. However, Carroll, Marchington, Earnshaw and Taylor's (1999, p. 236) research did point out that in small business, informal networks can 'reinforce existing race, gender or disability imbalances within the workforce'. This can lead to the exclusion of certain groups from obtaining employment in family-owned small businesses. Wooden and Harding (1998) found that the use of newspaper advertisements increased as the number of employees and business size increased. This could be a reflection that small businesses rely more on recommendations of other employees and walk-ins rather than advertisements in the press.

Cost factors are a major encumbrance for family-owned small business involved in recruitment and selection of staff. Reynolds et al. (1994, p. 356) argue that 'costs themselves are an essential ingredient in success; trying to avoid them will reduce efficiency and may even result in failure of your business'. Family-owned small businesses are frequently short of resources. This has lead, in more recent years, to the use of greater numbers of part-time or casual employees in order to reduce overhead and employment costs. Bergin-Seers and Breen (2002, p. 29) found that 'managers relied on staffing flexibility and control of discretionary expenditure'. This was done by employing 'staff as casuals' in rural and remote areas. On the other hand there could be some diminution of loyalty when employees are part-time or casual. Family-owned small businesses rely very much on the loyalty of their employees in order to maintain success and it is suggested that this relationship between employee and employer may need to be developed in order to enhance retention outcomes.

Kilibarda and Fonda (1997) found that in smaller firms, formal recruitment practices were not being pursued. Wendover (1991) suggests those staff involved in the recruitment process must be clearly informed of what is involved. To ensure that recruitment is cost-effective, Wendover (1991) believes recruitment costs can be offset by cultivating new sources of applicants. This writer makes some further recommendations: 1. Be sure to consider the question of employee versatility; 2. Ensure that the company's reputation is such that it encourages potential candidates; 3. When recruiting, it is not necessary to recruit the top employee, but it is essential to recruit the ones with potential to be a top employee; 4. Ensure that new employees are oriented correctly. Small family owned businesses might require more versatility in their recruits to enable them to fill wider roles, this in turn may offset the cost. In contrast to Wendover's (1991) views, Torrington, Hall, Haylor, and Myers (1991) found that it may not be necessary to conduct in-depth audits in small family-owned businesses. For example, Torrington suggests that one key person in a small family-owned business might be able to make decisions concerning audits based on his or her in-depth knowledge. This, for example, in the context of a small family-owned business, can eliminate the need for the skills audit and job analysis.

The job analysis identifies the tasks, responsibilities and outcomes required of a job as well as identifying the knowledge and skills required to perform within the position (Compton and Nankervis, 1998). While Compton and Nankervis's definition of the job analysis may be appropriate for large businesses, it is not necessarily utilised by small family-owned businesses. Townley's (1989, p. 53) definition of job analysis also focuses upon larger businesses. She found that 'job analysis is the systematic process of collecting data and making judgements about the nature of a specific job'. While the job analysis is cited as being important, on the other hand, Carroll et al. (1999), in their specific case study of over 40 small firms from five diverse areas of industry, found that not one of the small firms studied (and they ranged from two to 100 employees) used a job analysis. This reinforces the fact that materials designed for human resource activities within larger organisations do not fit the needs of small family-owned businesses.

Whilst it could be assumed that Britain might have a more highly developed level of human resource skills than that displayed in Australia, evidence put forward by Carroll et al. (1999, p. 240) suggests that 'most of their respondents were unsure of the meaning of the term'. This does, of course, pose the question that, if this is the case in the U.K. what is happening in Australian family-owned small business in terms of their understanding of the HR

management and recruitment process? Like so many other articles offered as support materials for the recruitment process, this is highly inappropriate for the micro-business or small business owner, whom Carroll et al. (1999) found used little or none of the traditional methods of recruitment, but on the other hand did utilise job descriptions. This poses the question, what do owner/managers of family-owned small businesses interpret as being the formal tools of human resource management?

A job description is 'a written statement explaining what a job holder does, how the work is performed, where and when it is performed and the performance standards to be met' (Stone, 2005, p. 862); whereas, the job specification is a 'written statement of the qualifications, skills and know-how a person needs to perform a given job successfully' (Stone, 2005, p. 862). If the job description is written from the job analysis, then the research of Carrol et al. (1999, p.248) is obviously flawed, as their case study revealed that of the 40 cases examined, not one wrote a job analysis. Yet, on the other hand, they claimed that '60 per cent of the firms' studied used job descriptions. This indicates that while the small business owner may know what personal attributes they require in each applicant, they are certainly not so sure of the requirements of the job, when it comes to describing it. This confirms the findings of Carroll et al. (1999) that 'the content of the job was 'obvious' and 'everybody knows what's involved' (Carroll et. al., 1999, p. 244). For the average family-owned small business owner/manager, to be able to identify the characteristics of a formal job description may not be something with which they are familiar.

McLaughlin (1990) believes the position description should identify the essential skills and personal qualities required, and that these criteria should be summarised and given to the applicant when they arrive for the job interview. The qualities outlined by this process are required for not only family-owned small business, but also big business alike. Torrington et. al. (1991) confirm the lack of importance placed upon the person description in the overall scheme of recruitment, by suggesting that in small business it is often sufficient for one person to consider all aspects of the recruitment process, for example, job analysis, job description and person specification. However, in order to make recruitment decisions, recruits need to be identified through many and varied sources. The case studies conducted by Carroll et al. (1991, p. 248) suggested that recruitment methods within smaller businesses utilised the 'tried and trusted techniques/methods'. They also went on to identify that for lower-level positions and management positions in small business, reliance was placed upon

recommendations; whereas, in the more technical and clerical areas, advertising in the local press was prevalent.

Continuing to reinforce the theme of recruitment in family-owned small businesses, McEvoy's (1984) research found that 67 per cent of recruitment in small business was done by means of advertising. This advertising is assumed to have been of the more conservative type such as newspapers, rather than those methods proposed by Wendover (1991). Family-owned small businesses in rural and regional areas can require a wide circulation area and rapid coverage when it is imperative to find specific skills that may not be available in their immediate location. While the national press can sometimes prove effective, Plumbley and Williams (1981) advocate that local recruiting can also have its benefits, for example, by overcoming removal costs and the possibility of attracting unsuitable applicants. However, a lack of suitably qualified people in the local region can restrict recruitment possibilities, as was discussed in the previous section. For the family-owned small business, the regional newspaper may be unsuitable for their more technically skilled jobs. However, it frequently proves very successful for lower-level positions. If the regional press is not a successful means of filling a position, replacement of highly skilled employees may require the services of an agency to assist with finding a suitable employee.

Aitkinson and Storey (1994) found that firms which employed ten or more employees participated in the open labour market and utilised agencies more frequently than firms which had fewer employees. However, agencies could prove to be under utilised by family-owned small businesses, which do not have adequate recruitment skills, and have limited time to spend on searching for and interviewing applicants. Agencies can shortlist the candidates, saving valuable time and money for the family-owned small business. With the previous discussion in mind, the use of agencies can impact positively on recruitment outcomes for family-owned small business.

Carroll et al. (1999, p. 43) found that job centres were ‘routinely used by almost all the case study firms’. However, Carroll et al. (1999, p.43) went on to suggest that whilst many of the cases studied were happy with their recruitment outcomes through job centers, there were others who ‘expressed dissatisfaction with the standard of service offered’. Problems experienced were that candidates were ‘not properly vetted’, ‘frequently failed to turn up for interviews’ or were ‘not ready for the job’. While these instances occurred in England, similar experiences could be assumed to occur in Australia with the many changes that have taken

place due to the so-called privatisation of job centres. The services, formerly provided by government-run employment offices known as the CES (Commonwealth Employment Service), have, since privatisation, been sub-contracted out to private firms that are paid according to the number of successful job placements.

Attitudes to poaching employees vary and while some see it as highly unethical, others see it as fair gain (Carroll et. al., 1999). While Carroll et al. (1999) gave examples of employees being poached in the trucking and restaurant industries, this, it is assumed, was not through head hunting or executive search process, but merely through inter-company rivalry.

For many professionally skilled family-owned small businesses in regional and country areas however, professional journals are their major source of recruitment when high levels of technical and specialised skills are required. Without such professional contact, recruitment in highly technical areas is far more difficult than it is for positions for which informal sources of recruitment can be utilised.

In relation to Walk-ins, McEvoy's (1984) research found that 67 per cent of recruitment in small business was achieved by means of walk-ins or advertising. Another reason for its popularity is the fact that it is extremely cost-effective. This leads to it being one of the major forms of recruitment of many family-owned small firms. Small business, particularly, favours obtaining new employees through advice and the recommendations of others within their network. This reduces the overall cost and the potential for error, as family and friends recommend others to the fold of the company. Hornsby's and Kuratko (1990) research confirmed referrals as the most effective recruitment method. While ‘‘personality’ and ‘acceptability’ undoubtedly rate extremely high in the eyes of most employers, ‘the ability to integrate will ... take precedence over everything else’ (Plumbley and Williams, 1981, p. 47). Another valuable finding of their work, in terms of family-owned/managed small business recruitment strategies, was that relatives of employees tend to stay longer and be more reliable. Is this a reflection of the relationship that is inherent in such a recruitment strategy?

Plumbley and Williams (1981) suggest that the reputation and success of a company can draw new employees that wish to work in an attractive environment. Carroll et. al. (1999) confirmed that word-of-mouth contacts had distinct advantages for family-owned small business. Speed and cost were two of the main advantages, yet they go on to suggest that the new employees frequently had been given ‘prior knowledge’ by a friend or family member

recommending them. Watson (1989) supports this finding by suggesting that in these situations the recruit is a 'known quantity' and knows what to expect, as existing employees have a vested interest in ensuring that the new recruit fits in to their new relationship and environment. This process, it was suggested, is an important way of reducing employee turnover (Carroll et. al. 1999).

Recruitment is not without its difficulties. For example, Mehta (1996) found that 25 per cent of small businesses surveyed reported that a lack of qualified workers was a threat to their plans. Hornsby and Kuratko (1990) found that obtaining sufficient numbers of quality workers from which to recruit was a most important issue. Williams and Dreher (1992) found that the higher the pay levels in a business, the larger the pool of people willing to work for that business. They also found that the more time a business is able to take to fill a position, the easier it is to do so successfully. This is not a luxury that owner/managers of family-owned small businesses often have. Frequently, due to small staffing numbers, one person can make up to one quarter of the staff.

Plumbley and Williams (1981) in their study in the United Kingdom found that the nature of the job and its location will also impact upon the ability to attract the most appropriate person, and could impact upon recruitment and retention outcomes in rural and regional areas of Australia. On the other hand, Williamson, Cable and Aldrich (2002) found 25 per cent of the small businesses that they studied said that slow economic growth was the most important issue they faced, while 50 per cent nominated scarcity of qualified employees as their most important problem. Accordingly, the following research questions are posited

RQ2 *What recruitment methods are utilised by family-owned small businesses in rural and regional areas of Australia?*

RQ3 *What are the issues impacting on employee recruitment by family-owned small businesses in rural and regional areas of Australia?*

Recruitment may have its challenges in terms of the regional areas of Australia and the ability to gain a suitably qualified group from which to select, nevertheless, the issues related to recruitment should not detract from the processes and procedures necessary to make the most appropriate selection.

2.3.5 What is selection?

Worthington (1992, p. 24) identifies the selection process as 'conducting interviews, checking references thoroughly, and matching candidates to the position requirements'. Cook defined selection as the 'process [by which] organizations seek to identify the candidates who, in the position to be filled, will most effectively contribute to the achieving of the organization's goals' (Cook, 1998, p. 35). It is essential that the selectors are systematic in making their decision in relation to who is most suitable in terms of the applications received and most importantly, they must be sympathetic in terms of their judgments (Plumbley and Williams, 1981). It was found by Holliday (1995, p. 144) that 'a further important selection criterion is that the potential employee is already trained'. This is an important issue for family-owned small businesses that often have to be reactive to staff changes and, therefore, have little time available to train employees. The findings of Reynolds, Savage and Williams (1994) imply that comparison of interview responses will enable the selection of three or four applicants who best meet the requirements. Informal meetings with other employees can also assist in the selection process. However, it is important that careful consideration is given to bias of current employees toward newly appointed staff, especially in small business where the new employee could be seen as a threat. Townley (1992, p. 154) (1994) suggests that 'whilst subordinate appraisal may be an example of an intensification of the gaze ... their use may have advantages. It gives voice to those who do not normally have a formal mechanism for expressions of opinions on such views'. But one must ask, will the views of employees of family-owned small businesses be listened to? Meredith (1993, p. 196) summarised the aspects that current employees might perform a judgment of possible new employees under, namely, the 'applicant's appearance, personality, maturity, apparent aptitude, personal objectives, experience, education and training, and potential' in terms of the selection process. An important aspect of his research finding is that it did not identify the importance of the fit between existing and new staff.

The selection process is the matching of the possible employee's personal details to that of both the job specification and person specification requirements of the organisation. Townley (1994, p. 94) defined selection as the process of 'fitting the person to the job, finding the 'best [person]' for the job'. Townley (1994) quotes Bowen, Ledford and Nathan (1991, p. 107) when suggesting that ''fit' [match] is now required between personality and climate – culture, between work environment and the 'type' of person required'. By checking out the information that is provided by the prospective employees at the interview, checking their

qualifications by means of a reference audit, or conducting background checks with previous employers, what is known as 'screening' is conducted. However, screening is less likely to occur in family-owned small businesses than in larger organizations (Carroll, et. al. 1999; Greengard, 1995). This aspect of matching and selection can be crucial for family-owned small business outcomes and can be one of the key factors in poor recruitment and, in turn, retention outcomes. It is imperative that family-owned small businesses adopt an effective matching technique, not only on the technical skills required and as suggested by Meredith (1993), but also on the relationship aspect of the fit.

Herriot (1989) identified that the expectations of applicants and those of the employer can be mismatched. For example, there may be mismatches between the organisation's expectations about how the applicant should behave and how the applicant believes that they should behave. There can also be a mismatch between expectations of how the organisation thinks it should treat the applicant and how the applicant feels they should be treated. This matching of expectations is identified as a psychological contract. Background checks have costs involved. However, they could reduce expenses and the psychological trauma that can be caused by an incorrect decision in the long run. Therefore, it is important to spend some time in confirming the details found in the curriculum vitae (CV).

The curriculum vitae provide the employer with a list of educational and work experiences that enables the prospective employee to be matched to the position on offer. Application forms and other informal methods are still the most popular method for most small family-owned businesses (DeMilia and Smith, 1997). Townley (1994, p. 95) identified the application form or curriculum vitae as the preliminary screening tool. She suggests that when reading these documents, 'employers act to constitute the individual in a particular way, constructing profiles around stability of employment history; consistency of positions and responsibilities; achievements, experience and education'. This evaluation of applicants attempts to predict future behaviour from past activities, and can lead to difficulties if information within the application form or CV is incorrect.

Research in relation to application forms indicates that the more verifiable the information asked for, the less likely it is to be consciously distorted (Herriot, 1989, p. 87). Reference checks need to be carried out with a similar series of questions being asked, preferably by telephone, as one can better gauge the emotions stirred by telephone, rather than mail, fax or internet. Pink (2000) has a contrary view and suggests that in future applications will be

made, references checked, interviews conducted and jobs offered all on the internet. Abraham and Newcorn (2000) found that one in four people already surf the net for employment opportunities. This may prove a boon for family-owned small businesses located in rural and regional Australia, as it will provide a huge network of possible employees that may not have been available in the past. Greengard's (1995, p. 84) work found that 'between ten per cent and 30 per cent of all job applicants distort the truth or lie on their resumes'. The use of testing as part of the selection process is aimed at identifying important skills and personality factors pertaining to the candidate and eliminating untruths. For example, these tests can examine the employee's aptitude for a particular position, their personality type and how, if selected, they will fit into a particular group (Worthington, 1992). In family-owned small business, one of the most important requirements in the matching process of selection is for the employee to 'fit in' (Holliday, 1995; Carroll et. al., 1999). Tests are frequently found to be too expensive for family-owned small firms to use because they need to be conducted by professionally trained staff

For the family-owned small business it would appear that the most appropriate tests to utilise would be the personality tests as both (Holliday, 1995; Carroll et. al., 1999) found in their studies that the most important factor in introducing a new employee into a family-owned small business is not their aptitude for the position, but their ability to fit in. Townley (1994) found when she examined the work of Smith and Robertson (1989) that 'testing contains a number of problematic assumptions ... the individual can be matched to the job; that job descriptions capture the nature of work; that there is a relationship between the functions of the job and personal characteristics; that 'attributes' are distinguishable and isolatable, and directly related to a 'job'; that 'jobs' pre-exist', all of which can contribute to the difficulties of family-owned small businesses when they must decide whether to spend valuable resources on testing recruits. This relates back to the cost-benefit ratio of recruitment and selection.

For any family-owned small business, to employ staff without confirming the references provided verbally is fraught with long-term difficulties. While McLaughlin (1990, p. 84) suggests that reference checking can be a 'delicate, subjective, sometimes grossly unfair exercise unless you work to strict rules'. Unless small businesses are very careful, they may be falsely impressed by artificial claims made by some potential employees. McLaughlin (1990, p. 84) suggests that one of the most important reference check questions is – 'Would you re-employ Jane?' While the many suggestions above aim at eliminating mistakes made

in the selection process, in relation to resumes and CVs, Carroll et. al.'s (1999, p. 241) work with small businesses established that reviewing CVs and checking references (if done) was seen as being too costly in terms of management time. However, one could ask, is it not more cost-effective to eliminate unsuitable candidates prior to appointment rather than incur the expenses of an incompetent, inefficient or untrustworthy employee? Townley (1994, p. 96) suggests that by screening applicants and integrating information relating to their biographical data, for example, 'personal history, which is premised on the use of past behaviour to predict future performance', enables a clear pattern of past behaviours to assist in predicting future employee actions. Often, the difficulties experienced with CV and reference checking relate back to the lack of management training held by the small business owner. This deficiency is also evident, in some instances, in the selection interview.

The selection interview is used as one of the key recruitment activities in small business and is anticipated by both the applicant and employer alike. The interview has three main objectives. Firstly, it is used to assess the suitability of the applicant. Secondly, it is used to ensure that sufficient information is made available for the candidate to make a decision, and finally, it is used as a public relations exercise (Plumbley and Williams, 1981). McEvoy's (1984) research confirmed that 90 per cent of selection techniques used in small business were done by interview or application blanks. While Hornsby's & Kuratko (1990) research identified interviews as the most effective selection method, they have many weaknesses. For example, Holliday (1995, p. 74) found that the people who are involved with the selection process, frequently don't understand the requirements of the position that they are recruiting for. This can lead to 'the person who is most suited to handling interview conditions being appointed, and not the potential employee with the best skills'. In terms of the small family-owned/managed business, it is anticipated that they will not only need to appropriate skills for the position, but also the ability to fit and be flexible within the new environment.

Townley (1994, p. 114) sees the interview as being a 'confessional device'. Conversely, she does cite the major benefit as giving the applicant the opportunity to confess any misgivings relating to his or her application. Townley (1994, p. 114) asserts that interviews 'operate on the basis of avowal'. This admission of, or confession of, an applicants' previous activities requires the interviewer to have special skills that enable the interviewer to delve into the past activities of the applicant, in order to reveal any misgivings that may not have come about by assessing the application form.

McLaughlin (1990) found that preparation is one of the most basic and essential steps toward interview success. Preparation, for small business owners, is not always easy because of several factors, for example, time pressures or lack of training. According to McLaughlin, within four minutes of the start of the interview a decision is made in relation to the applicant being interviewed. However, Byrne (1990) suggests that the interviewer may have identified that the person being interviewed is not appropriate after 15 to 20 minutes. He goes on to suggest that if this is the case, there is no need to waste the hour allocated to the interview as the applicant won't be aware of the time allocation (Byrne, 1990). This is a very important consideration for family-owned small businesses where every minute of the day counts, and could perhaps be put toward the upcoming interview.

McLaughlin (1990, p. 51) advocates that we 'recruit employees who are in our own likeness'. Holliday's (1995) work confirmed the concept of recruitment in the image of the small business owner. Lowden (1988) also confirms that managers, because of skills recognition, have a tendency to recruit employees with similar abilities to their own. Mason (1973) is another author who suggests that recruitment of employees in family-owned small businesses conservatively reinforces the attitudes and beliefs of the owner, therefore reducing resistance to authority. However, while less resistance may provide a more harmonious family-owned small business environment, it fails to introduce diversity and new ideas, and may make the family-owned small business continue to be inward-looking. This shows a complete disregard for the situations that occur in family-owned small business and reinforces the weakness found in much of the traditional literature.

Whilst preparation may be a weakness in current family-owned small business interview strategies, there are three major factors identified by Plumbley and Williams (1981) that may make interviews more effective for small businesses. These are as follows — the interviewer must be emotionally mature, well adjusted and able to show interest; the interviewer should have a good understanding of the position, and the interviewer must be trained to extract relevant information without bias from the prospective recruit. There are three key skills that must be held by the interviewer, whether they are someone trained in the human resource area or a manager of a family-owned small business. These are the ability to listen, paraphrase and question the applicants (Byrne, 1990). Herriot (1989, p.70) recognised that the role of the interview in the 1990s would change, and suggested that the interview would not be used for selection purposes but for negotiations after the selection is finalised. It is apparent that his predictions have not turned out to be entirely correct, as Carroll et al.'s (1999, p. 245) more

current work has found — that in small business especially, the interview continued to be one of the major recruitment methods. They quote a typical response from small business owners as ‘I don't know how else we'd do it’. This important emphasis placed on the interview could also be seen as, perhaps, the opportunity for the small business owner/manager to identify the possibility of the relationship match, which may not be able to be identified in other recruitment methods.

Even with the best-laid plans, family-owned small business owners often experience interview problems. Byrne (1990, p. 47) identified six of the most common problems that occur with the interview process. These are summarised as follows — 1. Talking too much 2. Settling for non-answers 3. Not leaving enough time for the interview 4. Losing focus 5. Being seduced and 6. The Halo effect. Holliday (1995) confirmed Byrne's first point when she suggested that many small business owners spend too much time talking about their business and selling it to the potential employee, and fail to take sufficient time to find out enough about the applicant. Carroll et al. (1999) supports Ruth Holliday's work, as both authors suggest that the self-likeness effect was evident in small business interviews. This, it could be suggested, might reflect the importance of identifying someone with a suitable fit between the employer and employee, in terms of being comfortable with someone that has similar ideals to oneself.

Another weakness of the interview process found especially in small business by several authors was that if an employee was seen to 'fit in', they may have been more successful in their interview than those applicants that appeared not to 'fit in' (Holliday, 1995; Carroll, 1999) and (Ram, 1993). While the best 'fit' of the new recruit is extremely important to the family-owned small business owner/manager, this focus on ‘fitting in’ is a frequent weakness relating to the interview process, and it poses the question of whether the interviewer is selecting in their own image. Both Carroll et al. (1999) and Holliday (1995) believe that small business managers seek opinions of current employees, but frequently do not integrate the opinions of the other employees into the interviewing process, and then wonder why they don't obtain the 'best fit'. However, on the other hand, it is possible that current employees may feel threatened by the potential of new applicants and, therefore, provide undesirable or biased opinions. This presents an opportunity to raise another research question to investigate the selection methods utilised by family-owned small business —

RQ4 *What selection methods are utilised by family-owned small businesses in rural and regional areas of Australia?*

Recruitment and selection, however, is only part of the overall human resources process within any organisation. Townley (1994, p. 15) defines Human Resource Management as the 'central organisational concern, associated with a long-term perspective, and strategic integration with business planning'. Legge (1995, p. 75) suggests that it is through an 'integrated an internally consistent set of human resource policies, in relation to recruitment, selection, training, development, rewarding and communications that the organization's core values can best be conveyed'. She suggests that not only should Human Resource Management policies be appropriate to organisational strategies, but the Human Resource Management activities must 'enact a coherent 'strong' culture'. Small businesses, it could be suggested, are extremely reliant on a positive organizational culture in terms of retention of staff, especially in rural and regional areas where ready pools of potential recruits are difficult to come by.

However, contrary to this Carroll et al. (1999, p. 347) found that while all this may be highly appropriate in terms of larger businesses, many smaller businesses have 'little in the way of formalised and systematic procedures'. Family-owned small businesses are frequently forced to be reactive and circumstances do not enable them to have formalised HR plans, and in many family-owned small businesses, overall company plans are sometimes lacking. It is apparent that the majority of family-owned small businesses do not have the benefit of HR departments and personnel specialists, and the major inhibitors to these factors are not only money, but staff numbers. Coopey and Hartley (1991, p. 19) argue that attitudes occur prior to and influence behaviour, and this impacts on recruitment and selection. When managers seek to reinforce a change of culture through replacement strategies, for example by recruiting that is designed to change beliefs, they assume that 'behavioural change will follow'. However, the work of Carroll et al. (1999), as previously discussed, found that attitudes and behaviours would be highly unlikely to change in family-owned small business, as recruitment choice is made toward the likeness of the recruiting party.

According to Herriot (1989) 'organizations over-emphasize the value of salary and perks in improving performance and retention. Instead of assuming that everyone is motivated primarily by financial rewards and perks, they should be spending more time finding out what

employees actually expect from them' (Herriot, 1989, p. 15). Different people, at different stages of their lives, have different needs and wants, therefore, employers need to arrange employment contracts that meet these. Carroll et al. (1999, p. 249) found that many recruits of small business accepted lower salaries but in return they sometimes found a better 'interpersonal fit' and a more family-like work surrounds. However, this family environment does not prevent problems and difficulties occurring with the recruitment and selection process. Christine Craig's work, cited in (Rainnie, 1989) suggested that in smaller family-owned businesses 'there is greater scope for managerial discretion' (Craig, 1985, p. 117). This managerial discretion is often necessary due to the size factor where owner/managers of family-owned small business are particularly reliant on the success of their decision in order to enhance the ongoing culture of their small business.

Making the correct recruitment and selection decision is critical to the longevity of staff in all organisations, be they micro, small or large businesses. The difficulties that family-owned small business incur in retaining staff in an increasingly competitive external labour market have been confirmed by many authors (Lane, 1994; Hendry et al., 1995; Carroll et al. 1999). Some of the greatest difficulties of recruitment and selection for family-owned small businesses are that due to tight budgets, wages are frequently lower than for larger organisations; training is frequently inadequate; opportunities for promotion are limited and jobs are often less secure in family-owned small firms that are at the mercy of market forces, as well as the economy and the climate in rural and regional areas. These authors also found that managers in small firms seem unaware of the 'costs' of recruitment failure and rapid turnover of staff. This cost could be a contributing factor to the downfall of many small firms and appears to be something that needs to be studied in detail.

Byrne (1990) identifies several signs that those involved in the recruitment and selection process must look out for, in order to avoid a high staff turnover —
a) Candidate with a history of less than one year at a succession of jobs b) A sense that you would not get on with this person c) An overuse of clichés and buzz-words d) Signs of lack of good judgement e) Candidates who have a big ego f) Candidates ready to knife their current employer g) Candidates who are reluctant to be evaluated further, and h) An inability to answer questions about a claimed field of expertise. This last finding relates back to the weakness identified in the research on small businesses by Carroll et al. (1999) that many small businesses fail to adequately check CVs and references. This, it could be suggested, may be more likely due to lack of time and resources than any other factors.

While the work of Carroll et al. (1999) found that small businesses focus on a 'good fit' with their employees, Barham, Fraser and Heath (1988, p. 28) suggest that only fools 'concentrate on the well-being of the staff, without regard for the future'. That is, small businesses must be careful in looking after the development, care and nurturing of their staff, but their business must come first, as without that 'there can be no lasting security'. And if the business fails, it will be the staff that will suffer the most. While this may be the case, it does establish a 'Catch 22' situation, as without good staff 'fit' many small businesses would be in considerable difficulty. However, Liden, Waynes and Stilwell (1993) found that managers could better predict employee compatibility with employers and the quality of the relationship, than the job performance or demographic characteristics. Rainnie (1989) stresses the importance of interpersonal relationships and their ability to improve small business recruitment. However, it is apparent that the ability to retain good employee/employer relations remains a major factor in overcoming recruitment difficulties in family-owned small business.

Intense competition, combined with high levels of employment and a loss of employee work ethic contribute significantly to recruitment difficulties for both large and small business alike (Keenoy, 1990). Local and industry competition can repeatedly influence recruitment activities, resulting in changes being necessary in small business employment strategies (Worthington, 1992). This was confirmed by (Williamson, 2000) when he examined strategic isomorphism, the tendency of smaller firms to imitate larger firms in order that their recruitment activities might be legitimised and their staffing practices cope with the additional competition for staff. While in some aspects this can improve the public image of small firms, it can also lead to unnecessary expense in terms of image making, a cost that some family-owned small businesses cannot afford.

While the recruitment market can be a incredibly competitive, especially in many of the skilled areas such as information technology, Herriot (1989, p. 26) suggests that organisations 'often forget that applicants have a decision to make as well'. If this desperate search for employees leads to poor employment choices, Worthington (1992) believes that poor morale can lead to high turnover, and this can, in turn, contribute to prospective employees disregarding a company's recruitment efforts. Family-owned small business problems with high staff turnover could be related to factors such as poor morale, which may occur if the recruit does not fit both the organisational and social and attitudinal needs of the business.

In her book *Human Resource Management – Rhetoric's & Realities*, Legge (1995) cites the works of several authors. She looks, in particular, at recruitment and selection at Greenfield sites, and suggests that their recruitment strategies are highly selective with an emphasis on behavioural traits, rather than relevant skills, and an emphasis on 'right attitude', teamwork and flexibility (Townley, 1989, p. 95-96; White, 1983, p. 123-124; Delbridge and Turnbull, 1992, p. 61). This work confirms many small business attitudes toward 'best fit' of employees, and aligns itself to 'right attitude' and successful recruitment outcomes.

Ideally in the cloistered academic world, where many of the recruitment texts are written, it is believed that problems with established recruitment methods would not occur if business were to follow the recommendations found in many well-known recruitment textbooks and professional journals. For example, McLaughlin (1990, p. 1) asserts that '95% of the risk involved in hiring staff can be eliminated'. This can be done, he believes, by implementing a disciplined and methodical approach to the recruitment process that never varies. While this statement has positive connotations and may be realistic when it comes to larger organisations, a key finding in the research of Carroll et al. (1999, p. 249,p. 236) was that 'a key question remains ... whether or not small firms should ... adopt more systematic recruitment processes and methods', and that many small firms 'may find their existing approaches more cost-effective'. This is particularly evident with Aitkinson and Meager's (1994) finding that the firms with between five and nine employees were five times more likely to experience recruitment and employment difficulties, than those who employ less than five employees. Atkinson and Storey (1994) put forward the proposition that problems may occur when a small business reaches a certain number of employees and personal influence and control is lost. This could reflect the fact that the more people needed to fit into the fabric of the social relationship equation, the greater the potential for conflict.

A much-overlooked problem area that needs to be addressed in terms of recruitment is the legal and moral obligations of all employers, both large and small. These not only pertain to the moral obligation between employer and employee, but also to the legislation relating to equal opportunity, minority group discrimination and people with criminal convictions (Epps, 1998). Lane (1994) found the question of equal opportunity rarely arose in the small firms they researched while Carroll et al. (1999) found that all of the small firms that they interviewed were unaware of the obligations of sexual discrimination laws. However their work identified blatant incidences of informal sexual discrimination. Little or no mention is

made in relation to discrimination in minority and reformed criminal areas. This could open up a specific area of research for future exploration, as crime levels soar and minority groups become more evident in rural and regional areas.

2.3.6 Legal and moral aspects of recruitment and selection

The recruitment, selection and retention of employees places a considerable impact on employers in terms of legal and moral issues related to their duty of care to their employee. Cook (1998) suggests that legislation in relation to recruitment and selection and retention of employees in small business can have wide-ranging impacts. Such laws protect the prospective employee from discrimination over a wide front. However, in recent times, the need for the employer to be protected has also emerged. The continued high levels of unemployment in many country areas open up another problem — the need to distinguish between an applicant's eagerness and their ability. This eagerness can lead to moral issues, such as employers taking advantage of employees. Plumbley and Williams (1981) suggest that a good selector is able to identify their own moral weaknesses, such as prejudices and biases and, thus, separate this from their selection decision. However, unlike the findings of (Carroll et al., 1999), this is contrary to the incidences in which small business managers are identified as selecting in their own image.

Employers have a moral obligation to keep personal prejudices out of the selection process, as well as out of the workplace. McLaughlin (1990, p. 55) identified some of the prejudices that can occur. For example: 'private schools produce a better class of person'; 'Jews are all the same'; 'He's in his thirties and never married – he must be gay'; and 'she doesn't appear very bright'. These prejudices may tend to be more evident in small business where the prospective employee must be seen to 'fit in'. Other forms of personal prejudice such as 'Fat people are lazy'; 'Short people can't be good leaders'; 'People who don't drink are a bit odd and probably can't be trusted', do not provide the best basis upon which to recruit an employee (Byrne, 1990, p. 47). However, in family-owned businesses, such statements pose an interesting problem for the development of research questions, as they could be related to managers' potential to select in self-likeness.

Carroll et al. (1999) found during their research into recruitment and selection in small business that one of the firms observed showed discrimination toward employees, but also this discrimination occurred toward the researchers themselves. The *Sexual Discrimination*

Act 1984 was developed to prohibit sexual harassment and discrimination based on sex, marital status and pregnancy (Cook, 1998, p. 8). Ruth Holliday (1995, p. 154) in her book *Investigating Small Firms* found that women in small firms are 'often attributed roles that simulate the gendered division of labour within the family ... wife and mother'. Informal discrimination, such as pornographic calendars and women engineers not being interviewed for positions, as experienced by Carroll et al. (1999) was also exposed by Byrne (1990, p. 47) who pointed out that sexual discrimination can be found in many forms. One example he cited was that women were seen as being 'too emotional to be relied on'. The findings, as discussed above, could be seen to reflect a tendency for the relationship to be one in which some of the more traditional family behaviours are seen to dominate the workplace.

Some concern has been expressed by Townley (1994, p. 157) in relation to the male model being seen as the norm and as being acceptable. This, she suggests, can lead to an attempt to evaluate the female as if she were a man. The equity stand she suggests causes problems 'where a group [such as that which may be found in a small family-owned business] is not homogeneous, but different and unequal'. This will always be the case in small family-owned businesses where the owner/manager and family members will always be seen as unequal to the employees.

Recruitment appears to have many problems that impact upon the selection process but selection itself has its own unique problems. For example, Epps (1998) says that it isn't a good idea to take second best if the person selected turns down the position or only one applicant applies for the position. The organisation is better off looking for a new source of supply, rather than taking second best. However, this may be what causes many of the problems experienced by small businesses in regional areas, as often due to specific skill requirements, employers are faced with only one applicant or having to take second best. This factor is frequently determined by salary levels, as small businesses find it difficult to compete in the salary market with larger organizations (Rainnie, 1989).

Rainnie (1989) proposes that the larger the organisation, the greater the number of employees and the higher the salary levels. Heneman and Berkley (1999) quoted McEvoy's (1984) research in which he suggests 'Only 29 per cent of firms used salary survey results to determine starting pay for new employees'. At the same time, Daniel 1985) found that small firms not only paid the lowest, but they also failed to offer increases to employees over time, and these small businesses were more prone to contributing to their staff's unemployment. In

1970, Ingham (1970) established that salaries were not all-important to employees of small businesses and that the friendly atmosphere was more important. As things have changed, so have employees' attitudes toward salaries paid by small business; and Daniel (1985) found that workers from smaller businesses were much less satisfied with their income than those from larger organisations. Salaries of women in small business were found by Holliday (1995, p. 154) to reflect indirectly a discriminatory culture that caused female employees 'frustrations with lower status and pay'. These discriminatory salaries were found to be less evident in larger organisations with Hendry et al. (1995, p. 51) finding 'equitable treatment through formal structures in areas like ... pay, and training, was seen as an important part of corporate culture'. Notwithstanding these reflections it is apparent that discrimination is still occurring in terms of salary. Family owned/managed small businesses are not exempt from these salary issues.

Cully, Woodland, O'Reilly and Dix (1999, p. 260) in their review of the 1998 British Workplace Employee Relations Survey, found that the major incentive offered by small business to their employees was cash bonuses, and 48 per cent of small businesses offered cash incentives, showing that small businesses were 'more inclined ... to use less complicated means of rewarding their employees'. Hornsby and Kuratko's (1990) research into small firms found that less than 50 per cent of the small firms researched based their establishment pay upon the market rate, and he went on to identify that merit pay rises were given in less than a quarter of cases based upon performance appraisals. It is therefore apparent that very little has changed with regard to salary levels in small business from the 1970s to the 1990s. Rainnie (1989) links these findings to the fact that in England, lower-paid employees in small businesses have paid the ultimate price for the country's economic recession and were the first to be laid off. Has this occurred in rural and regional areas of Australia or have employers been forced to pay, in order to retain skilled staff in areas where the buoyant economy has placed pressures on retention rates?

2.4 The cost of employing staff

It isn't the job that is going to cost the employer, it is the person you put in the job, according to McLaughlin (1990, p. 21). She makes some pertinent points, especially for small businesses, that can ill-afford non-productive employees: a) each person must make three times their salary to justify his or her existence; b) a carefully selected and cultivated employee in terms of growth can be expected to stay for about two years; c) based on (a) and

(b), by the end of the second year the employee will have cost 535 per cent more than their commencing salary. In terms of family owned/managed small business in Australia this is a cost that can be reflected in the businesses survival.

Many family-owned small businesses are unaware of the costs involved in the recruitment process. For example, it is essential to include all the costs involved in the recruiting process, that is, phone calls, secretarial time, interview time for those current staff members involved in the interview process (Wendover, 1991). Other ongoing costs, such as orientation and training need to be budgeted into the recruitment costs in order to ensure that the investment pays off through the retention of the incumbent. Many family-owned small businesses do not take into account recruitment costs. They also fail to identify salary on-costs. McLaughlin (1990, p. 22) identifies the on-costs of employees as follows — a) annual holidays; sick days and time-off b) hiring and firing costs, advertising, training, up-and-running time c) worker's compensation, payroll tax, holiday leave loading, superannuation plus staff administration costs d) salary package may include company car, parking, phone, 9-day fortnight, uniforms or even housing loans. Some of these would be on the wish list of employees of many family-owned small businesses. McLaughlin (1990, p. 22) also acknowledged another cost in relation to employees, that is, overheads. Overheads, she suggests, are 'measured by a proportion per head of everything you supply in order to keep the person in the job'. Examples of overheads might be desks, chairs, stationery, equipment, work stations, carpets, rent, insurance, bank interest and fees, tools and equipment.

Another important issue for small business recognised by (McLaughlin, 1990) are other costs that don't make the company any money, but are inescapable in terms of employing staff. These costs include down tools time, coffee breaks, lunch breaks, private phone calls, accidents, strikes, broken marriage counselling, Friday night drinks, birthdays and Christmas parties. While these costs might be seen as being inescapable, some of them can also be looked at as being an imperative in terms of staff retention. Williamson (1975) suggests 'organizations involved in recurring transactions (such as hiring labour) will attempt to internalize these procedures in order to economize costs' (Barber, 1999, p. 43). However, for the family-owned small business with their smaller turnover, the cost can sometimes prove prohibitive and need to be kept to a minimum in order to survive.

2.5 Orientation and induction of new recruits

Orientation and induction of new recruits is the next phase of the focus of this Literature Review. The recruitment and selection process can be rapidly destroyed if inadequate orientation and induction programs are put into place. Employee orientation is reported to be 'the most common type of training provided by organisations' and forms part of a socialisation for new employees (Holton, 1996, p. 235). The family-like environment in small firms can assist new employees who come to the organisation as a result of recommendations made by fellow employees to rapidly 'fit' into their new work environment, as those making the recommendation strive to ensure that their chosen recommendation is appropriate (Holiday, 1995; Carroll et al., 1999). This could lead to closer relationships developing between the members of the family owned/managed small business team and, in turn, enhanced outcomes.

Orientation of new employees has been defined as the 'introduction of new employees to their job, their colleagues and the organisation' (Stone, 2005, p. 352). Recurrent grievances about orientation programs for new employees are that they are overpowering, boring, or that the latest member of staff is left to sink or swim (Brown, 2005). New employee orientation must focus on education of the employee to the organisational ideals, as well as on introducing the current issues the new staff member will benefit from learning, such as the history of the business and who's who in the organisation. Brown (2005) suggests that a well designed orientation program, whether it is short or long, will improve retention of employees, as well as productivity. Businesses with effective employee orientation programs get their people up to speed faster and contain improved alliances, which connect staff outcomes to what the organisational needs. This, in turn, lowers turnover rates. Brown(2005) and Holton (1996, p. 235) assert that new employees who seek information 'more frequently had higher satisfaction and performance and lower intentions to leave'. Through the provision of new employee orientation, the responsibility that falls on supervisors and co-workers to educate and coach the new employee can be reduced, and employee output and longevity of employment increased.

Bachal (2007) suggests that there are two types of orientation that need to take place to enable an employee to settle into the organisation quickly. Firstly, there is the overview orientation, which looks at the macro environment — government in general, the department and the branch; important policies and general procedures (non-job specific); information about

compensation and benefits; safety and accident prevention issues; employee and union issues (rights, responsibilities) physical facilities. The second area of orientation is job-specific orientation, or orientation to the micro environment — function of the organisation, and how the employee fits in; job responsibilities, expectations, and duties; policies, procedures, rules and regulations; layout of workplace; introduction to co-workers and other people in the broader organisation.

Employee orientation must commence with, for the most part, imperative information, focusing on job survival initially. Orientation should put emphasis on people, getting to know who's who in order to develop relationships, as well as procedures to follow in order to meet basic requirements, and how to access specific things. Employee orientation, whether to individual or a group, must be methodical. A new staff member will have difficulty taking in everything that they need to know immediately. It is important to give them adequate time to absorb the various aspect of the orientation. Employees should be encouraged to develop relationships with other employees, while at the same time increasing their understanding of their approaches and styles. Orientation can be performed in both social and work settings**.** Establishing a mentoring or coaching process to facilitate introductions for new employees by more experienced workers will enhance development, by ensuring that the interpersonal skills of the new employee and the mentor are matched (Kram, 1985). This mentoring process provides continuing support after the orientation process is completed (Bacal, 2007). Mentoring can be seen as a natural phenomenon in a family environment, which can only lead to enhancement of small business outcomes.

The orientation of new employees can easily be a success or failure. O'Toole (2007) suggests new employee orientation is a make 'em or break 'em experience. The process of new employee orientation solidifies the new employee's relationship with the business. Orientation can fuel enthusiasm and guide the employee's steps into a long-term positive relationship with the business. If the orientation is poorly conducted, the new employee may well doubt their reasons for joining the business in the first place.

Sullivan (2001) suggests that factors, such as a greeting letter signed by the CEO, or a company t-shirt signed by all the staff, or a celebratory cake can contribute to the orientation process, as well as maps of local facilities and lunch with fellow employees. Family involvement and other celebrations, such as luncheon or dinner for spouses and families can enhance orientation. It is important that the employee is made to feel that the other employees and the company are glad to have the new employee embarking on a new career in that

organization (Sullivan, 2001). Sullivan (2001) and Holton (1996, p.235) looked at orientation from a socialisation perspective, suggesting that it is a primary part of the learning and the change process that takes place for new recruits as the new employee begins to develop new associations with fellow workers. It is essential to realize, however, that employees who learn from poorly trained employees or someone who is dissatisfied within their own job can introduce a negative attitude toward the organisation. The choice of the person to perform the orientation or provide ongoing coaching or mentoring to the new employee is crucial to the ongoing success of the relationship (Stone, 2005, p. 352). However, the attitudes of the newcomer influence how they will filter and sort the orientation materials received, and a disparity between employee expectations and the reality encountered can, as a consequence, end in an unenthusiastic mind-set, frustration and negative attitudes (Holton, 1996, p. 238). It is imperative that during the recruitment phase, opportunities are established to match the orientation materials and assistance provided by the employer with the expectations of the new employee.

Stone (2005) suggests that the timing of orientation programs can ensure success. For example, first-day impressions are crucial, as are the experiences of the first sixty to ninety days. However, it is also crucial that the employee not be forgotten once they have undergone the initial orientation program, and that an ongoing process is put in place to ensure the longevity of the relationship.

Orientation is the process that employees experience as part of taking on a new job, the learning phase. The aim is to introduce the new employees to those factors that will quickly enable him or her to adapt to the new work environment with the minimum of discomfort. Organisational socialisation, on the other hand, is defined as 'the process of adjusting to a new organization' (Harris and DeSimone, 1994, p. 204) while yet another definition is 'the process by which an individual acquires the social knowledge and skills necessary to assume an organizational role' (Staw, 2006, p. 211). The socialisation phase can be distinguished from orientation or induction, in that, in it the new recruit focuses on 'the challenge of gaining their new colleague's' acceptance and … the net result of this process is that someone who was considered by organisation members to be an outsider is transformed into a productive and accepted insider' (Harris and DeSimone, 1994, p. 205). This can be enhanced by the mentoring process in the socialization phase of the new employee/employer relationship.

Authors of the term 'organisational socialisation' have examined the phases or stages of what have been identified as early career models or socialisation models. For example, Feldman's (1976a; 1976b) three-stage model looked firstly at anticipatory socialisation – 'getting in', that is, setting realistic expectations and determining the match with the new employee. Secondly, accommodation – 'breaking in', that is, initiation to job, establishing relationships, clarifying roles and performance appraisals. Finally, role management – 'settling in', that is, the fit between personal life and work demands and resolution of work conflicts (Feldman, 1976a; Feldman, 1976b). Another examination of socialisation was Wanous's (1980) integrative approach to stages of socialisation. This model covers four stages. Stage one is confronting and accepting organisational reality. Stage two is achieving role clarity. Stage three focuses on locating oneself in the organisational context; and the final phase involves detecting signposts of successful socialisation (Wanous 1980). Family-owned/managed small business, it is thought, may have more flexibility in supporting this settling in process, based on the normal support mechanisms of the family unit.

Part of the socialisation process is the assumption of, or compliance with a particular role or set of behaviours likely to be expected to be performed by individuals in order to conform to the group. When these roles are not communicated clearly, and ambiguity occurs between the employee and the group or manager, discontent can occur and the expectations of new employee are not met (Veechio, 1991). Wanous, Poland, Permack and David (1992) propose that new staff hopes can influence their level of dissatisfaction, performance and dedication, and impact on their predisposition to stay with the business. The feelings established early in the career influence later decisions about career choices and 'whether to remain in an organisation' (Harris, 1994, p. 477). With this in mind, it is imperative that employers focus on developing the new employee beyond the orientation process, in order to retain the employee and avoid costly replacement activities. These developmental processes, which contribute to successful retention outcomes will be discussed in more detail in the next section of this thesis.

2.6 Employee development

The orientation or induction of employees involves the employer's endeavour to familiarise the new employee to the organisation. However, once the initial orientation process has been completed, the organisation must be aware that the need for employee fulfillment will not

stop there. Storey (1994) suggests that small firms – those that employ less than 20 employees – offer a more tailored management style, focused on the employees, and centered on the performance of each of the employees and their contribution to the organisation. Owner/managers in small businesses develop more effective performance from their employees by focusing on developing the bond (Chell and Paul, 1997). This bond in a family-owned/managed small business could be seen to be part of a developing and ongoing relationship.

Training and development can contribute to the development of employees, in both small and large business. Training involves 'activities that teach employees how to better perform their present job' while development 'involves those activities that prepare an employee for future responsibilities' (Stone, 2005, p. 335). Training can be both off-the-job, as well as on-the-job. For the reason that in small business staff numbers are limited, there is a tendency for a greater emphasis toward on-the-job training. Harris and DeSimone (1994, p. 133 and p. 138) suggest that this is the most popular form of training, especially for small business, as it 'reduces training costs'. On-the-job training could be seen to enhance the development of relationships between employees within the family business, by providing encouragement and support.

On-the-job training takes differing forms, for example, job instruction training (giving instruction while the job is being performed) or job rotation (learning a different job while under supervision). Coaching, another form of on-the-job training, is done by the employee's supervisor and is aimed at 'examining performance and taking action to correct performance problems' (Harris and DeSimone, 1994, p. 140). Mentoring is another valuable form of employee development and Kram (1985, p. 2) identified mentoring as being 'a relationship that enhances career development'. The mentoring relationship has been put forward as a form of developing talent that is efficient and cost-effective, as 'the company is training two people for the price of one' as the mentor is rejuvenated and the protégé establishes a clear sense of belonging (Clutterbuck, 1991, p.4 & p. 22). These on-the-job training activities not only develop the expertise of the new employee, but also encourage their sense of long-term involvement, which in turn promotes a reduction in staff turnover.

2.7 Staff retention and employee turnover

Staff retention plays a key role in the need for efficient recruitment and selection. The most basic instinct of business is to survive. If it cannot retain core employees, the business, be it

large or small, will not survive. Griffeth, Hom and Gaertner (2000) continue to emphasise the need for more research to demonstrate the affiliation between staff retention and the relationship of HR practices within business. Many factors have been put forward as having an impact upon retention, for example, Luna-Arocas and Camps (2008) re-examined the impacts of salary, job enrichment and job stability, previously examined by Bloom and Milkovich (1999, p. 40). They found that salary was an 'important staff retention strategy … [and a] precursor of turnover intention in both direct and indirect ways'. However, their work also went on to confirm the common mistake made by business of thinking that financial factors were taken as the precursor to employee retention, when, in fact, their research identified that 'job stability is seen to have a great impact on employee commitment', and, of course, in turn, retention. They went on to recommend that further research was needed to measure high performance work practices and turnover intentions (Luna-Arocas, 2008). It could be suggested that through the encouragement and development of family relationships, improved retention outcomes might be attained.

Rainnie (1989) found in an examination of 100 small businesses that 40 will cease to exist after three years. Herriot (1989) asserts that key employees have career expectations that need to be met. If their aspirations are not met, they will search elsewhere for work that can satisfy their potential. False assumptions are often made in relation to the employee's desires. Employers frequently presume pay and perks are rewarded with good performance on the job (Herriot, 1989, p. 77). However, employees may require much more. They may, for example, want a more flexible fit between their work and their personal life, and if they get it, this may lead to long-term loyalty.

Many owner/managers of small firms wish to recruit disadvantaged groups who are not likely to join trade unions or are less likely to leave, as they feel that there is no employment alternative, and, therefore, be more inclined to be committed to their workplace (Curren and Stanworth, 1979). This research finding could be linked to the level of commitment of the employee as identified by Luna-Arocas and Camps who suggest that 'the role of commitment [acts] as a mediator between job satisfaction and turnover intentions' (Luna-Arocas, 2008, p.234). In line with this, social problems have a much greater impact upon recruitment and retention than in the past. For example, single-parent families provide a new challenge to staff retention, as does the twin-career couple that has to juggle its responsibilities to children and aging parents (Herriot, 1989). According to Herriot, 'to deny individual interests is to deny the importance of all relationships other than that between the individual and the

organisations' (Herriot, 1989, p. 82). As has been previously identified in other sections of this Literature Review, it is important not to loose site of the importance of the family business as a support mechanism within which retention can be enhanced.

Barrett and Mayson (2008, pp. 283, 290, 293) in their study of paid maternity leave (PML) in small firms identified the fact that paid maternity leave is recognised in terms of its importance to retention of staff in large business, but is not recognised in terms of its importance to retention issues in smaller businesses. Their research found that 'retention of 'good' employees was recognized by all employers as the key benefit of maternity leave', but went on to suggest that in their interviews with small business owners, it was evident that these owners believe that 'PML [w]as an extra cost and burden' and the employees saw it as 'their individual responsibility to bear the cost of maternity' leave, not their employers. Small business saw PML as a financial burden 'for no extra gain'. These conditions often places female employees in a position in which they must choose between having a family and leaving their job.

Another imperative of retention is that of employee rights and respect, especially in terms of encouraging longevity of employment. Hutt (2005, p. 43) identified that in order to contribute to relationship longevity, 'leaders need character development with an emphasis on values, and ethics'. This would suggest that employees may make longer commitments to employment situations in which they are respected, and their rights are taken into account by their employers, and where this is shown by the demonstrated values and the ethical behaviours of their employers. Having identified several issues, the opportunity to raise further research questions arises —

RQ5 *How do owner/managers of family-owned small businesses in rural and regional areas of Australia retain staff?*

RQ6 *What are the issues impacting on the retention of employees in family-owned small businesses in rural and regional areas of Australia?*

2.8 Research doesn't take account of small business

Much of the work that has been conducted in relation to recruitment, selection and retention of employees has been designed to meet the needs of larger organisations. For example,

Plumbley and Williams (1981) provide a guide for basic recruitment and selection that focused upon big business in the U.K. in the 1980s. Whilst many of the principles they outline can be applied to current practices, the implications of their guidelines for small business in the 2000s are minimal. This has been discussed previously in the work of Carroll et al. (1999). Whereas Herriot's (1989) work does not reflect the practicalities of recruitment and selection in small business. The text looks at the perspective of the HR manager dealing with staffing issues, targeting specific work group requirements over a period of five years and their transfer rates etc., none of which applies to the small business environment.

On the other hand, McLaughlin (1990) in her handbook *Appointing People* examines recruitment and selection in terms of the small business, but refers to 'company application forms', 'tests' etc., some of which are rarely used in small business. She does, however, provide an excellent costing for recruitment of staff that not only applies to larger numbers, but is very applicable in terms of small business (McLaughlin, 1990). However, as previously discussed, many family-owned small businesses are unaware of the direct and indirect costs involved in recruitment and selection.

Byrne's (1990) book is set out clearly and concisely with listed key points making for easy reading and practical application for the small business person. Byrne (1990) writes with a wealth of knowledge that portrays his understanding of business recruitment in general. However, his limited experience in relation to small business needs becomes apparent. He suggests that 'whether you work for a large corporation, a public body or for a small business makes no difference, the rules are the same' (Byrne, 1990, back cover). While the rules may remain the same, the difficulties of the family-owned small business have not been identified specifically in his text.

Wendover (1991), wrote an easy-to-use guide for the recruitment and selection of employees, which requires a minimal amount of training; it is a 'dummy's' guide. However, it is an especially American-style guide and is aimed at, one would think, the small or micro business do-it-yourself type recruitment process. In spite of this, it automatically assumes that everyone has had experience in big business, and models all examples on those found in medium to large businesses.

Worthington's (1992) *Small Business Consulting Aid to Recruitment and Selection* claims to be aimed at assisting small business with the practical side of recruitment and selection.

While their small handbook has some exceptionally basic principles to assist small business owners, it quickly becomes evident that the people who have been involved in the design of the materials have never been practically involved in family-owned small business staffing decisions.

On the other hand, (Burgess, 1997) observed, through various sub-authors, the recruitment processes of many European nations. These observations were an overall assessment of recruitment and selection at a small to large business level. It failed, however, to examine the implications at the micro business level. Nevertheless, many of the principles observed may well be applicable to the micro level business.

Epps (1998) examines recruitment and selection in the U.K., but like many other authors of similar works addresses recruitment and selection for larger organisations, rather than at the micro or small business level. He examines performance appraisals, headhunting for executives and many strategies that are of little relevance to the micro business (Epps, 1998). Cook (1998), like many other authors on recruitment and selection, only addresses the big picture. He examines things such as competency profiling and how this fits into the strategic plan of the organisation. Such practices, it would seem, very rarely exist in small or micro businesses and, thus, for the family-owned small business, may well never exist. In view of the number of authors who have made little or no reference to the issues related to recruitment, selection and retention of staff in family-owned small business or small business in general, it is evident that the specific characteristics of small business must be taken into account when examining the literature for this study.

2.9 Characteristics of small business

Small businesses provide one of the largest areas of employment in Australia. The Australian Bureau of Statistics define small business as 'those businesses employing less than 20 people' and estimate that there are 1.162 million small businesses in Australia with 1.5972 million small business operators, 67 per cent being male and 33 per cent being female (Trewin, 2002, p.12). In total, small businesses employed 3.3 million people or 47 per cent of the private sector workforce in 2000–2001 Cat. 1321.0 (ABS, 2001c). Family owned businesses are the predominant type of activity around the world and the foundation of many economies (Wortman, 1994). Despite this, recruitment and selection theory, as part of the overall human resource management process within organisations, appears to be written in general for big

business. This has led to a particularly unbalanced and biased approach to Human Resource Management theory, especially in terms of small business.

Often theories that may be appropriate for big business are not relevant for recruitment, selection and retention of employees in family-owned small businesses. For example, the *Management Development Review* (1997) found that 'almost all HR departments deal with employment and recruitment matters' (editorial, 1997, p. 25). Obviously this relates to big businesses that can afford to have a specific HR department. In small or micro family-owned businesses, on the other hand, the owner/manager or a family member or responsible staff member normally carries out all of the HR management functions. Wooden and Harding (1998) confirm this when they suggest that small businesses can rarely afford specialist staff for recruitment and selection or other HR functions. Hendry, Arthur, and Jones, (1995, p. 14) found that the HR management function 'has been monotonous in its prescription of large-scale solutions', most of which are inappropriate for small business application. This statement by Hendry, Arthur and Jones is vital to the discussions that have preceded, and contribute significantly to the direction and outcomes of this literature. It is from this position that recruitment, selection and retention solutions for small business will evolve.

Sausbauer (1979) in Holliday's book (1995, p. 2) confirmed that some authors 'show a complete naiveté of the conditions of smaller companies'. She also suggests that such authors propose to implement the same techniques that are designed for larger organisations without 'consideration of the psychological or cultural characteristics of those who work within them'. However, (Holliday, 1995) did identify an excellent definition put forward by Bolton (1971, p. 1) who defined small firms in qualitative terms — 'a small firm is one that has a relatively small share of its market ... [It] is managed by its owners or part owners in a personalised way, and not through the medium of a formalised management structure ... [It] is also independent in the sense that it does not form part of a larger enterprise and that the owner-managers should be free from outside control in taking their principal decisions'. The most important aspect of this statement in terms of this thesis is the identification of the importance of the 'personalised' management by owners/managers.

Small businesses possess particular characteristics that give rise to major impacts upon the recruitment and selection of employees. Holliday (1995, p. 2) identified some of the reasons why small businesses are different. For example, they are constrained by 'lack of funds and stability, along with their disadvantaged power relations in dealing with large organisations'.

Similar characteristics are also noted by Reynolds, Savage and Williams (1994) and have been summarised in Table 2.1 below. Family members also recognise benefits of family relationships within small business, such as, the ability to make rapid decisions, and the enhancement of work life and enriched marriages (Smyrnios, Romano, Tanewski, Karofsky, Millen and Yilmaz, 2003; Lansberg, 1983; Cole, 2000). Those characteristics specific to recruitment are especially interesting. However, each and every aspect impacts on the small businesses' ability to successfully recruit and retain staff. Reynolds et al. (1994) is another author who suggests that small businesses need to adopt procedures and strategies distinctive to their environment in order to hire and retain high-quality staff. This can only be enhanced by the ability to match the needs of the owner/manager, the characteristics of the small business and its staffing requirements to that offered by the employee.

Table 2.1 Features of small firms

FEATURES OF SMALL FIRMS

- Small management team
- Strong owner influence
- Centralised power and control
- Multi-functional management roles
- A close and loyal work team
- Informal and inadequate planning and control system
- Lack of promotable staff
- Lack of control over the business environment
- Limited ability to obtain finance
- Labour-intensive nature of work
- Limited process and product technology
- Narrow product/service range
- Limited market share and heavy reliance on few customers
- Decisions – intuitive rather than rational
- Responses – reactive rather than innovative
- Leadership – personal but task-oriented
- Education, experience and skills – practical but narrow
- Low employee turnover
- Product dedication rather than customer orientation
- The owner's personal idiosyncrasies
- Reluctance to take risks
- Strong desire to independence
- Intrusion of family interests
- The owner's health and age.

Source: (Reynolds et al., 1994)

Johns, Dunlop and Sheehan (1989) using Australian Bureau of Statistics figures identified that 47 per cent of people employed in the private sector worked for small businesses, while, Holliday (1995) quotes 1990 UK figures that suggest that small businesses employ 36 per cent of the private workforce. McGann (1993) found that 96 per cent of small firms employed

less than 20 employees, confirming the ABS findings discussed earlier. This statistic is important in the understanding of the differences in interpreting the literature evolving from places such as the United States, where small businesses are seen in a much larger context, and interpretation in terms of family relationships would appear not to be as relevant.

2.9.1 What size is a small business?

This question creates problems in comparing literature in relation to small businesses worldwide. For example, Holliday (1995) found when examining both UK and USA literature that the size of what was classified as a small firm varied extensively. Finch (1986, p. 4) for example, cites The American Small Business Administration as defining small manufacturing firms as those 'employing less than 1,500 people'. On the other hand, in the UK, small manufacturing firms were defined as those with less than 200 employees (Bolton, 1971). Both of these figures are inordinately large in terms of small firms and for this reason have been criticised by both Curren and Stanworth (1979) and Holliday (1995). However, it is apparent that the more recent the research, the smaller the number of employees' small firms is being identified as employing on average. As identified in the previous topic, The Australian Bureau of Statistics identified small businesses as those which have up to 20 employees. In Australia, the reduced employee numbers may reflect the fact that our manufacturing industry has been in decline.

Financial reports are another means by which authors have been known to determine business size. For example, Clifford (1973) identified small firms in the USA as those that turned over less than $20 million annually, while, in Britain the *Companies Act 1981* found that small firms must fulfill two of the three criteria — turnover of less than 1.4 million pounds, a balance sheet total of less than .7 million pounds, and an average number of employees of less than 50 (Holliday, 1995). Deshpande and Golhar (1994) examined 79 small businesses in their research and identified small businesses as firms with less than 500 employees. McEvoy (1984), in their research into recruitment, identified small businesses as having between 25 and 250 employees. Hornsby and Kuratko (1990) examined Human Resource Management in 247 small businesses in the Midwest of U.S.A. These businesses were divided into three categories — those with 1-50 employees, those with 51-100, and those with 101-150 employees. Stanworth and Curran (1986) found that 75 per cent of firms in Britain employed less than 25 people. It is imperative that the reader appreciate that the interpretation of the

research and literature in terms of this thesis is being made based on employee numbers and not on financial turnover.

Hornsby's (1990) research was performed within firms that employed less than 150 employees and was conducted in order to obtain a better understanding of HR issues in small business. Daily and Dollinger (1993) in their research chose a group of small businesses that had less than 500 employees each, with 47 per cent of these firms being family-owned. A large proportion of small businesses are family-owned and operated. Wooden and Harding (1998), in their survey of 1,448 Australian non-government businesses who had recruited non-professional employees, found that 75 per cent of those surveyed had less than 20 employees.

The Australian Bureau of Statistics, Cat.1321.0 (ABS, 2001c) defines small businesses as having less than 20 employees, but prior to 1999, the Australian Bureau of Statistics considered manufacturing firms employing less than 100 employees to be small businesses Cat. 1321.0 (ABS, 1998). Small business in Australia makes up of 95 per cent of the private sector and employs 27 per cent of the total workforce. It would be apparent that many of these Australian small businesses are family-owned businesses. These will be discussed the following section.

2.9.2 Small business – family and non-family

Family owned businesses contribute significantly to the world economy as one of the main business types. Daily and Dollinger (1993) advise that more than 80 per cent of businesses in the United States are family businesses, and, despite this, very little social research has been conducted into their activities. This, it is suggested, could be a result of the fact that many family firms don't wish to disclose company information to researchers. However, it remains clear that the development of a refined definition of family business remains clouded and could contribute to the lack of theoretical framework identify by (Smyrios et al., 1998). Daily and Dolliner (1993) suggest that the family firm can be identified by three characteristics — the size of the firm, the age of the firm, and the tactical shape and inner management technique. Despite the many textbooks that are written about both management and Human Resource Management (the majority of which are directed toward big business), there are significant differences between larger non-family firms and smaller family-owned firms, which lead one to question the validity of applying them to all situations. Differences that

occur between the management styles and hiring of employees by family and non-family firms include the fact that non-family managers normally have some business training, while this is frequently not the case for family companies. Another factor to be identified is that family members are normally employed to handle business and technical requirements, in order to reduce recruitment and retention issues involved with hiring non-family experts (Smyrios et al., 1998). This may be because non-family managers lack loyalty, which appears to be a key component of small business success. Business failure and job loss isn't as important to the non-family manager as it is to the owner, while monetary rewards and tangible benefits are paramount to the non-family small business manager (Daily and Dollinger, 1993).

Daily and Dollinger (1993) identified a series of alternative methodologies for distinguishing between family non-family managed businesses. There are four specific areas that are suggested as means of distinguishing between family and non-family owned/managed businesses. These are firm size, firm age, firm strategy and finally internal control systems. These are shown in more detail in Table 2.2 below.

Table 2.2 Family vs. non-family businesses discriminating factors

FAMILY vs. NON-FAMILY BUSINESSES DISCRIMINATING FACTORS

FIRM SIZE

- Non-family managers act in self-interest, seeking personal gain at the expense of firm profits.
- Larger firms generate slack resources – this buffers the results of poor decisions made by non-family managers.
- Executive remuneration is often based upon size & growth considerations at the expense of profit.
- Through firm growth, professional managers find new opportunities.

FIRM AGE

The professionally managed firm has been found to be an older, more established firm than the family business.

FIRM STRATEGY

Family firms under the control of the founder have been found to react slowly to environmental changes. Family-owned firms rely less on formal internal controls.

INTERNAL CONTROL SYSTEMS

Professionally managed firms rely on internal control systems and centralised appraisal systems, and have a focus on firm growth. Family firms were more likely to be dominated by a single strong character. This leads to difficulties in succession of the founder.

Source: (Daily & Dollinger, 1993, p.79 - 91.)

Family businesses provide the basis of much employment. The Australian Bureau of Statistics Cat. 1321.0 (ABS, 2000b) found that 31 per cent of employees in small businesses in Australia are members of the manager's family. These figures can be broken down to represent 620 000 who are family and 1.380 million employees. This represents a considerable Human Resource Management issue for small business (ABS, 2001c). It is evident from the statistics above that there is considerable scope for further analysis.

The uniqueness of family business as opposed to non-family business relates to the 'relationship between the family and the business, and it is this relationship that influences the firms structure, strategy, conduct and success' (Smyrios et al., 1998, p. 15). It was found that of the women working in family businesses, the male of the family relationship was involved in the day to day running of the business and the woman was invisible in the business's leadership (Smyrnios 1997) as cited in (Smyrios et al., 1998). Other interesting implications of their research into characteristics of family businesses were the rating of gender equality, family mission and family control as the three most important issues to family-owned business. The implication of these factors helps to distinguish family-owned businesses as being quite distinctive in terms of small businesses.

Another area that holds some level of uniqueness to family business in comparison to non-family business is that of trust. Trust is of the innermost importance to the family business relationships, and provides a unique capacity for family businesses to survive and flourish through cooperation and an environment of economic competitive advantage (Sundaramarthy, 2008). Trust has been seen to support collaboration and decrease disagreements and enhance group activity. Small family owned businesses could be seen to be enhanced by the rewards that can be associated with trust and others taken into their trust, for example, employees can become parties to the goals of those within the trusted family group. It is suggested that as family businesses grow and interpersonal relationships and communication become enhanced, interpersonal trust can be seen to develop. However, his research also indicates that conflict followed by understanding through effective communication can sustain trust (Sundaramarthy, 2008). As family-owned businesses grow and employ consultants or employees, the systems within the environment need to support the development of trust inside the business. The recruitment, selection and retention of staff within family business are often more than a matter of implementing systems of trust.

In comparison to non-family businesses, small family-owned businesses are frequently forced into taking outsiders into the circle of family trust when the approaching succession of family members is immanent. The expectations, levels of trust and harmony within the family business at the time of key family members retiring from the business can have implications for the recruitment, selection and long term retention of employees (Brun de Pontet, Wrosch, and Gagne, 2007). As leadership roles and control of family members are handed down to successors, the cultural change may impact upon others within the family owned small business environment, leading to the loss of staff as the new owner/manager brings new values to existing relationships. Research has identified this as a unique problem to family-owned businesses, as opposed to non-family businesses, as the transition to the next generation takes place, so does the failure of the business, leading to loss of jobs (Handler, 1990; De Massis, Chua and Chrisman, 2008).

Another area of comparison between non-family and family owned businesses is that found within the growing tourism industry where 'many small … family businesses are driven owners … are driven by lifestyle considerations' (Carlsen, Getz & Ali-Knight, 2001, p. 283). In another paper Getz and Carlsen (2000) found that majority of family-owned businesses in rural and regional tourism were those owned by middle-aged couples with a strong motivation to live in the country. While in confirmation of previous findings – quality of life, pursuit of individualistic approaches and constrained business growth were also identified as characteristics of family-owned small business by (Ateljevic and Doorne, 2000). Further work in this area of family owned business and tourism found that challenge/stimulus, business opportunity, long-term financial gain and lifestyle factors influence the organization, achievement and eventual character of the family-owned business (Carlson et al., 2001). While family-owned businesses dominate over non-family businesses in rural and regional tourism, the reverse is the case, in terms of managerial capabilities required for internationalisation of Australian family businesses. Family businesses were found to be deficient in their capacity to expand internationally in research conducted by Graves and Thomas (2006).

2.9.3 Human Resource Management and small business

Human Resource Management in small business is an under-studied and poorly understood area. Heneman and Berkley (1999) suggests that little is known about how HR management is practised, or whether it is effective in small businesses. In line with this, Mehta's (1996)

research indicated that a quarter of all small businesses find it difficult to find qualified employees. Mehta found that this can prove threatening to any expansion plans, as well as being a danger to their very survival. These concerns are increased by suggestions that for small businesses, qualified employees, and the need to obtain them, were the most important issues of the 1990s and remain so to this day (Hornsby and Kuratko, 1990). With regard to obtaining these employees, Wooden and Harding's (1998) work found that personnel selection errors were greater in small business than in other businesses. This can be costly in terms of its impact upon small business productivity and financial outcomes. One could suggest that these errors may occur because there are few professionally trained Human Resource Management staff to be found in small businesses.

Reynolds, Savage and Williams (1994) specifically identified the loyalty of employees in small business as a major contributor to small business success. However, there are many other factors that make the challenge of recruitment and selection in small business increasingly difficult. These include —

- the lack of specialist staff, which makes it difficult when recruiting. For example, a specially trained person may apply for the position, but in many cases the employee required may have to be multi-skilled.
- the prevalence of small management teams and multi-functional management roles, which often create difficulties when recruiting, as management skills are frequently not in recruitment and selection but in the manager's own area, for example, engineering.
- the strong influence of the owner, which frequently leads to recruitment in one's own image, thus not introducing new ideas from outside.

In order to keep small businesses profitable, Reynolds et al. (1994, p. 168) recommend choosing 'the right people for your team ... reward them wisely .. .and get rid of dead wood'. They stress the importance of choosing employees carefully, utilising job descriptions, as the cost of poor selection can be enormous. This may be caused by what Heneman and Berkley (1999, p. 54) identified as the major concern of small business in the HR area as the 'liability of which limits the human resource functions that in many small businesses are under-developed and employees are required to perform multiple functions smallness'. This situation is frequently created in small businesses by the liability of financial resources and material resources. Hornsby and Kuratko (1990) also cited the availability to obtain good quality employees as a major restriction in small business. Government regulations have an

impact on this problem, and also impact on the ability of small business to hire and fire at will. This can also be intensifying in rural and regional areas because of the drain of talented people from these areas to regions where they can obtain well paid work or training.

2.9.4 Recruitment and selection in small business

Work done by Aitkinson and Meager (1994) found that the larger the number of employees, the more difficulties that will be experienced. In fact, their research found that the difficulties doubled as employee numbers grew from between 0-1 employees to 50-plus employees. Aitkinson and Meyer (1994, p. 42) found that as a small increase in employment took place a 'disproportionate increase in the risk of experiencing problems' occurred. However, although greater recruitment difficulties may be experienced in small firms with up to 50 employees, the impact of a problem with one employee is likely to be much more dramatic in a firm with as few as two employees. For example, for a small business to lose one of its employees in this instance is to lose 50 per cent of its workforce, whereas, to lose one employee in a workforce of 50 people, is to lose two per cent.

The Australian Bureau of Statistics Cat. 1321.0 (ABS, 2000b) data reveals that employee turnover in small businesses is double that of larger businesses. Williams (1991) found that 11.05 per cent of small businesses failed because of an inability to retain staff. This is consistent with the higher staff turnover rates for small businesses identified by the Australian Bureau of Statistics (ABS, 2004a). Reynolds et al. (1994, p. 168) assert that 'availability of employees with appropriate skills is a major consideration for some types of [small] businesses'. This reflects back on the ability of small businesses to train their employees, as training can pose a massive cost not only in dollar terms, but also in reduced operating capacity while the staff member being trained fails to achieve their optimum performance levels. Another handicap for small business is that valuable trained staff become distracted and their efficiency decreases while they are performing on-the-job training of new employees.

Aitkinson and Meager (1994, p. 42) suggests that a correlation exists between recruitment problems and impacts upon employment performance in the following areas — 'availability of labour, quality of available labour, retention/turnover, pay levels, induction and training costs and industrial relations'. Perry and Pendleton (1990, p. 204) suggest that potential employees are often 'wary of applying for jobs with small and relatively new firms because of

fear of losing their job in bad times'. This opens up the prospect for small business owners to be constantly marketing their business as a prospective employer who can offer a social and supportive work environment not possible in big business.

Meredith (1988) suggests a major problem in small business recruitment and selection is that the information relating to the job requirements of current employees may be ignored, as owner managers perform the recruitment process without full knowledge of the position requirements. It would seem that this problem is not likely to occur in micro businesses, but is more likely to occur in small businesses with a larger workforce. An additional problem (which could be seen as self-inflicted) identified by Meredith (1988), can occur when small businesses employ staff without documentation of their previous work, training and educational history. Additionally, the failure of small businesses to request some form of proof of literacy, such as asking to have an application form filled out, can lead to poor selection outcomes. This reflects a management style that will be quickly made redundant as the small business joins the hundreds that go into receivership each year.

Most small business owners are not qualified to conduct proficiency, skill or personality tests (Meredith, 1988). This creates extra expense, as professionals will have to be sub-contracted to conduct such tests. This can sometimes place this method out of the financial reach of many small businesses and reduce the efficiency of their selection process. Another difficulty occurs when poorly performing family members who are recruited by small business create dismissal difficulties (Perry and Pendleton, 1990). This could lead to additional pressures on non-family members who may be forced to work harder to cover for the family member who is not performing and, in turn, lead to higher levels of turnover.

Small businesses need to develop a superior public image to attract the best possible recruits. Alpander and Carter (1990) found that in the first three years of a small business, the major problems encountered were recruiting the most appropriate staff, finance issues and finding adequate numbers of customers. While Alpander and Carter (1990) may have found that the first three years of any small business are the most difficult, it is apparent that they did not look at external factors that may beset many small businesses years after they are established. For example, ABC Radio News (ABC, 2001) quoted small business statistics in July 2001, relating to the introduction of the Goods and Services Tax (GST) that indicated that small business bankruptcies from the past year had increased by 177 per cent on the previous year..

2.9.5 Firm size and recruitment practices

Some writers suggest that the size of a firm will have a major impact upon its recruitment activities. For example, Barber et al. (1999) suggest that organisational theory identifies two major factors that surround recruitment strategies in larger firms. Firstly, by searching internally for workers to fill vacancies, larger organisations are able to reduce costs, becoming more cost-effective as repeated recruitment is more cost effective. This is in line with the 'efficiency imperative' (Williamson, 1975). Secondly, larger firms develop more formalised procedures, which in turn reduce costs as the costs are defrayed over many recruitment choices. However, many family owned/managed small business in rural and regional areas of Australia are faced with countless diverse issues and implications in relation to recruitment, selection and retention based purely upon their location.

2.10 Implications of regional diversity for small business

Australia has many vastly different regional areas. This diversity causes inequities within and between the regions, and this can and does have a major impact upon the viability of family-owned small businesses, that is, the owners of capital, and their ability to recruit and retain suitable labour to meet their needs. Wallace (1999. p. 34) suggests that to apply a Marxist interpretation to such a situation would be to suggest that 'regional inequalities are ... necessary for the continuance of capitalism'. It is through movements of labour that regions adjust to changing economic conditions and it is through efficient utilisation of this moving workforce that family-owned small businesses manage to survive in these areas.

Marxist theory can be seen as both contributing to and detracting from a suitable explanation as to why uneven regional development might occur and why family-owned small businesses might have difficulty in recruiting employees. For example, it is suggested by Wallace (1999, p. 34) that 'the intersection of geography and capitalism are seen to create regional under-development which is an integral part of reproduction of capital, creating large reservoirs of labour and complementary markets'. While regional under-development may create large reservoirs of labour, for the small business owner or 'capitalist', this labour may have its advantages, as labour becomes increasingly inexpensive as employees scramble for the few jobs that are available within the region. Thus, the family-owned small business person in a country town may be able to employ a person at a greater capital gain. However, this is of little or no use if the employee (because of lack of regional investment in education and

training by successive governments) doesn't possess the necessary skills to meet the employment needs of his or her 'capitalist's particular business.

In line with a Marxist view on capitalist activities in relation to obtaining greatest capital gain from employees, Libero Della Piana suggests in an interview with CorpWatch, that 'there was a time when corporate interests promoted public education because they needed low skilled, highly disciple workers for industry' (Corp Watch, 1998, p. 2). It could be argued that this still exists in rural and regional areas of Australia, as many children are placed at an educational and employment disadvantage by the standards of regional and country public education.

It is important to realise when examining the issue of recruitment and retention in rural and regional areas that any disparities that occurs may be as a result of many diverse factors. The first to be considered is that variations occur in recruitment and retention of staff in rural and regional areas because some areas may experience rapid employment growth, proportional to the industries and markets of the region (Dwyer and Lawson, 2002, p. i). This need for flexibility in recruitment and retention appears to be controlled in regional areas through migration of employees in and out of the regions in accordance with the area's needs (Dwyer and Lawson, 2002, p. i). In a review of labour market adjustment in regional Australia, it was found that while much is known about regional Australia's 'economic performance – particularly labour market outcomes – less is known about the reasons for...variations[s] which occur'. Such variations can have notable 'efficiency implications' (Dwyer and Lawson, 2002, p. i). The major implications for family-owned/managed small business in rural and regional Australia at present is the economic boom within the mining industry, which has, through high wages, driven the migration of manual labour to mining areas, leaving many small businesses struggling to obtain even the simplest of skilled workers.

2.10.1 Defining a region

In order to explore recruitment and retention in rural and regional areas, it is important to identify how the term *region* has been defined. There are many interpretations applied to the word. Firstly, the *Australian Oxford Dictionary* definition of a region is a 'an area of land , or division of the earth's surface, having definable boundaries or characteristics … an administrative district' (Moore, 2004, p. 1085). Secondly, *region* can refer to an area as large as a continent, for example, the Asian region or as small as northern New South Wales, the Central West of New South Wales or Mid North Coast of New South Wales, as is the case in

this study – that is, a small area of similar geographic features (Stilwell, 1992). In defining *rural*, Webster's *New Encyclopedia Dictionary* identifies it as 'pertaining to the country, as distinguished from a city … pertaining to country life and country people' (Webster, 1973, p. 842). Moore (2004, p. 1129) defined rural as 'in, of or suggesting the country … pastoral or agricultural'. It is the employment of the people from such locale that is so important and upon which the research for this thesis will focus.

In what one might interpret as a more appropriate definition for the purpose of this study we can utilise the three-dimensional classification proposed by (Richardson, 1973): Firstly, 'Homogeneity: Areas form an economic region if they are homogenous with respect to a key economic element, such as their industry structure. This key element should vary significantly more between regions than it does within regions.' The second characteristic, of a region, according to Richardson (1973) is 'Nodality: Areas form a region if they comprise a single labour market. The boundary of the region is the outer limits over which people can commute to the central location of economic activity.' Thirdly, says Richardson (1973) a region is characterised by 'Programming: Regions comprise administrative and political areas (such as municipalities, electorates or statistical areas) for which data are collected.' as cited in (Lawson and Dwyer, 2002, p. 5). No matter how large or small the region, the attitudes of governments toward development or decline of rural and regional areas will have a significant impact upon the quality of life within a region and the movement of people from region to region. This in turn supports the Marxist stance that regional disparities are crucial for the preservation of capitalism, but is this the case in terms of the small family-owned business in its search for employees?

2.10.2 Regional development/regional decline

Downturns in agricultural industries and fluctuation in demand for many rural commodities, along with the ongoing drought, have forced a decline in family farms and rural employment opportunities. In recent times, these and many other factors have contributed to the drift of people from rural and regional areas to cities, in search of employment; and the abilities of rural communities to provide facilities that continue to attract population are in decline. Such declines leave behind an ageing population and a 'rural underclass' that are poorly serviced, with few employment, education and training opportunities (Collits and Gastin, 1996). Successive governments have neglected the calls of rural and regional areas requesting assistance with regional development. Under the influence of economic rationalism, they have left rural and regional communities with 'little support and even less hope' (Alston, 1998, p.

2). This has resulted in alarming unemployment levels. In fact 35 per cent of Australia's workforce resides in rural New South Wales, 43 per cent of these are unemployed and 52 per cent of under-25 year olds have become part of the long-term unemployment problem (Alston, 1998, p. 3). This research by Collits and Gastin (1996) and Alston (1998) does not take into account more recent trends of drift from rural and regional areas caused by drought and a booming mining industry.

Changes in regions are being bought about by the 'prevailing ideology of small government' and the centralisation of services has often meant 'regionalisation' (Collits, 1995, p. 9) and (Henshall, 1990). This rationalisation of government services in rural and regional areas has led to 19 500 government jobs being removed from regional areas in the last 10 years, while that is only a fraction of the thirty thousand jobs that have disappeared from rural and regional New South Wales in total (Alston, 1998, p. 2). The result of the loss of such huge numbers of jobs, both those developed by private enterprise and government, led to what is commonly called a 'crisis in the bush' with declining populations, as people must migrate to find employment (Collits and Gastin, 1996). Population migration leads to the loss of schools, courthouses, banks, hospitals and other major infrastructure of small towns. Another major loss to country towns is the loss of social capital. As people move on, the various benefits they receive, for example, unemployment or sickness benefits are lost to the region. This, in turn, leads to the loss of many small businesses that cannot survive in such a climate (Alston, 1998, p. 3). It also leads to frustration for those living and conducting business in the regional areas, as shown in Table 2.3.

Table 2.3 Regional sources of anger

REGIONAL SOURCES OF ANGER

- Resentment due to loss of population from inland to coastal towns
- Resentment due to loss of population to larger regional centres
- Perceived 'urbo-centric' decision making
- The attachment felt in small communities
- Resentment at being hit while down – areas where unemployment is highest and job prospects are lowest
- Resentment at lack of evidence that regions are benefiting from microeconomic reforms and access to the global economy
- Resentment at National Party's betrayal of country regions
- A belief that governments have obligations to declining inland towns
- A belief that government's left hand doesn't know what its right hand is doing
- Frustration that the loss of infrastructure will result in diminished capacity to generate future economic development opportunities
- Frustration that rural and regional Australia is being gutted in order to pay Sydney's bills.

Source: (Collits & Gastin, 1996, p9-21)

Governments have been reluctant to confirm the impact of downsizing, but considerable impact has been placed upon family-owned small businesses in regional areas by the downsizing of such government facilities such as CountryLink rail, freight rail, electricity authorities, country hospitals and public works and services departments. The loss of jobs in rural and regional areas causes a movement of employees from regional centres to the city, with an ongoing impact as the loss of income from government employees is removed from the economies of regional centres and a source of skilled workers is transferred to city centres. According to Cribb, this shows that 'Governments and big corporations have taken the decision to pull out of rural Australia and as a result many of the people have gone too' (Cribb, 1994, p. 13). This has a twofold impact upon family-owned small businesses as the market for their goods is removed, as well as a source of skilled employees.

2.10.3 Inter-regional migration

People have always been able to move freely from state to state and between rural and regional areas within Australia. Such population movements have become easier as communication and transport have improved. This has enabled people to be more flexible to move in search of gainful employment within Australia. Lawson and Dwyer (2002, p. i) confirmed this and suggests, 'Persistent change in local conditions will be reflected in patterns of inter-regional migration'. Lawson and Dwyer (2002, p. i) found in their research that 'Out-migration, accompanying employment declines, was stronger amongst regions with initially high unemployment rates and low regional amenity. Similarly, regions with initially low rates of unemployment and high regional amenity experienced stronger rate of in-migration in response to rising employment'. A survey conducted by the Central Economic Zone located in the central-west of New South Wales found that 95 per cent of businesses saw their main market as local (Country, 1996). Hence, small businesses in country towns fear population drift (Collits, 1995, p. 11). It would appear that not only small business but also Government Departments struggle to maintain skilled employees in areas closer to mining locations, as an exodus of employees flow to the well paid mining sector from jobs that were previously seen as plum.

The impact is being felt in not only western regions but also along the coast, and particularly, in one of the regions in which this study is located, as cited in the *Port Macquarie News* of 22 July 1996 '… Coming on top of years of economic hardship for primary industries, which has caused countless commercial business failures, the public sector down-

sizing/rationalisation/restructuring – whatever it's label – is savaging the fabric of rural communities and loading higher costs and greater inconvenience onto already disadvantaged country people' (Country, 1996, p.6). However, despite this statement, the Mid North Coast and Northern Rivers regions of New South Wales are still seen as growth areas.

2.10.4 Regional economics

'A region's industry composition relative to the national economy is one of the principal factors cited in explanations of regional disparities in employment growth' (Lawson and Dwyer, 2002, p. 13). The obvious implication of either regional economic success or failure is the impact upon the family-owned small business and the employment that these create within a region. Duranton and Puga (1999) found that in areas where industry was more diversified, there was less chance of experiencing the difficulties within a specific industry, and that such diversified areas experienced greater growth in employment than those that only had a narrow industry base. Both regional-specific shocks, such as drought or similar disasters as well as broader shocks, such as the impacts of terrorism upon tourism, can, and do, have an impact upon rural and regional economies. In many areas, the often, not-so-obvious economic impacts are felt the most by those that gain or lose employment or their livelihood – that is, small business people or their employees.

Lawson and Dwyer (2002, p. 7) sampled over 637 regions and found that between 1986 and 1996 Australia's employment rate increased by 17 per cent. However, one important factor to emerge from their study was that the rate of employment growth was unevenly distributed. In fact, they found that in about 40 per cent of the regions, the level of employment actually fell. They found the distribution of growth tended to be 'along Australia's eastern seaboard ... close to capital cities ... or remote mining locations...[while] regions experiencing falling employment were mainly rural regions in Australia's interior'. This, it would appear, is a continuing trend that impacts intensely on small business recruitment outcomes.

In economic terms, the bivariate regression analysis performed by Lawson and Dwyer (2002, p. 11) provided some interesting results concerning the relationship in regions where '*unemployment rates fell, even though employment fell'*. This, it was thought, could have been because of 'a combination of falling participation rates and out-migration'. On the other hand, they found that *'rising employment was associated with rising unemployment'*. It was assumed that this occurred due to a combination of 'rising participation rates and in[ward]

migration' (Lawson and Dwyer, 2002, p. 11). It should be noted, however, that this is referring to inter-regional migration and not international migration.

While there are many economic impacts upon recruitment in rural and regional areas, Hicks (1994) found that an individual will choose to relocate only if there is net economic advantage in doing so. In line with this, Harris and Todaro (1970) found that migration from region to region depended upon wages, relative employment prospects, housing and relocation costs, and not only on amenities and weather. Stimson, Shuaib and O'Connor (1998) found that 'cold spots' (as he termed them) that is, areas that were experiencing population decline, were in specific metropolitan areas of cities such as Melbourne and Sydney, while migration was occurring from Adelaide and Hobart, in general. This in turn could transfer to a migration of such people to regional areas such as beach locations, thus confirming the population growth in areas such as the Mid North Coast and the Northern Rivers of New South Wales, as well as South East Queensland. It is important to note here that Sydney and Melbourne are, in proportion to the national population, showing more rapid increase in population, and that it is just population in particular suburbs that is declining.

Unemployment rates become the foremost indicators to prospective employees as to whether they should migrate in or out of a region. Decisions relating to in-migration occur normally where regions show high employment rates. This, in turn, influences employment rates (Greenwood, 1975; Debelle and Vickery, 1998). Greenwood (1975) also found that the younger the employee, the more likely they are to migrate to another region to obtain employment, and in return increase their own skills level. From a small business perspective, the possibility of the return of these then skilled employees does not solve their constant recruitment needs.

In some regions the 'attractive physical cultural characteristics may compensate for reduced employment opportunities, reducing the incentives for out-migration' (Glaeser, Scheinkerman, and Schleifer, 1995, 134). This may be found to be having an impact in the Mid North Coast and Northern Rivers regions. It could be possible that his claim may have implications for the regions researched in this study, as many of the physical features not only attract the small business person, but also impact upon the data base of possible employees.

In Tables 2.4 and 2.5 below, those factors identified by (Lawson and Dwyer, 2002) as contributing to both outward and inward migration in regional areas are outlined.

Table 2.4 Factors impacting upon regional out-migration

FACTORS IMPACTING UPON REGIONAL OUT-MIGRATION
• High initial unemployment rates • Low access to markets • Low regional amenities • Younger population • Lower human capital (i.e. fewer skilled workers)* • Lower regional rates of structural change.
Source: (Lawson and Dwyer, 2002, p. 26-27) *proportion of a region's population aged 15 and over with a skilled vocational qualification or an undergraduate degree.

It is possible to see from Table 2.4 above that family-owned small businesses in rural and regional areas can be severely impacted upon by each of these factors, especially when forced to recruit from a source of fewer skilled workers. As Table 2.5 below shows, such factors as amenities increase, but often not to a level adequate to meet needs. The growth in amenities can contribute to the retention of certain sectors of the labour force and a more highly skilled workforce as those retained are supported by family, who also seek employment. This is occurring in many mining boom towns in Central Queensland and Western Australia where higher employment has led to prohibitive housing prices and restricted amenities outlined below in Table 2.5.

Table 2.5 Factors impacting upon regional in-migration

FACTORS IMPACTING UPON REGIONAL IN-MIGRATION
• High employment rates • High access to markets • High quality regional amenities • Older population • Higher human capital (i.e. highly skilled workers)* • Higher regional rates of structural change.
SOURCE: (Lawson and Dwyer, 2002, p. 26-27) * Proportion of a region's population aged 15 and over with a skilled vocational qualification or undergraduate degree.

Lawson and Dwyer (2002) found in general economic terms that the 'proximity to markets, amenit[ies] and diversity of industrial structure (especially the presence of service industries) are central to a region's ability to generate jobs and to attract migrants. This is not only important for big business Government Departments but for family owned/managed small business and communities alike.

2.10.5 Employment growth/decline in regional areas

One of the most important factors in establishing a small business is the ability to access both customers and potential employees, as one is highly dependent upon the other (Duffy, 1994; Ellison and Glaeser, 1999). Lawson and Dwyer (2002) found during their ten-year study that as employment grew in some regions, it declined in others. This can and does have major implications for family-owned small businesses in rural and regional areas, as they attempt to recruit employees skilled to meet their needs.

Amenities appeared to be one of the key factors influencing small business's ability to attract skilled employees in regional areas. For example, demand is created in regions that have 'attractive physical and cultural characteristics' (Lawson and Dwyer, 2002, p. 15). Factors such as these exert a pull on potential employees to move to an area, and this, in turn, creates demand and employment, which in Australia is explained as 'coastal drift', as higher levels of employment and population movements are seen to occur along the coast, while in inland regions amenities, population and employment potential decrease (Salt, 2001). In line with the work of Glaeser et al. (2001) the more highly skilled the workforce of a region, the greater chance a region has of attracting businesses. This, in turn, increases economic opportunities and amenities, thus becoming cyclical.

Another major impact upon employment in regions is the government attitude toward regional development. If governments place public service utilities in a region, this creates employment for many, and the partners of those employed in these utilities are often a rich source of labour for small businesses in regional areas, as partners move into areas without having gainful employment prior to moving to the region (Productivity Commission, 1999). The inter-relationship between government service providers and a buoyant small business sector go hand-in-hand.

Another interesting finding made by Lawson and Dwyer (2002, p. 3) was that there was a 'geographic concentration of the low-skilled as the principal reason for the emergence of large regional unemployment differentials'. This finding is not unique to Lawson and Dywer. Juanita Miller from Ohio State University's Department of Family and Consumer Sciences found that 'adults with low educational levels ... manage to find ways to apply their human resources often by migrating to places that offer more and varied opportunities' (Miller, 2002,

p. 3). This migration can lead to high levels of poorly educated people concentrating in specific geographic locations.

In line with this finding, an American study by David Smith and Stephen Woodbury (1999) found that former welfare recipients have a greater chance of finding work in central city areas than in regional areas, contributing to migration from regions of not only skilled employees, but also so-called unskilled workers. Another contributory factor found by Smith and Woodbury (1999. p. 16) in relation to migration in and out of regions is that 'the number of low-wage jobs, falls disproportionately during ... recession'. Therefore the movement from regional areas in Australia toward the city would be greater in periods of depression or drought, for example.

2.10.6 Employment and tourism in regional centers

The relationship between employment and selection in regional areas, especially coastal areas, is impacted upon by the amount of money spent by tourists in a particular region and its contribution to employment. One must ask whether part-time, as well as full-time jobs, are being created by tourists in regional Australia. Johnson, Foo, Buchanan and Henrick (2001) identified the factors that influence how tourists' expenditure affects employment opportunities in regions. For example, the seasonality can impact significantly on regions such as coastal areas, as people are forced to take summer holidays due to family commitments, this, in turn, impacts upon jobs and employment opportunities, leading to greater use of casual employment. Other examples are shown in table 2.6 below.

Table 2.6 How visitor expenditure impacts on job creation

HOW VISITOR EXPENDITURE IMPACTS UPON JOB CREATION
• The item composition of expenditure • The relative significance of day, overnight and international visitors • Seasonality • Leakages • Labour market characteristics or a region (i.e. full-time/part-time split) • Firm characteristics, behaviour and expectations • Labour productivity.
Source: (Johnson, Foo, Buchanan and Henrick, 2001, p. xx)

Research by Johnson et al. (2001) suggests that between three and six per cent of employment in areas such as Sydney, Melbourne, Brisbane and Adelaide and more than 10 per cent of employment in areas that have a specific attraction such as Phillip Island, Alice Springs the Gold Coast is created by tourism. These figures can be increased through such strategies as marketing, and improvements to and development of other attractions to their regions, this, in turn, impacts on both business and employment opportunities (Stimson et al. 1998). Family owned/managed small businesses could be seen to grow and feed off such tourism precincts.

2.10.7 Regionality as a demographic of Australia

Small business is always identified by it size. For example, the Australian Bureau of Statistics (Statistics, 2004a) identifies small businesses as those businesses employing less than 20 people, while businesses employing between one and four people are classified as micro businesses. Such businesses form an important part of the demographics of Australia and provide employment to many rural and regional centres that are unfortunate enough to have inadequate large business to keep many within the region employed.

There are three rural and regional population areas that are being investigated in this thesis. The first of these is the Mid North Coast of New South Wales with its main centre being Port Macquarie. The second area is the Central West of New South Wales with its main regional centre being Dubbo. The final area is the Northern Rivers of New South Wales where the main regional centre is Lismore. Both the Mid North Coast and the Northern Rivers regions have experienced considerable growth in more recent years. However, the growth of an area demographically can bring both benefits and problems for the owner/managers of family-owned small business, and these will be discussed in greater detail in following sections.

Australia has over 10 379 200 people employed in various sectors of the workforce. This indicates a participation rate of 64.9 per cent, while a further 488 400 or 4.5 per cent of the workforce were listed as unemployed (ABS, 2002b, Cat. 6202.0; ABS, 2007, Cat. 1309.0) 431 000 or 4.15 per cent of the working population owns their own business (ABS, 2000a, Cat. 6275.0; ABS, 2000b, Cat. 1321.0). This statistic could be accused of creating some misconception about the meaning of the term 'employed', which is defined by the Australian Bureau of Statistics as 'Persons aged 15 years and over, who during the reference week: worked for one hour or more for pay, profit, commission or payment in kind in a job or business, or on a farm ...[or] worked for one hour or more without pay in a family business' (ABS, 2000a, Cat. 6275.0). This confirms the down side of some family-owned small businesses where owners often work for little or no payment.

A major challenge in our young peoples' lives is to obtain suitable employment within Australia. This consequently provides challenges for the family-owned small business as they attempt to identify a suitable employee from among those who are looking for work. Another challenge for the employer is the mobility of the young with 40 per cent of young people between the ages of 12 and 25 having moved address in the previous census period. Predominantly, these movements appeared to be toward the city with over 64 per cent of young people in New South Wales between the ages of 12 and 25 living in Sydney. However, numbers in this age bracket were identified as increasing in the Mid North Coast and Northern Rivers of New South Wales, two of the areas covered by this thesis (ABS, 1996, Cat. 4123.1, p. 2).

One difficulty faced by New South Wales employers is that they have to deal with young employees who possess proportionally the lowest post-school qualifications of any state or territory in Australia (i.e. 32 per cent of New South Wales residents between the ages of 18 and 25 years have post-school qualifications). While post-school education may not be essential in all family-owned small businesses, it could be essential to employment success and should be considered in examining the successful recruitment of employees. Another factor essential to employers in small and micro businesses is that their employees possess good literacy skills in English. Through the ABS statistics, it exposes that 'almost 44% of 15–64 year olds in 1996 had poor or very poor prose literacy skills' (ABS, 1997, Cat. 4224.0, p. 1). This raises yet another question, that of the possible employees that apply for positions within family-owned small businesses, what percentage of these fall within such a category and what does this do for the success or otherwise of such outcomes?

Leading on from this, one should seek to answer the question: if the more highly skilled folk go off to seek a better education in the city, does this leave a lower level of literacy skills amongst those remaining in regional areas, such as the three regions covered in this study? As well as this, do the employees that are seeking work in rural and regional areas have the opportunity to receive adequate in-house training courses in family-owned small businesses as '87% of wage and salary earners who complete in-house training courses, and 84% of those who completed external training courses ... considered that their job performance had improved as a result of the training' (ABS, 1997, Cat. 4224.0, p. 2). It is apparent that training can be profitable to the employee, but is that the case for the family-owned small business? What percentage of their employees do they send to training and what impact does that have upon their business outcomes?

2.11 Emergent themes

The Literature Review has identified some specific questions in relation to the expectations of this research.

The areas that have emerged are

- To what extent do owner/managers of family-owned small businesses in rural and regional Australia utilise formal human resource management processes within their business? (**RQ1).**
- In terms of human resource management practices, what recruitment methods are currently being used in rural and regional areas of Australia? (**RQ2).**
- Are there specific issues that impact upon the recruitment processes? (**RQ3).** If so, are the methods and issues in line with that identified in the literature?

The next area to emerge relates to what are the selection methods that take place within family-owned small businesses in rural and regional areas of Australia? **RQ4.** Do the selection methods mirror what is occurring within the literature?

Another important issue to emerge from the literature is the retention of staff. The first issue to emerge in relation to retention is how owner/managers of family-owned small business try to retain employees in rural and regional areas of Australia. **RQ5.** The second point of enquiry to emerge in relation to retention involves the issues that impact on retention of employees. **RQ6.**

The next area of enquiry is — are there any underlying factors that contribute to effective human resource management practice in family-owned small business in rural and regional areas of Australia? **RQ7.**

The demographics, as well as the formation and testing of constructs, will not only inform but will provide a deeper perspective of the emergent activities taking place and a broader understanding of the constructs that support the use of various actions involved in the recruitment, selection and retention processes within family-owned small businesses in rural and regional Australia. This establishes the next research question — are there any significant differences in the mean scores of the constructs? **RQ8.**

The final aim is to develop a model to assist owner/managers of family-owned small businesses to have more effective human resource management practices in their businesses **RQ9.**

The aim is to develop a model for the effective recruitment and retention of employees in family owned and managed small business in rural and regional areas of Australia.

2.12 Summary

As explained in section 2.1, the Literature Review in this chapter has included literature from the media, journals, and texts, as well as statistics and government reports. The rationale has been to provide a comprehensive coverage of the activities and processes surrounding the recruitment, selection and retention of employees in small family-owned businesses in rural and regional areas.

In section 2.2, literature from the topic's parent disciplines of Psychology, Human Resource Management and Business is covered. This section shows the links between the psychology of management and employee behaviours, as well as the links between small business management and the parent business literature.

Section 2.3 evaluates the various aspects of recruitment and selection, while going on to examine the various strengths and weaknesses of the processes. This section also looks at the costs of recruitment to the small business employer. The selection process is also discussed and the legal and moral obligations involved in the recruitment and selection process.

Section 2.4 deals with issues related to the costs of recruiting, selecting and employing staff.

Section 2.5 covers orientation of employees, which has been established as an important factor in their successful long-term retention.

Section 2.6 In order to retain the employee, however, it is necessary to provide contributions to the relationship in the form of employee development. An examination is conducted of the contributory factors of employee development.
Section 2.7 includes a survey of the literature relating to staff retention and turnover.

Section 2.8 examines the question of how relevant the literature on staff recruitment and selection is to the particular needs of small business.

In section 2.9 issues specifically relating to the characteristics of size and small business, and also recruitment and selection in family owned/managed small business is covered.

Section 2.10 focuses specifically on rural and regional issues and the wider issues, in relation to family-owned small business, such as the impact of tourism and demographics.

Section 2.11 an analysis of the literature, identifies emergent themes and research expectations.

Section 2.12 forms a summation of the chapter.

The research methodology will be discussed in the following chapter along with data collection processes.

Chapter 3 RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

The justification for the research design and methodology used in this study are found in this chapter. The mixed methodology typology chosen utilises the characteristics of both Tashakkori and Teddlie's (1998) 'mixed model' approach and that of the 'mixed methods' of Brewer and Hunter (1998). The mixed methodological typology, which has been developing over the past fifteen years has been labeled 'the third wave of research methodology' because it combines the objective reality of quantitative positivist paradigms with the qualitative subjective reality of post positivism. The mixed method has provided a synthesis of the qualitative and the quantitative methods, which is still an evolving research methodology (Tashakkori and Teddlie, 1998, p. 1).

The mixed methodology has been identified as the most appropriate in view of the exploratory nature of this study. This typology supports a situation wherein the relationship between variables in the questions is not clear, or exploratory. In such situations, this type of design is most appropriate as it provides a complementary and developmental expansion and validation of the quantitative knowledge. Tashakkori and Teddlie's (2004, p. 2) confirms that the methods of combining quantitative and qualitative paradigms has been accepted in a broad range of disciplines including 'education, nursing, health sciences and communication', providing answers to questions previously unanswerable.

The concepts of recruitment, selection and retention in big business have, over time, been clearly defined, but these concepts and their relationships in small family business are not clear. These concepts do, however, provide a base from which to launch detective actions that enable the researcher to observe existing conditions and search the data for plausible explanations for observed phenomena. The most important purpose of this study is to explain the relationships between these processes as they are used in small family-owned businesses (Leedy, 1997). However, as Davis (1996) points out, the study of other people's past experiences, can only be undertaken using an ex post facto design.

The design for this study may be described as exploratory ex post facto, as it has been designed to explore issues, perceived or actual, relating to the recruitment, selection and retention of staff in small family-owned businesses. The particular focus is the impact of these issues upon the small business owner/managers (e.g. stress, loss of the owner's time when having to perform work themselves, having to retrain new staff, etc.) and the organisation (e.g. costs, loss of customers, other impacts upon the business). Sekaran (1992) suggests that empirical research is most suitable when a more closely defined explanation is required of a broader area narrowed down to specific issues for investigation, such as narrowing down from big business to small business.

It was necessary to employ multi-methods in the development of the overall investigation to enable the researcher to explore the issues from a wider point of view. Sekaran (1992) confirms previously discussed authors' work, such as Tashakkori and Teddlie's (1998, p. 219) 'mixed model' approach when he confirms that this mixture of methods 'lends rigor to research', as well as contributing to an avoidance of the bias created by using single methods. By starting out with a major quantitative survey, however, as the process was totally voluntary, it was necessary to not only survey by traditional mail methods, but also by hand delivered questionnaires in order to provide adequate numbers for the preliminary survey. The methodology continued with qualitative semi-structured interviews. Perry (1998) suggests that two methods only are best when choosing mixed methods, thereby, confirming the researcher's choice of questionnaire and semi-structured interviews. The data and analysis from the quantitative survey provided the basis from which the instrument for the interviews was developed.

Justification for the particular methodology utilized, as well as for the model can be found in section 3.2 while the specific research procedures are found in Section 3.3. Section 3.4 discusses the phases of the research. The survey development is discussed in detail in Section 3.5 where a pilot group was used to test the instrument. Sections 3.6 to 3.9 cover the administrative side of the methodology, such as the mail and hand-delivered survey instrument, and their responses and the software utilised in administering and analyzing the survey data. Goodness of measure is examined as well as the validation of 'how can we be reasonably sure that we are measuring the concept we set out to measure and not something else' (Sekaran, 1992, p. 171). This is found in Section 3.12 under reliability and covers the techniques utilised.

Ethical issues are discussed in relation to both quantitative and qualitative research methods in Section 3.14; and the chapter is summarised and reviewed in Section 3.15. This leads to Chapter Four, where the outcomes of the analysis of the research are offered in detail.

3.2 Justification of the paradigm and methodology

The basis of 'business research', it is suggested, is to 'resolve problematic issues in, or interrelated among, the areas of accounting, finance, management, and marketing' (Sekaran, 1992, p. 5). The use and analysis of data relating to hypothetical relationships is frequently completed to either unravel an existing difficulty or to insert further depth to the common body of understanding in a particular area, in this case Business Management. However, there are many ways in which to expose the 'accuracy' in research.

Qualitative research, which is said to have a basis in multiple truths (and sometimes known as 'post-positive' — an 'interpretive' research) rejects claims made by quantitative research, by acknowledging humans as being complex and 'focuses on the subjective experience of individuals'. It does not try to 'prove' hypotheses. As an alternative, it seeks to make clear meaning and deepen understanding. On the other hand, quantitative research (in other words known as 'positive', 'nomothetic' research) has its origins in the physical sciences and 'aims at causal explanations' (Hall-Taylor, 1998, p. 3). It is based on a precise method of either sustaining or disconfirming hypotheses by applying controlled conditions to analyse data.

The basis of this knowledge relating to quantitative and qualitative methods forms the foundation of the decision to adopt for two positions within this study. Burns (1997. p. 14) suggests that although there is an tendency toward 'dichotomizing and polarizing … research into quantitative and qualitative modes [this] is overdone and misleading … Many researches will use both approaches as appropriate within one investigation'. Perry (1998, p. 7) suggests 'there will usually be one major methodology … other methodologies would be used in a secondary role'. The differences will not, however, form part of this analysis and discussion. Based on this, however, the survey instrument has, in this research, taken on the positivist paradigm and the semi-structured interviews have consequently taken on the second perspective within the methodology, that is, the post-positivist position. These two differing perspectives enabled contrary insights to be experienced.

Ontology is identified as the 'study of the nature of existence, and being in the abstract' (Moore, 1973, p. 662). For the purpose of this research, it will be seen as the basis for deciding if the occurrence being examined by the investigator is, in fact, real 'depending on experience or observation alone' (Moore, 1973, p. 662). The semi-structured interviews were quite subjective and enabled the emotions of the interviewees to be heard in a post-positivist manner. The qualitative nature of the interviews served to enrich the answers to the survey instrument.

The epistemology, that is, 'the theory or study of the origin, nature, methods, and limits of knowledge' (Moore, 1973, p. 331) must be made clear by the researcher in order that the 'truth' be found. The 'truth', as found through the survey questionnaire, enabled the quantitative analysis to form the basis of objectivity. Its aim was to establish the fact that one answer could be found in various situations, thus establishing the facts relating to the cause in a positivist manner.

The first of these two contrasting typologies is the quantitative positivist paradigm. This quantitative methodology has an epistemological belief that the researcher must be 'objective and distant and non interactive' and focuses on hypotheses to be tested to obtain the objective realities (Hall-Taylor, 1998, p. 17). The second typology is that of the qualitative post-positivist paradigm of subjective reality, an ontology which holds that 'reality exists but can never be completely understood'. The qualitative epistemological belief, which is in contrast to that of the quantitative method, in that objectivity remains an ideal, but 'can only be approximated' (Hall-Taylor, 1998, p. 17). Hall-Taylor (1998, p. 17) further believes that qualitative methodology 'redresses the imbalance by doing inquiry in more natural settings … and reintroducing discovery into the inquiry process'. Morgan (1998, p. 362) identified four basic research designs, '(a) preliminary qualitative methods in a quantitative study (b) preliminary qualitative methods in a quantitative study (c) follow-up qualitative methods in a quantitative study, and (d) follow-up quantitative methods in a qualitative study'. As this was exploratory research, the decision was made to pursue option (c) follow-up qualitative methods in a quantitative study.

This typology has also taken a 'sequential use of different methods' (Bazeley, 2002, p. 142) and 'sequential mixed method' (Tashakkori and Teddlie, 1998). While Gage (1989) found criticisms of mixed methods based upon the incompatibility of paradigms, others such as Johnson (2004, p. 14) found that mixed methods are a 'natural complement to traditional

qualitative and quantitative research' and 'frequently results in superior research'. Mathison (1988, p. 14) upholds the benefits of using alternative methods claiming they have the potential to 'tap different domains of knowing'. While Bazeley (2002, p. 145) also suggests that this approach encourages expression of different facets of 'knowledge and experience'.

It is, therefore, with the knowledge that Professor Johnson's (2004, p. 14) recommendation that 'mixed methods ... will be successful as more investigators study and help advance its concepts' that this particular typology has been adopted for this study. The choice of mixed methodologies has been based on evidence of past research over the last fifteen years, which confirms that quantitative and qualitative approaches can be incorporated to enrich a singular approach.

3.3 Specific research procedures

The research design and methods selected are intended to 'produce a complete piece of research' (Bell, 1991, p. 50). According to Sekaran (1992, p. 94), 'the nature of the study depends on the stages of advancement of knowledge in the research area'. In view of this, an exploratory design was necessary for this study. The exploratory design chosen is co-relational as 'the researcher is interested in delineating the important variables that are associated with the problem' (Sekaran, 1992, p. 100).

Structured exploratory questionnaires were used as suggested by Perry (1998. p. 26) as 'one major methodology'. The investigative questionnaire was developed to gather data relating to the recruitment, selection and retention of employees from the owner/managers of small family-owned businesses. The broad sweeping questionnaire enabled data to be gathered from various regional areas and from numerous and diverse business types. It also enabled the collection of data 'quickly and relatively cheaply' (Bell, 1991, p. 58).

It was apparent that the use of the data from the primary methodology, that is, the structured exploratory questionnaires, enabled scrutiny of existing conditions relating to the recruitment, selection and retention of staff and provided the foundation for the use of mixed research designs as recommended by Easterby-Smith, Thorpe and Lowe (1991). It was, therefore, necessary at this point to introduce the second phase of the research methodology, that is, the semi-structured interviews. These interviews have been used to gather further subjective data from the owner/managers as part of the methodology recommended by Perry (1998, p. 25)

who suggested that ‘other methodologies [should] be used [in] a secondary role’. The structured survey questionnaire produced the basis from which the semi-structured interview questions were fashioned, and are shown as unambiguous steps in the overall research process as established in Table 3.1 below.

3.4 Phases of research procedure

The research has been designed in a sequential mode in which the phases of the study contribute the methodological flow. These phases are identified in both table form (see Table 3.1) and summarised below. The details of these phases are contained in Chapters 4–6.

Table 3.1 Phases of the research process

PHASE	RESEARCH PROCESS	PREFERRED OUTCOMES
Phase 1	Literature Review	Establish recruitment, selection and retention frameworks from literature in order to build the construct measures Establish a list of small business management behavioural characteristics that contribute to formation of construct measures of recruitment selection and retention success
Phase 2	Identify Research Questions & Hypotheses	Identify the major research questions and define the hypothesis to be tested
Phase 3	Develop/ pilot survey	Develop a survey instrument based on the identified areas from the Literature Review and developed knowledge
Phase 4	Research Proposals; Letter of authority; Ethics approval	Develop proposals, letters of authority and ethics committee applications and provide copy of instrument and accompanying letter for approval
Phase 5	Pilot test survey on small focus group	Pilot study of group of small business owners to complete survey to check for design faults
Phase 6	Adjust survey instrument based on feedback and comments	Short informal interview with pilot study participants to identify any weaknesses they might have found with the instrument design and process. Adjust questionnaire in line with feedback
Phase 7	Administer mail and hand delivered survey	Comprehensive survey integrating changes identified as necessary from pilot study and discussions with participants and with confirmed validity and reliability. Designed for ease of understanding and use by small business Administration of sufficient numbers of mail surveys to ensure all-inclusive scrutiny of data Hand deliver surveys to small businesses to ensure wider response rate
Phase 8	Analyse data from survey	Data analysed must be not only valid but also reliable
Phase 9	Identify themes and issues for further investigation	Establish construct themes of relationship behavioural characteristics that contribute to future research
Phase 10	Development of semi-structured interview questions based on gaps that have appeared unanswered in quantitative analysis	Develop open-ended questions and prompts that enable the participant to clarify factors that were not able to be clearly defined by the survey instrument Confirm/disconfirm themes arising in data analysis
Phase 11	Transcribe semi-structured interviews and code for common words and themes Analyse data from semi-structured interviews for themes and issues closing gaps identified in the survey instrument	Themes obtained from interview intended to enrich data obtained from analysis of survey instrument analysis Classify associations and their relationship to hypothesis Results reviewed in line with developed model
Phase 12	Interpretation of combined results Development of model / check list	Interpretation in line with model
Phase 13	Write up thesis	Write up thesis findings

Source: developed for this research

Table 3.1 above identifies each of the phases undertaken in the development of a mixed method of research. Each of these phases will be discussed in detail below.

Phase 1 – Literature Review

The literature review formed the basis of the research direction by unearthing numerous areas that provided a key to greater depth of understanding and shaped the foundation for further consideration.

Literature was reviewed in order to identify how managers of small family-owned businesses dealt with the difficulties of recruitment, selection and retention of employees in rural and regional areas. Skinner, Pownall and Cross (2003) found that human resource activities do exist in small business. McDonald and Wiesner (2001) examined managerial behaviours and employee involvement. Liff and Turner (1999, p. 427) found 'connections between owner and employee'. However, prior to this, Purcell and Surhan (2002) suggest that little had been done in the way of small business, human resources management research. An attempt was also made to identify, within the literature, areas relating to managerial demographics and personal characteristics that contribute to the successful recruitment, selection and retention of staff.

Phase 2 – Research question development

Phase 2 integrates the analysis of the literature and the emergent questions that have evolved from the literature. The questions exposed areas that now form the basis for the embryo of the research and from which an attempt can be made to close the gaps found. This will be done through a series of research questions that will be answered during the various phases of the research which follow.

Phase 3 – Development / Pilot Survey

The development of a survey instrument based on the identified areas from the Literature Review and developed knowledge of the researcher was the third phase. The instruments development focused on examining small business and human resource issues, with a specific focus on the successful recruitment, selection and retention of employees. The design also paid attention to how owner/managers, by utilising their own small business best practice model of recruitment and selection, can obtain the best retention outcomes.

Phase 4 – Research proposals, Letters of authority, Ethics approval

The protocol that was followed, in terms of ethics approval, was to complete the ethics committee application form corresponding to and complying with the University's Ethics Committee's provisions. This was a standard format application and included

1. the administrative details
2. the project details
3. the research plan
4. details of participants
5. details of ethical considerations and their impacts upon this research
6. a copy of the instructional information to participants and letter of authority
7. the survey instrument.

Phase 5 – Development of survey questionnaire for pilot study (personal delivery – with short interview)

Surveys can be 'designed to answer questions about relationships … [or] to answer questions of fact and description' (Kidder, 1981, p. 5). Quantitative surveys can be conducted in many ways, for example, on-line web surveys or mail surveys, while personal surveys can be conducted directly with the participant, or over the telephone. This research utilised three of these methods. The initial pilot survey questionnaire, which was designed to test the validity and reliability of the survey instrument was conducted through small business owners known to the researcher and within a regional area. This enabled the researcher to trial the pilot instrument on 10 small family business owners, five from one regional area and five from another. These participants were known to the researcher and represented a cross section of the population to be studied. The male and female small business owners represented various types of businesses. The informal, personal interviews were completed with group members after the participants had completed the quantitative survey questionnaire. The interviews were conducted to enable the researcher to find out about the participants views relating to the content and use of the instrument.

Many of the participants in the pilot study contributed sound advice in relation to the questionnaire design. For example, the original survey instrument focused on people who were currently running small family-owned businesses; it quickly became apparent from the informal interviews that it would be necessary to include those who had previously been owner/managers of small businesses, but were not currently involved. The reason for this was

that some of these owner/managers had ceased their small business involvement due to the human resource problems and difficulties they had experienced, and they possessed a wealth of information about the human resource issues that they were prepared to share. The information that they could provide, along with the information provided by those currently involved in small business ownership/management, would prove to be essential in developing a strategy for overcoming the many issues relevant to employee recruitment, selection and retention.

Three main contributions made by the informal discussions and pilot study were used to improve the research design. Firstly, it was recommended by many of those involved in the pilot study that a reduction be made in the overall number of questions. Secondly, a redesign was made in the layout of question 1.13 to enable a greater number of options in terms of years. Finally, recommended reduction in the number of options in Question 2.0 was also adopted. Overall, the pilot survey contributed significantly to the refining of the instrument design.

Phase 6 – Development and finalisation of pilot survey instrument

The development and finalisation of the pilot mail survey instrument was done in order to identify any ambiguities and for participants to make comments on the design, with a view to correction and modification in-line with the comments made.

Questionnaire design must take into account the following factors to ensure success

1. The language used must be clear.
2. The questionnaire must be designed to answer a specific set of questions.
3. The questionnaire must have a clearly defined introductory letter attached.
4. The questionnaire must be short and designed for easy completion.
5. Instructions on how to complete the questionnaire must be included.
6. Wording must be simple and not include technical terms.
7. Negative and double-barrel questions must be avoided.

(Leedy, 1997, p. 192-196)

The use of ABS data categories for age, industry sectors, education and other demographic factors as part of the questionnaire design enabled the researcher to compare to Australian Standards across categories (ABS, 2002a, Cat. 3101.0). Sarantakos (1993) suggests that the

Likert Scale has been a most popular choice of social scientists. The use of the Likert Scale from one to seven has also enabled the researcher to obtain a more detailed and in-depth indication of the participant's feelings. The Likert Scale enables the respondents to 'indicate the extent to which they agree or disagree to a variety of statements … which are then summated' (Sekaran, 1992, p. 170). The Likert Scale has been widely used in studies relating to attitudes. It is an ordinal scale 'that is, it makes possible the ranking of individuals in terms of the favorableness of the attitudes toward a given object' (Kidder, 1981, p. 216). The Likert Scale is often used to force respondents to make a choice by indicating their degree of agreement or disagreement with a said statement. The Likert Scale originated with five degrees of agreement. However, in this case, the researcher has utilised seven degrees, with the express purpose of gaining more depth of attitude. The reliability of the Likert Scale has been the reason why it has been chosen for this research. This was confirmed by (Davis, 1996).

Upon completion of the research instrument, the pilot study was tested on a group of 10 people who were owners of small family businesses. The pilot study was distributed by hand to the owner/managers of small business that were known to the researcher. As well as the survey form (see Appendix 1) and covering letter, a separate second covering letter was attached to explain the purpose of the respondents' participation in the pilot study and to request extra comments in filling out the form and providing additional information in relation to their feelings about the survey instrument, and how they felt that it might be improved it terms of the wording of the questions, their ability to interpret the language used and the timing of the filling in process for them. Feedback was used to refine the questionnaire. The feedback pointed out that two similar questions had been asked in two different ways and this problem was rectified. In addition, the number of options in Question 2.0 was reduced from 24 to nine.

Phase 7 – Administer Mail Survey and Hand Delivered Survey

Upon completion of the analysis of the data from the pilot study and adjustment of the survey instrument in line with the feedback that had been received, the survey instrument was ready to be administered. The survey questionnaire 'cannot explore feelings or interpretations of individual respondents' (Kidder, 1981, p. 60). In this instance, the research utilised not only a mail survey but also involved the hand delivery, door to door, of the survey instrument. Both

methods utilised the same single quantitative instrument design but were distributed in the two different ways.

Firstly, utilising a list of Rotary Clubs from the Australia Rotary International website, the mail survey instruments were batched into packs according to the number of members in each Rotary Club. These were then distributed by mail to 30 regional club presidents and secretaries, with covering details about the research. Instructions were included for the secretary to follow. This included a request for the surveys to be distributed and filled out at their next club meeting. Individual 'prepaid post' envelopes were provided with each survey questionnaire to ensure confidentiality, as well as a large 'post free' post bag for the completed and individually sealed questionnaires, and any unused questionnaires to be returned from each club. This was done with the specific purpose of ensuring that the clubs, or more precisely, the regions could be analysed and comparisons made between the different regional areas. The survey instruments were also numbered with a regional number code to enable collation should they become separated from the original batch forwarded to the individual club.

This method was chosen for the distribution of the questionnaire as it was felt that the vast majority of Rotary Club members were small business owner/managers and that a better response rate may be achieved if the small business people were encouraged to participate away from their businesses, when asked to fill them in (thus allowing a less pressured environment, more conducive to involvement). It was also a consideration, by the researcher, that if the participants were in a group of like-minded business people who were all asked to participate at the one time, that this might also contribute to an enhanced response rate. This method was designed with the purpose of overcoming a 'notoriously low response' rate that 'diminishes … the credibility of research conducted on small firms' (Dennis, 2003, p. 278).

Dennis (2003, p. 281), in dealing with poor small business response rates, identified four methods by which to 'raise response rates. These were '(1) repeat contacts (2) financial incentives (3) university sponsorship, and (4) stamped return envelops'.

The researcher has utilised each of the above as follows —

1. Initial telephone contact was made with the Rotary Club secretary/ managers, of those clubs whose telephone numbers were listed on the Rotary Club of Australia website. This amounted to approximately twenty per cent of the clubs in regional areas. Firstly, the contact was made to ask for co-operation and participation and secondly, telephone contact was made with those clubs with telephone numbers listed, to check that they had received and distributed the materials on behalf of the researcher and ensured its collection and return. Those Rotary Clubs that did not have telephone numbers listed on the Australian website were contacted by mail in a follow-up letter to ensure that they had received the materials, and to encourage their participation in the research. Finally a letter of thanks was written to each participating Rotary Club.

2. Whilst it was not possible to offer a financial incentive, the participants were given an incentive, that being the option of receiving a copy of the summarised findings from the research. Confidentiality for those participants taking up this option was maintained by having the respondents place their details in a separate reply-paid envelope so that the results could be sent under separate cover.

3. The University provided sponsorship for the research in the form of printing and reply-paid postage. This enabled those responding, to do so with as little inconvenience as possible.

4. A reply-paid envelope was provided not only for the return of the questionnaires from each of the regional Rotary groups, but also for the individual report requests (Dennis, 2003, p. 283).

There was a paucity of data collected, despite the use of the many and varied methods that were recommended – so small, in fact, that they confirmed Dennis's (2003, p. 283) observation that 'applicable studies on smaller firms is too small to make an impact'.

However, not to be dissuaded, those survey instruments that had previously been returned by the Rotary clubs were then redistributed by mail. The distribution was made to small businesses listed in regional telephone books. These were taken at random from the yellow pages of telephone books from three rural and regional areas, the Central West, the Mid North

Coast and the Northern Rivers of New South Wales. Once more, reply-paid envelopes were included to encourage response rates. In areas where the researcher knew the small business owners, personal hand-written notes were made to request their participation.

While response rates were much higher than those received from the Rotary Club, mail-out responses were still disappointing.

Finally a door-to-door delivery effort was made to small businesses in towns and villages in rural and regional areas that were within reasonable travel distance of the researcher's location. This proved exceptionally successful, with respondents having considerable empathy for the researcher and wishing to discuss their small business recruitment, selection and retention experiences with a dedication that exceeded the expectations of the researcher. They also completed the questionnaire and returned it in the reply paid envelope left for that purpose.

Phase 8 – Analyse data from survey

The data was broken into subsections relating to the various Human Resource issues identified by the literature and specified in the instrument design to enable efficient and effective analysis of the data to be examined. The keying and analysis of the quantitative data was enhanced through the use of the Statistical Package for the Social Sciences (SPSS) software package. This was enhanced by the instrument design, as the various subsections enabled easier keying and manipulation of data. Section One focuses on demographics and central issues. Section Two relates to recruitment issues and is also divided into consultant/agency recruitment and self administered. Section Three deals with selection issues. Section Four deals with retention and finally, Section Five deals briefly with moral and legal issues pertaining to turnover and all sections focused on issues relevant to small family-owned businesses.

Using the SPSS statistical analysis package, the demographics of the business's owner/manager, the business characteristics and the employees were examined. Then an analysis was conducted on the validity of the results through the use of factor analysis using principle component analysis (PCA) and reliability of the data was tested using Chronbach's alpha. Factor analysis was then conducted to ensure the reliability of primary constructs. One Way ANOVA with post-hoc comparisons and independent group t-tests were conducted to

identify significant differences. Finally, regression analysis was performed on composite variables and demographics. These areas of analysis are covered in depth in Section Four.

Phase 9 – Identification of themes for further investigation

The analysis of the quantitative data identified concise demographics of the owner/managers and their business, as well as specific constructs of themes that related particularly to the relationship between the owner/manager of the small family-owned business and that of their employees. These behavioural relationship characteristics formed the basis for the next phase of the research, in which the gaps identified in the responses had to be expanded upon, in order to answer those questions not answered by the quantitative instrument.

Phase 10 – Development of semi-structured interview questions and conduct interviews

At this point the questions that developed from the analysis of the information gathered by the quantitative survey instrument now formed the basis for the semi-formal questionnaire. This called for the development of open-ended questions that could be comfortably addressed by owner/managers of small family-owned businesses. The focus was to identify, in an informal situation, the factors that would enable the clarification, verification or denial of responses provided to the formal questionnaire.

The focus was to confirm or disconfirm themes that arose through the factor analysis and the composite variables that had developed during the data analysis process. The main focus was to clearly define gaps exposed through the quantitative analysis.

Semi-structured informal interviews were conducted until saturation point was reached, with a total of ten small business owner/managers responding to the semi-formal questionnaire. The owner/managers were contacted and interviews were arranged. In order to obtain a broader understanding of the respondents' opinions in the interview, prompts were prepared to enhance the interview responses. These prompts were altered as necessary within the confines of the responses received, in order to fully close the gaps previously exposed in the formal questionnaire.

Phase 11 – Transcribe, code and analyse semi-structured interviews

The semi-structured interviews were transcribed and coded for common words and themes. The responses to the questions and prompts enabled the participants to clarify issues that were confined by the constraints of a Likert Scale questionnaire.

It was also possible to address research questions and hypotheses for clarification, and to identify associations and behavioural relationships. These factors also enabled the responses to be reviewed in terms of the model developed from the quantitative data.

Phase 12 – Interpretation of combined results and development of a model and checklist

This phase enabled the integration of the findings from the Literature Review, the interpretations of results of the quantitative survey and the outcomes of its analysis, and finally, the authentication of the previously identified model outcomes through interpretation and application of the responses to the semi-structured interviews.

This phase enabled the establishment of a clearly defined new model of relationship recruitment and retention, as well as a checklist of characteristics that enhance the application of the new model.

Phase 13 – Write up thesis

Based on the triangulation of the mixed methods and their outcomes, some clear and concise outcomes have been developed to add to the body of knowledge. This thesis is the result of a thorough methodological process that has not only added to the body of knowledge in its chosen field, but has opened up other areas for future investigation. It is with this in mind that the findings of this thesis are written up.

3.5 Development of the questionnaire

The key to a successful research project is to know who or what it is that you are researching. The researcher has utilised the demographic and central issues sector of this questionnaire to obtain information about the characteristics of the family-owned small businesses, Human

Resource issues in general, as well as facts about the owner/managers. The questions were grouped into five categories, based on the information required.

Section 1 — Demographics and Central Issues Questions

From the information sourced in this section of the survey, it was possible to demographically identify a profile of the small businesses, and the owner/managers, as well as their basic attitudes toward and Human Resource activities undertaken by their small family-owned businesses.

Section 2 — Recruitment Questions

The recruitment questions found in Section Two of the questionnaire comprised recruitment characteristics that might occur in small family-owned business and was based on the Literature Review in Chapter Two, as well as the practical business experience of the researcher. And was aimed at identifying how the owner/manager of a family-owned small business might deal with the recruitment process. Provision was made in the questionnaire for those small family business owner/managers who did not handle the recruitment process themselves, but paid a consultant group or agent to do so.

Section 3 — Selection Questions

Selection questions formed the basis for Section Three of the survey questionnaire. The key factors that impact on the employee selection processes of the owner/managers of family-owned small businesses became the determinant for the identification of the constructs for selection.

Section 4 — Retention Questions

Retention questions shaped Section Four of the survey questionnaire. Retention can be related to the business and managerial demographics, as well as to managerial behaviours. Retention issues can also be linked to the recruitment and selection processes and procedures, and are the key factors that impact on both the employee's intention to stay and the small family business's outcomes. They, therefore, became the determinants for the identification of the constructs for retention.

Section 5 — Turnover questions

Turnover questions are fashioned in the fifth and final section of the survey questionnaire. Turnover of employees in both large and small business can be a costly exercise.The constructs in this section have been identified in order that the reasons why people leave their employment might be identified and overcome. These questions sought to understand the underlying issues that undermine small business's ability to retain staff in regional areas.

3.6 Administration and distribution of survey

Once complete, the mail surveys were circulated. The mail survey (see copy attached, Appendix 1) was forwarded in batches of approximately 20–30 questionnaires, depending on the size of the club, to the secretary or president of the Rotary Clubs. These were forwarded complete with a confidential, reply-paid envelope, attached to each questionnaire. These batches of survey questionnaires and envelopes were forwarded with an overall instruction sheet attached, which requested the secretary or president of the Rotary Club to ask club members who owned or had previously owned small family businesses to fill in the survey at their next meeting, and return the completed forms directly to the researcher in the enclosed prepaid post bag. For confidentiality purposes, respondents were asked to return the 'summary of findings' request forms in a separately identified confidential envelope within the same pre-paid bag.

3.7 Response and analysis of data from survey

Fourteen hundred exploratory survey questionnaires were forwarded out over a period from June to November 2006. Initially, 800 questionnaires were forwarded in batches of between 20 and 30, aimed at the owner/managers of small family businesses in rural and regional areas of Australia. An approach was made to both the Small Family Business Association of Australia and The Australian Chamber of Commerce and Management, but unfortunately access to their data bases was denied on the basis of confidentiality. This led to the questionnaires being forwarded to 30 Rotary Clubs whose addresses were sourced from the Australian Rotary International site on the World Wide Web.

Each club president or club secretary of the Rotary Clubs was forwarded a package by mail which included the following —

a) A letter of introduction and an explanation of the reason for the research, and instructions on what to do with the individual packs of survey questionnaires to be distributed at their meetings for owner/managers to complete and return
b) Instruction for those who had to distribute the questionnaire and how it was to be answered and returned
c) Collection procedures for their return to the branch secretary and return to the university
d) Envelopes 'prepaid' for the sealed return of the questionnaire, as well as for the 'summary of findings'
e) A large 'prepaid' envelope for the group returns of the sealed and completed questionnaires.

Those clubs that had their telephone numbers listed on the World Wide Web (approximately one third) were contacted by telephone prior to forwarding the parcel of questionnaires and reply-paid envelopes to rural and regional areas across New South Wales, Queensland, Victoria, South Australia and Western Australia. Responses were poor, to say the least, even from those who had received a pre-emptive telephone call.

After phoning those that could be telephoned, three follow-up letters were sent to the other clubs in a desperate attempt to obtain responses. Finally, very limited responses were received from Walcha, Forbes, Guyra, Moree, Broken Hill and Bourke in New South Wales, and Mount Gambier in South Australia. Horsham in Victoria had the courtesy to return the questionnaires but declined to participate, while other clubs returned their questionnaires without any form of statement as to why they did not participate. In all, 200 questionnaires were returned and they were in turn recycled. From the 12.6 per cent of Rotary clubs that did participate, (refer to Table 3.2 below), many forms were returned uncompleted, which enabled recycling and saved some trees. The response to the survey seemed to dip below even the notoriously low return rates on small business research recounted in the literature (Dennis 2003).

In an attempt to increase participant numbers, trips were made by car to regional areas such as Casino, Kyogle, Hervey Bay, Murwillumbah, Byron Bay and, of course, locally in Tweed

Heads. The questionnaires in these areas were hand delivered door-to-door to small businesses. Business owners were provided with the questionnaire and a reply-paid envelope and asked to respond by a specified date. This approach proved to be most successful. Many of the small business people were highly enthusiastic about the prospect of contributing to finding an answer to a daily problem, and their responses flooded in, along with many informal discussions that provided qualitative data. A total of 500 were distributed by door-to-door methods. No follow-ups were made in this door knock campaign.

In addition to the door knock appeal, an additional 300 questionnaires, including the recycled ones, were posted by mail to Port Macquarie, Taree, Wauchope and Foster/Tuncurry on the Mid North Coast of New South Wales. These small businesses were selected at random from the telephone book. The response to this mail-out of survey questionnaires along with reply-paid envelopes was limited. A total of 21.2 per cent of the mailed questionnaires were completed and returned (refer to Table 3.2 below). It was evident from the response-rate of 66.2 per cent that the door-to-door, hand delivery method was the most successful method of the three utilised. It was unfortunate that the door-to-door method was constrained by transport considerations that prevented access to some of the more western regions, which have, it seems, experienced considerable difficulty due to recent regional issues, such as lack of government investment in decentralisation and infrastructure, and the ongoing drought.

Table 3.2 Methods of distribution and response rates total number of questions 1,400

TOTAL % HAND DELIVERED = 500 or 35%		**TOTAL % BY MAIL = 300 (including recycled questionnaires from Rotary Clubs) = 21%**		**TOTAL % TO ROTARY CLUB BY MAIL = 800 or 57% (200 were returned and recycled)**	
Casino	4.2%	Brisbane	1.0%	Sunshine Coast	0.5%
Hervey Bay	5.2%	Melbourne	1.0%	Forbes	1.0%
Byron Bay	6.3%	Foster/Tuncurry	2.6%	Bourke	1.0%
Kyogle	8.9%	Wauchope	3.6%	Moree	1.4%
Murwillumbah	15.6%	Port Macquarie	13.0%	Guyra	1.4%
Tweed Heads	26.0%			Mt Gambier	2.1%
				Broken Hill South	2.1%
				Walcha	3.1%
RETURN RATE TOTAL %	**66.2%**	**RETURN RATE TOTAL %**	**21.2%**	**RETURN RATE TOTAL %**	**12.6%**

Source: Developed for this research

Table 3.2 above clearly shows that the most effective method of distribution was hand delivery. The researcher found this method also provided a wealth of qualitative data.

3.8 Response rate

The important factor for the researcher is the usable response rates. The researcher in this instance used three possible methods in order to ensure adequate numbers. The highly voluntary response rate of the Rotary Club survey did however lead to high return and re-use of unused questionnaires.

As indicated in Table 3.2 above, the response rate varied from 33.8% for the mail delivery compared to 66.2% for the hand-delivered survey. Dennis (2003, p. 278) suggests that mail surveys of small business owners have notoriously low response rates. Therefore, the response rate in this case is remarkably high, as Dennis (2003, p.279) suggests that the response rate normally hovers at around 30 per cent. Baruch (1999, p.421) reported the 'average response rates declined 16[%] … between 1975 and 1995', proving that the participation rate in this case was remarkably good.

It has been indicated that response rates have been declining in more recent times. The researcher utilised all of the strategies recommended by Dennis (2003), that is, to make repeat contacts with the respondents in order to obtain a better response rate, and to provide an incentive (while not financial as recommended) such as the opportunity to obtain a report on the findings did prove appealing. Also, in line with Dennis's (2003) recommendations, the research was placed on university letterhead and reply-paid envelopes were provided with the survey to encourage participation, and this appears to have worked.

Although the response rate was good, and all respondents were owner/managers of family owned small businesses, it is important that the factors that may have impacted upon the response rate be examined. These factors also impact on the ability of the small businesses owner/managers to deal adequately with the recruitment, selection and retention of staff. For example, the owner/manager of the small family business finds time a major difficulty in dealing with employment issues within his or her business, and this time factor may have reflected on the ability to fill in the questionnaire.

3.9 Computer software for analysis

The analysis of the information obtained from the survey questionnaire by the researcher was performed on SPSS software program. The Statistical Package for the Social Sciences (SPSS) was the chosen software for this research analysis, because of its capacity as a well-known and 'commonly used computer program for data analysis in management research' (Sekaran, 1984, p. 212). Sarantakos (1993) also confirms the benefits of using computers and their contribution to fast analysis of large amounts of data and accurate results.

SPSS provided for this research the potential to 'get a feel for the data' that included a 'preliminary idea … of how good the scales are … how well the entering of data has been done'; 'testing the goodness of data' through factor analysis enabling reliability to be measured and finally by 'hypotheses testing' to identify if the hypotheses are substantiated (Sekaran, 1992, p. 282-283).

3.10 Coding data for analysis

Coding consists of 'assigning codes to the collected elements' (Sarantakos, 1993, p. 212). The survey instrument was designed in such a way that the answers to the questions could be coded into numerical form for keying and analysis.

3.11 Cleansing of data

Each of the survey questionnaire forms, as they were received, were numbered and coded. Data was keyed into the SPSS package.

The data was then scanned for keying errors against original survey forms.

The data was then analysed for descriptive and demographic characteristics in order to identify the population with which the materials analysis was dealing.

3.12 Reliability and validity

Reliability is determined by 'testing for both consistency and stability'. Consistency is indicated by how well the items are correlated to one another, and can be tested by what is called a Cronbach's alpha test of reliability (Sekaran, 1992, p. 284). The concept of reliability is focused on obtaining similar results under similar conditions if the research was to be repeated. Therefore, for the results to be considered reliable, the questions in the survey instrument need to be able to be asked at another time under similar circumstances, and with similar results.

The capacity for the research to be able to be replicated is a key to validation of results. Validation is 'the capacity of a measuring instrument to predict what it was designed to predict, stated most often in terms of the correlation between scores on the instrument and measures of performance on some criterion. It is the 'accuracy of observations' (Kidder, 1981, p. 450). It was necessary, in this instance, to test for both quantitative and qualitative research validity.

A more intricate measure than reliability, validity 'tells … whether an item measures or describes what it is supposed to measure or describe' (Bell, 1991, p. 51). The survey contents needed to be tested for both content and construct validity.

Content validity 'ensures that the measure includes an adequate and representative set of items … [t]he more the scale items represent the … universe … the greater the content validity' (Sekaran, 1992, p. 171). Validity of content can be sought by having 'many questions tapping the same attitudes' (Kidder, 1981, p. 158).

Construct validity 'testifies how well the results obtained from the use of the measure fits the theories around which the test is designed' (Sekaran, 1992, p. 173). Kidder (1981, p. 7) suggests that research has construct validity if it 'correctly identifies the variables' under study. 'Construct validation requires agreement between scores obtained with two instruments … measuring the same construct and disagreement between two instruments measuring different constructs. Agreement gives evidence of convergent validity … Disagreement is evidence of discriminant validity' (Kidder, 1981, p. 133). The construct validity will be assessed, firstly from the statistical analysis and secondly, from the interviews. In order to

predict content validity, the research looked at the literature and expert opinion, performed a pilot survey, and then modified the data based on the content validity testing.

Errors in quantitative survey and interviews

Mail survey and on-line survey research can be the hindered by errors. Such errors need to be identified and removed. Errors have been identified and eliminated as they have become known; these are addressed in table 3.3.

Table 3.3 Errors in mail and hand delivered survey

PHASE	ERROR	METHOD OF CORRECTION
Survey device construction	Deficient in reliability	Questions based on literature and researcher's experience
Population	Procedural bias	Participants drawn together from various locations
Coding	Errors in data entry	Cleansing of data
Analysis of data	Interpretation errors	Reviewed by experts
Semi-structured interviews	Interview response inconsistency	Information collected by only one person
Conclusion	Errors in reporting	Outcomes amassed from prior results and parallel previous conclusions

Source: Adapted from Davis (1996)

Table 3.3 above identifies the errors that have been detected and the measures taken to ensure that these can be defensible based of the work of (Davis, 1996).

3.13 Qualitative research

The qualitative research evolved from the unanswered questions or gaps that appeared in the data analysis of the quantitative survey. This method does not have a hypothesis to test, and maintains an acceptance of the 'natural scheme of things' (Hall-Taylor, 1998, p. 6). The attractiveness of this method is that it can reveal the subtleties and complexities that may not have been exposed with the quantitative research, and can play an 'important role in suggesting possible causes, relationships, effects and links and, therefore, can be a powerful accompaniment to quantitative research' (Hall-Taylor, 1998, p. 6).

However, like all methods of investigation it does have some limitations. For example, it is difficult to replicate the results of qualitative research in other locations or events. But it does provide an excellent mix with quantitative research results to give 'conclusive evidence about particular phenomena' (Hall-Taylor, 1998, p. 6).

Reliability and validity in qualitative research is seen as difficult to define. However, in the case of this research, the following methods were adapted in order to strengthen both reliability and validity of the informal interview. Rist (1979, p.18) as cited in (Burns, 1997, p. 18) argued that the underpinning fundamental of qualitative research is to 'hold that there exist definable and quantifiable 'social facts'. The greatest difficulty for qualitative researchers in proving reliability and validity are the 'researchers who are ideologically committed to quantitative methods' (Burns, 1997, p. 11).

The greatest benefit of qualitative research is that the researcher 'gains an insider's view of the field', and this is a factor that 'reveal[s] subtleties and complexities' that could 'go undetected' with standard measures of quantitative research (Burns, 1997, p. 13). However, Leedy (1997) has suggested that results will be trustworthy if they are useful, are reported appropriately, are mixed or triangulated, and finally if the interviews and coding are able to be checked for accuracy.

In order to determine the basis for the sample of semi-structured interviews for the qualitative aspects of this research, it was decided to use non-probability sampling. Non-probability sampling is a design in which the 'elements in the population do not have a known or predetermined chance of being selected as sample subjects'(Sekaran, 1992, p. 368).

This form of research was decided on, as it was necessary to make purposive decisions about whom to interview. The choice of Purposive Sampling was then made by deciding on Judgment Sampling in order to choose 'subjects who are in the best position to provide the information required' (Sekaran, 1992, p. 235). Following the quantitative research, information relating to social, cultural and environmental facts needed to come from those who are experiencing these factors first hand.

Discussing the problems and difficulties of recruitment, selection and retention of staff with small business owners in semi-structured interviews proved to be a time consuming activity. Owners of small family-owned businesses wanted to expand their discussions well beyond

the prompted semi-formal questions, and at the same time contrast their experiences with that of the researcher. The greater depth of understanding and interpretation that the interviews gave to the themes and issues raised in the formal questionnaire increased the validity of this qualitative research.

The interviews were arranged across a broad spectrum of business types, based on the Australian Bureau of Statistics business categories. These interview types were proportionate to those identified in the mail survey and on-line questionnaire. The phases of the semi-structured interview process were as shown in Table 3.4 below.

Table 3.4 Phases of semi-structured interview process

PHASE	PROCESS
Phase 1	Semi-structured interviews conducted based on questions and taped (refer appendix 2)
Phase 2	Tapes were transcribed and coded
Phase 3	Interpretations made of early interviews in order to adjust questions if necessary

Source: Developed for this research

Questions were deliberately open-ended in order to encourage the small business manager to feel free to broaden the discussion to a level at which he or she felt comfortable in discussing their in-depth experiences, both good and bad. The researcher repeated the major themes expressed by the participant in order to validate what had been said and ensure that the participant was happy with the interviewer's interpretation of what they had said. This was in fact a validation process.

The interviews enabled the small business owners to express some of their built-up frustrations, and express in words some of the matters that had bothered them in relation to their employee-employer relationships. Many, because of their small business status, had nobody to discuss such difficulties with, especially if they did not have another family member working within their business. Many of the matters discussed formed themes in line with the models identified in Figures 4.1 and 4.2 in Chapter Four. These themes are explored further in Ssection Five and contribute to the outcomes in Chapter Six. The coding of the interview into numbers at random for analysis purposes enabled the data to be integrated

while maintaining the confidentiality of those who participated. The confidentiality of the participants was a major priority for the researcher and participants alike.

3.14 Ethical considerations

Ethics is an essential of good business behaviour, and for the purpose of this research, 'ethics' is identified as 'the proper conduct of the research process in business inquiry – rights and responsibilities of the various parties involved in research' (Davis, 2005, p. 460). Southern Cross University's Ethics Committee was provided with an ethics application and copy of the research proposal for this research. The application to Ethics Committee was approved (approval number ECN-06-82). Ethical considerations are important to all research projects. The way in which the researcher handles these considerations and the procedures that are taken must meet ethical standards at all times. This researcher has respected both the law and codes of conduct of ethical behaviour, taking into account the interests of the subjects, society and the researcher.

It has been essential for the work to meet the ethical standards set down by the Ethics Committee of Southern Cross University. In terms of the considerations set down by the University, the requirements found in Table 3.5 below were all adhered to within this work.

Table 3.5 Quantitative ethical considerations

SOUTHERN CROSS UNIVERSITY'S ETHICAL CONSIDERATIONS	RESPONSES TO CONSIDERATIONS BY RESEARCHER
1. The privacy and confidentiality of participants has to be maintained at all times	The distribution by mail and by hand, as well as by third parties at Rotary Club meetings. Reply-paid confidential envelopes enabled the confidentiality of materials to be maintained. Reports of findings will only be provided if a separate form including their name is forwarded back in a different reply paid envelope. Requests for reports were forwarded under a separate mailing
2. The participants to the survey have to volunteer	Both mail and hand delivered surveys were totally voluntary.
3. The survey's purpose clearly stated	Participants will be provided with a covering letter stating the purpose of the survey questionnaire
4. The identification of those conducting the survey has to be known to participants	The name; address; telephone number and email address of the researcher and supervisor will be present on all materials relating the survey and the ethics committee approval number
5. Participants have to have the right to withdraw	Participants must be made aware that they can withdraw at any time during the process.

Source: developed for this research

The qualitative research was complementary and far more intrusive than that of the quantitative survey. It allowed the semi-structured open-ended questions to produce soft data that needed more delicate ethical consideration in terms of the participant and researchers relationship. Table 3.6 below indicates how the ethical considerations of the semi-structured interview were dealt with and how imperative these factors were to the successful outcome of this sector of the research.

Table 3.6 Qualitative ethical considerations

SOUTHERN CROSS UNIVERSITY ETHICAL CONSIDERATIONS	RESPONSES TO CONSIDERATIONS BY RESEARCHER
1. The privacy and confidentiality of participants has to be maintained at all times	The semi-structured interviews will be conducted with the participants being made aware that everything that will be discussed will be kept in strictest confidence
2. The interview participants to the semi-structured survey have to volunteer	The semi-structured interviews are totally voluntary. Participants are giving consent to their participation in the interview process.
3. The survey's purpose has to be clearly stated	Participants will be provided with a letter of consent stating the purpose of the interview process.
4. The identification of those conducting the survey had to be known to participants	The name, address, telephone number and email address of the researcher and supervisor will be provided, incase the participant wants to contact the researcher.
5. Participants have the right to withdraw	Participants will be made aware that they can withdraw at any time during the process.

Source: developed for this research

Qualitative data requires considerable time and the capacity to compare the transcripts, which were coded for key words from the data from each of the interviews, in order to identify themes and new factors that revealed themselves as different to those mentioned by others, and comparisons were made with the findings of the Literature Review. Comparisons and coding exposed the researcher to greater understanding of the issues experienced by the owner/managers of family businesses.

3.15 Summary

This research is exploratory, using a mixed methodology. It follows thirteen phases which are identified and discussed. The primary source was a quantitative survey based on the literature and the researcher's prior knowledge of the small business sector. The secondary source of data evolved from the themes that advanced as a result of the quantitative survey analysis.

The processes, methods and considerations in the collection and analysis of data were outlined step by step in this chapter, which also discussed in-depth issues, such as the quantitative and qualitative focus that has been taken. These will be dealt with in further detail in future chapters. Other issues imperative to sound research, for example, error factors and ethical issues have also been deal with. The following chapter presents the results and analysis of data from the quantitative survey.

Chapter 4 RESULTS AND DATA ANALYSIS

4.1 Introduction

This chapter presents the analysis of the data from the survey, examining the research questions developed in Chapter One and Chapter Two. These questions, which emerged from the Literature Review, formed the basis of the quantitative survey.

4.2 Demographic profile of the respondents

This section examines the demographic aspect of the sample. The mail survey provided the opportunity to collect demographic data about the respondents and the respondents' businesses. A total of 202 responses were received.

4.3 Owner/managers' descriptive demographics

To examine any differences in respect of the demographic characteristics of the respondents or their businesses, certain characteristics were requested and these are examined below. Table 4.1 below indicates the gender distribution of the respondents.

Table 4.1 Gender of participants

Category	Response	Percentage
Gender	Female	37.1%
	Male	62.9%

Source: developed for this research

The split of participants based on gender was 37.1 per cent females and 62.9 per cent males. Figures from the ABS document, determining the 'Characteristics of Small Business' indicated an Australia-wide gender distribution of 33 per cent female small business operators and 67 per cent males. This showed that the distribution of the participants was only slightly outside the normal distribution (ABS, 2004a, p. 7).

Table 4.2 below shows the marital status of the owner/managers surveyed.

Table 4.2 Relationship status of participants

Category	Response	Percentage
Marital Status	Single	10.4%
	Married / Steady Relationship	88.6%
	Unstated	1%

Source: developed for this research

The population of single people who responded to the questionnaire was found to be at 10.4 per cent and those who were either in a steady relationship or married was 88.6 per cent. This was considerably higher than that 2001 ABS figure that indicated that 50.7 per cent of the population were married (ABS, 2001b, Cat. 1321.0, p. 7). However, the ABS figure does not take into consideration those people living in a steady relationship. A further one per cent failed to indicate their situation.

Table 4.3 below gives a distribution of the age of owner/managers who responded to the questionnaire.

Table 4.3 Age of participants

Category	Response	Percentage
Age	20 – 29 years	4.0%
	30 – 39 years	12.9%
	40 – 49 years	34.8%
	50 – 59 years	32.3%
	60 - above	15.9%

Source: developed for this research

Table 4.3 above indicates the percentage of participants between 30 and 50 years was 47.7 per cent. This was slightly less than the ABS figure of 59 per cent. However in the older age group, those over 50 years, the ABS figure indicated a response rate of only 31 per cent of participants being on average 17.2 per cent higher than the average. In the age group 30 years or younger, only 4.0 per cent responded to the survey instrument, whereas the ABS figures suggested 11 per cent as the normal response rate. This indicates 7.0 percentage points lower than the characteristics of age identified by the Australian Bureau of Statistics (ABS, 2004a, p.9).

Table 4.4 below indicates the percentage of respondents born in Australia, in comparison to those who were born overseas.

Table 4.4 Country of birth of participants

Category	Response	Percentage
Country of Birth	Australia	87.1%
	Outside Australia	12.9%

Source: developed for this research

In Table 4.4 above, the majority of the family-owned small businesses were owned by people born in Australia, with 87.1 per cent in comparison to the 71 per cent of small business owners identified by the ABS. Those who indicated that their place of birth was overseas were 12.9 per cent in comparison the ABS figure, which indicated 29 per cent of their respondents were born overseas (ABS, 2004a, p. 12).

Table 4.5 below indicates the respondent owner/managers' highest level of education.

Table 4.5 Education level of participants

Category	Response	Percentage
Education level	No formal education/Primary School	2.0%
	Junior High School	16.3%
	Senior High School	19.8%
	Diploma/TAFE Studies	29.7%
	University Studies (Undergraduate) & (Postgraduate)	32.1%

Source: developed for this research

Education levels were thought to be important in relation to dealing effectively with HR issues. Table 4.5 above identified that at the diploma level of education and above, (this included university undergraduate and postgraduate qualifications) were 32.1 per cent of the respondents; this rated considerably higher than the ABS score of 21.2 per cent. Those with TAFE, diploma or certificate qualifications were held by 29.7 per cent of respondents; this was lower than the ABS figure of 38 per cent of their small business respondents. Those respondents without non-school qualifications were similar to those figures provided by the ABS, that is, 40.8 per cent were reported as being without non-school qualifications, while this survey found 38.1 per cent (ABS, 2004a, p. 17).

The years that the owner/manager respondents had been operating their small family businesses are identified in Table 4.6 below.

Table 4.6 Years of business operation by participants

Category	Response	Percentage
How many years have you operated the business?	0 – 2 years	21.3%
	3 – 5 years	17.3%
	6 – 10 years	13.4%
	Above 10 years	48.0%

Source: developed for this research

The ABS statistics in relation to longevity of business operation suggests that 45.1 per cent of small business owner /managers have had their businesses for less than five years. Table 4.6 above indicates that respondents to this survey who had operated their businesses for less than five years amounted to 38.6 per cent of participants. Those who had operated the business for 5 to 10 years were 13.4 per cent, while those who had operated their businesses for greater than ten years amounted to 40 per cent. This compared to the ABS statistics of 22.4 per cent and 32.5 per cent respectively. Overall, the average percentage who had operated their businesses for longer periods of time became greater as the operating period extended (ABS, 2004a, p. 44).

Section 4.2.1 above examined the overall demographic of the owner/managers who responded to the survey instrument. In Section 4.2.2, the demographic details of the respondents' small businesses are evaluated.

Demographic profile for the business

The family owned/managed small businesses had specific demographic characteristics and specific details of these characteristics are covered in Section 4.2.2. Firstly in Table 4.7 below are the specific demographics relating to, how many years the business has existed.

Table 4.7 Years business has existed

Category	Response	Percentage
How many years has the business existed?	0 – 2 years	13.4%
	3 – 5 years	9.9%
	6 – 10 years	14.4%
	Above 10 years	62.4%

Source: developed for this research

The characteristics that identify small businesses often reflect some of the major influences upon business outcomes. For example, the length of time that a business has existed, as indicated in Table 4.7 above; it is suggested that longer than ten years rated extremely highly with 62.4 per cent of participants' businesses being old established businesses. This reflects well on the success rate of business within the areas studied, as small businesses have a reputation for having a high failure rate within the first two years (Holmes and Haswell, 1989, p. 68). Headd (2003) quoted in Carter and Van Auken (2006, p. 496) found 'two-thirds of new firms survive two years and one-half of new firms survive beyond four years'. However, one should view this figure with caution as Watson and Evertt (1996, p. 46) suggests that 'reliable statistics on small business failure are scarce'. These research findings could be reflected in the drop from 13.4 per cent in the 0–2 year category to a figure of 9.9 per cent in the 3–5 year category. This rises again in the 6–10 year category as the businesses maintain and establish stability and longevity.

Table 4.8 examines how the business was originally established.

Table 4.8 Origin of the business

Category	Response	Percentage
Establishment of the business	The business was purchased as an established business	40.6%
	I established the business myself	48.5%
	I inherited the business	9.9%
	Did not respond	1.0%

Source: developed for this research

Table 4.6 indicates that 48 per cent of respondents had owned their business for more than ten years, indicating a great deal about the owner of the business; and it is from these experienced small business owners that we can ascertain a great deal in relation to their ability to deal with the difficulties of recruitment, selection and retention of staff. Table 4.8 above indicates how the owner of the business became involved in his or her business. Small business success may relate to whether the business was established by the owner, in this case 48.5 per cent. Alternatively the business may have been purchased by the owner as an established business; the respondents indicated that 40.6 per cent had been purchased. Only a small proportion (9.9 per cent) had been inherited.

Table 4.9 below examines the types of business in the survey and are categorised in line with the Australian Bureau of Statistics characteristics (ABS, 2004a).

Table 4.9 Type of business

Category	Response	Percentage
Type of business	Retail	29.7%
	Professional Service	10.9%
	Building/Construction/Property/Engineering	9.9%
	Service Industry	9.4%
	Healthcare	8.9%
	Resources/Agriculture/Mining	7.9%
	Manufacturing	6.9%
	Tourism / Hospitality	5.9%

Source: developed for this research

Table 4.9 above summarises the demographic responses in relation to the types of businesses. The classifications were the Australian Bureau of Statistics industry classifications Cat. 1309,0 (ABS, 2007). Retail formed the highest proportion with 29.7 per cent of respondents, while professional services ranked next with 10.9 per cent. This could account for the higher than expected level of respondents with non-school qualifications of advanced diploma or above. Building and construction was third at 9.9 per cent and the service industry fourth with 9.4 per cent. The ABS does not take agricultural business into their analysis. It was apparent, however, that some of the respondents were involved in agriculture-related industries, but had placed themselves with the category of 'resources, agriculture and mining'. This reflects the convergence of this research focusing on rural and regional areas.

Table 4.10 below shows the gross income distribution of the respondent businesses.

Table 4.10 Annual gross income of the business

Annual Gross Income ($AUD)	**Percentage**
Less than 50 000	8.9%
50 001 – 100 000	10.4%
100 001 – 300 000	17.7%
300 001 – 500 000	10.9%
500 001 – 800 000	15.1%
800 001 – 1 000 000	6.8%
Over 1 000 000	29.7%
No response received	0.5%

Source: developed for this research

In Table 4.10 above, it is highly apparent that the small businesses who participated in the survey experienced high gross turnover figures. A small business definition as identified by the Australian Bureau of Statistics using the Australian Taxation Office Regional Small Business Statistics is that a '[b]usiness with total income and/or expenses between $10 000 and $5m are classified as small' (Statistics 2001c). One of the basic assumptions of this research has been that whether or not a business is classified as small was determined by the number of employees, based on the ABS definition of small business as 'those businesses employing less than 20 people' (Statistics, 2004, p. 113). It became evident that this should not always be the case. Business size can also be also classified according to gross turnover.

In this research study the highest percentage, that is, 29.7 per cent of respondents, indicated that their average annual gross turnover was greater than one million Australian dollars. Although this has not been used in this research as a determinant of the size of the business, it has provided the basis for cross examination in relation to managerial behaviours, as financial pressures in small business can prove enormous. It is evident from the large percentage of respondents that indicated the top category that perhaps the questionnaire focused too closely on the size of the business in terms of employee numbers, when it may have been far more effective to focus on gross turnover.

The next demographic examined was that of business trading type. The responses can be found below in table 4.11.

Table 4.11 Trading type of the business

Trading Type	Percentage
Company limited	45.5%
Partnership	26.7%
Sole trader	23.8%
Other	4.0%

Source: Developed for this research

Table 4.11 above introduces another interesting demographic — that is, the large number of small businesses with less than 20 employees who are registered companies. The fact that 45.5 per cent of respondents indicated that their business was run as a registered company, showed that many of the respondents were well aware of the risks involved in small business ownership and had registered their business. Partnerships were the next highest level of respondents with 26.7 per cent of respondents trading as part of a partnership. Finally 23.8 per cent were sole traders.

Table 4.12 below indicates the demographics relating to the percentage of employees both male and female who are employed on either a full-time or part-time/casual basis.

Table 4.12 Full-time and part-time staff as percentage of overall staff employed by family-owned small business

Category		Percentage
FULL-TIME	Male	70.8%
	Female	69.3%
PART-TIME	Male	40.1%
	Female	69.8%

Source: Developed for this research

Table 4.12 above indicates the percentage of both male and female full time employees. In respect of full time employees, both male 70.8 per cent and female 69.3 per cent were exceptionally similar. However, they were both lower than the percentage of full-time employees identified by the Australian Bureau of Statistics who found that 95.3 per cent of men worked full time and 70.8 per cent of women (ABS, 2004a). At the same time, female part-time employment was recorded at 69.8 per cent, which was considerably higher than that of male part-time at 40.1 per cent in their small businesses. These figures were in contrast to

that of the Australian Bureau of Statistics who found that 54.2 per cent of males worked part-time and 82.1 per cent of females (ABS, 2004a).

Table 4.13 summarises the numbers of females and males employed, as well as their full or part-time/casual status.

Table 4.13 Percentage of employees employed on a full-time or part-time basis

Category	Number of employees	Percentage
Female Full Time	1 - 2	65%
	3 – 5	23.6%
	6 – 10	7.1%
	11- 20	3.6%
	21- 100	0%
Female Part-time /Casual	1 – 2	67.4%
	3 – 5	22%
	6 – 10	7.1%
	11- 20	1.4%
	21- 100	2.1%
Male Full-Time	1 – 2	52.4%
	3 – 5	24.5%
	6 – 10	14%
	11- 20	5.6%
	21- 100	3.5%
Male Part-time/Casual	1 – 2	75.3%
	3 – 5	13.6%
	6 – 10	6.2%
	11- 20	4.9%
	21- 100	0%

Source: Developed for this research

The characteristics displayed above in Table 4.13 were the numbers of employees both female and male, taking into account whether these employees were either employed on a full-time or part-time/casual basis. The figures above are in line with the Australian Bureau of Statistics

trends toward casual/part-time labour (ABS, 2005, p. 4). This report, Cat. 4102.0 by the Australian Bureau of Statistics, found 'a growth in casual employment for male employees … of almost 48 per cent … between 1996 and 2003'. This high percentage is reflected in Table 4.13 above. An earlier report Cat. 6105.0 found that 95.3 per cent of males were employed full-time and 54.2 per cent part-time or casual, while 70.8 per cent of females were employed full-time and 82.1 per cent were employed part-time or casual (ABS, 2004b).

Table 4.14 below shows the percentage of family members working in the small family-owned businesses.

Table 4.14 Percentage of employees who are family members

Category	Response	Percent-age
How many of the employees are family members?	Female Full–Time	50.5%
	Female Part-Time / Casual	36.1%
	Male Full-Time	66.3%
	Male Part-Time / Casual	14.9%

Source: Developed for this research

Table 4.14 above demonstrates the distribution of family members within the small business was also identified with the largest percentage being full-time males with 66.3 per cent, while part-time males accounted for the smallest percentage of family members involved in the small business, that being 14.9 per cent. Females, on the other hand, had a considerably larger part-time participation rate at 36.1 per cent, while the family members that were female and working full-time in the business amounted to 50.5 per cent. The next Table 4.15 indicates the average length of time employees stay, when employed within the participating firm.

Table 4.15 Retention levels

Category	Response	Percentage
Female Full Time	< 1 year	4.4%
	1 - 2 years	21.2%
	3 – 5 years	24.8%
	< 5 years	49.6%
Female Part time /Casual	< 1 year	19.8%
	1 - 2 years	27.8%
	3 – 5 years	25.4%
	< 5 years	27.0%
Male Full Time	< 1 year	4.5%
	1 - 2 years	20.5%
	3 – 5 years	25.8%
	< 5 years	49.2%
Male Part-time/Casual	< 1 year	25.3%
	1 - 2 years	28.9%
	3 – 5 years	18.1%
	< 5 years	27.7%

Source: Developed for this research

The ability of family-owned small business to retain their employees for as long as possible is one of the keys to their success. The cost in both time and money of losing well-trained employees to other businesses can mean the difference between success and failure. In Table 4.15 above, the respondents indicated that roughly half of all employees (49.2 per cent of males and 49.6 per cent of females) stay longer than five years. The percentage of part-timers leaving within the first year, (males 25.3 per cent and females 19.8 per cent) contrasts quite dramatically with the percentage of full-time employees, (males 4.5 per cent and females 4.4 per cent) who leave in the first year. This could be considered to be in line with the Australian Bureau of Statistics finding that suggest that in 2003, 57 per cent of Australian casual employees had been with their employer for more than twelve months, and this compared to 83 per cent of full time employees (ABS, 2005, Cat. 4102.0, p.4).

4.4 Descriptive statistics

The owner/managers of the family-owned small businesses who participated in the survey provided data on the recruitment and selection methods that they used in their businesses. The descriptive statistics can be found below, building a profile of how the owner/managers of family-owned small businesses conduct their human resources.

A number of research questions were posited in Chapter Two and the descriptive statistics will provide an opportunity to respond to these research questions.

RQ1. *To what extent are formal Human Resource Management processes used by family-owned small businesses in rural and regional areas of Australia?*

Table 4.16 below identifies the use of formal Human Resource polices and procedures within their family-owned small business as indicated by the owner/ managers.

Table 4.16 The extent to which family-owned businesses have formal HR policies and procedures

		Frequency	Percentage	Valid Per cent	Cumulative Percentage
Valid	not at all	100	47.6	49.5	49.5
	extremely rarely`	1	12.4	12.9	62.4
	very rarely	18	8.6	8.9	71.3
	rarely	14	6.7	6.9	78.2
	sometimes	13	6.2	6.4	84.7
	frequently	9	4.3	4.5	89.1
	to a great extent	22	10.5	10.9	100.0
	Total	202	96.2	100.0	
Missing	System	8	3.8		
Total		210	100.0		

Source: Developed for this research

It is apparent from table 4.16 above that 21.8 per cent of family-owned small businesses in rural and regional areas utilise formal HR management policies and procedures and 78.2 per cent of family-owned small businesses in rural and regional areas indicated they rarely or do not at all utilise formal HR policy and procedures in their family-owned small business.

The next area to be examined was to what extent the owner/managers of family-owned small businesses employ a specific person to look after their Human Resources. Table 4.17 below summarises their responses.

Table 4.17 Employment of HR personnel

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	not at all	153	72.9	75.7	75.7
	extremely rarely	20	9.5	9.9	85.6
	very rarely	6	2.9	3.0	88.6
	rarely	4	1.9	2.0	90.6
	sometimes	7	3.3	3.5	94.1
	frequently	4	1.9	2.0	96.0
	to a great extent	8	3.8	4.0	100.0
	Total	202	96.2	100.0	
Missing	System	8	3.8		
Total		210	100.0		

Source: Developed for this research

Table 4.17 above shows the responses received from the owner/managers of family-owned small businesses. Only 9.5 per cent of respondents employ, or sometimes employ, a person to specifically look after Human Resource management needs while 90.6 per cent indicate they rarely, or never, employ a person specifically to take responsibility for HR.

Table 4.18 below indicates what assistance the owner/managers of family-owned small businesses receive from the Commonwealth Government, in relation to staffing within their business.

Table 4.18 Extent to which family-owned small businesses receive help from the Government in relation to staffing policies

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	not at all	101	48.1	50.0	50.0
	extremely rarely	40	19.0	19.8	69.8
	very rarely	24	11.4	11.9	81.7
	rarely	19	9.0	9.4	91.1
	sometimes	12	5.7	5.9	97.0
	frequently	5	2.4	2.5	99.5
	to a great extent	1	.5	.5	100.0
	Total	202	96.2	100.0	
Missing	System	8	3.8		
Total		210	100.0		

Source: Developed for this research

Table 4.18 indicates that 8.9 per cent of the small businesses surveyed felt that governments assisted them with written information about laws and regulations governing Human Resource Management. The family-owned small businesses indicating that they did receive some help were 8.9 per cent who indicated sometimes up to a great extent. Those family-owned small businesses who indicated rarely or less were 91.1 per cent.

Table 4.19 below indicates the extent to which family-owned small businesses received assistance with practical human resource programs from the Government.

Table 4.19 Extent to which family-owned small businesses receive assistance with practical human resource programs from the Government

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	not at all	122	58.1	60.4	60.4
	extremely rarely	31	14.8	15.3	75.7
	very rarely	22	10.5	10.9	86.6
	rarely	16	7.6	7.9	94.6
	sometimes	8	3.8	4.0	98.5
	frequently	3	1.4	1.5	100.0
	Total	202	96.2	100.0	
Missing	System	8	3.8		
Total		210	100.0		

Source: Developed for this research

As is evident from Table 4.19, family-owned small businesses did not feel that they received any practical programs from government to assist with the management of human resources. Five and one half (5.5) per cent of respondents suggested that they received assistance, while 94.5 per cent indicated that they rarely or never received assistance. Attention is now turned to research question two that concerned recruitment methods.

RQ2. *What recruitment methods are utilised by family-owned small businesses in rural and regional areas of Australia?*

The respondents were asked to indicate the methods of recruitment utilised and were given a selection of recruitment methods to nominate from. These recruitment methods are found below in Table 4.20.

Table 4.20 Extent of use of various methods in recruiting staff

Type of Recruitment Process Used	Mean score based on 1-7 Likert Scale
Word of mouth	4.20
Referrals by employees	3.34
Newspaper	3.29
Walk ins / Unsolicited applications	2.92
Public recruitment agency	2.72
Promotions from within	2.22
Private recruitment agency	2.17
Electronic source	1.54
Sign in shop front	1.45

Source: Developed for this research

Table 4.20 indicates that the most popular means of recruiting staff in family-owned small business is word of mouth with an average mean score of 4.2 on a seven-point Likert Scale. Referral by employees is ranked second with a mean score of 3.4 and newspapers were ranked fourth with a mean score of 3.29. An electronic source was found to be second-last in the ranking with a mean score of 1.54, and last of all was placing a sign in a shop front with a mean score of 1.45 on a seven-point scale.

RQ3. ***What are the issues impacting on employee recruitment by family-owned small businesses in rural and regional areas of Australia?***

Table 4.21 below indicates the issues impacting upon the ability to recruit employees as identified by managers of family-owned small business.

Table 4.21 The issues impacting on employee recruitment by family-owned small business in rural and regional areas

What issues impact on recruitment	Mean score Based on 1-7 Likert Scale
Specific skills required	4.51
Type of business	4.21
Demand for labour	3.86
Economic conditions	3.70
Salary/wages package able to offer	3.58
Business location	2.97
Employment laws	2.71
Unions	1.75

Source: Developed for this research

Table 4.21 above shows that the specific skills required to fill the job is the most important issue with a mean score of 4.51, while the type of business ranked second at 4.21 and third in ranking was the demand for labour at 3.86 on a seven-point Likert Scale.

Having identified the results of matters affecting staff recruitment, attention is now turned to staff section. Table 4.22 below identifies the selection tools used in the selection processes. They are ranked in order by mean scores based on the responses of owner/managers of family-owned small business in rural and regional areas of Australia.

Table 4.22 Extent of use of various methods in staff selection

Type of Selection Process Used	Mean score Based on Likert scale 1-7
Initial screening interview	5.23
Background investigation/reference check	4.60
Unstructured interview	4.15
Structured interview	3.44
Completing an application form	3.14
Literacy test (reading/writing)	2.14
Group interview	1.83
Testing	1.79
Physical examination	1.51
Stress interview	1.46
Computer-assisted interview	1.24

Source: Developed for this research

Table 4.22 indicates the ranked order of methods used in determining the selection of employees. An initial screening interview was rated highest with a mean score of 5.23 on a seven-point scale, while background investigation/reference check received a ranking of second with a mean score of 4.6. Unstructured interviews ranked third with a mean score on a seven-point Likert Scale of 4.15. Computer-assisted interview ranked last with a mean score of 1.24.

RQ6 *How do owner/managers of family-owned small business in rural and regional areas retain staff?*

The Table 4.23 below identifies the strategies used in the attempt to encourage employees to stay. They are ranked in order of mean scores based on the responses of owner/managers of family-owned small business in rural and regional areas of Australia.

Table 4.23 Extent various methods used to encourage employee retention

Type of retention method	Mean score based on Likert Scale 1-7
Good relationships with employees	5.71
Good relationships between employees	5.56
Encouraging employees to become involved beyond the call of duty	4.72
Flexible working hours	4.60
Flexible working conditions	4.45
The ability to maintain discretion in relation to employee's personal details	4.43
Bonus systems / incentive pay	3.55
Allowing employees to determine their own behaviour	3.50
Competitive compensation package	3.05
Provisions of access to transport for employees	2.12
Child/elder care support for employees	1.73

Source: Developed for this research

Table 4.23 indicates the ranked order of methods used to retain employees. Initial good relationships with the employee was rated highest with a mean score of 5.71 on a seven-point scale, while good relationships between employees received a ranking of second with a mean score of 5.56. Encouraging employees to become involved beyond he call of duty ranked third with a mean score on a seven-point Likert Scale of 4.72. Child/elder care support, for employees, ranked last with a means score of 1.73.

RQ7 *What are the issues impacting on the retention of employees by family-owned small businesses in rural and regional areas?*

Table 4.24 below ranks the mean scores of factors impacting upon the ability to retain employees as identified by managers of family-owned small business.

Table 4.24 Issues that impact on retention of employees by family-owned small business in rural and regional areas

What issues impact on retention	Mean score based on likert scale 1-7
Specific skills required	4.70
Type of business	4.45
Demand for labour	4.56
Economic conditions	4.12
Salary/wages package able to offer	3.62
Business location	3.41
Employment laws	2.68
Unions	1.70

Source: Developed for this research

Table 4.24 indicates the ranked mean scores of the issues impacting on retention of employees by family-owned small business in rural and regional areas. The results identify that the specific skills required to fill the job are the most important issue, with a mean score of 4.70; while the type of business ranked second at 4.45 and third in ranking was the demand for labour at 3.62 on a seven-point Likert Scale. Unions had the least impact at 1.7. This ranking for factors impacting on retention is identical to that impacting on recruitment.

4.5 Validity through qualitative and quantitative tests

Quantitative research that can be replicated can be said to be valid (Creswell, 1994). The content and construct validity of this research has been tested by both quantitative and qualitative methods of investigation. When testing construct validity, qualitative and quantitative testing are equally important (Nunnally and Berstein, 1994). Davis (1996) suggests that content validity indicates the 'degree to which the scale items represent the domain of the concept' and that there are four recommended procedures in testing validity. Firstly, a literature search for all possible items, secondly, solicit expert opinions, thirdly, pre-test with a pilot on a similar group and finally, if necessary, modify (Davis, 2005, p. 185).

Construct validity through factor analysis using principle component analysis (PCA) was undertaken.

Exploratory factor analysis (EFA) in the form of principal component analysis (PCA) is utilised to 'reduce a large number of variables to a smaller set of underlying factors'. These factors are used to summarise and explain a set of variables (Coakes, 2005, p. 154) This is undertaken to identify the underlying constructs in a set of variables. Factor analysis, in the form of Principal Component Analysis (PCA) also allows the researcher to determine 'whether items were tapping into the same construct' (Coakes, 2005, p. 154).

The process of identifying the constructs through factor analysis, principally using (PCA) involved the grouping together of the various questions thought to represent a particular construct, and adding or removing various questions until the research identified specific items that tap the construct. The purpose of the process is to condense the variables into a smaller number of factors or constructs.

According to Davis (2005), factor analysis has three steps. Firstly, correlation matrix computation is needed to determine if the factors analysis model is appropriate. Secondly, extraction of factors is completed to enable the determination of the number of factors. Finally, rotation enables the factors to be more easily interpreted.

The data had to be suitable for exploratory factor analysis (EFA). This was determined by utilising the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity, both of which can be used to determine factorability of the data (Coakes, 2005, p. 155). Hair, Anderson, Tatham, and Black (1998) and Hair, Black, Babin, Anderson, and Tatham (2006) suggest that the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is most suited to identifying homogeneity of factors when results are greater than 0.80. The respective Kaiser-Meyer-Olkin (KMO) measures ranged from 0.81 to 0.94 over the ten components. Correspondingly, the Bartlett's test of sphericity, like the KMO, is significant and, therefore, factorability is existent (Coakes, 2005, p. 165) The ten components responded significantly to Bartlett's test of sphericity at less than 0.01. The constructs that were established are listed in table 4.25 below.

Table 4.25 Eigenvalue percentage of variance – construct for factors 1–10

Factor Number	Question Numbers		Construct Name	Eigenvalue Total	Eigenvalue % of variance
1	Q1.17c; Q1.17b; Q1.15;	Q1.17d Q1.17a Q1.16	Relationship framework of human resource management practices	3.67	61.18
2	Q2.7g Q2.7h Q2.7b Q2.7j Q2.7d	Q2.7f Q2.7e Q2.6 Q2.7a Q2.7c	Relationship with recruitment agents	6.25	62.53
3	Q3.3c Q3.3b Q3.3f	Q3.3e Q3.3a Q3.3d	Relationship impacts on interview outcomes	3.49	58.20
4	Q3.6d Q3.6e Q3.6b	Q3.6f Q3.6a Q3.6d	Initial employee relationship orientation	3.74	62.26
5	Q4.1b Q4.1a Q4.1e	Q4.1c Q4.1d	Long-term relationship and employee involvement	2.95	58.94
6	Q4.6f Q4.6c Q4.6 g Q4.6 e	Q4.6d Q4.6a Q4.6b Q4.6h	Employer contribution to relationship and retention	5.68	47.34
7	Q4.7f Q4.7e Q4.7b	Q4.7a Q4.7h	Employees show relationship commitment	3.42	64.47
8	Q5.0d Q5.0l Q5.0g Q5.0q	Q5.0f Q5.0k Q5.0b	Deterioration of relationship and why employees leave	3.30	47.19
9	Q5.1c Q5.1d Q5.1f	Q5.1a Q5.1b Q5.1e	Make employees feel relationship is valued	3.67	61.22
10	Q5.2n Q5.2o Q5.2u Q5.2e Q5.2l Q5.2r Q5.2t	Q5.2q Q5.2c Q5.2k Q5.2s Q5.2f Q5.2a Q5.2e Q5.2i	Legal and moral relationship with employees	8.77	58.50

Source: Developed for this research

As shown in Table 4.25 above, 10 factors were identified. In Chapter Two, a question was posed about the possible existence of underlying factors that might contribute to effective

Human Resource management with specific focus on the recruitment, selection and retention of employees in family-owned small businesses in rural and regional areas of Australia.

RQ7 *Are there any underlying factors that contribute to effective Human Resource Management practice in family-owned small business?*

Ten constructs were identified by the principal component analysis (PCA). According to convention, the name given to each of these factors is related to the central concept of that factor. Only factors with alpha scores of over 0.8 have been incorporated and these constructs and their reliability can be found in table 4.26 below. Section 4.2.5 below indicates these figures and their total correlation.

4.6 Reliability of primary constructs

Table 4.26 below identifies and names the 10 established components to emerge from the principal component analysis (PCA). The reliabilities were found to range between 0.80 and 0.95.

Table 4.26 Component Matrix – construct for factors 1 – 10

Construct Number	Construct Name	Reliability as measured by Chronbach's Alpha
1	Relationship framework of human resource management practices	.87
2	Relationship with recruitment agents	.93
3	Relationship impacts on interview outcomes	.85
4	Initial employee relationship orientation	.88
5	Long-term relationship and employee involvement	.83
6	Employer contribution to relationship and retention	.91
7	Employees show relationship commitment	.87
8	Deterioration of relationship and why employees leave	.80
9	Make employees feel relationship is valued	.87
10	Legal and moral relationship with employees	.95

Source: Developed for this research

The 10 constructs shown in Table 4.26 were all found to be reliable based on the use of Chronbach's Alpha in line with Nunnally's (1978) criterion that the result needs to be over 0.70 to indicate good reliability.

The next phase of the study is the application of analysis of variance (ANOVA) with post hoc comparisons to identify any significant difference that might be present when comparing the variables under study.

4.7 Presence of significant differences

The basis of the one-way analysis of variance (ANOVA) test is to compare the 'significant differences among the means of several groups' (Sekaran, 1984, p. 219), or as Hair et al. (2006, p. 391) describe it, 'two independent estimates of the variance for the dependent variable are compared'. Having obtained a significant result with the ANOVA, it is then possible to go further and determine 'where the significance lies' (Coakes, 2005, p. 88) by performing a post hoc analysis. This involves 'hunting through the data for any significance – that is, doing an entire set of comparisons' (Coakes, 2005, p. 85). The use of post hoc methods can be linked to the effortlessness with which multiple comparisons are made. In this instance, the author chose to use the Tukey's honestly significant difference (HSD) test. Coakes (2005) contends that this is a more moderate test than the Scheffe test for which the 'types of comparison that can be made are restricted' (Coakes, 2005, p. 85). Tilley (1990, p. 208) suggests that 'Tukey's HSD test allows you to calculate the minimum difference between means that is necessary to count as significant'.

Levene's tests, ANOVA's and Tukey's post hoc were performed on each construct and on the demographic factors. Only those that demonstrated significant levels over several of the constructs are discussed below.

A Test of Homogeneity of Variance was conducted prior to ANOVA. To do this Levene's test for homogeneity of variance was conducted to a level of ($p > .05$) with the population variance for each group assumed to be equal.

In conducting the ANOVA F is significant at over 0.05. Where it was not possible to use the ANOVA, the t-test was used specifically for gender and marital status. An independent t-test was undertaken for both gender and marital status for each variable. This statistic is

frequently referred to as a 'between-subjects design'. This independent group's t-test enables the participants from two or more specific groups who 'have performed in each of the different conditions, in other words, when participants in one condition are different from the participants in the other condition' (Coakes, 2005, p. 77).

Three demographic variables were found to be significant over several of the constructs —

- the trading type of the business
- the gross income of the business
- the educational qualifications of the owner/manager.

4.7.1 Formal Human Resource Management practices and demographic (Trading Type)

Table 4.27 below examines the ANOVA findings relating to Construct One, the relationship framework of HR management practices and demographic trading type.

Table 4.27 Construct 1 – relationship framework of human resource management practices and trading type ANOVA

CONSTRUCT 1	Trading Type	Lower Mean	Higher Mean	Significant
Formal HR policy	SIG	1.98	3.21	.000
Employ HR person	SIG	1.07	2.07	.000
Job analysis	SIG	1.98	3.54	.001
Job description	SIG	2.38	4.37	.000
Job specification	SIG	2.53	4.14	.000
Performance appraisal	SIG	2.65	3.80	.001

Source: developed for this research

Table 4.27 identifies the findings of Construct One, the *relationship framework of Human Resource Management practice* and trading type ANOVA. Significance on 'company limited' business structures for all formal HR factors.

This could be an indicator that those family-owned small businesses who are at the larger end of the scale (that is, have close to 20 employees) and have registered as a 'company limited' also have a greater capacity to *put in place formal HR policies and procedures* or *employ a*

specific person to look after their HR requirements than do those businesses that remain as 'partnerships'. In terms of performing *'job analysis', 'job description', 'job specification'* and *'performance appraisal'* this could be an indicator that those businesses who have registered as a 'company limited' also have a greater capacity to perform. This could be as a result of annual turnover, size or staff numbers that the family-owned small businesses that are 'company limited' businesses are better equipped to deal with than are 'sole trader' or 'partnership' businesses.

4.7.2 Employees' commitment and demographic (Gross income)

Table 4.28 below examines the ANOVA findings relating to Construct Seven, employees show relationship commitment and demographic gross income.

Table 4.28 Construct 7 – employees show relationship commitment and gross income ANOVA

CONSTRUCT 7	Gross income	Lower Mean	Higher Mean	Significant
Indicate happy in job	SIG	3.24	5.24	.028
Working beyond call of duty	SIG	4.12	5.83	.006
Taking extra responsibility	SIG	4.12	5.97	.013
Working without persuasion	ns			ns
Sharing family experience	SIG	3.24	5.24	.004

Source: developed for this research

Table 4.28 identifies the findings of Construct Seven the *employees show relationship commitment and gross income* ANOVA. Significance on 'gross income' for all but one factor for employees show relationship commitment factors.

This could be an indicator that those family-owned small businesses who have a moderate scale of gross income (that is, have a gross income of between $100 thousand and $800 thousand) have a greater capacity to have *employees show relationship commitment* than those businesses that have either low gross income ($1 – $50 thousand) or those with incomes greater than $800 001.00.

In terms of employees showing relationship commitment by '*indicating they are happy in their job', 'working beyond call of duty', 'taking extra responsibility'* and *'sharing family experience'* these factors could be indicators that those businesses who have yearly 'gross income' that is between $100,001.00 and $800,000.00 are in a position to employ adequate staff numbers so that employees don't feel exploited. It could also be that they are in a position to be able to afford to reward employees by providing a bonus system thereby encouraging work beyond the call of duty in return. This mid-range annual *'gross income'* group could be more able to contribute than the group of family-owned small businesses that fall into the *$0 to $50,000.00* range, where cash flow would be a constant source of difficulty. In the *$800,001.00 to greater than $1,000,000.00* category there may be little possibility for discretionary spending on staff due to accounting controls and procedures.

4.7.3 Deterioration of relationship and why employees leave and demographic (Gross income) and (Trading type)

Table 4.29 below examines the ANOVA findings relating to Construct Eight, deterioration of relationship and why employees leave and demographic gross income.

Table 4.29 Construct 8 – deterioration of relationship and why employees leave and gross income ANOVA

CONSTRUCT 8	Gross income	Lower Mean	Higher Mean	Significant
Dissatisfaction with work	sig	1.35	2.86	.009
Other employees	sig	1.52	3.15	.009
Poor work attitude	sig	1.65	3.69	.004
Due to poor work climate	sig	1.25	2.38	.008
Due to work overload	n/s			n/s
Due to work conflict	sig	1.15	2.24	.016
Lack of promotion	sig	1.35	3.00	.009

Source: developed for this research

Table 4.29 above identifies the findings of Construct Eight, the *deterioration of relationship and why employees leave* and *'gross income'* ANOVA. Significance on 'gross income' was for all but one factor, for deterioration of relationships and why employees leave factor.

This could be an indicator that family-owned small businesses that have a higher gross income (that is, a gross income of between $500 001 and $1 million) have a greater capacity to have *deterioration of relationship and have employees leave* than those businesses that have a low gross income ($1 – $500 001). There is a possibility that the smaller the gross income of the business, the less it can afford to lose staff or alternatively, the more gross income the business earns, the harder the employees have had to work, and, therefore, they could be disgruntled with work and rewards causing them to leave. Another possibility could be that the larger the gross income the greater number of employees and the possibility of not getting on may increase.

Table 4.30 below examines the ANOVA findings relating to Construct Eight, *deterioration of relationship and why employees leave* and *demographic trading type*.

Table 4.30 Construct 8 – deterioration of relationship and why employees leave and trading type ANOVA

CONSTRUCT 8	Trading type	Lower Mean	Higher Mean	Significant
Dissatisfaction with work	sig	1.65	2.45	.014
Other employees	sig	1.68	2.49	.008
Poor work attitude	sig	2.41	3.42	.011
Due to poor work climate	sig	1.31	1.95	.016
Due to work overload	n/s			n/s
Due to work conflict	n/s			n/s
Lack of promotion	sig	1.56	2.59	.000

Source: developed for this research

Table 4.30 above identifies the findings of Construct Eight, the *deterioration of relationship and why employees leave* and *'trading type'* ANOVA. Significance of 'trading type' for all but two factors for deterioration of relationships and why employees leave factors.

This could be an indicator that those family-owned small businesses who have a 'company limited' trading type have a greater capacity to have *deterioration of relationship and have employees leave* than those businesses that are either sole trader or in a partnership. This may be because if the business is a sole trader or partnership then the impact of a loss of staff would be more serious than it would be for 'company limited' businesses that have more employees. As indicated by the research findings found in Table 4.31 below, Company Limited registered family-owned small businesses in this research employed a much greater number of employees than partnerships and sole traders, with company limited small businesses employing more than 50 per cent of all employees.

Table 4.31 Cross tabulation of number and percentage of employees per business trading type.

Employee Type	Sole Trader	Partnership	Company Ltd	Other	Total
Total	91 = 18%	134 = 26.5%	257 = 51%	23 = 4.5%	505

Source: developed for this research

If this is the case then sole traders of partnerships may be more motivated to keep their staff. Another explanation could be that because of the larger the structure of the 'company limited' businesses, they require more interaction among their staff, and the more employees have to interact together, the more likely it is for there to be dissatisfaction between employees. Or employees with poor attitudes could be laid off because the 'company limited' employer may have more employees that can fill in until the position is filled.

4.7.4 Legal and moral relationship with employees and demographics of (Education) and (Trading type)

Table 4.32 below examines the ANOVA findings related to Construct Ten, legal and moral relationship and demographic education.

Table 4.32 Construct 10 – legal and moral relationship with employees and education ANOVA

CONSTRUCT 10	Education	Lower Mean	Higher Mean	Significant
Good employee attract others	sig	3.33	6.25	.017
Employees share results	sig	3.33	5.61	.022
Employees value training	sig	3.33	5.09	.009
Culture improves retention	sig	3.00	5.79	.023
Unfair outcomes resented	sig	2.67	5.18	.017
Employee input to decisions	n/s			n/s
Timely feedback important	sig	3.00	5.81	.045
Employee dignity important	sig	4.00	6.42	.016
Employee rights important	sig	4.00	6.45	.003
Fair rewards are important	sig	3.00	6.27	.037
Fair overall pay important	sig	4.00	5.70	.066
Info provided on request	n/s			n/s
All parties represented	n/s			n/s
Information accurate	n/s			n/s
Consider employee needs	n/s			n/s

Source: developed for this research

Table 4.32 above identifies the findings of Construct Ten, the *legal and moral relationship with employees* and *'education'* ANOVA. Significance on 'education' was identified on 10 of the 15 items for legal and moral relationship with employees.

This could be an indicator that those family-owned small businesses who have owner/managers with an education level of *university undergraduate level* have a greater

capacity to understand and show empathy toward moral issues, such as employee dignity and legal issues, such as culture as indicated above in Table 4.31. There is a possibility that they could understand both the moral and legal issues involved in employing staff because of their past educational experiences or their ability to keep up-to-date with their legal and moral obligations. Table 4.33 below examines the ANOVA findings relating to Construct Ten, legal and moral relationship and demographic trading type.

Table 4.33 Construct 10 – legal and moral relationship with employees and trading type ANOVA

CONSTRUCT 10	Trading type	Lower Mean	Higher Mean	Significant
Good employee attract others	n/s			n/s
Employees share results	sig	4.83	5.49	.018
Employees value training	sig			.017
Culture improves retention	sig	4.90	5.67	.007
Unfair outcomes resented	sig	4.02	5.09	.001
Employee input to decisions	sig	4.48	5.28	.016
Timely feedback important	n/s			n/s
Employee dignity important	sig	5.73	6.45	.008
Employee rights important	sig	5.50	6.20	.022
Fair rewards are important	sig	4.98	6.06	.001
Fair overall pay important	sig	4.81	5.61	.014
Info provided on request	sig	4.69	5.66	.005
All parties represented	n/s			n/s
Information accurate	sig	4.52	5.52	.001
Consider employee needs	sig	4.98	5.75	.014

Source: developed for this research

Table 4.33 above identifies the findings of Construct Ten the *legal and moral relationship with employees* and *'trading type'* ANOVA. Significance on 'trading' was identified on 12 of the 15 items for legal and moral relationship with employees:

This could be an indicator that those family-owned small businesses that have the trading type of 'company limited' may have a greater capacity to understand and show empathy toward moral issues, such as fair reward for employees and legal issues such as indicated in Table 4.33 above. There is also a possibility that they were more able to comply with both the moral and legal issues involved in employing staff because of their size and structure.

RQ8 ***Are the mean scores for the identified constructs significantly different when compared on the basis of the demographic variables?***

ANOVA indicated that the constructs relating to the relationship of HR, recruitment, selection and retention between employer and employee in family-owned small business was impacted upon by certain demographic variables. The construct titled *relationship framework of HRM practices* was more likely to be used by 'company limited' businesses. The construct titled *Employees showing relationship commitment* was more likely when gross income of employer ranged between $500 001.00 and $800 thousand. The construct titled *Deterioration of relationships and why employees leave* was more likely to occur in 'company limited' businesses type and when employer gross income was between $500 001.00 and $800 thousand. The construct titled *Legal and moral relationships with employees* was more likely to occur when owner/managers of family-owned small business had an educational level of undergraduate degree and the trading type was 'company limited'.

4.8 Regression Analysis

Regression analysis is the 'method employed to study the relationships between variables, especially the extent to which a dependent variable is a function of one or more independent variables' (Saranktakos, 1993, p. 439). This analysis method is utilised to produce an equation that represents the best forecast of a reliant variable from several independent variables (Coakes, 2005, p. 168). The stepwise regression method was used in the analysis. A summary of the significant findings is presented in table 4.34 below.

Table 4.34 Regression (Composite variables and demographics)

	REGION	AGE	GENDER	MARITAL STATUS	EDUC-ATION	TRADING TYPE	YEARS ESTAB-LISHED	YEARS OWNED	ESTAB-LISHED BY	TYPE OF BUSINESS	GROSS	NUMBER
Relationship framework of HRM		Sig			Sig	Sig				Sig	Sig	5
Relationship with recruitment agents												0
Relationship impacts on interview outcomes			Sig									1
Initial employee relationship and Orientation		Sig						Sig	Sig		Sig	4
Long-term relationship and employee involvement					Sig	Sig					Sig	3
Employers contribute to relationship and retention		Sig										1
Employees show relationship commitment		Sig										1
Deterioration of relationship and why employees leave											Sig	1
Make employees feel relationship is valued		Sig			Sig							2
Legal and moral relationship with employees		Sig			Sig	Sig						3
Number	0	6	1	0	4	3	0	1	1	1	4	

Source: Developed for this research

Table 4.34 above summarises the significant findings of the regression analysis performed on the 10 established construct factors previously identified through exploratory factor analysis (EFA) in the form of principal component analysis.

The factors were all tested and were found to be both valid and reliable. It is these factors that form the constructs that are listed on the far left-hand column on the table, and formed the basis of the regression analysis. Across the top of Table 4.34 are listed the demographic characteristics of the family-owned small businesses and their owner/managers; these demographics were also utilised in the regression analysis.

In summary, the findings of the stepwise regressions suggest that in terms of demographics, age is a significant predictor.

Age + Relationship framework of HRM practices $F(1,198) = 6.84$, $p < .05$
$T = .010 < .05$. Therefore age is a significant predictor of small business owner/ managers using Job analysis as part of their formal HR policy.

Age + Initial employee relationship and orientation $F(1,187) = 9.32$, $p < .05$
$T = .003 < .05$. Therefore the age of the small business owner/manager is a significant predictor of Explanation of dealings with other members of staff and public as part of the employee orientation process.

Age + Employer contribution to relationship and retention $F(1,199) = 12.45$, $p < .05$
$T = .001 < .05$. Therefore the Age of the small business owner/manager is a significant predictor of how Their closeness to the customer is used to contribute to retention employees.

Age + Employees show relationship commitment $F(1,199) = 12.44$, $p <.05$
$T = .001 < .05$. Therefore the age of the small business owner / manager is a significant predictor of how they encourage employees into Sharing their family experiences as a means of showing commitment to the organisation.

Age + Make employees feel relationship is valued $F(1,198) = 10.42$, $p < .05$

T = .001 < .05. Therefore the age of the small business owner / manager is a significant predictor of making employees feel valued by 'giving employees the freedom to take risks and tolerating their mistakes'.

Age + Legal and moral relationship with employees $F(1,199) = 8.15$, $p < .05$
T = .005 < .05. Therefore the age of the small business owner / manager is a significant predictor of employees rights and respect by suggesting that employee's needs are taken into consideration in order to make fair decision.

The findings of the stepwise regressions also suggests that in terms of demographic, education is a significant predictor.

Education + Relationship framework of HRM processes $F(1,199) = 7.12$, $p < .05$.
T = .008 < .05. Therefore the Education level of the small business owner / managers is a significant predictor of whether they will use Job specifications as part of their formal HR policy.

Education + Long-term relationship and employee involvement $F(1,198) = 12.15$, $p < .05$
T = .001 < .05. Therefore the Education level of the small business owner / managers is a significant predictor of their encouragement of employee involvement by Involving them in learning / training and development activities.

Education + Make employee feel relationship is valued $F(1,200) = 7.23$, $p < .05$
T = .008 < .05. Therefore the education level of the small business owner / manager is a significant predictor of making the employee feel valued by recognising the value of the employee as a whole person.

Education + Legal and moral relationship with employees $F(1,200) = 15.94$, $p < .05$
T = .000 < .05. Therefore the education level of the small business owner / manager is a significant predictor of making employees feel valued by appreciating that employees value education and training.

The findings, of the stepwise regressions, also suggest that in terms of demographics trading type is a significant predictor.

Trading type + Relationship framework of HRM practices T = .000 < .05 – Therefore Trading type is a significant predictor of small business owner / managers who use Job descriptions as part of their formal HR policy.

Trading type + Long term relationship and employee $F(1,198) = 4.32$, $p < .05$
T = .039 < .05. Therefore Trading type is a significant predictor of small business owner / managers encouraging employee involvement by offering 'On the job training'.

Trading type + Legal and moral relationship with employees $F(1,200) = 14.44$, $p < .05$
T = .000 < .05. Therefore Trading type is a significant predictor fair rewards being important part of employee rights and respect within small businesses.

The findings of the stepwise regressions also suggests that in terms of demographics, gross income is a significant predictor.

Gross Income + relationship framework of HRM $F(1,190) = 16.80$, $p < .05$
T = .000 < .05. Therefore Gross Income is a significant predictor of small businesses potential to employ an HR person.

Gross Income + Initial employee relationship and orientation $F(1,179) = 16.235$, $p < .05$
T = .000 < .05. Therefore Gross Income is a significant predictor of small business owner / managers giving employees an Explanation of leave entitlements as part of their orientation.

Gross Income + Long-term relationship and employee involvement $F(1,188) = 5.40$, $p < .05$
T = .021 < .05. Therefore Gross Income is a significant predictor of owner / managers of small businesses encouraging employee involvement by offering On the job training.

Gross Income + Deterioration of relationship and why employees leave $F(1,189) = 16.03$, $P < .05$
T = .000 < .05. Therefore Gross Income of the small business is a significant predictor of why poor attitude to work (didn't want to work) employees leave.

Gross Income + Deterioration of relationship and why employees leave $F(1,188) = 10.84, < .05$

$T = .023 < .05$. Therefore Gross Income is a significant predictor of lack of promotional opportunities being why employees leave small business.

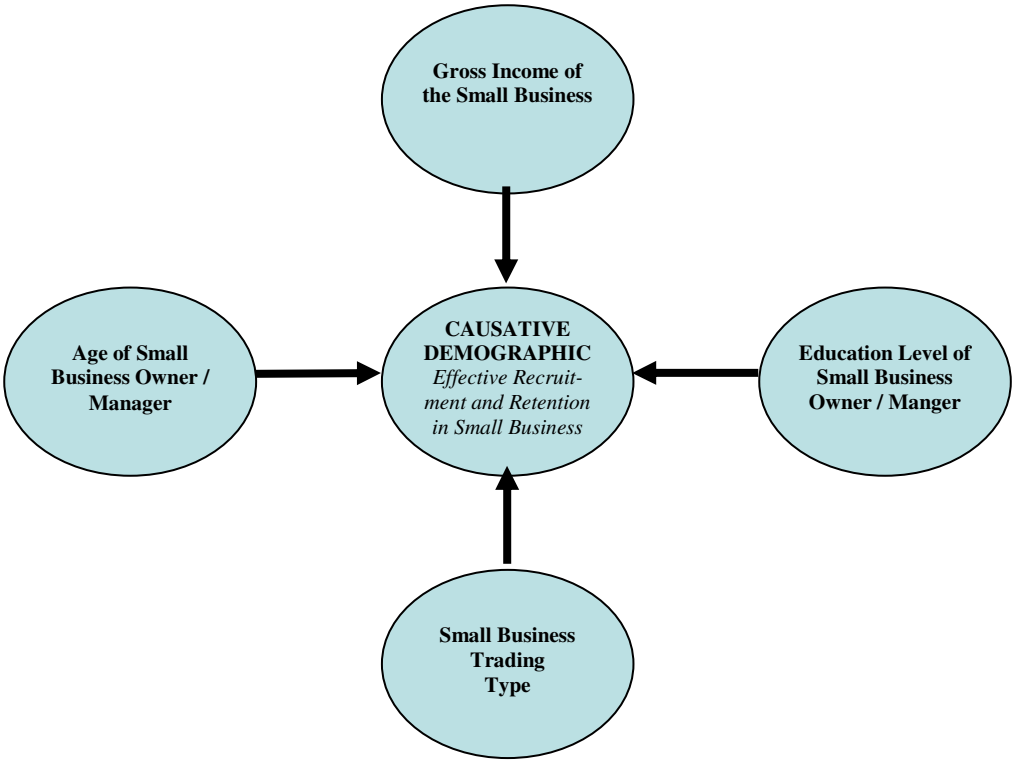
Having reviewed the regression analysis, attention is turned to the next research question concerning the development of a model.

RQ9 *Can a model be developed to assist owners of family-owned small businesses to have more effect HR practices in their businesses?*

4.9 Development of a model

The regression analysis performed on the composite variables and demographics as contained in Table 4.34 above clearly identifies the significance of the demographic and the relationship factors in terms of the constructs. In order that this can be clearly seen, two models have been developed to highlight the important demographic and relationship factors based on levels of significance. Firstly, the significant demographic factors have been identified and a focus on how they have been perceived by the owner/managers of family-owned small businesses has been developed. This is revealed in figure 4.1 below. Secondly, the significant relationship causative factors have been identified and how they have been comprehended by the owner/managers of family owned businesses as contributing to recruitment and retention outcomes of employees. These are shown in Figure 4.2 below. The factors that have been chosen for the two models shown in Figure 4.1 and figure 4.2 below have been established from only the most significant of the composite variable and they are identified from Table 4.33 above only those characteristics, both demographic and factorial relationship orientated were chosen where significance was evident in more than three cases.

Figure 4.1 Causative Demographics in the improvement of recruitment and retention in family-owned small businesses in rural and regional areas



The model of demographic factors found in Figure 4.1 above shows how the demographics of age and education level of the business owners, as well as the trading type and the gross income of the business act as predictors in a successful model of recruitment and retention.

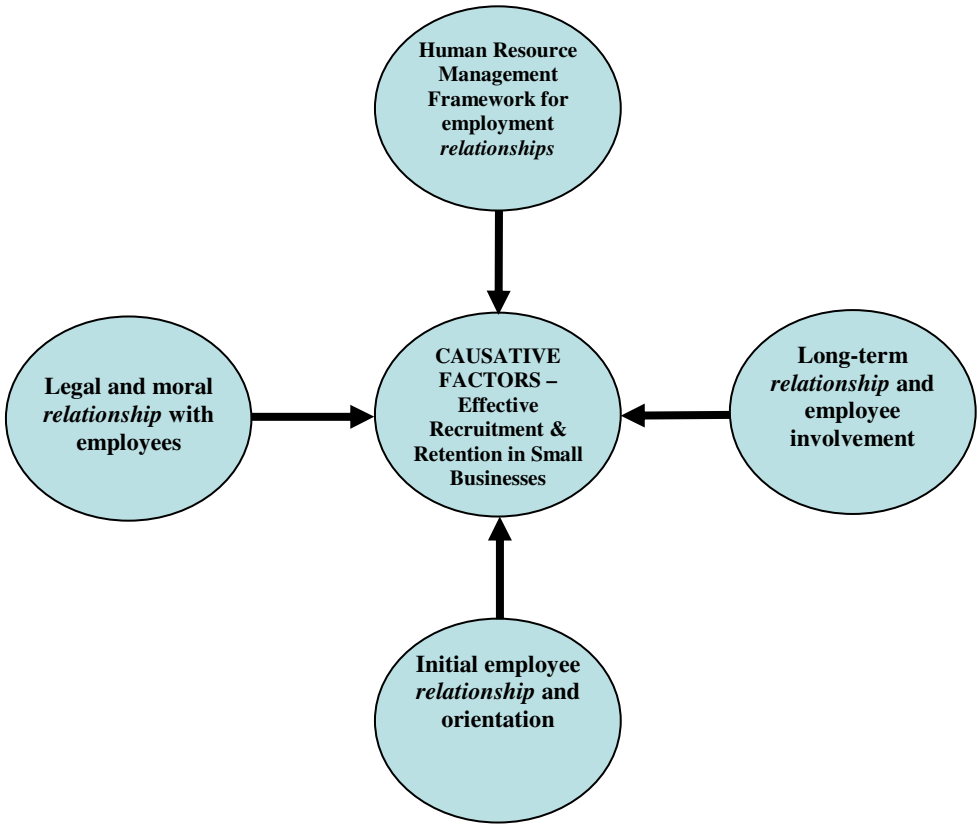
The model is made in the shape of a cartwheel, showing the demographic factors that can contribute to the improvement of recruitment and retention in family-owned small businesses in rural and regional areas.

Figure 4.2 below contains the diagrammatic representation of the causative factors as found in Table 4.34. In line with the demographic model, a similar model has also been developed to more clearly demonstrate the relationship of the causal factors that led to improved recruitment, selection and retention of employees in family-owned small business and these are contained in Figure 4.2 below.

The demographic factors found in Figure 4.1 above fall into two categories. The first category is the demographics of the owner/manager of the small business and includes *the age of the Small Business Owner/Manager* and *the education level of the Small Business Owner Manager*. The second category is the demographics of the business, for example, *the trading type of the small business* and *the gross income of the business*.

This second model found in Figure 4.2 below is made in the shape of a cartwheel. The model highlights causal factors which can bring about improvements in staff recruitment and retention. These were identified from the composite variable analysis as the significant factors that contribute to the improvement of recruitment and retention in small family-owned businesses in rural and regional areas. They are — *Human Resource Management framework for employment relationships; Initial employee relationship and orientation; Long-term relationship and employee involvement* and *legal and moral relationship with employees*.

Figure 4.2 Causative Factors in the improvement of recruitment and retention in family-owned small businesses in rural and regional areas



In Chapter Two a question was posed concerning whether a model could be developed to assist family-owned small businesses in rural and regional areas of Australia.

RQ9 *Can a model be developed to assist owners of family-owned small businesses to have more effective HR practices in their businesses?*

The above two models identify both demographic and construct causative factors that can contribute to effective HR practices in family-owned small businesses in rural and regional areas of Australia.

However, in line with the mixed methodology and triangulation of this study, it is important that qualitative semi-structured surveys be conducted to identify the depth of support for the model. The intention is to test the construct model Figure 4.2 'Causative factors in the improvement of recruitment and retention in family-owned small businesses in rural and regional areas', in terms of owner/managers of family-owned small businesses for accuracy. Details of how this will occur appear in Chapter Five.

It should be noted at this point that the demographic factors that were identified as significant in Table 4.33 and form the basis for the development of Figure 4.1 will remain uninvestigated from this point. While they have identifying the causative demographics in the improvement of recruitment and retention in family-owned small businesses in rural and regional areas, it is important at this point of the study to narrow the focus, and this wealth of demographics will form the termination of the demographics and the basis for future studies. The focus of the thesis from this point will be on the causative relationship factors identified through the use of regression analysis and found in Figure 4.2 above. These four relationship characteristics will form the foundations of this thesis from this point forward.

4.10 Summary

Chapter Four has reported the results of the quantitative data. The descriptive statistics identify and establish the demographics profile of the respondents, that is, the owner/managers of the family-owned small businesses. A demographic profile of the businesses was then established. This was followed by the use of descriptive statistics that were established to answer specific research questions identified in Chapter Two.

Exploratory factor analysis in the form of principal component analysis (PCA) reduced the data to 10 valid and reliable factors, confirmed by KMO and Kaiser-Meyer-Olkin and Chronbach's Alpha.

Levene's tests, ANOVAs and t-tests, as well as Tukey's post hoc were performed on each of the constructs and the demographic factors and only those that were significant over several constructs were identified. These were the trading type of the business, the gross income of the business and the educational qualifications of the owner.

Finally regression analysis was conducted to forecast reliant variables from the independent variables using stepwise regression. Only those demographics (*age; education; trading type* and *gross income*) and causative factors (*HRM framework for employment relationships*; *initial employee relationship and orientation*; *long term relationship and employee involvement* and *legal and moral relationship with employee*) that recorded three significant factors or greater and demonstrating relationships between variables were selected.

From these factors, two models were developed — firstly, a model of the contributory demographics, that will form the basis for future study, and secondly, a model of the causative factors that have been identified by owner/managers as contributing positively to recruitment, selection and retention outcomes in family-owned small businesses in rural and regional areas of Australia. It is this second model that will shape the heart of this study from this point forward.

It is apparent from the model shown in Figure 4.2 that relationships have a significant influence on recruitment, selection and retention of employees in family-owned small businesses. It is for this reason that the major spotlight of this thesis from this point on will be on the significant causative relationship factors identified.

The next chapter will examine the impact of relationships on recruitment, selection and retention of staff and endeavor to investigate a theoretical framework to underpin the development model.

Chapter 5 THE RELATIONSHIP FRAMEWORK

5.1 Introduction

The quantitative data was analysed in various ways in Chapter Four. Firstly, the demographics profiles of the owner/managers, and then the outline of the family-owned small business were established. The principal component analysis (PCA) identified ten factors. ANOVAs and t-tests were then used to identify the significant differences. Finally, regression analysis was performed between construct factors and demographics. The convergence of data from the regression analysis provided two models, at this point the demographic model will be set aside in favour of a focus on the relationship construct model. The relationship model shown in Figure 4.2 had four specific relationship constructs that contribute significantly to the recruitment, selection and retention of employees.

The aim of this chapter is to attempt to confirm through semi-structured interviews the significant contributory factors in relation to the four relationship constructs found in this model and present in family-owned small business in rural and regional areas of Australia. It is apparent from the model contained in Figure 4.2 that relationships have a significant influence on recruitment, selection and retention of staff in family-owned small businesses. This chapter will examine the impact of relationships on recruitment, selection and retention of staff by undertaking to investigate a theoretical framework to under pin and reinforce the developed model.

5.2 Relationships and recruitment, selection and retention

The quantitative data has enabled identification and scrutiny of the four major relationship constructs associated with the successful methods used by owner/managers of small family-owned businesses in dealing with the recruitment, selection and retention of staff in rural and regional areas of Australia (figure 4.2). Each of these themes requires further investigation.

Firstly, the quantitative data identified the indicator that the *Human Resource Management practice framework and employee relationship* is being utilised within small family-owned businesses. This data indicates the quantitative aspects of the relationship framework of the

Human Resource Management practices, which are being employed in rural and regional areas. The data provides only a 'snapshot' of current relationship practices in small family business situations.

The second area identified as contributing to the successful recruitment and retention of employees is *initial employee relationship orientation*. Wider discussions need to be introduced focusing on the implementation of such activities, for example, how they can enrich the 'relationship' and also organisational success by identifying the finer details of relationship development through orientation.

The third set of factors used by employers to encourage employee involvement and *long term relationship development*, identified by the quantitative survey instrument as being important to the outcomes of small family-owned business, needs to be qualified in order to enrich the model developed.

The fourth and final area to be discussed further is how employers, that is, owner/managers, contribute to their *legal and moral relationship with employees*. The quantitative data has indicated that these play a contributory role in the employment relationship and HR activities. The quantitative data in such a behaviourally sensitive area provides a very confined view of this. It is anticipated that this will be enriched through discussion with the owner/managers of small businesses that have the capacity to provide a practical and humanitarian view of the legal and moral relationships that develop within small family-owned businesses, and how this might throw further light on their contributions to their quantitative responses.

It is, therefore, important to clarify these quantitative outcomes with more qualitative data. This was identified as part of the rationale in Chapter Three and will form the basis for the qualitative research. A series of interviews will be conducted with those participants who have provided their names as part of their response to the original questionnaire.

This will enable an emotional response to be sought in order to confirm or disconfirm the findings of the quantitative research. It will also enable the researcher to ascertain if all or most of the respondents experienced similar emotions and behaviours in their interactions with staff and staffing issues. This development of the informal interview questionnaire will enable the data obtained in relation to recruitment, selection and retention to be enriched by the demographics relevant to the specific constructs. The major focal point for the qualitative

research, to be found in Chapter Six, will be to substantiate the quantitative findings. Prior to this, the theory that supports a framework/theory of relationships will be analysed in order to provide a framework of understanding on which to show the development of the new theory model.

5.3 The need for a 'relationship' framework/theory

The attitude and orientation taken by workers in their workplace has an impact upon the 'shaping of the relationship between them and their employers.' Bilton, Bonnett, Jones, Lawson, Skinner, Stanworth, and Webster (2002, p.310). However, based upon a more modern and emergent concept of work and attitudes toward labour, it should be a two-sided contributory factor. It is apparent that insecurity is produced within the more modern work environment, labour market insecurities caused by part-time and casual employment all having a causative impact. This, in turn, could be seen to reflect on the relationship that exists between employer and employee. Other factors that may be seen to impact upon the relationship between employer and employee are, for example, the level of responsibility, self-expression and self-realisation that is given to the employee, or the empowerment, as well as the amount of trust the employer places in the employee. This could be seen as a post-modernist approach to the relationship that exists between employer and employee.

The concept of internal marketing identified by Rafiq and Ahmed (2000, p.449) focused on as series of phases in which marketing is focused at the employee's motivation and satisfaction levels, their customer orientation, implementation and management. Piercy and Morgan (1991) focused on internal marketing as a parallel of external marketing. The focus of such studies was on quality of service and increased outputs, but did not focus on the relationship factors that could contribute to the retention of staff in family owned small business.

Much has been written about workplace relationships, for example, Mathis and Jackson (1991) found that owner/managers not only ran the business, but frequently took on all the Human Resource Management responsibilities, regularly requiring superior levels of relationship skills. The owner/managers of small firms are often said to develop enjoyable and peaceful work environments, where employee and employer enjoy satisfying work relationships (Bolton, 1971). It is through the mentoring and development of such relationships that enhanced framework/theory of 'relationships' can contribute to improved employment relationship outcomes.

It is fundamental to the understanding of the importance of work relationships to business and employee outcome, the impact of job and life satisfaction created by those involved in the family relationship. Adams, King and King (1996, p. 411) found that relationships within the workplace can be impacted upon by, not only family conflict, but also by support. This work/family relationship may have a greater impact within the family owned/managed small business where work and family are forced to form a much close alliance.

Relationships have been identified as being built on trust. Sundaramurthy (2008) found that trust contributed significantly to family businesses, and that the relationships that exist within the family unite the endeavors of the individuals toward a common good. This strength of bond and formation of relationships, can, in turn, provide a comparative advantage to the smaller family owned/managed business. McCulloch and Turnban (2007, p.63) identified the importance of using person-organisation fit in selecting employees in areas of high turnover. Their work suggests that there needs to be relationship between the manager's descriptions of the work and culture of the organization, and that of the employee's desired work preference. This, in turn, aligns itself to a focus of ensuring that the relationship between employee and employer endures. It is thought that by marketing of such relationship characteristics, during the phases of recruitment, selection, orientation and development that it may be possible to enhance the retention outcomes in family owned/managed small business in rural and regional areas of Australia. This relationship focus has been utilized, for many years, by the marketing fraternity to retain and enhance business outcomes.

5.4 Relationships are a key function in the marketing discipline

Relationship marketing requires more than 'developing partnerships'. It is based on the development of trust and 'co-operation' (Gronroos, 1996, p. 5 and p. 11) and it is evident that this could be a key to successful 'recruitment and retention relationships'. The benefit of relationship marketing is that it takes the connection between the customer and the marketer from a mere transaction to a relationship. Goonroos (1996, p. 10) found that the 'attitudes toward customers and their behaviours and ways of executing their tasks are imperative to successful maintenance and enhancement of customer relationships'. Successful relationship marketing is based upon 'knowing the long term needs and desires of the customer', as well as the development of a 'notion of trusting co-operation' with the customer (Gronroos, 1996, p. 10-11).

It is at this point that this research will establish the links between the theory of 'relationship marketing' of products and services, and the alignment of the 'relationship marketing of recruitment and retention', and the enhancement of improved recruitment and retention outcomes in small family-owned businesses in rural and regional areas.

5.5 Relationship Marketing

Relationship marketing emerged from the 1970s Nordic School of Service's theoretical foundation of constructing and managing relationships (Gronroos, 1996, p. 7). However the terminology 'Relationship marketing' was not introduced until the 1980s and 1990s. Gronroos (1990, p. 7–8) defined it as the activity that can 'identify and establish, maintain and enhance relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met'; and 'that this is done by a mutual exchange and fulfillment of promises'. The association should also lead to a 'trusting relationship between the parties involved … enabling the fulfillment of promises if [it] is to be successful. The relationship itself forms the focus of the marketing.

In analyzing the relationship marketing focus, Foss and Stone (2001, p. 233) takes a recruitment focus toward the marketing process, suggesting that the objective of relationship marketing is firstly to define which customers 'should be targeted for recruitment' and secondly, which customers are experiencing 'declining … or completely inactive relationships with the supplier'. Foss (2001, p. 234) also identified stages in the relationship marketing process. Firstly, the 'targeting' and 'enquiry management' stage, which involves identifying the most suitable customer to join. Secondly, the 'welcoming' stage, this orientates the customer to the important contacts and services available. Thirdly, the 'getting to know' stage, this is the exchange of information period between customer and business. Fourthly, the 'Customer development' and 'retention' stage, (e.g. renewal, persistence, loyalty) in which the security and development of the long term relationship is enhanced. This stage, it is suggested, is sometimes not reached with some customers. The key to successful stage transition is the 'timeliness; relevance and responsiveness' of the information provided to the relationship. It is alignment with these stages that the focus of this third and final stage of the research will attempt to clarify. Foss (2001) goes on to examine the 'problem management' stages of 'intensive care' and 'pre-divorce', 'divorce' and 'win-back'. However the intention here is purely to show how the alignment of the four development factors of relationship

management identified above can be used to enhance the recruitment and retention relationship.

Another examination of the dimensions of relationship marketing summarised them as — team-based, integrated interactions; aimed at valued adding; continuous interactions; characterised by cooperation; involved with retaining customers; same-level interactions and finally focused on customer satisfaction (Doole and Lowe, 2004, p. 322). Doole and Lowe (2004, p. 323) suggest that relationship marketing is based on customer satisfaction, with the prime focus of 'retaining customers' with a focus on removal of 'one-directional' communication in favour of 'much more interactive and complex … communications being multi-level and multi-directional'. It is within this context of increased multi-directional communications that the relationship similarities can be aligned to the model shown Figure 4.2 in Chapter Four of this thesis, and the factors that can contribute to the development of the relationship within the recruitment and retention activities of small businesses and their staff.

Christy, Oliver and Peen (1996, p. 3) suggest that relationship marketing's success depends on the extent to which participants 'understand … the potential rewards and the reciprocal duties necessary to make it work'. Fournier, Dobscha and Divid (1998) suggest that relationship marketing will not succeed without the customer being a 'willing' participant. A 'good relationship', according to Fournier et al. (1998, p. 43) is one in which the business asks their customers for 'friendship, loyalty and respect. However, too frequently these aspects of the relationship are not returned by the company. Gapp (2006, p. 162) in examining brand marketing suggests that in a similar fashion to relationship marketing, 'recognition that the involvement of employees is of critical importance in the development of competitive advantage … this approach includes such activities as relationship management'.

Doole (2004, p. 327) suggests, when discussing the difficulties of relationship marketing, that the 'cost of building customer loyalty might outweigh the costs of more traditional' marketing approaches. On the other hand, 'relationship marketing is leading to ever-closer relationships', and this can only lead to the development of relationship outcomes. It is from this perspective that the phases of the 'relationship marketing' bond are to be put forward as a strategy to be integrated into the development of a 'relationship marketing of recruitment and retention' model. Gronroos (1997) identified the phases which are found in table 5.1 below.

Table 5.1 Phases of relationship marketing adapted from (Calonisu 1988) (Reichheld, 1990) and (Gronroos, 1997)

Phase I	Phase II	Phase III	Phase IV	OUTCOME
Attract Customer Is the first phase in establishing the relationship marketing concept (Gronroos, 1997)	**Build Relationship** Employer builds relationship with the customer so that economic goals of the relationship can be achieved. (Gronroos, 1997)	**'Promise' concept** 'Fulfilling promises that have been given is equally important as a means of achieving customer satisfaction, retention … [and] long-term profitability' (Calonisu 1988) & (Reichheld & Sasser, 1990) in (Gronroos, 1997)	**Develop 'Trust'** That is 'a willingness to rely on an exchange partner in whom one has confidence'. Trust is relationship marketing is seen as 'a behavior[u]ral intention that reflects reliance on the other partner and involves uncertainty and vulnerability on part of the trustor' (Moorman & Zaltman, 1993) and (Gronroos, 1997)	**RELATIONSHIP MARKETING** 'is to establish, maintain and enhance relationship with customers… at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfillment of promises' (Gronroos, 1997)(p.327)

Source: (Gronroos, 1997;Calonius, 1998; Reicheld and Sasser, 1990; Moorman & Zaltman, 1993)

The intention of relationship marketing is to improve the level of satisfaction and loyalty through the development of the customer relationship. Ravald and Grönroos (1996) confirm that relationship marketing is aimed at the development of 'mutually beneficial and valuable long-term relationships with customers' (as cited in Leverin and Liljander, 2006, p.323). The work of Naidu, Parvatiya, Sheth and Westgate (1999) and Palmatier and Gopalakrishna (2005) indicates the encouraging association that connects relationship marketing and business performance. It is through the transposition of the characteristics and phases associated with 'relationship marketing' onto 'relationship marketing for improved recruitment and retention' that the new model proposes that improvements can be made in recruitment and retention in small family-owned businesses in rural and regional areas. The overlay of these phases of relationship marketing from Table 5.1 above, with the specific underlying constructs developed in Chapter Four and identified in Figure 4.2, develops a new model for the recruitment and retention of staff. This new developmental model is shown in Table 5.3 below and combines concepts from Figure 4.2 and Table 5.1 to show the similarities of the theory of relationship marketing and the new relationship model of recruitment and retention.

5.6 Proposed new model

By the defining and combining of the underlying relationship constructs and the relationship marketing characteristics of the new model, the intention is that this combination, as shown in Table 5.2 below, will contribute to improvements in the recruitment, selection and retention outcomes in small family-owned businesses. This model will provide a new and a more holistic approach to recruitment, selection and retention activities in small family-owned business. Given the already proven characteristics of relationship marketing activities, it is considered that this new approach can be utilised by both family-owned small business owner/managers, and also by medium and large business in order to better manage recruitment, selection and retention in the future. It can enable family-owned small business owner/managers in rural and regional areas of Australia to enhance their informal Human Resource Management skills at minimal cost, with maximum benefit to not only the employee, their co-workers and customers as well as the owner's family as well. The successful introduction of the model and the development of a checklist for the enhancement of recruitment and retention can only lead to enhanced business outcomes. In line with this Varey and Lewis (2000, p. 209) suggest that 'successful companies will be those that are adept at attracting, developing and retaining individuals for an organization'. However the proposed model is a different strategy to that of internal marketing, because by improving customer-consciousness among employees, it 'provides organizations with the potential to achieve a marketing orientation and resulting corporate culture' (Hogg and Carter, 2000, p. 109).

This new model provides a linking relationship between the employer and the employee that is developed through firstly, the *Human Resource Management practice framework relationship with employees*, thus providing the relationship framework into which to 'attract' the new employee into the business. This is in line with the *relationship marketing* phase. Secondly, the relationship then moves to the point of *initial employee relationship and orientation* and the employer and employee begin to 'build the relationship'. This is in line with the second phase of the *relationship marketing* process. Employees are made aware of the special relationship into which they are entering and both employer and employee are focused on achievement of the same goal. Thirdly, the *long-term relationship and employee involvement* of the new employee is enhanced by fulfillment of the 'promise'. This phase of relationship marketing can be used to enhance the relationship between employer and employee in terms of retention and goal achievement. Finally, the *legal and moral*

relationship with employees aligns itself to the development of 'trust' within the relationship marketing final phase.

Table 5.2 below clearly identifies the links between the traditional model of 'relationship marketing' and the proposed new model, which has been termed the 'Relationship Recruitment and Retention' (RRR) model.

Table 5.2 Proposed new model of Relationship Recruitment and Retention (RRR) overlaying the Relationship Marketing Model

Phase I		**Phase II**	**Phase III**	**Phase IV**	**BENEFITS FOR SMALL BUSINESS**
Position needs to be filled by new employee		New appointment is made	Employee takes up position	Employee encouraged to become a long term employee	• Improved employee employer relations • Decreased turnover • Increased profits • Reduced stress on employee and small business owner by reduction of unmet promises
Employee is recruited		Orientation must be conducted as soon as possible after employee commences work within the small family-owned business	Employee involvement must be instigated immediately and continued throughout the length of employment	Understanding of the wants and needs of long term employees must be applied to encourage longevity of placement.	
Construct for ***Human resource management framework for employment relationships*** policy must be applied here		Construct for ***Initial employee relationship orientation*** factors must be applied here	Construct for ***Long-term relationship and employee involvement*** must be applied here	Construct relating to the ***legal and moral relationship with employees*** must be applied here	
RELATIONSHIP MARKETING OF NEW RELATIONSHIP RECRUITMENT & RETENTION MODEL	‘Attract’ customer (employee) Is the first phase in establishing the relationship marketing concept. (Gronroos 1997)	‘Build relationship’ Employer builds relationship with the employee (customer) so that economic goals of the relationship can be achieved (Gronroos 1997)	‘Promise’ concept ‘Fulfilling promises that have been given is equally important as a means of achieving [employee] customer satisfaction, retention …[and] long-term profitability’ (Calonius 1988) & (Reichheld and Sasser 1990) in (Gronroos 1997)	Develop ‘Trust’ That is ‘… a willingness to rely on an exchange partner in whom one has confidence’. Trust in relationship marketing is seen as ‘a behavior[u]ral intention that reflects reliance on the other partner and involves uncertainty and vulnerability on part of the trustor’ (Moorman and Zaltman 1993) in (Gronroos 1997)	RELATIONSHIP MARKETING ‘is to establish, maintain and enhance relationship with customers [employees] … at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfillment of promises’ (Gronroos 1997, p. 327)

Source: Developed for this research

When the model of relationship marketing is removed from Table 5.2 above, it reveals the new model of relationship recruitment and retention, as found below in Table 5.3 below. This table clearly identifies the proposed phases of the model.

Table 5.3 New Model of the phases of relationship recruitment and retention (RRR)

Phase I	Phase II	Phase II	Phase IV	OUTCOME
'Human resource management framework for employment relationships ' Is the first phase in establishing the relationship. **RECRUITMENT PHASE**	***'Initial employee relationship orientation'*** Employer builds relationship with the employee so that economic goals of the relationship can be achieved. **ORIENTATION PHASE**	***'Long-term relationship and employee involvement'*** 'Fulfilling promises that have been given is equally important as a means of achieving [employee] satisfaction, retention …[and] long-term profitability'[1] **RELATIONSHIP DEVELOPMENT PHASE**	***'Legal and moral relationship with employee'*** That is '…a willingness to rely on an exchange partner in whom one has confidence'. Trust in relationship is seen as 'a behavior[u]ral intention that reflects reliance on the other partner and involves uncertainty and vulnerability on part of the trustor'[1] **TRUST DEVELOPMENT PHASE**	**RELATIONSHIP RECRUITMENT AND RETENTION** 'is to establish, maintain and enhance relationship with [employees]… at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfillment of promises'

Source: Developed for this research – Adoption of the overlay of work of relationship marketing by Gronroos, C. (1997)

Phase I – at this point the small family-owned business either needs to replace or has grown to a point that they need to increase the number of employees that they employ. ***They can begin the recruitment process themselves, utilising the 'Human Resource Management framework for employment relationships' constructs that have been defined The underlying constructs as identified are: formal Human Resource management policies; creating a formal job analysis; job specification; job description or employ a person to handle formal HR issues such as recruitment.*** It is evident that each of these variables that make up the construct contribute to the framework in which the relationship between employee and employer will exist.

Phase II – at this point the new employee has been appointed. The new recruit needs to be orientated to the organisation as soon as possible. ***The variables facilitating 'initial employee relationship and orientation' as recognised are: explain the importance of appropriate time-keeping and punctuality; explain the required manner of dress and grooming; explain important health and safety precautions; explain how new employee is expected to deal with other staff members, as well as the public with***

whom they come in contact; explain leave entitlements and explain any flexibility of work hours or conditions. These variables establish the ground rules in which the relationship will be played out and need to be accepted by both employer and employee as part of the development of the initial relationship.

Phase III – at this point the new employee will take up their new position. The new employee needs to feel immediately that their new employer is encouraging their involvement. ***The variables that promote 'Long-term relationship and employee involvement' as defined are: involvement in learning/training and development activities; involvement in decisions relating to the business; involvement in on-the-job training; involvement in how to develop rewards for employees (including themselves); involvement in mentoring/ coaching programs.*** This phase clearly shows the importance of the relationship to the outcomes that are likely to be experienced.

Phase IV – employee is informally encouraged to become a long-term employee and part of the small business family through the development of a level of understanding that their employer is contributing to the upholding of their rights and shows respect for them as part of the small business family. ***The variables for how employers contribute to the 'legal and moral relationship with employees are defined as: knowing that the employee's rights are important; fair rewards are important; showing that employee's needs are taken into consideration in order to make fair decisions; respecting the employee's need to be treated with dignity and respect; giving timely feedback; being aware of the need that information used for decisions relating to employees is accurate and complete; information is provided to employees upon request; taking account of employee inputs when making decisions; encouraging a good organisational culture; being aware that employees value education and training; being aware that employees will resent unfair outcomes; being aware that by keeping good employees you are encouraging other good employees when you need to recruit again.*** The legal and moral response of employer toward the employee can enhance the relationship process. It is through the interpretation of the employer's response to such issues that the employee develops a level of trust that enhances the relationship.

Finally, the benefits of these cost-effective constructs, placed as part of the ongoing relationship between employers of small family-owned businesses can only lead to

improved employee-employer relations; decreased staff turnover; increased profits and reduced stress on both employee and small business owner.

5.7 Summary

Chapter Five has outlined the links between the model established through the results of the quantitative research data analysis in Chapter Four. The major themes identified through the analysis and established in the model of the data are: the *Human Resource Management practice framework for employee relationships*; *initial employee relationship orientation*; encourage employee involvement and *long-term relationship and employee involvement* and how employers, that is, owner/managers, contribute to the *legal and moral relationship with employee.*

The development of a proposed new relationship model for the recruitment and retention of employees was put forward based on the framework of the relationship constructs identified in Chapter Four. The proposed model is based on the amalgamation of the framework of relationship marketing and the four major constructs of relationship recruitment and retention.

The focus of Chapter Six will be to confirm the quantitative outcome from Chapter Four through qualitative research. The intention is to test each of the four relationship characteristics identified through the regression analysis in order to confirm the findings and strengthen the new Relationship Recruitment and Retention Model, found above in Table 5.3. These major 'relationship' themes to emerge from the analysis of the quantitative data will now are acknowledged as the basis for the formation of the qualitative research. The research design integrating semi-formal interviews will be developed with a focus on informing the qualitative research in Chapter Six.

Chapter 6 QUALITATIVE STUDY

6.1 Introduction

Chapter Five presented the major constructs defined from the analysis of the quantitative data. It also demonstrated the links that exist between the four major 'relationship' constructs and the relationships that exist within the various phases of the 'recruitment and retention relationship' within small family-owned businesses in rural and regional areas. These relationships, it will be established, are closely aligned with the relationships that occur in marketing, that is, 'relationship marketing'. This chapter will identify the characteristics of 'relationship marketing' and demonstrate the links between these characteristics and the 'recruitment and retention relationship' model or the 'Three Rs'. The chapter will then put forward the reasons for following a triangulation paradigm and provide a guide to the steps of the third phase of the research design, which deals with the semi-structured interviews, analysis of the qualitative data and an examination of the ethical issues involved in this the final data collection process.

6.2 Confirmation of new model strategy

The quantitative analysis in Chapter Four determined a series of relationship constructs concerning the affiliation that is developed between the owner/manager and the recruitment and retention of employees. Regression analysis was performed on these relationships and demographic constructs. This provided the foundation of the four major relationship characteristics that formed the basis of the new model of *Relationship, Recruitment and Retention RRR* (see Table 6.1 below). This new proposed model was shown to align to the 'relationship marketing model', the importance of which has been previously discussed above in Chapter Five.

Table 6.1 New Model of the phases of relationship recruitment and retention (RRR)

Phase I	Phase II	Phase II	Phase IV	OUTCOME
'Human resource management framework for employment relationships' The first phase in establishing the relationship. **RECRUITMENT PHASE**	***'Initial employee relationship orientation'*** Employer builds relationship with the employee so that economic goals of the relationship can be achieved. **ORIENTATION PHASE**	***'Long-term relationship and employee involvement'*** 'Fulfilling promises that have been given is equally important as a means of achieving [employee] satisfaction, retention …[and] long-term profitability'[1] **RELATIONSHIP DEVELOPMENT PHASE**	***'Legal and moral relationship with employees'*** That is '…a 'willingness to rely on an exchange partner in whom one has confidence'. Trust in relationship is seen as 'a behavior[u]ral intention that reflects reliance on the other partner and involves uncertainty and vulnerability on part of the trustor' [1] **TRUST DEVELOPMENT PHASE**	**RELATIONSHIP RECRUITMENT AND RETENTION** 'is to establish, maintain and enhance relationship with [employees]… at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfillment of promises'[1]

Source: Developed for this research – Adaption from (Gronroos, 1997)

This new model shown in Table 6.1 above needs to be confirmed and the intention is to verify the constructs and their relationship links through qualitative research. The intention is to use semi-structured interviews with owners of small family businesses in rural and regional areas in order to verify the findings of the quantitative research. This will form the third and final phase of the triangulation methodology developed to follow the relationships in the line of this project.

6.3 Qualitative Research Design

This third and final phase of qualitative research follows on from the documentary methods found in the Literature Review in Chapter Two. The ontological and epistemological positions taken are found in Chapter Three, while in Chapter Four the quantitative (positivist) research method is outlined. This final phase of qualitative (post-positivist) research, uses one

of the two major social research methods utilized today, these being quantitative and qualitative as recommended by (Perry 1998).

Qualitative research has been popularised as a method of social research. Work by Hakim (1992) argues that qualitative research is 'concerned with individual's own accounts of their attitudes, motivation and behaviour. It offers richly descriptive reports of individual's perceptions, attitudes, beliefs, views and feelings, the meanings and interpretations given to events and things, as well as their behaviour.' (p. 26).

In terms of the rationale for choosing qualitative research as the third and final facet of this research paradigm, the decision has been strengthened by statements made by Strauss and Corbin (1990, p. 17) who suggest that qualitative research 'produces findings not arrived at by means of statistical procedures or other means of quantification'. Hall-Taylor (1998, p. 3) suggests that qualitative research 'does not set out to 'prove' or 'disconfirm' a hypothesis, rather it seeks to explain meaning or to deepen understanding'. In view of this, qualitative research theory suggests that 'there are multiple 'truths', all of which have validity'.

It is from this basis that the third phase of the research using semi-structured interviews will enable the researcher to gather a multiple of 'truths' and 'deepen understanding' by utilising information obtained directly from the owner / managers of the small family businesses. These semi-structured interviews are done with the explicit purpose of developing, through the subjective experiences of those interviewees, a deeper understanding and expanded meaning of the recruitment, selection and retention relationships within small family-owned businesses. Table 6.2 below, identifies the steps that were taken in the qualitative methodology process.

Table 6.2 Procedure for qualitative research

Define → questions based on results of quantitative survey construct factors	Literature → Review	Create → questions and probes for semi-structured interviews	Conduct → pilot semi-structured interview and adjust interview questions according to outcomes	Select the → 'modified' random sample and Conduct semi-structured interviews Saturation point determines confirmation of outcomes	Analyse data from semi-structured interviews for themes and issues

Source: Developed for this research

The Table 6.2 above identifies the steps undertaken in the qualitative section of the research and forms a mere sub-section of Table 3.1 in Chapter Three.

- Firstly, the data from the quantitative survey instrument was gathered and analysed and this identified four specific relationship constructs that the owners of small businesses have suggested improve the recruitment and retention process in small family-owned businesses. These relationship constructs formed the basis for the formulation and design of questions for the semi-structured interviews.

- Secondly, the information obtained in Chapter Two, the Literature Review, was revisited to provide a broader understanding of research outcomes obtained within the quantitative research process.

- Thirdly, from the data obtained in phase one and two, the semi-structured survey questions were designed. Each question was given extra probe points on which to focus the interviewee in order to obtain the most succinct answers possible in relation to their understanding and interpretation of the meaning of the questions.

- The fourth phase was to test the questions in a pilot, semi-structured interview and enhance the design in view of discussions with senior academics, and in the light of small business owners' experience and interpretation of the design. Adjustments

were made to the wording of the questions to meet the interpretations of the small business owners.

- The fifth phase of the qualitative research process was to select the sample of small business people who would be prepared to be involved in the informal semi-structure interviews. This selection process was a 'modified' random form in which they were selected at random from a list of participants who had forwarded their names as part of the initial quantitative survey. These were participants who requested a summarised copy of the outcomes of the initial quantitative survey questionnaire. Their names were placed in a container and drawn at random, however, if the participant declined to participate in the semi-structured interviews another was chosen, thus 'modifying' the sample.

They were contacted by telephone initially and asked if they would be prepared to participate. If they agreed, a suitable time was made for either a one-on-one interview, if they were within reasonable driving distance in the northern New South Wales region. Alternatively, they were asked if they would like to participate in a telephone interview if they were beyond a realistic travel distance. The interviews were then conducted, however prior to this, each member was asked if they would be prepared for the interview to be recorded. Once consent was gained, a suitable time was arranged and the interviews took place.

- Interviews continued until 'saturation point' was reached. That is 'the researcher … will continue adding new units to the sample until the study has reached a saturation point, that is, until no new data are produced through inclusion and analysis of new units.' (Sarantakos 1993, p. 141).

- Once the interviews were complete, the taped interviews were transcribed. The transcripts were then coded for common relationship themes, and the themes were assessed for fundamental issues in line with the relationship constructs. The issues were identified and confirmed. The constructs, as well as the themes, were used to reinforce and enrich the already significant data collected during the quantitative survey.

6.4 Semi-structured interviews – the final phase of the triangulation

This phase aims at enriching the information gained from the formal quantitative survey techniques used in phase two, thereby obtaining a wider perspective of the relationships, enriched by the attitudes, motivations and behaviours of the owner/managers of the small family businesses in rural and regional areas. Sarantakos (1993, p. 179) suggests that the semi-structured interviews can be both 'qualitative or quantitative techniques'. For the purposes of this research, a qualitative approach has been taken as part of the triangulation. As the second phase of the methodology had been a quantitative survey questionnaire, the decision was made not to use a structured interview, as this was seen as being too closely aligned to the questionnaire. It was at this point that the decision was made to conduct semi-structured interviews, because they provided the opportunity to use probing questions in order to acquire increased depth of response or greater detail (Leedy, 1997).

Semi-structured interviews were developed with 'open-ended questions [that] allow[ed] the interviewee to respond to a question, as they deem appropriate' (Sprint Innovative Thinking, 2007). This enhanced the researchers' desire to integrate this methodology into the research in order to enable the interviewees to provide meaningful interaction. This methodology was also enhanced by the reactions of the respondents to the formal questionnaire wanting to share their experiences beyond the formal quantitative process through informal discussion when asked to participate.

The design enabled the initial open-ended question to provide the initial prompt. However, in certain situations, one or two extra prompts were utilised to draw out further meaning; interpretations or gain better understanding. 'Advocates of semi-structured interview techniques have often argued that rapport may be built and power inequalities between interviewer and respondent counteracted, by strategic self-disclosure on the part of the interviewer' (Stevenson, 2006, p. 221). In view of the fact that the interviewer had previously owned a small family business, the ability to relate to the participants enabled open and frank discussions, due the interviewer's previous experiences. Another method of qualitative data collection that could have been used to obtain primary data was observation. However 'observation cannot provide information about the past, future or unpredicted events … study opinions or attitudes…[and] is exposed to observer bias' with this in mind, semi-structured interviewing proved to be the most effective and appropriate data collection method for the purposes of this study (Sarantakos, 1993, p. 232).

A natural supposition of semi-structured interviews has been identified, that is, that the investigator is concerned with the knowledge of the interviewee (Minichiello, Aroni, Timewell and Alexander, 1995). By having empathy with the small family business owner/ manager, it is possible to obtain a wider and more in-depth view of how the interviewee interprets the situation.

While the benefits of semi-structured interviews are many, it is also essential 'to be aware of a possible gap between what informants say, and what they actually do, the time consuming nature of interviews, and the interviewer effect'. For example 'some informants may fabricate or elaborate in order to enhance their self-esteem or cover up discreditable action' (Daymond, 2002, p. 184). It is possible to overcome such effects by cross checking. This research has attempted to limit the effects of these difficulties. Another disadvantage of semi-structured interviews is that they are -time consuming and labour intensive … in transcribing and analyzing' (Daymond, 2002, p. 184). However, if the respondent is open and shares their innermost experiences and emotions, based on developed rapport, the interviewer can achieve a greater level of understanding through the analysis of the transcription.

The development of an interview guide ensured comparability of questions asked from one interview to another. However, when the questions were posed, they were not necessarily asked in the same order for each respondent, as the interview was guided by answers given by the respondents and the interview guide. The interview guide provides a list of open-ended questions with possible prompts for each of the questions. This confirms the work written by Daymond (2002) who suggests that 'it depends on the process of each interview and the responses of each individual'. However, through the development of open-ended questions in an interview guide, it was possible to 'collect similar types of data from all informants' (Daymond, 2002, p. 171). The data-gathering process was also important to the understanding and interpretation by the interviewer. By interpreting and analyzing the words of the small family business owner/managers, their understanding of the relationships that occur from recruitment through to the retention process could be revealed, and it was possible to identify a similarity of words and phrases among interviewees. This enabled the researcher to pursue some issues and avoid others, as the tone of the voice and the phrases used, indicated if they were happy to pursue an issue or if they wanted to avoid a question or prompt that may have been taking a particular focus that the small business owner was uncomfortable dealing with. Another benefit of the semi-structured interview was to enable the emergence of relationship

issues that were derived from the quantitative analysis to be enhanced, enriched and examined from a personal perspective.

6.5 Justification for use of informal semi-structured interviews

The purpose of this section is to develop, from the results of the quantitative research outcomes of the investigations to date, a focus on the third and final phase of the triangulation of the investigation – that is, the semi-structured interviews. The overall motivation is to make a definite contribution to the body of knowledge in the field of recruitment, selection and retention in small family business in rural and regional areas.

The quantitative research has identified significant constructs that form the basis of the proposed model (see Table 6.1 above) and that contribute to the relationship that exists between the recruitment, selection and retention of employees, and the relationship that is developed between the owner/managers of family-owned small businesses and their employees in rural and regional areas. The model now forms the next phase of the mixed methodology enabling triangulation of the research methodologies. Triangulation, Sarantakos (1993, p. 155) suggests, is ideal in situations where conditions require a combination of different methods. The idealistic desire of a mixed method is not only to uncover compliance with the argument for performing differing methodological paradigms, but also, it is also done in order to provide a level of reason and rationalisation and not procedures and techniques (Smith and Heshusius, 1986). Perry (1998) suggested the use of only two methods. Firstly, quantitative, which was used initially within this study; and the second method he suggests is qualitative semi-structured interviews, which provide grounded data and can be developed from the analysis results of the quantitative analysis data and results. The adoption of a triangulation paradigm that combines different methods, such as documentary methods, quantitative surveys and informal interviews, is most appropriate when studying social issues (Sarantakos, 1993, p. 155). The three methods used in this research have been adopted in order to enable the researcher to observe the phenomenon from a variety of angles.

Reasons why triangulation should be used include: to ‘obtain variety’; to ‘use the strengths of each method to overcome the deficiencies of the other’; to increase both ‘validity and reliability’ and to ‘overcome the deficiencies of single-method studies’ (Burgess, 1984; Blaikie, 1988 and Sarantakos, 1993, p. 155).

6.6 Credibility and consistency in qualitative research

There are different schools of thought in relation to the reliability and validity of qualitative research. Burns (1997, p. 11) suggests that 'qualitative research places stress on the validity of multiple meaning structures and holistic analysis, as opposed to the criteria of reliability and statistical compartmentalization of quantitative research'. Reliability is 'equivalent to consistency … if it produces the same results whenever it is repeated'. (Sarantakos, 1993, p. 79). Bell (1991, p. 51), on the other hand, defines reliability as the 'extent to which a test or procedure produces similar results under consistent conditions', and identifies validity as 'whether an item measures or describes what it is supposed to measure or describe'. From a qualitative research perspective, the focus is on obtaining credibility. This can be achieved by usefulness, persuasiveness, coherence, completeness, open-mindedness, rigor, explicitness of assumptions and biases and purposefulness, reporting style, triangulation, member checking and coding check (Leedy, 1997, p. 155).

Based on Leedy's (2005) claim that is must maintain *usefulness* – the study has and will inform readers; *reporting style* – has maintained accuracy of the interview dialogue; *triangulation* – the thesis has taken work from literature, questionnaires and interviews; *member checking* – enabled authenticity to be checked by interviewees; *coding check* – supervisory checks were made of coding and they concurred with outcomes. This thesis also complies with the pluralist nature of qualitative research outlined by Lincoln and Guba (1985) that is, that it should contain the following factors — 'methodological excellence', 'triangulation', 'dependability' and 'confirmability', all of which have been adopted in this work.

6.7 Selection of the qualitative sample

In order to determine the basis for the sample of semi-structured interviews for the qualitative aspects of this research, it was decided to use non-probability sampling. Non-probability sampling is a design in which 'the elements in the population do not have a known or predetermined chance of being selected as sample subjects' (Sekaran, 1992, p. 368).

This form of research was decided on, as it was necessary to make purposive decisions about whom to interview. The choice of Purposive Sampling was then made by deciding on Judgment Sampling in order to choose 'subjects who are in the best position to provide the

information required' (Sekaran, 1992, p. 235). As many of the samples were distributed throughout New South Wales and travel costs were prohibitive, the decision needed to ensure that face-to-face interviews were made with the interviewees. Information relating to social, cultural and environmental facts needed to come from those who are experiencing these factors first hand.

6.8 Semi-structured interview and links to 'relationship'

The semi-structured interviews with the owner/managers of family-owned small businesses were a logical progression of data development. The researcher, having previously owned a small family business, evoked high levels of enthusiasm, with the participants keen to share their small businesses recruitment, selection and retention experiences. Discussions extended well beyond the open-ended questions and prompts established, as trust developed between interviewer and interviewee. The extended discussions enabled the clarification of validity and empathy, with the researcher's desire to establish the finer details of the participant's experiences enhanced through the extra discussion.

The need to discuss the finer details of the relationships that exist between owners and employees as part of the recruitment, selection and retention process meant that the interviews proved to be a time consuming, but highly fruitful activity. Owners of family-owned small businesses wanted to talk about their 'relationship' experiences. This enriched the depth of understanding and interpretation of the 'relationship' themes and issues.

Questions were deliberately open-ended in order to encourage the small business manager to feel free to broaden the discussion to a level at which he or she felt comfortable in discussing their in-depth relationship experiences, both good and bad. The researcher repeated the major themes expressed by the participant in order to validate what had been said and ensure that the participant was happy with the interpretation made (of what had been said) by the researcher, therefore providing validation.

Empathy developed with the interviewer enabled the owner/managers of family-owned small businesses to express some of their built-up frustrations, and express in their own words matters that had bothered them about their employee,-employer relationships. Many, because of their family-owned small business status, had nobody to discuss such difficulties with, especially where they did not have another family member working within their business.

Many of the matters discussed reinforced the themes in line with the model in Figure 4.2 in Chapter Four. The outcomes of these themes are explored further in Chapter Seven.

The coding of the interviews into numbers at random for analysis purposes enabled the data from the interview to be integrated, while maintaining the confidentiality of those who participated. Confidentiality was maintained as a major priority for all participants throughout the entire interview process.

6.9 Ethical Considerations

Ethical issues in relation to both quantitative and qualitative research were discussed as part of the methodology in Chapter Three. The specific issues in relation to qualitative research and ethics are reinforced here. 'Ethics' is an essential component of good business performance; for the purpose of this research, ethics is identified as 'the proper conduct of the research process in business inquiry – rights and responsibilities of the various parties involved in research' (Davis, 2005, p. 460). Southern Cross University's Ethics Committee was provided with an ethics application and a copy of the research proposal. The application to Ethics Committee was approved (approval number ECN-06-82). Appropriate responses to ethical considerations are essential to the success of all research projects. The way in which the researcher handled ethical considerations and procedures met ethical standards at all times. This researcher has respected both the law and codes of conduct of ethical behaviour with respect to the considerations of the subjects, society and the researcher.

6.10 Qualitative Ethical Considerations

The ethical considerations set down by the University are shown in Table 6.1 below. The issues involved were all taken into account within this work. The qualitative research was complementary and far more intrusive than that of the quantitative survey instruments. It allowed the semi-structured, open-ended questions to produce soft data that needed more delicate ethical consideration, in terms of the participant and researchers relationship. The ethical issues were dealt with in terms of the methodology in Chapter Three. They are reinforced in Table 6.1 below to indicate how the ethical considerations of the semi-structured interview were dealt with, and how imperative these factors were to the successful outcome of this sector of the research.

Table 6.3 Qualitative Ethical Considerations

Southern Cross University Ethical Considerations	Responses to Considerations by Researcher
1. The privacy and confidentiality of participants had to be maintained at all times	1. The semi-structured interviews were conducted with the participants being made aware that everything that was discussed would be kept in strictest confidence.
2. The interview participants to the semi-structured survey had to volunteer	2. The semi-structured interviews were totally voluntary. Participants were provided with a letter of consent, which they signed giving consent to their participation in the interview process.
3. The survey's purpose had to be clearly stated	3. Participants were provided with a letter of consent stating the purpose of the interview process.
4. The identification of those conducting the survey had to be known to participants	4. The name; address; telephone number and email address of the researcher and supervisor was present on the letter of consent, incase the participant wanted to contact the researcher.
5. Participants had to have the right to withdraw	5. Participants were made aware that they could withdraw at any time during the process.

SOURCE: Developed for this research

It is evident from Table 6.1 above that the strictest level of confidentiality was maintained and participation was voluntary, and withdrawal could take place at any time. The researcher's identity was made clear to the participants, as well as the purpose of the study.

6.11 Pilot of semi-formal interview schedule

The semi-formal questions were piloted with a senior academic and the owner of a family-owned small business, and alterations made in line with the best possible options available to encourage openness of the participants to the various questions.

The questions were altered based on the language level and the ability of the family-owned small business owner/manager's ability to interpret the terminology related to the constructs. This enabled the respondents to hear the questions and provide their responses in a more colloquial style of language with less emphasis on technical terminology. The final set of semi-formal interview questions can be found in Appendix 2.

6.12 Data analysis of the qualitative data

Quantitative data requires considerable time and the capacity to compare the transcripts, which had been coded for key words for the data from each of the interviews in order to identify themes, and new factors that reveal themselves as different to those mentioned by others and comparison which were made with the findings of the Literature review. Comparisons of and coding of the interviews enabled the researcher to achieve a greater understanding of the issues experienced by the owner/managers of family businesses.

6.13 Quantitative data and the results of the semi-structured interviews

Semi-structured interviews formed the method for the collection of the qualitative data. In order to obtain participants who had already contributed to the study to enhance the information collection in the quantitative survey, a random sample of 10 participants, five female and five male was taken from both the Mid North Coast of NSW and Northern Rivers region of NSW. These participants were selected from those respondents who had forwarded their names, addresses and telephone numbers along with their original survey questionnaires. This was done in order to obtain a copy of the report that had been part of the original offer made at the time that the questionnaire was forwarded out. However, it was only possible to interview those participants from the Northern Rivers region in person, because of the cost that would have been involved, in travel and accommodation, in order to interview participants from the Mid North Coast of NSW, telephone interviews became necessary.

The recurring themes were coded in order to identify determinants of the constructs. They influenced the constructs from a 'relationship', behavioural and physiological point of view. The themes that were determined impacted on the development of the constructs and served to enrich or enlighten the level of knowledge related to the four specific constructs identified by the quantitative survey.

6.14 Confirmation of the construct for factor 1: HRM framework for employee relationships

The interviews indicated that there were two distinct forms of *Human Resource Management framework for employee relationships*. Firstly, there were employers who had an especially professional and formally-run and organised family business. These employers had distinct formal frameworks within which to handle the 'attraction' or recruitment and selection of employees as part of the HRM focus of the business. The other group of employers had exceptionally informal 'attraction' or recruitment and selection processes, in which the *Human Resource Management framework for employment relationships* activities are established. Notwithstanding this, both formal and informal strategies formed the basis from which Phase I of the relationship was established, that is to attract employees in order to establish the relationship.

The quotes that follow indicate how the *Human Resource Management framework for employment relationships* operates within these family-owned small businesses. The majority of those interviewed indicated a more informal framework rather than a formal framework.

> *Yes, we have an 18-step framework within which we attempt to attract and recruit our sales staff; however we do not have such a formal process for our secretarial and clerical staff.* **M3**

> *I wouldn't say that I have a formal relationship framework for my HR activities, such as attracting and recruiting employees, however I do draw up a formal list of what it is that I need when recruiting all my staff.* **F1**

> *Well that is a bit of a difficult question for me because I don't have a high turnover of staff, my staff have been with me for years, but yes I do make a checklist … prior to attempting to attract an employee … of what the job involves and the skills needed by the person I will recruit.* **F4**

> *I develop a list of questions to ask at the interview to make sure from the start that they will be part of the team.* **F2**

Between my wife and I, we have a list of things in our head that determine what the person we attract to the job will need to do to fulfill the job, as well as we know what the job entails so we can soon tell if the requirements. **M2**

It is apparent from the data shown above that there are some family-owned small businesses that have a particularly formal structure within which they attempt to attract and develop the HR function in their businesses; and there are others who know that they need to have some form of structure, and do this in the form of a list or something informal that is kept in their head. It is apparent, however, that they do have a desire to formulate a basic structure in which to 'attract' employees, and to start developing the relationship with their new employees.

Other comments about the *Human Resource Management framework for employment relationships* in family-owned small businesses suggest that the owner/managers hold unconscious expectations of what a formal structure is, and this perhaps impacts on their developing checklists.

It could be that, although in the survey questionnaire the respondents ticked the box suggesting that they were performing formal HR management practices, such as job descriptions and job analysis, when required to formalise this in the semi-formal interview, they reported that in reality a checklist was written informally, prior to the interview or that the job description was in their head.

However, even though their HR management relationship was shown by the interviews to be much less formal that the questionnaire suggested, those interviewed did indicate that they had clear ideas about the type of person they wanted to meet their needs prior to the recruitment process. For example —

We don't have a formal HR policy … the things I mentioned before were the things that we had in our heads. M2

I know what I want ... without putting it on paper… but it is sometimes hard to find or attract this type of employee … I want someone that is going to be with me for the long term. M4

The type of information I would gather together would be what is entailed in the job and what skills the employee will need to have … but I wouldn't call it our formal HR policy. F1

These statements suggest that what family-owned small businesses do is, perhaps, not done the way a big business does things, where systems are the key to continuity. The Human Resource systems are, in fact, very much established around informal relationship systems. None of those interviewed employed someone specifically to perform their HR management responsibilities; however, they all maintained some form of informal HR management structure within which the establishment of the relationship of recruitment, selection and retention took place.

The second of the areas identified in the quantitative research and which forms Phase II in the recruitment and retention relationship model is the *initial employee relationship orientation* or the 'build relationship' phase.

6.15 Confirmation of the construct for factor 4: Initial employment relationship and orientation

It was clear from the comments made in the interviews that *initial employee relationship orientation* was definitely the second phase of the development of the relationship or 'build relationship' between the owner/managers of family-owned small businesses and their employees, so as to enable to accomplishment of economic goals, both for the employee and the family-owned small business owner/manager.

I introduce the new person to the foreman and the team and show him what is to be done; give an indication of the way we work and the rules that we work by, especially safety rules. **M1**

It will be based on my wife and myself to train the new employee and well … it will take months to train them … my wife or myself coach them for the first while … we are instilling some form of business relationship with them so that they will stay with us. **M2**

Our employees do a lot of orientation training prior to starting work with us, we continue to support them when they come on board with further training. We try and spend some one on one time with the new recruits, hopefully on a daily basis … ah … there is ongoing training relating to time management, grooming and dealing with the public right through the probationary period. **M3**

I guess I put them in the field with other members of the team … and get them to coach them. I set the guidelines for the new employee to follow especially with on the job safety and dealing with our clients, I can't afford for our new staff not to show courtesy to all our clients. I explain the flexibility of working conditions … for example, if someone wants to borrow a truck on the weekend … in order to develop a bit of a relationship with them right from the start. **M4**

I ask them things such as 'what do you recon about this' and show them that I trust them and want their input as a new employee … I encourage them to communicate with the team by showing that we are interested in their family, for example, ask them about family activities, make them feel that they are part of our work family. **M5**

Normally I try to warn new employees about important safety issues, as this industry can be quite dangerous if the new employee isn't taught about the import issues of safety right from the start … I normally also try and spend some time one on one with them showing them around and introducing them to the team. This industry can be quite dependent on public relations, so I tell them about the need to be able to converse with the public and present themselves in a professional manner; however, this is quite easy for them because they are provided with a smart set uniform, which presents a smart professional image. **F1**

Orientation is hands on with me, working, learning in store. They must be approachable to our customers and I show them how I want our customers handled. I teach them about the products and encourage them to go and find out things for themselves, I guess I make them feel that I am approachable and that nothing is a silly question. It is only if an employee feels that they can approach an owner that a relationship can develop and they can feel part of the team. **F2**

We have the new employees work hand in hand with one of our sons. They teach the employee about the way we want things done. Normally, because we have bought the employee from outside the organization, they will have many differing experiences than our sons, so we encourage them to share their knowledge and we share ours, we … ah … we explain the health and safety precautions necessary and we demonstrate certain aspects of how we do things. New employees enhance our business, both from a technical perspective and a relationship perspective. We have normally told our employees about the hours they are required to work, holidays etc. at the interview, but sometimes we have to remind them about these things in the first few weeks. **F3**

It takes a full twelve months to orientate our employees fully to our business. They are given books on product knowledge and we talk to the employee in a mentoring/ coaching type role. This will involve how to deal with the customers and other staff members and our flexibility with employees, this builds up a level of trust very early in the relationship, and trust, you would understand, is a key ingredient in this business. **F4**

We have normally dealt with matters of holidays and wages prior to starting, so when they begin we normally place them with one of our more experienced members of the team in order that they can spend sufficient time to orientate them to the practice. Our employees not only have to have good relationships with our animal customers, but they must learn to deal with the owners and other employees, so we normally set the new employee up with one of our long standing members of staff who can act as a role model for the new employee. **F5**

It is possible to ascertain the importance of the development or 'building' of the relationship from the very beginning of the new employee's career with each of the owner/managers interviewed. It was apparent, however, that the information in relation to hours to be worked and holiday leave entitlements was less likely to be discussed as part of the orientation, but more likely to be provided at the time of the interview. The importance of the areas of occupational health and safety appeared very apparent. This could be because many of the businesses who agreed to participate in the interviews realise the impact on their small business of workplace accidents. This forms the foundation for the need for further research.

6.16 Confirmation of the construct for factor 5: Long-term relationship and employee involvement

Interview outcomes indicated the encouragement or 'promise' concept of *long-term relationship and employee involvement* by the owner/manager of the organisation toward their employee were indicated by every participant. Once the employee has settled into the job through the initial 'building' of the relationship, the next step is normally developed around the 'promise', that is, how the employer attempts to fulfill the promises that were made during the attraction and orientation process.

> *I constantly look for positive relationships and strive to make our employees feel part of the organization, for example, we offer all of our employees on the job training as well as a series of distance education type programs that enable the employee to progress through the training at their own pace.* **M1**

> *I think being fair to your employees is a key to encouraging employee's involvement. I guess you try to build up some dollars in the emotional bank account, so when the time comes you need to call on those, that they come back to you. We provide ongoing training for all our sales staff and give them some sort of mentoring.* ***M3***

> *I think to be really flexible in management - don't be too hard and fast – encourage them to become involved in team activities on the job that encourages them to try new things and coach them if they are doing a good job.* **M4**

> *To attract an employee that will ultimately remain with my business is the ultimate priority. I try to communicate with them and show a bit of interest in them and their work interest … ah … make them feel really at home and part of the work family … training can help but involvement in team and businesses activities can be the most beneficial.* **M5**

> *The employees that have stayed the longest are those with whom I have been able to have an open conversation with. They are able to share confidences with me and are trustworthy They are the employees with whom I have developed a lot of trust with, in fact, I would go as far as to suggest they are my away from home family.* **F1**

I include them in, not your financial side of running your business, but in helping to develop the business. Asking them for their ideas and where they think we could go with it. Make them feel part of the team. **F2**

We treat our employees well; we value them and give them responsibility. We don't actually treat them as employees we treat them as friends. We consider that the employee considers the business as their own. That is the type of relationship we foster. **F3**

Our employees are made to feel part of the culture of the group and we begin to build up a long term relationship by trusting employees with things. We provide them with training and watch over them and coach. We also make them aware of the more private business issues such as how much we need to meet certain targets. This makes the employee feel part of the decision making process and valued and very close to us as part of the family relationship. Makes them take on more responsibility as part of the overall relationship. **F4**

We include our employees in the decision making and encourage them to be part of the overall team. I like to make the training they do a reward for achievement of specific goals. **F5**

The owner/managers of the family-owned small businesses who participated in these interviews showed a much deeper level of commitment than that which was revealed by the questionnaires. They also attempted to fulfill promises that were given to their employees. While the majority of the participants suggested that they provided some on-the-job training, mentoring and coaching was also utilised in many of the instances. Employee involvement in the development of rewards was not mentioned by any of the respondents; however, a profound commitment by management to the promises made during the earlier phases of the relationship and encouragement of employees to a long-term relationships, obviously reinforces the relationship's longevity.

6.17 Confirmation of the construct for factor 10: Legal and moral relationship with employees

Interviews exposed the individual interpretation of the legal and moral relationship with employees between the owner/managers of family-owned small businesses and their employees. The level of trust that has developed between employer and employee in the Phase IV of the 'relationship' is enhanced by the legal and moral commitment to employees of the family-owned small business owner/manager.

> *I believe that openness and treating them fairly is the major factor that contributes to ongoing relationships with my employees.* **M1**

> *I think trust is automatic because of the two sides of the business relationship. Some employees are better at developing trust with than others but it is a key to our business success.* **M2**

> *I think being fair to your employees. You need a lot of give and take in a small business situation. I think it comes back to treating them fairly and I guess being available … I have an open door policy where they can stick their head in when ever they like and debate whatever they like so I guess maintaining a sense of humour and maintaining a happy work environment and family atmosphere through the office, and I guess the other thing is developing team work and trust among the workers.* **M3**

> *You have to be seen to be loyal to your employees in order to develop a level of trust. I guess I think they do go the extra mile for me. I try to be fair and take the staff into consideration by including them in all matters that impact of our relationship.* **M4**

> *Yes, I try to build up a high level of trust with my employees, it is not something that I purposefully set out to do but by being open and allowing them to share my personal problems with them. We have a sob on each other's shoulders occasionally, in fact, I take too much of a fatherly type role to my employees. When we feel that we might be having a difficulty with an employee we give them more responsibility as a sign of trust and to encourage him to take a greater role. We try*

to treat our employees with respect and dignity and consider them and their families in all our decisions. **M5**

Legally and morally I feel a sincere commitment toward my employees, I ensure that employees are paid fairly and I try to show appreciation for employee's commitment and loyalty. I always share that information about the business that I can with my employees and make them feel that they have an important role to play in terms of the business and I make employees feel that their efforts are important to me and my business by sending them off to training and this develops a level of loyalty and trust. F1

I think my ability to be honest with my employees … yes … honesty and fairness …be truthful … don't go behind their backs and bitch about them … be upfront and talk with them. Include them, if you want them to be a good worker for your business … I think the thing is to include them in some business things … for example … we include them in training schools and things like that … it is not only for their benefit but my business benefits from it also. You don't have to have the staff with everything that is part of your home life, but include them in family things … you want them to feel part of … and we get to see the other side of the person that way. This helps to develop a reciprocal level of trust also. **F2**

We treat our employees well; we value them we given them responsibility. We don't actually treat them as employees we treat them as friends. We try to foster a relationship of trust by including them in the business … we consider that the employee that stay with us for a long time considers the business as their own. We trust them and treat them well, and we don't impose on them and we pay all our employees above award wages and they appreciate that. We treat them as friends and when we have vegetables in the garden, we share the vegetables that are grown on the farm with the employees the same as we do with our family. **F3**

What we put our long term relationships down to … we don't have any distinctions between staff and management. We try to have everyone feel that they are equal. For example, I put the garbage out or make the coffee, as if I am just one of the team … not the boss. We do know that a lot of other business owners who would not do that … but we know for our staff it helps to develop a level trust and commitment

and it forms the culture of our business … it's just like I said … we try to be equal. We give employees responsibility with clear boundaries and this gives them security as well. **F4**

If you get to know them as a person, rather than a worker, you get to know where their ethics are as well … that is for life in general not just in work life … I guess you have to give them a bit of trust to see how they react … just a little bit of extra responsibility all the time develops a trusting relationship. We take account of what they have to say and by utilizing their ideas, we make them feel an integral part of the culture of the business the longer they remain with us. **F5**

The respondents attributed trust to the development of Phase IV and this trust was displayed in many of the comments relating to responsibility given and the commitment between employer and employee. The owner/managers who contributed to these interviews clearly indicated a high level of commitment by their employees to the successful outcomes of business. In fact, one business owner reported their employees had such a depth of commitment that they felt the business was their own. This overall moral and legal commitment to the long-term relationship between employee and employer by both parties is enhanced by the employer recognising that their employees have legal and moral rights that need to be respected.

6.18 Summary

The qualitative data strongly confirmed the significance of three of the four major phases of the relationships developed to enhance the recruitment, selection and retention of employees in family-owned small businesses, that is, the *Initial employee relationship orientation; Long-term relationship and employee involvement* and *Legal and moral relationship with employees*.

It is evident from the qualitative data that the first of the phases, the *Human Resource Management framework for employment relationships,* which was identified by the quantitative questionnaire as attracting the employee and the beginning of the establishment of the relationship between employer and employee, is a far more informal process than was indicated by the responses to the questionnaire; and this was confirmed by the respondents in

the semi-structured interviews. These respondents indicated that they had a more informal Human Resource Management framework for employee relationships than had previously been indicated in the quantitative study.

Overall, the major underlying psychological constructs have been reinforced and a greater depth of understanding of the link between relationship marketing and the relationship of small business owner/managers with their employees has been shown. The study has confirmed that this enhances the overall relationship outcome for employees and employer alike. The interviews relating to the experience of family-owned small business owner/managers indicate that there are differing experiences and opportunities that occur within the four phases of the various relationships, but overall, the outcome is positive for all involved.

The next and final chapter will discuss the conclusions in relation to the quantitative research and the outcomes of the qualitative responses that have been identified. This will confirm that the model is effective in terms of the relationship recruitment and retention of employees in family-owned small businesses in rural and regional areas of Australia.

Chapter 7 CONCLUSIONS AND IMPLICATIONS

7.1 Introduction

The first six chapters of this thesis covered the following topics:

Chapter One

The first chapter directed the research toward the following objectives —

- to describe the current methods of recruitment, selection and retention used in family-owned small business in rural and regional areas of Australia
- to investigate if owner/managers of family-owned small businesses' demographic characteristics have an effect on the recruitment, selection and retention of employees within their businesses
- to investigate the underlying constructs in the recruitment, selection and retention of employees in family-owned small businesses in rural and regional areas of Australia
- to propose a new model to assist family-owned small business owners to be more effective in the recruitment, selection and retention of employees.

Chapter Two

This chapter provided the basis from which to achieve the objectives set out in Chapter One. The literature pertaining to the parent disciplines established the foundation of the examination of the literature. This was followed by an extensive examination of the literature pertaining to the management of recruitment, selection and retention functions. The paucity of literature relating to recruitment, selection and retention of staff and other relevant Human Resource Management issues relating to family-owned small business was then reviewed. The literature on recruitment, selection and retention had, to a great extent, focused on medium-to-large business, and extremely little material had focused on family-owned small businesses and the way in which they handle the recruitment and retention of employees. The literature was also reviewed in terms of rural and regional issues, as well as a aiming at a broader understanding of Human Resource Management issues from around the world.

Chapter Three

This chapter put forward a justification for the research design and establishing the ontology and epistemological focus taken by the research. The phases of the research design were established and discussed. The mixed methods methodology of exploratory quantitative and qualitative confirmation was established as part of the triangulation. Due to the limited amount of previous research as indicated in Chapter Two, the focus was made toward the chosen methodologies. The selection of the population and the pilot study sample were also detailed in Chapter Three, along with the survey instrument development phases. The management of both the pilot survey and finally the mail and hand distributed questionnaires were also dealt with

Chapter Four

This chapter gave an in-depth report and analysis of the survey results. Research questions that were identified and developed from the literature in Chapter Two were made integral to the analysis. Firstly, the results of the demographic data relating to the owner/managers of family-owned small business, and then the data pertaining to the business and the employees, were evaluated using basic descriptive statistics. The validity of the data was evaluated through the use of principle component analysis (PCA), while the reliability was confirmed using Chronbach's Alpha. This analysis confirmed the reliability of the primary constructs that had been developed through factor analysis. A total of 10 constructs were identified, all of which demonstrated high to very high levels of reliability ranging from .87 to .95. These constructs were in line with the original research questions. Expectations were examined through ANOVAs, t-tests, and regression analysis in respect to the construct factors and demographic characteristics. The regression analysis identified a two clear models — firstly, of the demographic characteristics and secondly, of the relationship factors contributing to the recruitment, selection and retention of employees.

Chapter Five

Chapter Five set out to establish the links between the relationship model of recruitment, selection and retention, which was established through the quantitative data that was analysed in Chapter Four and the need to test and reinforce the findings with qualitative research. The theory of relationship marketing was identified as a basic structure around which the new

model could be structured. The emergence of a proposed new model established the need for this model to be tested through qualitative semi-formal interviews, in line with the proposed phases of the research.

Chapter Six

This chapter established the qualitative research model and identified the phases and the links to the triangulation of the mix methods research model. The phases of the research model were identified and then justified in terms of testing the model. Ethical considerations were discussed. Chapter Six also explained the steps involved in the informal data-gathering process, and the third phase of the triangulation and expanded into the analysis of data collected in the informal-interviews and the implications that had on the triangulation of the data. This qualitative data reinforced the findings of the quantitative data.

In this, the concluding chapter, the outcomes of the research questions are discussed in terms of the contribution they have made to the theory relating to the recruitment, retention of employees in family-owned small businesses in rural and regional areas of Australia. The unambiguous rationale is to make a definite contribution to the body of knowledge in the field of recruitment, selection and retention in family-owned small businesses in rural and regional areas, and how the relationships developed between owner/manager and employee can enhance recruitment and retention outcomes.

The research questions are based on previous experience of the researcher and the literature. The research questions form the basis for the study findings, as well as the link to the supporting literature.

The chapter will be divided into sub-sections based on the research questions identified in Chapter Two. The research questions will be stated and conclusions about each will be addressed; the implications for theory and practice will be reasoned. The balance of the chapter will discuss the limitations of this report. Then follows an assessment of the contribution this study has made to the field of knowledge in the area of relationships and the enhancement of recruitment, selection and retention. The chapter will be concluded by providing recommendations for future research which have been revealed as a result of this particular study.

7.2 Conclusions about each research question

The Literature Review in Chapter Two established nine specific research questions to enhance understanding in relation to the recruitment, selection and retention of employees by owner/managers of family-owned small businesses in rural and regional areas of Australia. Each of these will be examined below.

RQ1 ***To what extent is formal human resource management used in family-owned small businesses in rural and regional areas of Australia?***

The demographic analysis revealed that 21.8 per cent of owner/managers of family-owned small businesses in rural and regional areas of Australia utilise formal Human Resource Management processes, and 78.2 per cent of family-owned small businesses in rural and regional areas indicated they 'rarely' to 'do not use at all' formal human resource processes in their family-owned small business.

It was also found that family-owned small businesses with a demographic trading type of 'company limited' utilise all of the characteristics constructs of Human Resource Management framework for employment relationships.

Regression analysis found that the following factors all impacted on the capacity to utilise the HRM framework for employment relationships in family-owned small businesses in rural and regional areas of Australia — Human Resource Management framework for employment relationships; the demographics of age of owner/manager; the education level of owner/manager; the trading type and the gross income of the business.

The qualitative phase of the study contested the demographic findings in relation to formal Human Resource Management framework for employment relationships. Only 10 per cent of the owner/managers of family-owned small businesses indicated in semi-formal interviews that they had utilised a formal HRM framework for dealing with staff. This indicates an 11.8 per cent lower participation rate and differences between the responses received from the interviews to those received from the formal questionnaires. However, the qualitative findings are in line with the established theory for small business.

The findings above, while specifically relating to family-owned small business in rural and regional areas of Australia, confirm the findings in the established literature. Little or no research has addressed the issues of the use of formal HRM practices in rural and regional areas of Australia. Notwithstanding, Kotey (1999), in what is quite a rare look at small businesses in regional areas, examined the 'Human Resource Management Practices of Gold Coast Small Firms with Reference to the Prescribed Models.' This work found that small business owner-managers have little or no experience with staff management, and did not address formal HRM use. Carroll et al. (1999) in their study confirmed that in small business there is little adoption of recommended systematic procedures for HRM. Mathies and Jackson (1991) found that HRM tasks are often performed by owner-managers but informally, while Deshpander and Golhar (1994) in their comparative study 'HRM Practices in Large and Small Manufacturing Firms: A Comparative Study' found many managers do not consider HRM practices essential for their business performance.

Accordingly, the conclusions in respect of this research question concur with the existing literature, except that this research has extended the current contribution to knowledge of the areas of formal Human Resource practices in family-owned small business into rural and regional areas of Australia.

RQ2 ***What recruitment methods are utilised by family-owned small businesses in rural and regional areas of Australia?***

Word of mouth was established with 4.2 on a seven-point Likert Scale as the most valued method of recruitment by owner/managers of family-owned small businesses in rural and regional areas of Australia. This was the only score that ranked above the half-way point indicating its importance. The second most important was referrals by other employees ranking a mean score of 3.34; this was followed by newspaper advertising with a mean score of 3.29. Walk ins/unsolicited applications scored fourth with a mean of 2.92. Public recruitment agency ranked fifth with a mean score of 2.72; and this was followed by promotion from within with a means score of 2.22 on a seven-point scale. Private recruitment agency with an mean score of 2.17 ranked third last, with electronic sources with an mean score of 1.54; and sign in shop front ranking last with a mean score of only 1.45.

The findings above, while specifically relating to family-owned small business in rural and regional areas of Australia confirm the established literature set down by previous authors. Carroll et al. (1999) confirmed that in small business there was a high use of 'tried and true' methods such as word of mouth. This is in line with the findings of this research. Holliday (1995) also found word of mouth most popular in the small business search for staff. Deshpander and Golhar (1994) in their comparative study found job postings most frequent method used followed by promotion, employee referral, temporary staff, transfers, advertisement, employment agents, educational institutions and previous applicants. This, perhaps, reflects the size of the businesses surveyed as the definition of small in terms employee numbers in manufacturing businesses vary around the world with the United States definition being up to 500 employees.

Consequently, in regard to this question, the data concurs with the existing literature except that this study has broadened the contribution to knowledge in the area of recruitment in family-owned small business into rural and regional areas of Australia.

RQ3 *What are the issues impacting on employee recruitment by family-owned small businesses in rural and regional areas of Australia?*

The issues impacting on employee recruitment by family-owned businesses in rural and regional areas of Australia were ranked by mean scores on a seven-point Likert Scale as follows —

- specific skills required to do the job - 4.51
- the type of business - 4.21
- the demand for labour - 3.86
- economic conditions - 3.7
- salary and wages - 3.58
- business location - 2.97
- employment laws - 2.71
- Impacts of unions - 1.75.

The findings above while specifically relating to family-owned small business in rural and regional areas of Australia confirm the established literature set down by previous authors.

According to Mehta (1996), 25 per cent of small businesses surveyed found that a lack of qualified workers threatened their plans. Hornsby and Kuratko (1990) found that the availability of quality workers was the most important issues for small business. Plumbley and Williams (1981) examined recruitment in the UK and found the methods will vary with the job and its location. Rural and regional areas of Australia could also experience these phenomena. Williamson, Cable and Aldrich (2002) found 25 per cent of the small businesses they studied said that slow economic growth was the most important issue they faced, while 50 per cent nominated scarcity of qualified employees as their most important problem.

While their study referred to small business, it could be contended that this might confirm what is happening with family-owned small businesses in rural and regional areas, as these two factors ranked first, that is 'specific skills required to do the job' and fourth 'economic conditions' in this study.

It is evident therefore, that the findings of this study agree with those of prior research, apart from the fact that this study has broadened the contribution to knowledge in the area of recruitment in family-owned small business in rural and regional areas of Australia.

RQ4 *What selection methods are utilised by family-owned small businesses in rural and regional areas of Australia?*

The use of initial screening interviews was ranked first with a high mean score of 5.23. Second was background a investigation/reference check which recorded a mean score of 4.6. The unstructured interview ranked third with a mean score of 4.15. These were the only the three that ranked over the half-way point of 3.5 on the Likert Scale. Structured interviews ranked fourth with a mean score of 3.44, application forms were fifth with a mean score of 3.14, and literacy tests (reading/writing) ranked sixth with a mean score of 2.14. Group interviews ranked seventh with a mean score of 1.83, testing ranked quite low, being third from the end with a score of 1.79. Physical examinations were second-last with a mean score of 1.51. Stress interviews ranked last with a mean score of 1.46.

De Milia and Smith (1997) found that application forms and other informal methods are the most popular selection methods with family-owned small businesses. However their research did not address rural and regional areas. Townley (1994) found the application form or

curriculum vitae were the most popular screening tool. As this work took on a sociological perspective, it proved to differ from the findings of this research. McEvoy (1984), while examining small business practices found 90 per cent of selections were based on an interview and application forms. Meredith (1988) found that most small business owners are not qualified to use the various testing methods. Carroll et al. (1999) found that most small businesses have little in the way of formalised and systematic procedures for recruitment and selection.

Consequently, it is apparent, with regard to this question, that the findings of this study are consistent with those in the existing literature, apart from the fact that this study has broadened the contribution to knowledge in the area of selection in family-owned small business into rural and regional areas of Australia.

RQ5 *How do owner/managers of family-owned small businesses in rural and regional areas of Australia retain staff?*

The most important issues identified by owner/managers of family-owned small businesses in rural and regional areas of Australia in terms of retaining staff was good relationships with employees. This issue ranked first with a mean score of 5.71. The second-most important factor in relation to retention was good relationships between employees; this also had a high mean score of 5.56 out of seven. The third most important factor was encouraging employees to become involved beyond the call of duty. The mean score for this was 4.72. Flexible working hours ranked fourth with a mean score of 4.6, while flexible working conditions ranked fifth with a mean score of 4.45 on a scale of seven. The ability to maintain discretion in relation to employee's personal details ranked sixth with a mean score of 4.43. Seventh were bonus systems and incentive pay. These ranked at the half-way point with a mean score of 3.55. Allowing employees to determine their own behaviour ranked eighth with a mean score of 3.5. The provision of a competitive compensation package was third-last with a mean score of 3.05. The provision of access to transport for employees ranked second-last with a mean score of 2.12; while child/elder care support for employees ranked last with a mean score of 1.73.

With respect to how owner/managers of family-owned small businesses in rural and regional areas of Australia retain staff, good relationships with and between staff and encouraging them to perform beyond the call of duty were not confirmed by Herriot (1989) who found that

pay and perks are adequate reward for good performance. However, Herriot (1989) also found the social considerations of families and employee autonomy to be most important in retaining staff. Hutt (2005) whose work focused on coaching to enhance retention emphasised the demonstration of values and ethics as important factors in staff retention. Martel (2003) identified giving staff the freedom to take risks, tolerating mistakes, showing employees they are valued for what they do, listening to employees, sharing results with employees, offering share ownership, providing education and training and development of a good business culture as essential to retaining employees. This provides an extensive list. However, the two relationship factors identified as being most important in this research are not reflected in Martel's work, especially in relation to small family-owned businesses in rural and regional areas of Australia.

Therefore, the findings for this research question are consistent with findings in the existing literature, except that this research has extended the current contribution to knowledge to the areas of employee retention into family-owned small businesses in rural and regional areas of Australia.

RQ6 *What are the issues impacting on the retention of employees in family-owned small businesses in rural and regional areas of Australia?*

Many issues that impact on the retention of employees in family-owned small businesses in rural and regional of Australia listed in priority order are —

- Specific skills required – 4.7
- Type of business – 4.45
- Demand for labour – 4.56
- Economic conditions – 4.12
- The Salary or wages package – 3.62.
- Business location – 3.41
- Employment laws – 2.68
- Unions ranked – 1.7.

With respect to the issues that impact on the retention of employees in family-owned small businesses in rural and regional areas of Australia, the specific skills required, type of business and demand for labour were found to be the most important factors. Jones (2003) found that periodic labour shortages impact on turnover. Cully et al. (1999) in a British study found that 48 per cent of small businesses offered cash bonuses to try and avoid labour turnover issues. Daniel (1985) found that small businesses paid less than larger ones and did not offer pay increases over time, causing dissatisfaction and thus impacting on retention rates.

As a result, it is evident, in view to this question, that the findings of this study are consistent with those in the existing literature, apart from the fact that this study has broadened the contribution to knowledge in the area of retention of employees in family-owned small business into rural and regional areas of Australia.

RQ7 *Are there any underlying factors that contribute to effective human resource management practice in family-owned small business in rural and regional areas of Australia?*

Principal components analysis (PCA) identified 10 factors that contribute to the recruitment, selection and retention of employees. The factors are as follows —

- Legal and moral relationship with employees – .95
- Relationship with recruitment agent – .93
- Employer contribution to relationship and retention – .91
- Initial employee relationship orientation – .88.
- Human resource management framework for employment relationships – .87
- Employees show relationship commitment – .87
- Make employees feel relationship is valued – .87
- Relationship impacts on interview outcomes – .85.
- Long-term relationship and employee involvement – .83.
- Deterioration of relationship and why employees leave – .80.

There are no research studies that have attempted to identify the factors that contribute to the effective use of recruitment selection and retention as part of an overall Human Resource Management process in family-owned small businesses in rural and regional areas of Australia.

In respect of the four factors that were confirmed in the qualitative study, there is some related literature, for example, with respect to the factor *Human Resource Management framework for employment relationships,* it was found by Carroll et al. (1999) that there is little adoption of recommended systematic procedures for HRM by small business owners. However this could be explained by findings of Mathis and Jackson (1991) who reported that HRM tasks are often performed by owner managers, but in an informal manner.

The second construct factor to contribute to the new model is *initial employee relationship orientation*. Brown (2005) suggested that orientation programs were frequently boring or overpowering. Holton (1996) found that if new employees seek more information regularly then their levels of satisfaction are higher and performance is better, and they show much less propensity to leave. With this in mind, the importance of the *initial employee relationship orientation* is significant in terms of making a contribution to the new model.

The third major construct that contributes to the model is that of *long-term relationship and employee involvement.* Rusbult and Buunk (1993, p. 175) suggest that 'individuals become dependent on and committed to their relationships' and this may hold the key to the evolution of this new construct. Mentoring and coaching as a part of this factor contribute to the encouragement and involvement of the employee (that is the protégé) by the mentor (that is the owner/manager of the small family-owned business), thus enhancing and developing the long-term relationship (Kram, 1985).

The final major construct factor that contributes to the model is *legal and moral relationship with employees*. This was by far the most significant factor. It involves ensuring fairness of rewards; taking employees into consideration when making decisions; making fair decisions; taking account of employee resentment about unfair outcomes; respecting employees' opinions; creating a business culture; recognising the value of education to employees; providing timely feedback; and providing appropriate information to employees. These results are in line with the view of legal and moral issues in relation to recruitment, selection and retention established by Martel (2003) who found that employers should listen to their

employees, share the business results with them and develop a good culture, as well as give the employee the freedom to take risks and make mistakes without fear of retribution. Hutt (2005) emphasises the importance of small business owner-managers placing an emphasis on values and ethics in their relationship with their staff. In terms of rewards, Daniel (1985) found employees were less satisfied with pay in small businesses than in large. The construct factor shows convergence with the work of these authors.

However, the literature does not identify these particular constructs as underlying factors that influence the recruitment, selection and retention of employees in family-owned small businesses in rural and regional areas of Australia. In addition to this, the findings of this research, concerning the importance of relationships to each of the recruitment and retention areas, is new and meaningful. The common thread is that success in the recruitment, selection and retention of staff in family-owned small businesses in rural and regional areas of Australia is all about relationships.

RQ8 *Are the mean scores for the identified constructs significantly different when compared on the basis of the demographic variables?*

The results of the ANOVAs indicated that the constructs relating to human resource, recruitment, selection and retention issues between employer and employee in family-owned small business was impacted upon by certain demographic variables.

The outcomes of this analysis found that business of the trading type 'company limited' were more likely to use the *relationship framework of HRM practices*. When the demographic for gross income ranged between $500 001.00 and $800 thousand, the construct titled *Employees showing relationship commitment* was more likely in family-owned small businesses in rural and regional areas of Australia. The construct factor titled *Deterioration of relationships and why employees leave* was more likely to occur in company limited trading type, and when employer gross income was between $500 001.00 and $800 thousand. The construct titled *Legal and moral relationships with employees* was more likely to occur when owner/managers of family-owned small businesses had an educational level of undergraduate degree and the trading type was 'company limited'.

The findings relating to gross income could not be compared with any research previously conducted as they relate to the new constructs and have not been dealt with previously. However, the trading type 'company limited' and the gross income of the family-owned small business, as well as the education level of the owner/managers of family-owned small businesses, show these demographic variables are significant.

RQ9 *Can a model be developed to assist owners of family-owned small businesses to have more effect HR practices in their businesses?*

The new model has been developed utilising the four key factors identified in the regression analysis and overlaying these onto the theoretical model established by Gronroos (1997). In the context of relationship marketing of recruitment, selection and retention of employees, the model is shown in Table 7.1 below.

Table 7.1 New Model of the phases of relationship recruitment and retention (RRR)

Phase I	Phase II	Phase II	Phase IV	OUTCOME
'Human resource management framework for employment relationships ' Is the first phase in establishing the relationship. **RECRUITMENT PHASE**	***'Initial employee relationship orientation'*** Employer builds relationship with the employee so that economic goals of the relationship can be achieved. **ORIENTAION PHASE**	***'Long-term relationship and employee involvement '*** 'Fulfilling promises that have been given is equally important as a means of achieving [employee] satisfaction, retention …[and] long-term profitability'[1] **RELATIONSHIP DEVELOPMENT PHASE**	***'Legal and moral relationship with employees'*** That is '…a willingness to rely on an exchange partner in whom one has confidence'. Trust in relationship is seen as 'a behavior[u]ral intention that reflects reliance on the other partner and involves uncertainty and vulnerability on part of the trustor' [1] **TRUST DEVELOPMENT PHASE**	**RELATIONSHIP RECRUITMENT AND RETENTION** Desired outcome is 'to establish, maintain and enhance relationship with [employees]… at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfillment of promises'[1]

Source: Developed for this research – Adaptation of (Gronroos, 1997)

The model 7.1 above can be explained in terms of the phases.

Phase I – the family-owned small business begins the search for the new employee. The *'Human Resource Management framework for employment relationships'* constructs identified are*: formal HRM policies; creating a formal job analysis; job specification; job description* or *employ a person to handle formal HR issues such as recruitment* It is evident that each of these variables plays a part in the new and developing relationship framework in which the new relationship will begin to develop.

Phase II – marks the appointment of the new employee. The recruit must now be orientated to the organisation and the relationships that will be part of the new position. The variables facilitating employee orientation as recognised are*: explain the importance of appropriate time-keeping and punctuality; explain the required manner of dress and grooming; explain important health and safety precautions; explain how new employee is expected to deal with other staff members as well as the public with whom they come in contact; explain leave entitlements* and *explain any flexibility of work hours or conditions.* These variables establish the ground rules in which the relationship will be played out, and need to be accepted by both employer and employee as part of the development of the initial relationship.

Phase III – the new employee settles into the new position. The new employee needs to feel immediately that their new employer is encouraging their relationship involvement. The variables for factors that encourage a long-term relationship with employees involvement as defined are: *involvement in learning/training and development activities; involvement in decisions relating to business; involvement in on the job training; involvement in how to develop rewards for employees (including themselves);* and *involvement in mentoring/coaching programs.* This phase clearly shows the importance of the relationship to the outcomes that are likely to be experienced.

Phase IV – employee is informally encouraged to become a long-term employee and part of the family-owned small business family through relationship development: the expansion of a new level of understanding that their employer is contributing to the rights and shows respect for them as part of the small business family. The variables for how employers contribute to the legal and moral relationship that impacts on the rights and respect of employees are defined as: *knowing that the employee's rights are important; fair rewards are important; showing that employee's needs are taken into consideration in order to make fair decisions;*

showing that employee's need to be treated with dignity and respect; giving timely feedback; being aware of the need that information used for decisions relating to employees is accurate and complete; information is provided to employees upon request; taking account of employee inputs when making decisions; encouraging a good organisational culture; being aware that employees value education and training; being aware that employees will resent unfair outcomes; and *being aware that by keeping good employees you are encouraging other good employees when you need to recruit again.* The legal and moral response of employer toward the employee can enhance the relationship process. It is through the interpretation of the employer's response to such issues that the employee develops a level of trust that enhances the relationship.

In line with Gronroos (1997), the phases of the new Relationship Model of Recruitment and Retention of employees in family-owned small businesses in rural and regional areas of Australia provides a new and enhanced method by which employers can avoid the many pitfalls related to staffing issues encountered in small business.

Other demographic findings

The research also revealed that 75.7 per cent of the owner/managers of family-owned small businesses that responded to the questionnaire did not employ a specific person to look after their business's human resource issues. While a further 24.3 per cent employed someone from 'extremely rarely' to 'to a great extent'. This is in line with Fletcher (2002, p. Conclusion) who had concluded that the HRM decision making process in small family-owned businesses 'was retained by owner-managers regardless of size, location or type of economic activity'.

Responses about the extent to which family businesses received assistance from government in relation to staffing policies revealed that half of all respondents did not receive government assistance. A further 50 per cent reported that the level of government assistance they received ranged from 'extremely rarely' to 'to a great extent'. A similar result occurred in relation to government assistance with practical HRM programs that found 60.4 per cent did not receive any assistance while 39.6 per cent reported assistance ranging from 'extemely rarely' to 'frequently'. These findings were in line with the findings of the Senate report in to small business employment dated February 2003 that found 'small business needs many things from government. In general it needs advice, information and support, and it needs a

way to access that information … current arrangements clearly fall short of providing this level of support' (Senate Report, 2003, p. 51 and p. 119).

There are elements of the outcomes of this study that make a significant contribution not only to the theory, but also to the policy and practices of family-owned small businesses in rural and regional areas of Australia, in terms of the relationships that they have with their employees.

7.3 Implications for theory

The establishment, building and maintaining of strong relationships between employers and employees is significant to the effective recruitment, selection and retention of employers in family-owned small businesses in rural and regional areas of Australia.

The research found that there are four significant constructs, each of them impacting on relationships. The model can be compared with 'relationship marketing', which has an established relationship framework. This framework has been used in this thesis to develop a new model, which will enable owners of family-owned small businesses to concentrate on the relationship aspects of Human Resource Management in the recruitment and selection process. This relationship focus will involve: an orientation focused on developing the relationship with the new employee; encouraging involvement and participation of the new employee through the development of relationships and finally, enhancing the longevity of the relationship by caring for the legal and moral relationship between employee and employer.

The findings of previous research in relation relationship marketing have been integrated to form a new relationship model for the recruitment and retention of employees the Three Rs of Relationship Recruitment and Retention. The theoretical implication of this is that the new model of relationship, recruitment and retention integrates the previously developed relationship marketing framework into the new model for the recruitment and retention of employees. It also extends it to a new setting, that is, to family-owned small business in rural and regional areas of Australia and therefore makes a contribution to the body of knowledge in this area of research.

Another theoretical implication is that the findings of this research in relation to *formal Human Resource Management framework for employment relationships* confirmed the findings of previous studies and extended these to rural and regional areas, as well as to the family-owned small businesses environment. The theory is newly applied to family-owned small business in rural and regional areas of Australia and, therefore, makes a contribution to the body of knowledge in this area of research.

In respect to *what recruitment methods are utilised* by family-owned small businesses in rural and regional areas of Australia, it is evident that the findings reinforce those of previous research that *word of mouth* is the most effective method of recruitment used in small business. It also extends this finding to family-owned businesses in rural and regional areas of Australia and, therefore, makes a contribution to the body of knowledge in this area of research.

Another theoretical implication is the findings of previous research relating to the difficulty of obtaining people with the '*specific skills required to do the job*'. This finding also reinforces previous findings; however, it has also extended the findings to family-owned small business and rural and regional areas of Australia and, therefore, makes a contribution to the body of knowledge in this area of research.

The next theoretical implication is in relation to the *selection methods* used by those who participated in the research. In descending order of frequency, the three most prevalent methods are: *initial screening interview, background investigation /reference check* and *unstructured interview.* These findings reinforce previous findings and extend the theory in relation to informal methods of selection to family-owned small business to rural and regional areas of Australia, and make a new contribution to the body of knowledge in this area of research.

With respect to how staff are retained, the finding that this is done primarily through *good relationships with staff*; *good relationships between staff* and *encouraging staff to perform beyond the call of duty,* and each of these findings adds to previous work by extending the body of knowledge, especially in regard to family-owned small businesses in rural and regional areas of Australia.

With respect to issues that impact on staff retention, the three issues which were identified as the most important were: *specific skills required; type of business* and *demand for labour.* The theoretical implication is that the findings of previous research have been confirmed. However, the body of knowledge has been extended to include employees in family-owned small businesses in rural and regional areas of Australia.

The newly developed model found in Table 7.2 below makes a significant contribution to the theory and body of knowledge relating to the 'relationships' that must be nurtured in the recruitment and retention of employees in family-owned small businesses in rural and regional Australia. It also has the possibility of transforming the way in which other forms of business look upon their recruitment orientation, and retention issues.

Table 7.2 Model of the phases of relationship recruitment and retention (RRR)

Phase I	Phase II	Phase III	Phase IV	OUTCOME
'Human Resource Management framework for employment relationships' Is the first phase in establishing the relationship. **RECRUITMENT PHASE**	***'Initial employee relationship orientation'*** Employer builds relationship with the employee so that economic goals of the relationship can be achieved. **ORIENTAION PHASE**	***'Long-term relationship and employee involvement'*** 'Fulfilling promises that have been given is equally important as a means of achieving employee satisfaction, retention …[and] long-term profitability[1] **RELATIONSHIP DEVELOPMENT PHASE**	***'Legal and moral relationship with employees'*** That is '…a willingness to rely on an exchange partner in whom one has confidence'. Trust is relationship is seen as 'a behavior[u]ral intention that reflects reliance on the other partner and involves uncertainty and vulnerability on part of the trustor' [1] **THE TRUST DEVELOPMENT PHASE**	**RELATIONSHIP RECRUITMENT AND RETENTION** 'is to establish, maintain and enhance relationship with employees… at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfillment of promises'[1]

Source: Developed for this research – Adaption of (Gronroos, 1997)

The theory relating to recruitment selection and retention of employees can be significantly impacted upon by this research. Carroll et al. (1999) and Kotey (1999) found little adoption of formal and systematic procedures of HRM in small business. This study shows that their findings apply to family-owned small businesses in rural and regional Australia.

The findings extend the theory in relation to recruitment methods by finding that word or mouth, referrals by employees and newspaper were the three most popular recruitment methods used by owner/managers of family-owned small businesses in rural and regional Australia. This extends Holliday's (1995) and Carroll et al.'s (1999) findings to family-owned small businesses in rural and regional areas in relation to word of mouth. It also shows that McEvoy (1984) findings about recruitment done through advertising apply to family-owned small businesses in rural and regional areas of Australia.

The findings in this study relating to specific skills expand the work of Mehta (1996); Williamson et al. (2002) and that of (Plumbley and Willliams (1981) regarding job location, so that the findings of these works can be seen to apply to family-owned small business in rural and regional areas of Australia.

The findings relating to selection methods have extended the theory of selection interview McEvoy (1984) to family-owned businesses in rural and regional areas of Australia.

The findings relating to retention of staff in rural and regional areas adds to previous offerings by showing that good relationships with employees and good relationships between employees are strong determinants of staff retention rates.

The extension to the theory in relation to impacts on the retention of employees emerges from the fact that these are the same factors that impact on recruitment and rank similarly with similar mean scores.

Ten new constructs have contributed to the theory. A new model of Relationship Recruitment and Retention contributes to the theory. A checklist (see Section 7.8) for recruitment, selection and retention has also contributed to the extension of the theory.

7.4 Implications for policy and practice

As a result of this research there are a number of implications not only for small businesses, but all businesses who recruit employees. These practical implications are dealt with in line with the phases of the new Relationship Recruitment and Retention (RRR) model.

This research, particularly the qualitative informal interviews, revealed that employers, especially in the family-owned small business area, demonstrated a more laissez-faire method of informal notes and checklists, rather than the more traditional HRM methods utilised by big business. Skills identified in construct one, the *Human resource management framework for employment relationships* were necessary to compete in the recruitment; selection and retention of employees in a competitive market where demand for labour was high and small business resources were often lower than those of their larger competitors. However, the interpretation placed upon such construct factors differed quite considerably in the semi-formal interviews than that which had been apparent from the questionnaire, as respondents to the questionnaire had interpreted their informal notes, for example, as job descriptions. This, it was felt, placed their business at a disadvantage in terms of their ability to recruit and retain employees in an increasingly competitive market place. It is recommended that in future family-owned small business owner/managers develop closer alignment between their informal notes and the formal HR tools, such as job descriptions and job specifications.

Current human resource practices fail to tackle the underlying constructs that support efficient recruitment, selection and retention of employees in family-owned small businesses in rural and regional areas of Australia. It is essential that recruitment, selection and retention processes deal with staffing issues based on the newly defined phases of the Three Rs of Relationship Recruitment and Retention in order to enhance the capacity of family-owned small businesses to cope with the competitive recruitment and retention environment.

The new Three Rs model of relationship recruitment, and retention (RRR) as identified in Table 7.2, by aligning recruitment and retention of employees to the theory of relationship marketing, should now be used to strengthen the practices of recruitment, selection and retention and enhance the relationships with employees at all points within the model.

Implications for owner/managers of family-owned small businesses in rural and regional areas are specifically addressed in the following section.

Initial employee relationship and orientation

The quantitative survey questionnaire findings were reinforced by semi-formal interviews. Results revealed that employers, especially in the family-owned small business area, demonstrated a sincere attempt to build a relationship *with* their new employee with an

emphasis on *orientating the employee to the workplace* in the Phase II of the new model. Skills identified in construct four, the *initial employee relationship orientation* were clearly acknowledged and reinforced in the qualitative interviews with small business owners confirming them as being necessary to the initial building of a relationship with the employee. By providing the guidelines for how the family-owned small business owner/manager would like their new employee to *deal with other employees* and customers and *how to dress and behave* within the relationship, as well as for dealing with *entitlements*, the employee develops a model of how the relationship will expand. The employer as the provider of the enhancement factors of the relationship orientation process can smooth the progress of the employee to their involvement in the relationship.

Long-term relationship and employee involvement

The semi-formal interviews confirmed the findings of the survey questionnaire that lead to the identification of construct five *long-term relationship development and employee involvement*. This construct identified the importance of meeting the promises made by employers to employees as a means of achieving employee satisfaction and retention and long-term profitability. The development of the relationship is enhanced by *encouraging employee involvement in the design of training,* as well as *involving employees in decisions*. Mentoring, coaching and on the job training were some of the other ways in which Phase III can encourage employees to feel that promises made by the employer are being met as the employee's relationship develops with their increased level of involvement in the business relationship.

Legal and moral relationship with employees

The information from both the quantitative and qualitative collection methods confirmed the importance of commitment to Construct 10, that is, employers' commitment to the development of a *legal and moral relationship with employees*. This commitment, if shown by employers enhances the level of trust between the employee and the employer by respecting employees' needs, rights, fair pay and input into decisions just to mentions a few. This, in turn, develops a willingness to rely on one-another or maintain a relationship in which one has confidence.

Recruitment, selection and retention relationships

It is possible that as a result of this research, a number of changes can be made immediately to the methods adopted for the recruitment, and retention of employees. Not only should the owner/managers of family-owned small businesses address the findings of this research, but all those who are keen to ensure their investment in staffing pays dividends could benefit from doing so as well.

The quantitative data found that managers need to focus on the *Human Resource Management framework for employment relationships; initial employee relationship orientation; long-term relationship development and employee involvement.* They also need to ensure that they have high levels of awareness of *legal and moral relationship with employees*. This, of course, will vary according to demographics of the manager, for example, age and education level, while business demographics of gross income and trading type of the family-owned small business will also influence the use of the construct factors in achieving success.

Managers may need to seek assistance with the development of their own sensitivity in order that their ability to actively participate in the recruitment and retention activities aligns with the relationship marketing theory of recruitment and retention. By following the checklist provided in Table 7.1 above, their ability to develop their relationship marketing skills can enhance their ability to rapidly adapt to the new relationship model.

7.5 Relationship implications for new recruits and employees

If the recommendations of this study are followed, it will be possible for recruits to feel a greater likelihood of long-term commitment by the employer. This will be developed as part of the recruitment and selection process as prospective employees are informed about the three underlying constructs, that is, *initial employee relationship orientation*; *long-term relationship development and employee involvement as* well as developing higher levels of awareness of *legal and moral relationship with employees*. This is being established as part of the marketing of the new relationship recruitment paradigm. However, the new employee will need to ensure that in their acceptance of their position through the new 'relationship recruitment and retention' Three (RRR's) model, that the promises made are fulfilled by their

employer, as fulfillment of 'promises that have been given is equally important as a means of achieving customer [employee] satisfaction, retention of customer [employee] and long-term profitability' (Gronroos, 1997, p. 327).

Employees can also reflect on the underlying psychological constructs in their relationships with their employer and their desire to accept the offer of recruitment and continued retention by their employer. The employee's ability to contribute to their side of the relationship, through the utilisation of the checklist found in Table 7.1 is one of the keys to their long-term success within the business. Their ability to develop the confidence to trust the employer, as part of a relationship exchange process is thought to be a key to the employee's acceptance of the factors of the Relationship Recruitment and Retention (RRR) model and the three construct factors, that is, *initial employee relationship orientation*; *long-term relationship development and employee involvement'* as well as developing higher levels of awareness of *legal and moral relationship with employees*. The employee will define this 'trust' part of the relationship marketing process of retention as '…a willingness to rely on an exchange partner in whom one has confidence' (Gronroos, 1997, p. 327).

7.6 Relationship implications for recruitment agents

This section discusses implications that will need to be considered by recruitment agents as a result of the underlying constructs relating to the new model of relationship marketing for recruitment and retention. The agent will need to understand the importance of the new model of Relationship, Recruitment and Retention (RRR), especially the construct factors, *initial employee relationship orientation*; *long-term relationship development and employee involvement* as well as developing higher levels of awareness of *legal and moral relationship with employees*. The agent will need to keep these constructs that contribute to this new 'relationship marketing' model of recruitment in mind when searching for possible recruits. By following the factors identified in the checklist found in Table 7.1, the agent can contribute to the facilitation of the relationship of employer and employee as part of their contribution. Not every recruit will respond positively to employers' attempts to market the possible relationship that will be developed with their employee as part of their attempt to attract employees. However, an agent will be better able to serve their clients when they know the benefits of the relationship that the employer is marketing to the employee.

These underlying constructs and how each of these construct factors will influence the new relationship with the recruit will need to be established as part of a marketing focus by their new employer and this will need to be portrayed by the recruitment agent. This will be necessary to ensure that the possible new employee will want to reciprocate as part of the new model of relationship marketing for recruitment. A paradigm shift, focusing on preparing the prospective employee for the new relationship, will need to be built into the agent's recruitment process.

7.7 Implications for policy makers

Governments departments that deal with employment issues in rural and regional areas could also benefit from an understanding of the findings of this study, as they attempt to ensure scarce employee numbers are better utilised.

Having a series of three constructs that support the relationship marketing concept in the process of recruitment and retention can only enhance the various programs that have been set up in rural and regional areas to support family-owned small business owner/managers in their search for employees. The potential benefits of this new Three Rs relationship model of recruitment are numerous. If the model is adopted, it is anticipated that staff turnover rates will be reduced. This, in turn, will place less pressure on government departments, such as CentreLink and government suppliers of regional recruitment services.

Traineeships, offered by governments to support youth employment, would also be the ideal ground for the introduction of this model of relationship marketing for recruitment and retention, with a focus on the development of the relationship through the construct factors *initial employee relationship orientation*; *long-term relationship development and employee involvement as* well as developing higher levels of awareness of *legal and moral relationship with employees*. The development of a relationship of trust from the beginning of the traineeship and with the introduction of the constructs as part of the 'promise' concept of relationship marketing the new trainee's success could be ensured.

7.8 Checklist for relationship recruitment and retention (RRR)

The checklist below consists of four specific areas of relationship enhancement, based on the four major constructs identified as part of this research. The checklist (see Table 7.3 and Table 7.4 below) is offered to owner/managers of family-owned small businesses to provide some guidelines on how to ensure that their recruitment, selection and retention procedures are more effective by explaining relationships.

Table 7.3 Checklists for uses – the three R's of relationship, recruitment and retention

1. Checklist for development of '*relationship framework of human resource management*'.	• If possible employ Human Resource Management specialist to deal with recruitment, selection and retention issues within your business. • If not possible to employ a specialist, keep a 'possible employee register' of walk-ins or recommendations. • Develop a formal HR policy or checklist for your specific business needs. Establish a lever arch file that will contain the RRR framework for the formal human resource management relationship factors. • Analyse the characteristics and needs of each of the jobs within your business and maintain Job Descriptions and Job Specifications in the RRR file to save time if and when a position becomes vacant. • Ensure performance appraisals are part of the development of the relationship between owner and employee and use this to measure if the promises of the relationship are being met and if trust is developing as part of the new model or relationship retention. Retain these records of performance appraisals in your RRR file. • Consult with the recruitment agent making the agent aware of the relationship focus of recruitment and retention that your firm has adopted. This will enable their recruiting staff to be aware of the type of person that might be most suited to a relationship marketing method of dealing with their new job.
2. Checklist for development of '*Initial employee relationship orientation*'.	• Focus on building the relationship with the employee – focus on developing promises that can be met and on trust. • Build relationship by explaining leave entitlements and ensuring there are no misapprehensions, including these details in letter of appointment. • Build relationship by explaining the flexibility of working hours and conditions and endeavour to meet these commitments. • Build relationship by explaining importance of and reasons for punctuality and time keeping within your business to ensure no misapprehensions in relation to what is required, including these details in letter of appointment. • Build relationship by providing adequate health and safety training and be sure that employee is aware of the ongoing importance of such training. • Build relationship by explain desired level of dress and grooming, including these details in letter of appointment. • Build relationship by demonstrating manner in which the new employee is to deal with the public and other staff. Lead by example.

Continued on Table 7.4

Table 7.4. Checklists for uses – the three R's of relationship, recruitment and retention

Continued from previous page

3. Checklist for development of *'Long-term relationship development and employee involvement'*.	• This phase of the relationship is focused on meeting the promises made to the employee as part of the recruitment and orientation process. • Develop the relationship by involving the employee in business decisions. • Develop the relationship be encouraging the employee to become involved in the design and development of training programs. • Develop the relationship by rewarding employee in line with promises made on appointment. • Develop relationship by coaching and mentoring employee into the culture and working relationships that exist within the organisation. • Develop the relationship by encouraging the employee involvement in on the job training in line with any promises made in relation to on going training.
4. Checklist for development of *'Legal and moral relationship with employees'*.	• Focus on relationship by developing a level of 'trust' - a willingness to rely on an employee as a partner in whom one has confidence and ensure that your employee feel a similar level of 'trust'. • Share results with employees. • Train as employees value training as a reward. • Focus on maintaining positive relationships within the organisation. • Avoid unfair outcomes for your employees. • Providing your employees with timely feedback. • Treating all staff members with dignity. • Ensure employee's right as respected and consider their needs. • Providing fair rewards. • Providing accurate information upon request to employees. • Ensuring all parties are represented in workplace discussions. • Keep 'good' employees as they in turn attract other good employees.

Source: Developed for this research

With the use of the four-point checklist found in Table 7.3 & 7.4 above, the new model of relationship, recruitment and retention can be more easily implemented. Kotler (1992, p. 1) suggests that businesses need to 'move from short-term transaction–orientated goals[s] to long-term relationship-building goal[s]'. It is evident that in terms of the introduction of relationship marketing of recruitment and retention, which the long-term benefits to any organisation will be a key to small business success. The use of the checklist, based on its division into four distinct periods of the relationship, will make it easier for the user to quickly link into the phase in the relationship that is taking place at that particular time, and focus on enhancement of the relationship.

7.9 Limitations

The strengths of this study include the size of the sample, given the scarcity of time and resources experienced by small business owner/managers in rural and regional areas. The choice of a triangulation quantitative survey and a series of semi-structured interviews made it possible to enrich and challenge the findings of the Literature Review. This mixed model of research provides a holistic perspective of and considerate understanding of the many difficulties that employers in rural and regional areas face in recruiting, selecting and retaining employees in a competitive work place environment. The identification of the underlying constructs of successful recruitment and retention also enhanced the outcomes.

Notwithstanding these successes, there have been some limitations identified. This research is exploratory. As such, prior to the introduction of the proposed constructs and the paradigm, it would be envisaged that this model would be further tested and evaluated.

The research has been limited by the fact that, even though the original survey was forwarded Australia wide, responses were only obtained from three areas of New South Wales. The size of the area studied was restricted finally by the prohibitive costs of travel and accommodation, while the hand delivered surveys were distributed and collected.

Non-probability selection of the sample is a further limitation. This occurred because of the poor response rate to the first mail survey. By door-to-door approaches it was possible to obtain adequate numbers for a sample. However, this made access to random sampling impossible.

This sample is relatively small in comparison to the number of survey instruments that were distributed. However, based on quantitative research standards, it is within the acceptable level. The alpha results confirm that there were sufficient numbers to provide sustainable exploratory results.

As this research project has been confined by time, the design has not been longitudinal. It could be possible that differing results could be expected over an extended time period. Such factors as drought may have had an impact on current responses, and they may diverge in rural and regional areas under differing weather or economic conditions.

However, the identification of underlying constructs of successful recruitment and retention of employees in rural and regional areas, as well as the identification of the checklist or relationship recruitment and retention (RRR), as well as personal and business demographics that impact upon recruitment and retention outcomes, only serve to increase the strength of the research outcomes.

7.10 Future research

This study is invaluable in identifying the scope for future research. There have been 10 underlying constructs identified. There is potential that there may me more yet to be revealed. The identification of the constructs that impact on the employee and their relationships and attitudes toward their employee recruitment selection and retention would be beneficial in the improvement of the relationship marketing concept of recruitment, selection and retention of employees.

The new model, checklist and new paradigm which results from this research which is found at Table 7.1 have yet to be tested. This model considers the constructs, however it may differ should the demographics be introduced into each of the specific steps. It is now possible that an all-encompassing model be developed that considers the effects of demographics and their impacts on the model.

This research identifies the weaknesses of the current models that do not into account take the relationships between employers and employees as a serious part of the retention of employees. Further research could look at the possibility of investigating the appropriateness of the relationship marketing model in enhancing other aspects of workplace relationships.

The focus of this research has been on the recruitment, selection and retention of employees in rural and regional areas of Australia. Further research could be conducted Australia-wide, as financial restrictions and poor response rates limited the outcomes of this work.

Further research could be conducted in the form of a longitudinal study. This would enable the investigation to expand into any impact from the effects of the severe drought and other seasonal and economic factors that might have had affect on the study outcomes.

The research focused on owner/managers of small family businesses and identified the constructs that affected them. Further study might investigate these relationship constructs and if they exist in medium to large organisations. This opens the possibility that the constructs might be applied in differing circumstances. It further opens the possibility of reversing the process and focusing on an investigation from an employee perspective.

BIBLIOGRAPHY

ABC (2001). Radio News Report. Sydney, ABC Radio.

Abraham, K. and Newcorn, C. (2000). Online recruiting - A powerful tool for small business. *The National Public Accountant* 45(6): 32-35.

Adams, G., King, L. and King, D. (1996). Relationships of job and family involvement, Family social support, and work-family conflict with job and life satisfaction. *Journal of Applied Psychology* 81(4): 411-420.

Aitkinson, J. and Meager, N. (1994). Running to stand still: the small firm in the labour market. *Employment, the Small Firm and the labour Market*. (J. Aitkinson and D. Storey eds.). London, Routledge.

Aitkinson, J. and Storey, D. (1994). *Employment, the small firm and the labour market.* London, Routledge.

Alpander, G. and Carter, K. (1990). Managerial issues and problem-solving in the formative years. *Journal of Small Business Management* 28(2): 9-21.(ABC 2001)

Alston, M. (1998). Regional development and quality of life. *Regional Policy and Practice* 52: 2-6.

Ateljevic, I. and Doorne, S. (2000). Staying within the fence: Lifestyle entrepreneurship in tourism. *Journal of Sustainable Tourism* 8(5): 378-392.

Australian Bureau of Statistics. (1996). *New South Wales' Young People*, (No. 4123.1). Canberra. Australian Bureau of Statistics. Commonwealth of Australia. Retrieved 29/11/2002 from AusStats database.

Australian Bureau of Statistics. (1997). *Education and training in Australia*, (No. 4224.0). Canberra. Australian Bureau of Statistics. Commonwealth of Australia. Retrieved 28/11/2002 from AusStats database.

Australian Bureau of Statistics. (1998). *Small business in Australia*, (No. 1321.0). Canberra. Australian Bureau of Statistics. Commonwealth of Australia. Retrieved 28/11/2002 from AusStats database.

Australian Bureau of Statistics. (2000a). *Locations of work*, (No. 6275.0), Canberra, Australian Bureau of Statistics. Commonwealth of Australia. Retrieved 28/11/2002 from AusStats database.

Australian Bureau of Statistics. (2000b). *Small business in Australia*, (No. 1321.0). Canberra. Australian Bureau of Statistics. Commonwealth of Australia. Retrieved 2/10/2004 from AusStats database.

Australian Bureau of Statistics. (2001c). *Small business in Australia*. (No. 1321.0). Canberra. Australian Bureau of Statistics. Commonwealth of Australia. Retrieved 5/4/2005 from AusStats database.

Australian Bureau of Statistics. (2002a). *Australian demographic statistics*. (No. 3101.0) Canberra, Australian Bureau of Statistics. Commonwealth of Australia. Retrieved 16/7/2006 from AusStats database.

Australian Bureau of Statistics. (2002b). *Labour force, Australia preliminary*. (No. 6202.0). Canberra, Australian Bureau of Statistics. Commonwealth of Australia. Retrieved 16/7/2006 from AusStats database.

Australian Bureau of Statistics. (2004a). *Characteristics of small business, Australia*. Canberra, Australian Bureau of Statistics. Commonwealth of Australia. 1-14. Retrieved 16/7/2006 from AusStats database.

Australian Bureau of Statistics. (2004b). *Australian labour market statistics - October 2004.* (No. 6105.0). Canberra, Australian Bureau of Statistics. Commonwealth of Australia. Retrieved 16/7/2006 from AusStats database.

Australian Bureau of Statistics. (2005). *Australian social trends, 2005*. (No. 4102.0). Canberra, Australian Bureau of Statistics. Commonwealth of Australia. 4102.0: 1-15. Retrieved 16/7/2006 from AusStats database.

Australian Bureau of Statistics. (2007). *Australia at a glance - 2007*. (No. 1309.0) Canberra, Australian Bureau of Statistics. Commonwealth of Australia. 1-4. Retrieved 1/9/2007 from AusStats database.

Australian Press Country (1996). *Survey on the impact of rationalisation in country and regional areas of Australia.* Wellington Times.

Bacal, R. (2007) *A quick guide to employee orientation - Help from managers & HR.* Bacal & Associates, Volume, DOI

Barber, A., Wesson, M., Roberson, Q. and Taylor, M. (1999). A tale of two job markets: Organizational size and its effects on hiring practices and job search behavior. *Personnel Psychology Inc.* 52(4): 841-869.

Barham, K., Braser, J. and Heath, L. (1988). *Management for the future*. London, Ashridge Management College & FME.

Barrett, R. and Mayson, S. (2008). Small firms, the paid maternity leave debate in Australia and the business case. *Equal Opportunities International* 27(3): 276-291.

Barrier, M. (1999). Hire without fear (small business hiring tips). *Nation's Business* 87(5): 16-27.

Bartram, T. (2005). Small firms, big ideas: The adoption of human resource management in Australian small firms. *Asia Pacific Journal of Human Resources* 41(1): 137-154.

Baruch, Y. (1999). Response rate in academic studies: A comparative analysis. *Human Relations* 52(4): 421-438.

Bazeley, P. (2002). *Issues in mixing qualitative and quantitative approaches to research.* 1st International Conference - Qualitative Research in Marketing and Management, University of Economics and Business Administration, Vienna, Palgrave Macmillan.

Bell, J. (1991). *Doing your research project: A guide for first-time researchers in education and social science*. Philadelphia, Open University Press.

Bergin-Seers, S. and Breen, J. (2002). The performance of long day care centres in rural and remote areas. *Australian Journal of Early Childhood* 27(1): 24-29.

Bilton, T., Bonnett, K., Jones, P., Lawson, T., Skinner, D., Stanworth, M. and Webster, A. (2002). *Introductory sociology*. 4th ed. Hampshire, Palgrave Macmillan.

Blaikie, N. (1988). *Triangulation in social research: Origins, use and problems*. Conference of Sociological Association of Australia and New Zealand, Canberra.

Bloom, M. and Milkovich, G. (1999). An HRM perspective on international compensation and reward systems. *Research in Personnel and Human Resources Management, Supplement* 4: 283-303.

Bolton, J. (1971). *Report of the committee of enquiry of small firms*. London, HMSO.

Bowen, D., Ledford, G. Jr. and Nathan, B. (1991). Hiring for the organization, not the job. *Academy of Management Executive* 5(4): 35-51.

Brewer, J. and Hunter, A. (1989). *Multimethod research: A synthesis of style*. Newbury Park, California, Sage.

Brown, J. (2005). Employee orientation: Keeping new employees on board. *Management Resources.* http://www.google.com/search?hl=en&rlz=1T4RNWN_enAU257AU257&q=%22Employee+Orientation%3A+Keeping+new+employees+on+board%22+brown&btnG=Search Retrieved 16/7/2006.

Brun de Pontet, S., Wrosch, C. and Gagne, M. (2007). An exploration of the generational differences in levels of control held among family businesses approaching succession. *Family Business Review* XX(4): 337-353.

Burgess, P. (1997). *Recruitment, training and development*. London, Institute of Personnel and Development.

Burgess, R. (1984). *In the field: An introduction to field research*. London, Allen and Unwin.

Burns, R. (1997). *Case studies. Introduction to research methods*. South Melbourne, Longman: 364-385.

Byrne, K. (1990). *Hiring: strategies for success*. Brighton, Wrightbooks Pty. Ltd.

Calonius, H. (1988). *A buying process model. Innovative Marketing - A European Perspetive*. XVII th Annual Conference of the European marketing Academy, Bradford, University of Bradford.

Carlson, J., Getz, D. and Ali-Knight, J. (2001). The environmental attitudes and practices of family businesses in the rural tourism and hospitality sectors. *Journal of Sustainable Tourism* 9(4): 281-297.

Carroll, M., Marchington, M., Earnshaw, J. and Taylor, S. (1999). Recruitment in small firms: Processes, methods and problems. *Employer Relations* 21(3): 236-250.

Carter, R. and Van Auken, H. (2006). Small firm bankruptcy. *Journal of Small Business Management* 44(4): 493-508.

Chell, E. and Paul, T. (1997). Relationship building in small firms: The development of a model. *Human Relations* 58(5): 577-616.

Christy, R., Oliver, G. and Peen, J. (1996). Relationship marketing in consumer markets. *Journal of Marketing Management* 12: 103.

Clifford, D. (1973). Growth pains of the threshold company. *Harvard Business Review* 51(5): 143-154.

Clutterbuck, D. (1991). *Everyone needs a mentor: Fostering talent at work*. London, Institute of Personnel Management.

Coakes, S. (2005). *SPSS: Analysis without anguish*. Milton, Wiley.

Cole, P. M. (2000). Understanding family business relationships: Reserving the family in business. *The Family Journal: Counseling and Therapy for Couples and Families* 8: 351-359.

Collits, P. (1995). Business costs in non-metropolitan regions: Research findings and policy issues. *Regional Policy and Practice* 4(1).

Collits, P. and Gastin., B. (1996). Big town, small town: The centralisation of services and economic activity, the decline of small towns and the policy response in New South Wales. *Regional Policy and Practice* 6(2): 9-21.

Compton, R., Morrissey, W. and Nankervis, A. (2002). *Effective recruitment and selection practices*, Sydney, CCH Australia Limited.

Compton, R. and Nankervis, A. (1998). *Effective recruitment and selection practices* (2nd ed.). Sydney, CCH Australia Limited.

Cook, R. (1998). *Recruitment, selection & induction in Australia & New Zealand: A work and case-based learning guide*. Sydney, Prentice Hall.

Coopey, J. and Hartley, J. (1991). Reconsidering the case for organizational commitment. *Human Resource Management Journal* 1(3): p.18-32.

CorpWatch. (1998). *Race and classroom: The corporate connection*. July 8, 1998. Retrieved 17/01/2003.

Craig, C. (1985). *Payment structures and smaller firms. Industrial relations in small firms*. Department of Employment Research Paper. 48.

Creswell, J. (1994). *Research design*. California, Sage Publications.

Cribb, J. (1994). *Farewell to the heartland*. The Australian Magazine.

Cully, M., Woodland, S., O'Reilly, A. and Dix, G. (1999). *Britain at work: As depicted by the 1998 workplace employee relations survey*. London, Routledge.

Curren, J. and Stanworth, J. (1979). Self-selection and small firm workers. *Sociology* 13(3).

Daily, C. and Dollinger, M. (1993). Alternative methodologies for identifying family - versus nonfamily-managed businesses. *Journal of Small Business Management* 31(2): 79-91.

Daniel, W. (1985). The first jobs taken by the unemployed compared with those they lost. *Policy Studies*. 6.

Davis, D. (1996). *Business research for decision making*. California, Wadsworth Publishing Company.

Davis, D. (2005). *Business research for decision making*. Southbank, Victoria, Thompson Brooks/Cole.

Daymond, C. (2002). *Qualitative research methods in public relations and marketing*. Florence, KY, USA., Rutledge. Retrieved 5/4/2006.

Debelle, G. and Vickery, J. (1998). *Labour market adjustment: Evidence on interstate labour mobility*. Reserve Bank of Australia Research Discussion Paper (9801).

Definition in Context, (2006). *Definition in context*. Retrieved 2/4/2006, 2006.

Delbridge, R. and Turnbull, P. (1992). *Human Resource maximisation :The management of labour under just-in-time manufacturing systems*. Reassessing Human Resource Management. (T. Blyton and P. Turnbull, eds.). London, Sage: p.56-73.

De Massis, A., Chua, J. & Chrisman, J. (2008). Factors preventing intra-family succession. *Family Business Review* XXI(2): 183-199.

De Milia, L. and Smith, P. (1997). Australian management selection processes: Why does the interview remain popular. *Asia Pacific Journal of Human Resources* 35(3): 99-103.

Dennis, W. (2003). Rising response rates in mail surveys of small business owners: results of an experiment. *Journal of Small Business Management* 41(3): 278-371.

Deshpande, S. and Golhar, D. (1994). HRM practices in large and small manufacturing firms: A comparative study. *Journal of Small Business Management* 32(2): 49-55.

Duffy, N. (1994). The determinants of state manufacturing growth rates: A two-digit-level analysis. *Journal of Regional Science* 34(2): 137 - 162.

Duranton, G. and Puga, D. (1999). *Diversity and specialisation in cities: Why, where and when does it matter?* Centre for Economic Performance Discussion Paper No. 433.

Dwyer, J. and Lawson, J. (2002). *Labour market adjustment in Regional Australia*. Sydney. Reserve Bank of Australia - Economic Publication Section. 36: 1-16.

Easterby-Smith, M., Thorpe, R. & Lowe, A. (1991). *Management research: an introduction*. London, Sage.

Ellison, G. and Glaeser, E. (1999). The geographic concentration of industry: Does natural advantage explain agglomeration? *American Economic Review* 89(2): 311 - 316.

Epps, S. (1998). *Selecting and managing personnel*. London, Telegraph Publications.

Feldman, D. (1976a). A Contingency theory of socialization. *Administrative Science Quarterly* 21: 433-451.

Feldman, D. C. (1976b). A practical problem for employee socialization. *Administrative Science Quarterly* 5(2): 64-80.

Finch, B. (1986). Japanses management techniques in small manufacturing companies: a strategy for implementation. *Production and Inventory Management* 27(3): 30-38.

Fletcher, D., (Ed.) (2002). *Understanding the small family business*. London, Routledge.

Foucault, M. (1980a). *Power/knowledge: Selected interviews and other writings 1972-1977*. New York, Pantheon.

Fournier, S., Dobscha, S. and Divid, G. (1998). Preventing the premature death of relationship marketing. *Harvard Business Review* January - February: 43-51.

Foss, B. and Stone, M. (2001). *Successful customer relationship marketing: New thinking, new strategies, new tools for getting closer to your customers*, New York, Kogan Page Limited.

Fraza, V. (1998). No small feat. *Industrial Distribution* 87(9): 48-49.

Gage, N. (1989). The paradigm wars and their aftermath: A 'historical' sketch of research and teaching since 1989. *Educational Researcher* 18: 4-10.

Gapp, R. (2006). Important factors to consider when using internal branding as a management strategy: A healthcare case study. *Journal of Brand Management* 14(1/2): 162-177.

Gatewood, R. and Field, H. (1987). A personnel selection program for small business. *Journal of Small Business Management* 25(4): 16-24.

Getz, D. and Carlsen, J. (2000). Characteristics and goals of family and owner-operated businesses in the rural tourism and hospitality sectors. *Tourism Management* 21(6): 547-560.

Glaeser, E., Scheinkerman, J. and Schleifer, A. (1995). Economic growth in a cross-ection of cities. *Journal of Monetary Economics* 36(1): 117 - 143.

Graves, C. and Thomas, I. (2006). Internationalization of Australian family businesses: A managerial capabilities perspective. *Family Business Review* 19(3): 207-224.

Greengard, S. (1995). Are you well armed to screen applicants? *Personnel Journal* (December): 84-95.

Greenwood, M. (1975). Research on internal migration in the United States: A Survey. *Journal of Economic Literature* 13(2): 397 - 433.

Griffeth, R., Hom, P. & Gaertner, S. (2000). A meta-analysis of antecedents and correlates of employee turnover: update, moderator tests, and research implications for the next millennium. *Journal of Management* 26(3): 463-488.

Gronroos, C. (1990). *Service management and marketing: Managing the moments of trust in service*. MA, Free Press/Lexinton Books.

Gronroos, C. (1996). Relationship marketing: strategic and tactical implications. *Management Decisions* 34(3): 5-16.

Gronroos, C. (1997). From marketing mix to relationship marketing - towards a paradigm shift in marketing. *Management Decisions* 35(4): 322-339.

Hacker, C. (1997). The cost of poor hiring decisions ... and how to avoid them. *HR Focus* 74(10): 13-14.

Hair, J., Anderson, R., Tatham, R. and Black, W. (1998). *Multivariate data analysis.* Upper Saddle River, New Jersey, Prentice-Hall.

Hair, J., Black, W., Babin, B., Anderson, R. & Tatham, R. (2006). *Multivariate data analysis.* New Jersey, Pearson Education.

Hall-Taylor, B. (1998). *Qualitative research methods for the social sciences*. Study guide. Lismore, Southern Cross University.

Handler, W. (1990). Succession in family firms: A mutual role adjustment between entrepreneur and next-generation family member. *Entrepreneurship Theory and Practice* 15(1): 37-51.

Harris, J. and Todaro, M. (1970). Migration, unemployment and development: A two-sector analysis. *American Economic Review* 60(1): 126 - 142.

Harris, D. and DeSimone, R. (1994). *Human Resource development*. Fort Worth, The Dryden Press.

Hartcher, J. (2001). Don't worry, be happy. *Australian CPA* 71: 42-44.

Headd, B. (2003). Redefining business success: Distinguishing between closure and failure. *Small Business Economics* 21: 51-61.

Hendry, C., Arthur, M. and Jones, A. (1995). *Strategy through people - Adaptation and learning in the small-medium enterprise*. London, Routledge.

Heneman, H. and Berkley, R. (1999). Applicant attraction practices and outcomes amount small businesses. *Journal of Small Business Management* 37(1): 53-74.

Henshall, A. (1990). *Study of small towns in Victoria*. Prepared for the Department of Agriculture and Rural Affairs.

Herriot, P. (1989). *Recruitment in the 90s*. Wiltshire, Institute of Personnel Management.

Hicks, J. (1994). *The theory of wages*. London. Macmillan.

Hogg, G. and Carter, S. (2000*). Employee attitudes and responses to internal marketing. International Marketing: Directions for management*. J. a. L. Richard, R. London, Routledge.

Holliday, R. (1995). *Investigating small firms: Nice work?* London, Routledge.

Holmes, S. and Haswell, S. (1989). Estimating the small business failure rate: a reappraisal. *Journal of Small Business Management* 27(3): 68-74.

Holton, E. (1996). New employee development: A review and reconceptualization. *Human Resource Development Quarterly* 7(3): 233-252.

Hornsby, J. & Kuratko, D. (1990). Human resource management in small business: critical issues for the 1990's. *Journal of Small Business Management* 28(3): 9-18

Hutt, T. (2005). *Required interpersonal communication skills for leadership coaching*. Denver, University of Denver. Master of Applied Communication thesis. Retreived 12/2/2007.

Ingham, G. (1970). *Size of industrial organisation and worker behaviour*. Cambridge, Cambridge University Press.

Johns, B., Dunlop, W. and Sheeham, W. (1989). *Small business in Australia: Problems and prospects*. Sydney, Allen & Unwin.

Johnson, L., Foo, L., Buchanan, I. and Henrick, B. (2001). *Regional tourism employment - A case study approach*. BTR Occasional Paper Number 33, Canberra, Bureau of Tourism Research.

Johnson, R. (2004). Mixed methods research: A research paradigm whose time has come. *Educational Researcher* 33(7): 14-26.

Jones, D. and Skarlicki, D. (2003). The relationship between perceptions of fairness and voluntary turnover. *Journal of Applied Psychology* 33(6): 1226-1243.

Keenoy, T. (1990). HRM: Rhetoric, reality and contradiction. *International Journal of Human Resource Management* 1(3): p.363-384.

Kellerman, D. (Ed.) (1973). *The International Webster New Encyclopedic Dictionary of the English Language & Library of Useful Knowledge*. New York, Tabor House.

Kickul, J. (2001). Promises made, promises broken: An exploration of employee attraction and retention practices in small business. *Journal of Small Business Management* 39(4): 320-335.

Kidder, L. (1981). *Research methods in social relations*. 4th ed. New York, Holt, Rinehart and Winston.

Kilibarda, P. and Fonda, N. (1997). Random selection. *People Management* 4(December): 36-39.

Kotey, B. (1999). Human resource management practices of gold coast small firms with reference to the prescribed models. *International Journal of Employment Studies* 7(1): 79-104.

Kram, K. (1985). *Mentoring at work: Developmental relationships in organisational life.* Glenview Ill, Scott, Foresman.

Kramar, R. (1992). Strategic human resource management: Are the promises fulfilled? *Asia Pacific Journal of Human Resources* 30(1): 1-15.

Lane, D. (Ed.). (1994). *People management in small and medium sized enterprises*. Issues in People Management. London, Institute of Personnel and Development. 8.

Lansberg, I. (1983). Managing human resources in family firms: The problem of institutional overlap. *Organizational Dynamics* 12(1): 39-46.

Lawson, J. and Dwyer, J. (2002). *Labour market adjustment in Regional Australia*. Sydney, Reserve Bank of Australia 36: 1-16.

Leedy, P. (1997). *Practical research*. New Jersey, Prentice Hall.

Leedy, P. (2005). *Practical research: Planning and design*. New Jersey, Pearson Merrill Prentice Hall.

Legge, K. (1995). *Human resource management - Rhetorics & realities*. London, McMillan Business.

Leverin, A. and Liljander, V. (2006). Does relationship marketing improve customer relationship satisfaction and loyalty? *International Journal of Bank Marketing* 24(4): 232-251.

Liden, R., Waynes, S. and Stilwell, D. (1993). A longitudinal study on the early development of leader-member exchanges. *Journal of Applied Psychology* 78(4): 662-674.

Liff, S. and Turner, S. (1999). Working in a corner shop: are employee relations changing in response to competitive pressures? *Employee Relations* 21(4): 418.

Lincoln, Y. and Guba, E. (1985). *Naturalistic inquiry*. Beverly Hills, CA, Sage.

Linsberg, I. (1983). Managing human resources in family firms: The problem of institutional overlap. *Organizational Dynamics*: 39-46.

Lowden, J. (1988). Managerial skills for the entrepreneur. *Management Decision* 26(4): 35-39.

Luna-Arocas, R. and Camps, J. (2008). A model of high performance work practices and turnover intentions. *Personnel Review* 37(1): 26-46.

Management Development Review. (editorial). (1997). What do HR departments do? *Management Development Review* 10(1/2/3): 25-26.

Martel, L. (2003). Finding and keeping high performers: Best practice from 25 best companies. *Employment Relations Today* 30(1): 27-43.

Marvin, B. (1994), *From turnover to teamwork: How to build and retain a customer-oriented foodservice staff.* New York, John Wiley & Sons, Inc.

Mason, R. (1973). Product diversification and the small firm. *Business Policy* 3(3): 28-39.

Mathis, R. and Jackson, J. (1991). *Personnel/human resource management*. St. Paul, Minnisota, West Publishing Co.

Mathison, S. (1988). Why triangulate? *Educational Researcher* 17(2): 13-17.

Mazzarol, T. (2003). A Model of small business HR growth management. International *Journal of Entrepreneurial Behaviour and Research* 9(1): 27 - 49.

McDonald, J. and Wiesner, R. (2001). *Management style in small and medium sized enterprise*s. Department of Human Resource Management and Employment Relations Volume, 1-17 DOI:

McEvoy, G. (1984). Small Business Personnel Practices. *Journal of Small Business Management* 22(4): 1-9.

McGann, A. (1993). *The UK enterprise population 1979-1991*. Nat West Review of Small Business Trends, Nat West: 5-13.

McLaughlin, S. (1990). *Appointing people: Staff recruitment in the 1990's*. North Brighton, Wrightbooks Pty. Ltd.

Mehta, S. (1996). Worker shortages continue to worry about a quarter of small business. *Wall Street Journal*: B-2.

Meredith, G. (1988). *Small business management in Australia*. Sydney, McGraw-Hill.

Meredith, G. (1993). *Small business management in Australia*. Sydney, McGraw-Hill.

Miller, J. (2002). *Poverty fact sheet series - Poverty, education, and job opportunities.* HYG-5707-98. Retrieved 17/01/2003.

Minichiello, V., Aroni, R., Timewell, E. and Alexander, L. (1995). *Indepth interviewing*. Melbourne, Longman.

Moore, B. (ed.). (2004). *The Australian oxford dictionary*. (2nd ed.). Australian National Dictionary Centre, Oxford University Press.

Moores, K. and Barrett, M. (2002). *Learning family business: paradoxes and path*ways. Hampshire, England, Aldershot.

Moorman, C. and Zaltman, G., (1993*). Relationships between providers and users of market research: the role of personal trust.* Paper presented to Marketing Science Institute.

Morgan, D. (1998). Practical strategies for combining qualitative and quantitative methods: Application to health research. *Qualitative Health Research* 8(3): 362-376.

Naidu, G., Parvatiya, A., Sheth, J. and Westgate, L. (1999). Does relationship marketing pay? An empirical investigation of relationship marketing practices in hospitals. *Journal of Business Research* 46(3): 208-218.

Nankervis, A., Compton, R.and McCarthy, T. (1999). *Strategic human resource management.* Melbourne, Nelson ITP.

Nunnally, J. (1978). *Psychometric theory*. New York, McGraw-Hill.

Nunnally, J. and Bernstein, I. (1994). *Psychometric theory*. New York, McGraw Hill.

O'Toole, B. (2007). *Orientation v's integration*. About.com: Human Resources Retrieved date retrieved 27.04.2007.

Palmatier, R. and Gopalakrishna, S. (2005). *Determining the payoff from relationship marketing programs*. MSI Reports: Marketing Science Institute Working Paper Series 1: 49-70.

Perry, C. (1998). A structured approach for presenting research theses. *Australian Marketing Journal* 6(1): 63-86.

Piercy, N. and Morgan, N. (2000). Internal marketing – The missing half of the marketing programme. *Long Range Planning* 24(2): 82-93.

Pink, S. (2000). *Lowdown on recruitment*. The Australian: 37.

Perry, C. and Pendleton, W. (1990). *Successful small business management*. Melbourne, Pitman.

Plumbley, P. and Williams, R. (1981). *The person for the job: The complete guide to successful recruitment and selection*. London, Kogan Page Ltd.

Productivity Commission. (1999). *Impact of competition policy reforms on Rural and Regional Australia*. Australian Government Printing Service, Canberra.

Rafiq, M. and Ahmed, P. (2000). Advances in the internal marketing concept: definition, synthesis and extension. *Journal of Services Marketing* 14(6): 449-462.

Rainnie, A. (1989). *Industrial relations in small firms: Small isn't beautiful.* London, Routledge.

Ram, M. and Holliday, R. (1993). Relative merits: family culture and kinship in small firms. *Sociology* 27: 629-648.

Ravald, A. and Grönroos, C. (1996). The value concept and relationship marketing. *European Journal of Marketing* 30(2): 19-30.

Reichheld, F. and Sasser, W. (1990). Zero defections: quality comes to service. *Harvard Business Review* 68 (Sept-Oct): 105-111.

Reynolds, W., Savage, W. and Williams, A. (1994). *Your own business: A practical guide to success*. South Melbourne, Neilson.

Richardson, H. (1973). *Regional Growth Theory.* South Yarra, Macmillan.

Rosenblatt, P., de Mik, L., Anderson, R. and Johnson, P. (1985). *The family business*. San Francisco, Jossey-Bass.

Rousseau, D. M. (1998). The 'problem' of the psychological contract considered. *Journal of Organizational Behaviour* 19: 665-671.

Rusbult, C. and Buunk, B. (1993). Commitment processes in close relationships: Interdependence analysis. *Journal of Social and Personal Relationships* 10(2): 175-204.

Salt, B. (2001). *The big shift*. South Yarra, Hardie Grant Books.

Sarantakos, S. (1993). *Social research*. Melbourne, Macmillan Education.

Sausbauer, J. (1979). The impact of franchising on the financial performance of small firms. *Journal of Acadamy of Marketing Science* 14(4): 10-17.

Savery, L. and Mazzarol, T. (2001). The characteristics of small business human resources - a comparison and small and large firms. Small Enterprise Research Retrieved 1-4-2006, 2006.

Scase, R. and Goffee, R. (1985). Proprietorial control in family firms: Some functions of 'quasi- organic' management systems. *Journal of Management Studies* 22(1): 53-68.

Schaper, M. (2000). *The Australian small business guide to hiring new staff*. Warriewood, Business + Publishing.

Sekaran, U. (1984). *Research methods for managers: A skill-building approach*. Brisbane, John Wiley & Sons.

Sekaran, U. (1992). *Research methods for business: A skill building approach*. Brisbane, John Wiley & Sons Inc.

Senate Committee. (2003). *Employment, workplace relations and education references committee: Small business employment*. Canberra, Department of the Senate.

Shimmin, S. and van Strien, P. (1998). *History of the psychology of work and organization. Handbook of Work and Organizational Psychology*, Hove, East Sussex, Psychology Press Ltd. 1(4): 71-96

Skinner, J., Pownall, I. and Cross, P. (2003). Is HRD practised in micro-SMEs? *Human Resource Development International* 6(4): 475-489.

Smith, D. and Woodbury, S. (1999). *The low-wages markets: Challenges and opportunities for economic self-sufficiency - The business cycle and regional differences*. (December). Retrieved 17/01/2003, 2003.

Smith, J. and Heshusius, L. (1986). Closing down the conversation: The end of the quantitative-qualitative debate among educational inquirers. *Educational Researcher* 15(1): 4-12.

Smith, M. and Robertson, I. (1989). *Advances in selection and assessment*. Chichester, John Wiley.

Smyrios, K., Romano, C., Tanewski, G. Karofsky, P., Millen, R. and Yilmaz, M. (2003). Work-family conflict: A study of American and Australian family businesses. *Family Business Review* XVI(1): 35 - 51.

Sprint Innovative Thinking (2007). *A guide to semi-structured interview techniques*. DOI:http://www.sprint.gov.uk/index.php?option=com_content&view=article&id=53 &Itemid=6. Retrieved 20/09/2007

Stevenson, J. (2006). Trying similarity, doing difference: the role of interview self-disclosure in interview talk with your people. *Qualitative Research* 6(6): 221-244.

Staw, B. (Ed.). (2006). *Research in organizational behaviour: an annual series of analytical essays and critical reviews*. Research in Organizational Behaviour. Amsterdam, Oxford Elsevier JAI.

Stilwell, F. (1992). *Understanding cities and regions*. Sydney, Pluto Press.

Stimson, R., Shuaib, F. and O'Connor, K. (1998*). Population and employment in Australia: Regional hot spots and cold spots 1986 to 1996*. Brisbane, University of Queensland Printery.

Stone, R. (1998). *Human resource management*. Brisbane, Wiley.

Stone, R. (2005). *Human resource management*. Milton, John Wiley & Sons Australia Ltd.

Storey, D. J. (1994). *Understanding the small business sector*. London, Routledge.

Strauss, A. and Corbins, J. (1990). *Basis of qualitative research: Grounded theory procedures and techniques.* Newbury Park, Sage.

Sullivan, J. (2001). *First-day-on-the-job employee orientation*. Gately Consulting. Retrieved 20.03.2007.

Sundaramarthy, C. (2008). Sustaining trust within family business. *Family Business Review* XXI(1): 89-102.

Tashakkori, A. and Teddlie, C. (1998). *Mixed methodology: Combining qualitative and quantitiative approaches*. California, Sage.

Tashakkori, A. and Teddlie, C. (2004). *Mixed methods symposium*. International Symposium in Honour of Paul Lazarsfeld, Brussels Belgium.

Torrington, D., Hall, L., Haylor, I. and Myers, J. (1991). *Employee resourcing*. London, Institute of Personnel Management.

Tilley, A. (1990). *An introduction to psychological research and statistics*. St. Lucia, Brisbane, Pineapple Press.

Townley, B. (1989). *Selection and Appraisal: Reconstituting 'Social Relations'? New Perspectives on Human Resource Management*. (Storey, J. ed.). London, Routledge: p.92-108.

Townley, B. (1992). *In the eye of the gaze: The constitutive role of performance appraisal*. Managing Organisations in 1992. (P. Barrar and C. Cooper eds.). London, Routledge.

Townley, B. (1994). *Reframing Human Resource Management: Power, Ethics and the Subject at Work*. London, Sage Publications.

Trewin, D. (ed.). (2002). *Characteristics of small business 2001*. Australian Bureau of Statistics, Australian Bureau of Statistics. 8127.0: 113.

Varey, R. and Lewis, B. (2000). *Internal marketing: Directions for management*. London, Routledge.

Veechio, R. (1991). *Organizational Behaviour*. Hinsdale IL, The Dryden Press.

Verser, T. (1987). *Owners' perceptions of personnel problems in small business*. Mid-American Journal of Business: 13-17.

Wallace, M. (1999). *Women and workplace training: an analysis of policy and practice*, Unpublished PhD.

Wanous, J. (1980). *Organizational entry*. MA, Addison-Wesley.

Wanous, J., Poland, T., Premack, S. & Davis, K. (1992). The effects of met expectations on newcomer attitudes and behaviours: A review and meta-analysis. *Journal of Applied Psychology* 77: 288-297.

Watson, J. and Evertt, J. (1996). Do small businesses have high failure rates? *Journal of Small Business Management* 34(4): 45-63.

Watson, T. (1989). *Recruitment and selection. Personnel Management in Britain*. (K. Sisson, ed.). Oxford, Blackwell.

Webster, N. (1973). *The international Webster new encyclopedic dictionary of the English language & library of useful knowledge*. New York, Tabor House.

Wendover, R. (1991). *High performance hiring*. Los Altos, California, Crisp Publications, Inc.

White, M. and Trevor, M. (1983). *Under Japanese management*. London, Heinemann.

Williams, A. (1991). Small business survival: The role of formal education management training and advisory services. *Small Business Review* (1990-1991): p.43 - 82.

Williams, M. and Dreher, G. (1992). Compensation system attributes and applicant pool characteristics. *Academy of Management Journal* 5: 571-594.

Williamson, O. (1975). *Markets and hierarchies*. New York, Free Press.

Williamson, I. (2000). Employer legitimacy and recruitment success in small business. *Entrepreneurship Theory & Practice* 25(1): p.27 - 42.

Williamson, I., Cable, D. & Aldrich, H. (2002). Smaller but not necessarily weaker: How small businesses can overcome barriers to recruitment. *Managing People in Entrepreneurial Organizations* 5: 83-106.

Windolf, P. (1986). Recruitment, selection and internal labour markets in Britian and Germany. *Organizational Studies* 7: 235-254.

Wooden, M. and Harding, D. (1998). Recruitment practices in the private sector: Results from a national survey of employers. *Asia Pacific Journal of Human Resources* 36(2): 73-87.

Worthington, J. (1992). *Small business consulting: Developing and improving clients' recruitment, selection, and orientation programs*. New York, American Institute of Certified Public Accountants Inc.

Wortman, M. (1994). Theoretical foundations for family-owned business: A conceptual and research-based paradigm. *Family Business Review* 7(1): 3-27.

APPENDIX 1: Formal survey questionnaire

EXPLORATORY SURVEY 2006
SMALL BUSINESS HUMAN RESOURCE ISSUES

SECTION 1 DEMOGRAPHICS and CENTRAL ISSUES

Please tick the appropriate box.

1.0 Are you currently or have you been the Owner/Manager of a small business? Yes ☐ No ☐

<u>If you are NOT currently or haven't been the Owner/Manager of a business – please do not continue</u>

1.1 Is/was this business a family owned and managed small business? Yes ☐ No ☐

1.2 What age group do you fall into:-
- 20 – 29 years ☐
- 30 – 39 years ☐
- 40 – 49 years ☐
- 50 – 59 years ☐
- 60 - above ☐

1.3 Please indicate your gender:-
- Female ☐
- Male ☐

1.4 My marital status is:-
- Single ☐
- Married/In firm relationship ☐

1.5 My highest education level is:-
- No formal education ☐
- Primary School ☐
- Junior High School ☐
- Senior High School ☐
- Diploma / TAFE Studies /Trade Certificate ☐
- University Studies (Undergraduate) ☐
- University Studies (Postgraduate) ☐

1.6 Please indicate your country of Birth:-
- Australia ☐
- New Zealand ☐
- North America ……... ☐
- U.K. …… ☐
- Europe …… ☐
- Asia …… ☐
- Other (please state) ……..… ☐

1.7 Is / was the business:-
- Sole Trader ☐
- Partnership ☐
- Company Ltd ☐
- Other (please state)……..…… ☐

1.8 How many years has/had the business existed?
- 0 – 2 years ☐
- 3 – 5 years ☐
- 6 – 10 years ☐
- Above 10 years ☐

1.9 How many years have you/did you owned the business?

- 0 – 2 years ☐
- 3 – 5 years ☐
- 6 – 10 years ☐
- Above 10 years ☐

1.10 The business was purchased as an established business ☐
I/we established the business myself ☐
I/we inherited the business ☐

1.11 What type of business is it?

Advertising/Marketing/Media	☐	Professional Service	☐
Building/Construction/Property/ Engineering	☐	Resources/Agriculture/Mining	☐
Education	☐	Retail	☐
Financial Services/Insurance	☐	Science and Innovation	☐
Government	☐	Service Industry	☐
Healthcare	☐	Telecommunications	☐
Information Technology	☐	Tourism/Hospitality	☐
Manufacturing	☐	Transport	☐
Non-Profit	☐	Utilities	☐
		Other……	☐

1.12 The business's annual gross income is approximately:-

- Less than 50,000 AUD ☐
- 50,001 - 100,000 AUD ☐
- 100,001 – 300,000 AUD ☐
- 300,001 – 500,000 AUD ☐
- 500,001 – 800,000 AUD ☐
- 800,001 – 1,000,000 AUD ☐
- Over 1,000,000 AUD ☐

1.13 How many employees do/did you employ including family members?

Female Full-Time		Female Part-time/ Casual		Male Full Time		Male Part-time/ Casual	
1 – 2	☐	1 – 2	☐	1 – 2	☐	1 – 2	☐
3 – 5	☐	3 – 5	☐	3 – 5	☐	3 - 5	☐
6 – 10	☐	6 – 10	☐	6 – 10	☐	6 - 10	☐
11 - 20	☐	11 - 20	☐	11 - 20	☐	11 - 20	☐
21 –100	☐	21 – 100	☐	21 – 100	☐	21 - 100	☐
100(or above)	☐	100(or above)	☐	100(or above)	☐	100(or above)	☐

1.14 How many of the above employees, including yourself, are/were family members?
(Please indicate numbers)

Female Full-Time ☐ Female Part-time/ Casual ☐ Male Full-Time ☐ Male Part-time/ Casual ☐

(For the following questions please circle one number to indicate your choice 1 = not at all and 7 = to a great extent)

1.15 To what extent does/did your business have a formal written policy of procedures to deal with human resource issues? 1 2 3 4 5 6 7

1.16 To what extent do/did you employ someone to specifically look after human resource issues? 1 2 3 4 5 6 7

1.17 To what extent do/did each of the following human resource management processes take place in your business?

- Job analysis 1 2 3 4 5 6 7
  (The process of determining and recording information about a specific job and about the desirable personal characteristics required to fill it)
- Formal Job descriptions (Used to identify Tasks, Duties and Accountabilities) 1 2 3 4 5 6 7
- Formal Job specifications (Attributes necessary to the performance of the job – knowledge, skill and ability) 1 2 3 4 5 6 7
- Performance Appraisal (Determines how well employees are performing in their job) 1 2 3 4 5 6 7
- Benefits (Non-cash rewards, health benefits etc) 1 2 3 4 5 6 7

1.18 To what extent do/did you feel that the Government provides you with support in the following areas relating to the staffing process of your business?

- Policies 1 2 3 4 5 6 7
  (Provide you with written information about what policies apply in relation to laws and regulations in the governing of human resources)
- Advice 1 2 3 4 5 6 7
  (Provide you with access to verbal advice about what laws and regulations exist in relation to meeting the laws governing human resources)
- Practical Programs 1 2 3 4 5 6 7
  (Provide you with access to practical programs about the management of human resources issues)

1.19 Please list any of the Government's support programs you have accessed for your businesses?
……..……
……..

1.20 To what extent do/did you feel that the Government communicate to you about the various support programs that are available? 1 2 3 4 5 6 7

1.21 To what extent do/did you utilize the assistance of your local Chamber of Commerce in obtaining assistance with human resource issues? 1 2 3 4 5 6 7

1.22 To what extent do/did you use casual / temporary staff in the following situations:-

- To relieve employee's while on holidays 1 2 3 4 5 6 7
- To replace sick employees 1 2 3 4 5 6 7
- To avoid having to employ permanent employees 1 2 3 4 5 6 7
- To keep up with additional work load 1 2 3 4 5 6 7
- To avoid having to retrench employees (if they were permanent) 1 2 3 4 5 6 7

SECTION 2 RECRUITMENT [RECRUITMENT – Attracting a pool of qualified job applicants]

2.0 To what extent do/did you use each of the following methods in recruiting staff?
(Please circle to what extent on each item)

- Job Advertisements in News Papers 1 2 3 4 5 6 7
- Sign in Shop/Business Front 1 2 3 4 5 6 7
- Electronic Recruiting 1 2 3 4 5 6 7
- Public Employment Agencies 1 2 3 4 5 6 7
- Private Employment Agencies 1 2 3 4 5 6 7
- Employee referrals 1 2 3 4 5 6 7
- Word of Mouth 1 2 3 4 5 6 7
- Walk Ins / Unsolicited Applicants 1 2 3 4 5 6 7
- Promotions from within 1 2 3 4 5 6 7

2.1 To what extent do/did you look for your prospective employees to have relevant work experience? 1 2 3 4 5 6 7

2.2 Do you know about the existence of the National Competency Standards for business in the recognition of employee skills? Yes ☐ No ☐

2.3 To what extent do/did you recruit the following skill areas within your business?

- Unskilled labour 1 2 3 4 5 6 7
- Skilled Trades Qualified 1 2 3 4 5 6 7
- Clerical 1 2 3 4 5 6 7
- Retail Skills 1 2 3 4 5 6 7
- Service Skills 1 2 3 4 5 6 7
- Professional (University qualified) 1 2 3 4 5 6 7

2.4 To what extent do/did you feel that the following factors impact upon your ability to **recruit** staff?

- Demand for Labour 1 2 3 4 5 6 7
- Employment laws 1 2 3 4 5 6 7
- Unions 1 2 3 4 5 6 7
- Your business location (eg. for ease of employee access / transport) 1 2 3 4 5 6 7
- Your type of business 1 2 3 4 5 6 7
- The specific skills required 1 2 3 4 5 6 7
- Salary/Wages Package able to offer 1 2 3 4 5 6 7
- Economic conditions 1 2 3 4 5 6 7

2.5 To what extent are/were the recruitment requirements for your business handled by the following?

- Handle myself 1 2 3 4 5 6 7
- Have a family member handle 1 2 3 4 5 6 7
- Have employee/s to handle 1 2 3 4 5 6 7
- Subcontract out to an external party (agent/consultant) 1 2 3 4 5 6 7

If you use an agent or consultant for recruitment – proceed to the next questions.
If NOT proceed to question Number 3.0

WHEN USING A CONSULTANT / AGENCY FOR RECRUITMENT:

2.6 To what extent do you think that the recruitment programs offered by agencies (eg. Tursa, Wesley) meet/met your business needs? 1 2 3 4 5 6 7

2.7 To what extent does/did the agency you use provide the following:-

- Identify the field of possible candidates 1 2 3 4 5 6 7
- Compile list of the names of possible candidates 1 2 3 4 5 6 7
- Conduct initial interviews with likely candidates 1 2 3 4 5 6 7
- Conduct thorough interviews with strong candidates 1 2 3 4 5 6 7
- Present you with a short list of candidates 1 2 3 4 5 6 7
- Provide objective assessment of candidates 1 2 3 4 5 6 7
- Arrange interviews for short listed candidates 1 2 3 4 5 6 7
- Check references of chosen candidates 1 2 3 4 5 6 7
- Advise candidates not chosen 1 2 3 4 5 6 7

2.8 To what extent do/did you use the following reasons for choosing an agency:-

- To save time 1 2 3 4 5 6 7
- To save money 1 2 3 4 5 6 7
- Because I have so few employees in my business 1 2 3 4 5 6 7
- Other (please indicate) …….. 1 2 3 4 5 6 7

SECTION 3 SELECTION

3.0 Does your business undertake its own employee selection process? Yes ☐ No ☐

N.B. If you answered **No** to the above question – **Go to Section 4**

3.1 To what extent do/did you use any of the following tools when selecting staff in order to assist you in making the correct selection decision:-

- Completing an application form 1 2 3 4 5 6 7
- Initial screening interview 1 2 3 4 5 6 7
- Structured Interview (Follow strict set of questions) 1 2 3 4 5 6 7
- Unstructured Interview (Don't follow specific questions) 1 2 3 4 5 6 7
- The stress interview (Place applicant in a stressful situation) 1 2 3 4 5 6 7
- The group interview (Several people interview applicant) 1 2 3 4 5 6 7
- The computer-assisted interview (Answer computer questions) 1 2 3 4 5 6 7
- Testing **(Please indicate the type ……..)** 1 2 3 4 5 6 7
- Background Investigation / Reference checks (Speak to referees) 1 2 3 4 5 6 7
- Physical examination 1 2 3 4 5 6 7
- Literacy test (reading /writing) 1 2 3 4 5 6 7

3.2 To what extent do/did the following occur during the interview process:-

- The applicant speaks freely rather than answers questions 1 2 3 4 5 6 7
- The applicant elaborates or qualifies answers 1 2 3 4 5 6 7
- The applicant does most of the talking 1 2 3 4 5 6 7
- You give the applicant your full attention without distraction 1 2 3 4 5 6 7
- You pay attention to the tone of the applicant's answers 1 2 3 4 5 6 7
- You take notes relating to the applicants interview performance 1 2 3 4 5 6 7
- You compare the notes relating to each applicant 1 2 3 4 5 6 7

3.3 To what extent do/did you think that any of the following factors impact on the interview outcome?

- Physical Appearance of the applicant 1 2 3 4 5 6 7
- Personal characteristics of the applicant 1 2 3 4 5 6 7
- Verbal / non-verbal behaviour of the applicant 1 2 3 4 5 6 7
- Education / work experience of the applicant 1 2 3 4 5 6 7
- Psychological aspects (attitude, motivation, etc.) of the applicant 1 2 3 4 5 6 7
- The applicant's knowledge and perceptions of job requirements 1 2 3 4 5 6 7

3.4 To what extent, is/was a match of the potential recruit to your business needs based on the following?:-

- The recruits previous education met our business needs 1 2 3 4 5 6 7
- The recruits previous work experience met our business needs 1 2 3 4 5 6 7
- The recruits personnel disposition appeared to fit with the business needs 1 2 3 4 5 6 7
- The recruits age met our business needs 1 2 3 4 5 6 7
- The recruits socio-economic background appeared similar to ours 1 2 3 4 5 6 7
- The recruits previous learning styles met with the businesses needs 1 2 3 4 5 6 7
- Other **(Please indicate)** …… 1 2 3 4 5 6 7

3.5 Do/did you keep details of unsuccessful applicants résumé's on hand for other positions that may become available? YES ☐ NO ☐

3.6 To what extent do/did you use the following as part of the orientation for new employees?

- Explanation of leave entitlements 1 2 3 4 5 6 7
- Explanation of health and safety precautions 1 2 3 4 5 6 7
- Explanation of flexible working hours 1 2 3 4 5 6 7
- Explanation of punctuality and time-keeping 1 2 3 4 5 6 7
- Explanation of manner of dress and grooming 1 2 3 4 5 6 7
- Explanation of dealings with other members of staff and the public 1 2 3 4 5 6 7
- Search of the employee's person and / or belongings 1 2 3 4 5 6 7

SECTION 4 RETENTION

4.0 How long does/did the average employee stay in your business?

	MALES Full Time	P-Time/Casual	**FEMALES** Full Time	P-Time/Casual
• Under 1 year	☐	☐	☐	☐
• 1 – 2 years	☐	☐	☐	☐
• 3 – 5 years	☐	☐	☐	☐
• Over 5 years	☐	☐	☐	☐

4.1 To what extent do/did you involve your employees in the following:-

- Involvement in decisions relating to business 1 2 3 4 5 6 7
- Involvement in learning / training and development activities 1 2 3 4 5 6 7
- Involvement in how to develop rewards for employees 1 2 3 4 5 6 7
- Involvement in mentoring / coaching programs 1 2 3 4 5 6 7
- Involvement in on the job training 1 2 3 4 5 6 7
- Involvement in off the job training 1 2 3 4 5 6 7

4.2 To what extent do/did you consider the following factors impact upon your ability to **retain** staff?

- Economic conditions 1 2 3 4 5 6 7
- Demand for labour 1 2 3 4 5 6 7
- Employment laws 1 2 3 4 5 6 7
- Unions 1 2 3 4 5 6 7
- Your business location 1 2 3 4 5 6 7
- Your type of business 1 2 3 4 5 6 7
- The specific skills required 1 2 3 4 5 6 7
- Salary/Wages Package able to offer 1 2 3 4 5 6 7
- Other (please indicate) ……..……..…. 1 2 3 4 5 6 7

4.3 Based upon your experience, to what extent do you agree with the following statements?:-

- Women are more inclined to stay longer in their jobs 1 2 3 4 5 6 7
- Men are more inclined to stay longer in their jobs 1 2 3 4 5 6 7
- Older people will stay longer 1 2 3 4 5 6 7
- Younger people will stay longer 1 2 3 4 5 6 7
- People with higher education level will stay longer 1 2 3 4 5 6 7
- People with lower education level will stay longer 1 2 3 4 5 6 7
- People with a lot of responsibility will stay longer 1 2 3 4 5 6 7
- People with very little responsibility will stay longer 1 2 3 4 5 6 7
- People who have had a multitude of jobs will stay longer 1 2 3 4 5 6 7
- People who have not regularly changed jobs will stay longer 1 2 3 4 5 6 7
- People who have a mortgage will stay longer 1 2 3 4 5 6 7
- People who don't have a mortgage will stay longer 1 2 3 4 5 6 7
- People with children will stay longer 1 2 3 4 5 6 7

- People without children will stay longer 1 2 3 4 5 6 7
- People with a partner will stay longer 1 2 3 4 5 6 7
- People without a partner will stay longer 1 2 3 4 5 6 7
- People with a bright personality will stay longer 1 2 3 4 5 6 7
- People with a dull personality will stay longer 1 2 3 4 5 6 7
- People who are aggressive will stay longer 1 2 3 4 5 6 7
- People who are placid will stay longer 1 2 3 4 5 6 7
- People who have lots of extra curricular activities will stay longer 1 2 3 4 5 6 7
- People who don't have extra curricular activities will stay longer 1 2 3 4 5 6 7

4.4 To what extent do/did you participate in any of the following with your employees?

- Play social sport with employees 1 2 3 4 5 6 7
- Go out socially together with employees 1 2 3 4 5 6 7
- Have regular drinks with employees 1 2 3 4 5 6 7
- Have regular staff functions with employees 1 2 3 4 5 6 7
- Invite employees families along to business and social functions 1 2 3 4 5 6 7
- Other **(Please indicate)** …….. 1 2 3 4 5 6 7

4.5 To what extent, do/did you feel that any of the following strategies have encouraged your employees to remain with your business:-

- Your ability to maintain discretion in relation to employee's personal details 1 2 3 4 5 6 7
- Allowing employees to determine their own behaviour 1 2 3 4 5 6 7
- Encouraging employees to become involved above the call of duty 1 2 3 4 5 6 7
- Bonus systems / Incentive pays 1 2 3 4 5 6 7
- Competitive compensation package 1 2 3 4 5 6 7
- Flexible working hours 1 2 3 4 5 6 7
- Flexible working conditions 1 2 3 4 5 6 7
- Child / elder care support for employees 1 2 3 4 5 6 7
- Provision of access to transport for employees 1 2 3 4 5 6 7
- Good relationships with employees 1 2 3 4 5 6 7
- Good relationships between employees 1 2 3 4 5 6 7
- Other **(Please indicate)** ……. 1 2 3 4 5 6 7

4.6 To what extent do/did you think your performance in the following areas has had an effect on the retention of employees?

- Your bias toward action (getting things done) 1 2 3 4 5 6 7
- Your closeness to the customer 1 2 3 4 5 6 7
- Your ability to obtain productivity through people 1 2 3 4 5 6 7
- Your simple business structure 1 2 3 4 5 6 7
- Your ability to delegate tasks 1 2 3 4 5 6 7
- Your ability to encourage participation 1 2 3 4 5 6 7
- Your ability to explain tasks supportively 1 2 3 4 5 6 7
- Your ability to closely supervise work 1 2 3 4 5 6 7
- Maintaining a set of written work rules (eg. hand book) 1 2 3 4 5 6 7

4.7 To what extent do/did your employees show "commitment" to the business by any of the following:-

- Indicating that they are happy doing their job 1 2 3 4 5 6 7
- Working beyond the call of duty 1 2 3 4 5 6 7
- Inviting you to their family gatherings or celebrations 1 2 3 4 5 6 7
- Showing interest in your family activities 1 2 3 4 5 6 7
- Take on extra responsibility when necessary 1 2 3 4 5 6 7
- Performing their duties without persuasion 1 2 3 4 5 6 7
- Attending work functions 1 2 3 4 5 6 7
- Sharing their family experiences 1 2 3 4 5 6 7
- Not causing agitation between other staff members 1 2 3 4 5 6 7
- Not taking advantage of the business resources 1 2 3 4 5 6 7

4.8 To what extent do/did you perform exit interviews or discuss why an employee might be leaving your employment? 1 2 3 4 5 6 7

4.9 What do you rate as the top four issues related to the Retention of staff in your business in the next two years? (Please rate from most important as 1 to least important as 4)

1) ……..
2) ……..
3) ……..
4) ……..

SECTION 5 TURNOVER

5.0 To what extent have any of your employees indicated any of the following reasons for leaving your businesses employment?

- Illness / accident 1 2 3 4 5 6 7
- Dissatisfaction with work 1 2 3 4 5 6 7
- Greater rewards elsewhere 1 2 3 4 5 6 7
- Inability to get on with other employees 1 2 3 4 5 6 7
- Inability to get on with supervisor/manager 1 2 3 4 5 6 7
- Poor work attitude (didn't want to work) 1 2 3 4 5 6 7
- Uncomfortable organisational climate 1 2 3 4 5 6 7
- Family matters 1 2 3 4 5 6 7
- Child care / Senior care 1 2 3 4 5 6 7
- Work ambiguity 1 2 3 4 5 6 7
- Work overload 1 2 3 4 5 6 7
- Work conflict 1 2 3 4 5 6 7
- Work stress 1 2 3 4 5 6 7
- Lack of training 1 2 3 4 5 6 7
- Work hours 1 2 3 4 5 6 7
- Because co-worker left 1 2 3 4 5 6 7
- Lack of promotional opportunities 1 2 3 4 5 6 7

5.1 To what extent do/did you use the following techniques to ensure that your employee's feel valued:-

- I make employees feel that the work they do is important 1 2 3 4 5 6 7
- I spread good achievement stories among employees 1 2 3 4 5 6 7
- I communicate organizational plans, activities and results to employees 1 2 3 4 5 6 7
- I coach / mentor employees in the culture of my business 1 2 3 4 5 6 7
- I give employees freedom to take risks and tolerate their mistakes 1 2 3 4 5 6 7
- I recognize and value employees as whole people – not just for their work 1 2 3 4 5 6 7

5.2 To what extent do you agree with the following:-

- Good employees help to attract and retain other good employees 1 2 3 4 5 6 7
- There is a strong relationship between good hiring and reduced turnover 1 2 3 4 5 6 7
- Employees share the results when all goes well 1 2 3 4 5 6 7
- Enabling employees to buy shares will encourage better ownership 1 2 3 4 5 6 7
- Employees value education and training 1 2 3 4 5 6 7
- The culture of the business contributes to employee retention 1 2 3 4 5 6 7
- Customers see business staffing instability as a negative 1 2 3 4 5 6 7
- An employees past employment stability predicts their stability 1 2 3 4 5 6 7
- Employees show resentment toward unfair outcomes 1 2 3 4 5 6 7
- Employees may want to quit but don't have the skills to go elsewhere 1 2 3 4 5 6 7
- Employee inputs are important when making decisions 1 2 3 4 5 6 7
- Timely feedback to employees is important 1 2 3 4 5 6 7
- Employees need to be treated with dignity and respect 1 2 3 4 5 6 7
- Employee's rights are important 1 2 3 4 5 6 7
- Fair rewards are important 1 2 3 4 5 6 7
- The base pay employee's receive is fair 1 2 3 4 5 6 7
- The overall pay employee's receive is fair 1 2 3 4 5 6 7
- Information used for decisions relating to employees is accurate and complete 1 2 3 4 5 6 7
- All parties affected by your business decisions are represented in the decision 1 2 3 4 5 6 7
- Information is provided to employees upon request 1 2 3 4 5 6 7
- Employee's needs are taken into consideration in order make fair decisions 1 2 3 4 5 6 7
- The new workplace laws will have a positive effect on reducing employee Turnover 1 2 3 4 5 6 7

Thank you for completing this survey. Please give the survey back to the person who gave it to you.

APPENDIX 2: Semi-structured interview questions

SEMI-FORMAL QUESTIONNAIRE
RELATIONSHIP, RECRUITMENT AND RETENTION

My research has revealed that relationships between employer and employee are the key to the successful recruitment and retention of employees.

CONCEPTS / FACTS / THEMES FROM THIS RESEARCH	Questions Confirming the Constructs
PHASE 1 **Relationship Marketing – "ATTRACT"** 1. Relationship framework of Human Resource Management:- • Formal HR policy • Employ HR person • Job analysis • Job description • Job specification • Performance appraisal	What type of formal human resource management activities do you use to enhance your relationship with your employees? * To what extent do you feel that formal HR systems **attract** or **detract** from building relationships with your employees within your business? * When you recruit staff, are you looking to attract a person with whom you can develop a long term personal relationship with? * How do you tell that the person you are attempting to attract to your business or recruit is a person you can have a relationship with? * Do you feel that you attract and select employees who are similar to yourself in any way? * How soon do you know that you can have a good relationship with a new or prospective employee? * What characteristics about the relationship with the new or prospective employee tells you that you are attracted to that person from a business perspective?

PHASE II **Relationship Marketing – "BUILD RELATIONSHIP"** 2. Initial employee relationship orientation • Explain leave entitlements • Explain OH & Safety issues • Explain flexible hours • Punctuality and time-keeping • Employee dress, grooming • Dealing with staff & public	Tell me about the type of thinks you do early in the new employees career with your business in order to orientating them to the business and to build a relationship with them and make them feel part of the business? Tell me how you would recognise that a positive relationship **(OR negative relationship)** was first beginning to establish between you and your new employee? **or** What characteristics would you say would signal the beginning of a positive relationship with a new employee?
PHASE III **Relationship Marketing – "PROMISE CONCEPT"** 3. Long term relationship – employee involvement • Involve employees in business decisions • Develop learning, training • Involve in reward development • Coach, mentor • On job training	Tell me about the relationships you have had with staff that have served long and loyal careers with your business? What factors do you feel contribute to the development of long term relationships between employees and employers?
PHASE IV **Relationship Marketing – "TRUST PHASE"** 4. Legal and moral relationship with employees • Good employees attract others • Employees share results • Employees value training • Culture improves retention • Unfair outcomes resented	Do you feel as an employer you have any legal or moral obligation toward your employees? If so, what things do you do to ensure that your employees that you are looked after in legal and moral sense while they are employed by you. What do you do to develop a level of trust between you and your employees?

• Employee input to decisions • Timely feedback important • Employee dignity important • Employee rights important • Fair rewards are important • Fair overall pay important • Info provided on request • All parties represented • Info accurate • Consider employees needs	