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Testing the concept of the ‘good employer’ in a small enterprise context: Central North Island

A thesis presented in partial fulfilment of the requirements for the degree of
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Abstract

The assumption that small enterprise (SE) employers' are paternalistic and favour an individualistic approach to managing the employment relationship and occupational health and safety (OHS) risk and, consequently, that SE terms and conditions of work are generally inferior to large enterprises (LEs) has not been tested in SEs in New Zealand. This study examined the concept of a 'good employer' regarding employment relations (ER) and OHS practices in SEs in New Zealand. It explored this concept through a framework developed from the International Labour Organization's (ILO) socially Decent Work Index (DWI) (Bonnet, Figueiredo & Standing, 2003; Standing, 1997) and the work that was carried out by Bewley (2006), Boxall (1991), and Hull and Read (2003).

A qualitative approach was adopted which involved conducting semi-structured interviews with 12 SE employers. In an attempt to capture high and low OHS risk industries, as well as a range of unskilled to highly skilled jobs, three employers from: the construction, manufacturing, service, and retail industry sectors were interviewed between July and August 2010. The interview schedule was developed from the Workplace Employment Relations Survey 2004 (WERS) (Kersley, Alpin, Forth, Bryson, Bewley, Dix, *et al*, 2006) to explore the key dimensions of a 'good employer': employment security, voice security, income security, skill reproduction security, and work security. The employers predominantly perceived the need to: promote a collaborative culture, adopt fair and understanding employment practices and provide a good work environment. How these 'good employer' perceptions, attitudes and beliefs were implemented in practice were explored by testing the adapted ILO framework of socially decent work.

The main themes emerging from the employers' perceptions corresponded with the two dimensions of the 'good employer' prioritized by the ILO (Bonnet, *et al*, 2003): employee voice security and work security, which are embedded in the Employment Relations Act (ERA) and Health and Safety in Employment Act (HSEA). Overall, these employers were considered as 'good employers' relative to arguments that a 'good employer' complies with the statutory employment minimum. However, when the characteristics of a 'good employer' were examined more closely subtle differences appeared between employers and these are best described on a continuum. At the one end employers appeared to be just compliant with basic statutory requirements while employers at the other end demonstrated higher levels of the characteristics that fitted with the concepts developed in large enterprises and the public sector.

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Abbreviations

ACC WSDS	Accident Compensation Corporation Workplace Safety Discount Scheme
ATITO	Apparel and Textiles Industry Training Organization
AWIRS	Australian Workplace Industrial Relations Survey 1995
DoL	Department of Labour
DWI	Decent Work Index
EC	European Commission
ECA	Employment Contracts Act 1991
EEO	Equal Employment Opportunities
EFILWC	European Foundation for the Improvement of Living and Working Conditions
EMA	Employers and Manufacturers Association
EOC	Employer of Choice
ER	Employment Relations
ERA	Employment Relations Act 2000
ERP	Employment Relations Problem
HCM	High Commitment Management
HDE	Human Development Enterprise
H&S	Health and Safety
HR	Human Resources
HRM	Human Resource Management
HSEA	Health and Safety in Employment Act 1992
IEA	Individual Employment Agreement
ILO	International Labour Organization

ITO	Industry Training Organization
LE	Large Enterprise
MED	Ministry of Economic Development
NACEW	National Advisory Council on the Employment of Women
NEON	National Equal Employment Opportunities Network
NOHSAC	National Occupational Health and Safety Advisory Committee
NZHRC	New Zealand Human Rights Commission
NZCTU	New Zealand Council of Trade Unions
NZWRPS	New Zealand Worker Representation and Participation Survey
OECD	Organization for Economic Co-operation and Development
OHS	Occupational Health and Safety
OHSE	Occupational Health and Safety in Employment Act 1992
OHSMS	Occupational Health and Safety Management System
PPE	Personal Protective Equipment
SAI	Social Accountability International
SBAG	Small Business Advisory Group
SE	Small Enterprise
SME	Small and Medium Enterprise
SRJQ	Self-Reported Measure of Job Quality
TBL	Triple Bottom Line
UK	United Kingdom
US	United States
WERS	Workplace Employment Relations Survey 2004
WHSS	Workplace Health and Safety Strategy 2015

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**This thesis is dedicated to my father,
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CHAPTER ONE: Introduction

1.0 Introduction

The purpose of this study is to explore the concept of a ‘good employer’ regarding employment relations (ER) and occupational health and safety (OHS) practices in small enterprises (SEs) in New Zealand from a socially decent perspective. This chapter begins by explaining why this topic was chosen and the assumptions forming the basis for exploring the primary research question. A brief description of the research methods and limitations of the research are provided before explaining the key concepts and factors that may influence perceptions of ‘good employer’ practice. The chapter closes with an outline of the thesis structure.

1.1 Why explore the ‘good employer’ in a small enterprise context?

International researchers recognize the important contribution small and medium enterprises (SMEs) make to innovation, job creation and economic development, but the plethora of literature focuses on finance, marketing and operational management in SMEs (Wilkinson, 1999).

Researchers consistently draw attention to a dearth of information on employment management practices and issues in SEs (Coetzer, Cameron, Lewis, Massey & Harris, 2006; Edwards, Ram, Gupta & Tsai, 2006; Forth, Bewley & Bryson 2006; Lamm, Massey & Perry, 2007; NZHRC, 2010; MED, 2004; Wilkinson, 1999; Woodhams, Howard, Johri, Shulruf & Yee, 2007). The most comprehensive research in OHS practices in small New Zealand enterprises was recently conducted by Legg, Battisti, Harris, Laird, Lamm, Massey and Olsen (2009).

The existing literature concerning ‘good employer’ practices in New Zealand focuses on large businesses in the public and private sectors (Boxall, 1991; Brown & Butcher, 2004; Butcher & Stewart-Loughnan, 2005). The government has taken the lead in defining ‘good employer’ practices in case law and a raft of statutes enacted by parliament, specifically the State Sector Act 1988 (NZHRC, 2006). As an employer, the State Sector also acts as a model for the private sector, guided by their statutory duties to understand employee’s interests, to maximize common interests, to resolve conflict in a manner that will ensure sustainability of the enterprise and, where possible, accommodate the employee’s interests. In an examination of the ‘good employer’ concept outlined in the State Sector Act 1988, Boxall (1991) points out the expectation that good public employers will be able to fulfil their statutory duties within the bounds of accountable and sustainable management practices.

The private sector can model their policies and practices on the public sector. Although modelling is voluntary, employers are also bound by statutes and case law. Employment law statutes and amendments to the statutes are the primary source of employment law defining mutual obligations for conducting behaviour in employment relationships and include, but are not restricted to: the Employment Relations Act 2000 (ERA), the Holidays Act 2003, the Health and Safety in Employment Act 1992 (HSEA), and the Human Rights Act 1993. In my study I refer to the relevant current employment law but the reader is to note that encompasses all the amendments to the specific law. At times specific amendments are discussed. Common laws are legal principles and precedents decided by courts and tribunals. The courts have also defined the ‘good employer’ by principles of natural justice requiring employment procedures to be fair in all circumstances (NEON, 2009). However, the recent New Zealand Human Rights Commission (NZHRC) enquiry about work suggested that the current statutory duties may not be delivering the intended outcomes. This is evident in the NZHRC recommendation that Equal Employment Opportunity legislation applying to both the public and private sectors be reviewed. Amongst other recommendations, they advocate “amending the Employment Relations Act 2000 to include a positive duty to be a good employer” (2010, p.31). Under the current employment legislation, good employment practices have been defined as voluntarily going beyond compliance with minimum statutory requirements (DoL, 2003).

The NZHRC concerns are compounded in the literature debating whether employment laws based on the assumption that collaboration and collectivism foster more productive relationships in enterprises are pertinent in a predominantly individualist employment environment, particularly when there is an inherent inequality in bargaining power (Atkinson & Curtis, 2004; Bewley, 2006; Rasmussen & Lamm, 2002, 2005). In a recent study on rising individualism, Rasmussen, Foster and Haworth (2010) reiterate this concern, highlighting legislative amendments, and proposed amendments by the National Government post 2008 related to personal grievances, minimum wages, annual leave, sick leave, union access, and employee representation rights. These amendments appear to lean in favour of employers and there is conflicting research as to whether SE employers generally find the volume and complexity of employment laws too onerous (New Zealand Business Round Table, 2010) and disproportionately influencing SMEs (Harris, 2000; Woodhams, *et al*, 2007) or not (NZCTU, 2010; Knuckey, Johnston, Campbell-Hunt, Carlaw, Corbett & Massey, 2002). Regardless of this debate, there is evidence of non-compliance with both the Employment Contracts Act 1991, considered to favour the employer, (Gilbert & Jones, 2000) and the ERA, alleged to favour employees (Business NZ, 2008; DoL, 2010b; Gilbert & Jones, 2000; Knuckey, *et al*, 2002; Waldergrave, Anderson & Wong, 2003). One explanation is that breaches occur through ignorance (Scott, Roberts, Holroyd & Sawbridge, 1989).

While the courts in New Zealand and elsewhere have attempted to determine the concept of a ‘good employer’ (Bewley, 2006; Boxall, 1991; NZHRC, 2006; Rudman, 2008), statutes alone cannot provide the notion. Academics suggest turning to contemporary management literature to gain a fuller understanding of the changing ideas of what constitutes best management practices (Boxall, 1991; Haydu & Lee, 2004). The emerging management theories may be treated as rhetoric or ideologies that expose a set of assumptions about businesses, employees and employers, and the means by which the employer manages the business and employees (Barley & Kunda, 1992). However, the concept has largely been developed in a large enterprise (LE) and public sector context and there is no consensus on the key characteristics of socially decent work (Bonnet, Figueiredo, & Standing, 2003; Standing, 1997; Warhurst, Findlay & Kallenberg, 2011). The Human Relations journal is publishing a special issue in 2013 as a platform for increasing understanding of job quality and addressing the lack of comparability between countries, and may include work focusing on SEs (Warhurst, *et al*, 2011).

The general dearth of literature indicated there is a pressing need for a study exploring how ER and OHS are managed particularly in a SE context in New Zealand. The way forward is to uncover ER and OSH practices that have positive outcomes for SE employers and employees. The need to provide exemplars of ‘good employer’ behaviours that have increased financial performance and productivity has also been identified as a means of encouraging employers in a predominantly unitarist/individualist context to improve employees’ workplace conditions (Brown & Butcher, 2004; EC, 2003; Fuller & Tian, 2006; Giaccone & Celleoni, 2009; Jenkins, 2004, 2006; Lawrence, Collins, Pavlovich, & Arunachalam, 2006; Margolis & Walsh, 2001) and reduce the incidence of workplace induced illnesses and injuries in large enterprises (LEs) in New Zealand (Brown & Butcher, 2004; Butcher & Stewart-Loughnan, 2005).

1.2 The assumptions forming the basis of this exploration of the concept of a ‘good employer’ in a small enterprise context

The main assumption is that SE employers’ are paternalistic and favour an individualistic approach to managing the employment relationship and OHS risk (Atkinson & Curtis, 2004; McDonald, 2005; Wilkinson, 1999). This assumption is compatible with unitarist ideological beliefs and is a significant issue as the literature shows that the unitarist management norm to protect managerial prerogative prevails in New Zealand workplaces (Geare, Edgar & McAndrew, 2006, 2009) and specifically in Australian SMEs (McDonald, 2005). The available literature suggests there may be some tension between the unitarist employers’ perceptions of a ‘good employer’ and the pluralist assumptions embedded in employment legislation. This study is based on the assumptions that employees in SEs generally have:

- shorter employee tenure (Guest & Conway, 1999),
- less pay and higher likelihood of non-permanent employment contracts (Guest & Conway, 1999),
 - pay increase less common in SEs (Barrett & Mayson, 2007; Gilman, Edwards, Ram & Arrowsmith, 2002)
- less tangible terms and conditions of work offered to them (Barrett & Khan, 2005; Nadin & Cassell, 2007; Rainnie, 1989), including
 - less formal training and development opportunities than employees in large enterprises (LEs) (Forth, Bewley & Bryson, 2006; Kotey & Slade, 2005)
 - less likelihood of access to work-life balance arrangements (Kersley, *et al*, 2006; Yasbek, 2004),
- less likelihood that employers will provide regular formal and systematic information, less likelihood owner/managers will inform them about financial matters (Forth, *et al*, 2006), and that employers will be more reticent to commit themselves to consultative and partnership practices (McDonald, 2005; Ram, Edwards, Gilman & Arrowsmith, 2001),
 - consequently employees in SEs have weak bargaining power and minimal union activity (McGovern, Smeaton & Hill, 2004; Rasmussen, 2009a)
- a higher incidence of employment relations problems (ERPs) (Woodhams, *et al*, 2007; Saridakis, Sen-Gupta, Edwards & Storey, 2008; Harris, 2000; Wilkinson, 1999), and
- higher risk of experiencing a workplace illness or injury because employment and OHS legislation are a low priority in many SMEs (Eakin, 1992; Lamm, 1999; Mayhew, 2000).

These assumptions suggest that SEs offer less favourable terms and conditions of work than LEs yet satisfaction studies show employees are more satisfied in SEs than those in LEs (Considine & Callus, 2002; Forth, *et al*, 2006; Storey, Saridakis, Sen-Gupta, Edwards & Blackburn, 2010).

The purpose of the research is to test these assumptions through a framework adapted from the International Labour Organization (ILO) Decent Work Index (DWI) (Bonnet, *et al*, 2003; Standing, 1997) and the work carried out by Bewley (2006), Boxall (1991), and Hull and Read (2003). A social perspective was adopted for this study rather than an organizational perspective of a ‘good employer’. Therefore, this study takes a qualitative approach to address this gap in the literature using semi-structured interviews with 12 SE employers (three each from the construction, manufacturing, service and retail industry sectors) in an attempt to capture high and low OHS risk industries as well as a range of unskilled to highly skilled jobs. The primary research question is:

“What constitutes the concept of a ‘good employer’ in SEs in the Central North Island, New Zealand?”

This study has several limitations, some are common to the qualitative research method while others are pertinent in SE studies. One of the main limitations is the subjective nature of the qualitative research paradigm, exposing it to researcher bias. Nevertheless, this approach is useful in uncovering the depth of the sensitive and complex concept of a ‘good employer’ in the SE context. Another significant limitation is that it is generally difficult to recruit SE employers as they have limited time and resources and a sensitive topic may act as a further deterrent. Other factors that may have influenced the context of this study and employers’ perceptions and employment practices were an international recession, and ER topics discussed in the media at the time of the interviews.

1.3 Definitions of key concepts

The main concepts related to good ER and OHS practices in SEs are defined below to facilitate a clear understanding and interpretation of the findings of this research.

1.3.1 Employment relations

Any definitions used in discussion or development of frameworks or models should be perceived by all stakeholders as a valid representation of the concept. Rasmussen (2009c) has adapted his definition over the years to reflect the evolving employment relationship, defining employment relations as:

the study of: the relative powers and interests of the key parties -employees, employers and government-in the regulation of employment conditions and the establishment of workplace rights; the strategies adopted by employees, employers and government, and their agents, to influence, regulate or control the employment relationship; the formal and informal rules and processes that are established to regulate the employment relationship; the cultural, social, economic, political, legal and institutional contexts within which the powers and interests of the key parties are established and exercised, and within which the rules and processes that regulate employment relationships are formulated and implemented (p. 6).

1.3.2 Occupational health and safety

Occupational health and safety is concerned with the interaction between people at work, the work they undertake, and the environment in which the work is undertaken. These interactions are complex. Laird and Olsen (2009) note the relationship between ER and OHS when they point out that the work environment affects the health of the worker, while the worker’s state of health affects the person’s ability to perform the tasks agreed upon with the employer. An International

Labour Organization/World Health Organization Joint Committee (ILO/WHO) on Occupational Health defined this concept as:

The promotion and maintenance of the highest degree of physical, mental and social well being of workers in all occupations; the prevention among workers of departures from health caused by their working conditions; the protection of workers in their employment from risks resulting from factors adverse to health; the placing and maintenance of the worker in an occupational environment adapted to his psychological equipment; and to summarize, the adaptation of work to 'man' and each 'man' to his/her job (cited in Laird & Olsen, p.1).

1.3.3 Small enterprises

Though there has been some interest in SEs since the 1960s, defining the SE is complex and definitions vary between countries as well as over time (Blackburn & Smallbone, 2008; Storey, 1994). In the European Union and United Kingdom (UK) LEs are often defined as employing more than 250 full time equivalent employees (EC, 2003; Forth, *et al*, 2006; Storey, *et al*, 2010; Wilkinson, 1999) and 200 in Australia (Kotey & Slade, 2005). In New Zealand a LE is defined as employing far fewer employees, varying between employing more than 50 (Coetzer, *et al*, 2007; Knuckey, *et al*, 2002) or 100 employees (Ryan & Fursman, 2005; Woodhams, *et al*, 2007). The definition of SEs and medium enterprises also varies widely in international studies, however, fewer than 20 employees is commonly used to define SEs in New Zealand (Coetzer, *et al*, 2007; Knuckey, *et al*, 2002; Legg, *et al*, 2009) and Australia (Kotey & Slade, 2005).

Researchers also use a combination of characteristics to overcome the limitations of entirely numerical definitions in explaining behaviour in diverse SEs such as economic characteristics (total business, share of employment and share of turnover) (Curran & Blackburn, 2001), ownership and sector characteristics (Lamm, 1999), and technology (Scott, *et al*, 1989). Some definitions classify SEs as managed by the owner and, as such, eliminate enterprises operating as part of a franchise where the employer has access to expertise but has to operate according to strict franchise guidelines (Legg, *et al*, 2009). Even the terminology in recent New Zealand studies differs. The Ministry of Economic Development (MED) (2009, 2010) defines less than 20 employees as SME and Legg, *et al* (2009) as small businesses. Thus a specific study many have used the term SME to indicate inclusion of both small and medium enterprises. Alternatively, this terminology may have been broadly used to describe SEs. This inconsistency in definitions and samples is a limitation of comparative research. To accommodate this limitation the specific terminology researchers used is reported in this study.

The Bolton Report (1971) was criticized for the lack of a single definition for all participants (Storey, 1994). Bearing this in mind this study adopted a simple definition following Storey's (1994) recommendations to keep definitions simple in order to facilitate comparison with international studies, including similar subgroups such as Coetzer, *et al*, (2007), Forth, *et al*, (2006), Kotey and Slade (2005), Legg, *et al*, (2009). Size has been widely used in definitions of SEs concerned with ER (Wilkinson, 1999) and, therefore, considered appropriate for this study. The term SE was adopted to define enterprises employing between 5-20 employees and operating for at least three years. Another reason for this size is that an increase in formal practices has been linked to this specific number of employees because the advantages of informal management practices are lost in enterprises with more than twenty employees (Knuckey, *et al*, 2002; Kotey & Slade, 2005, Legg, *et al*, 2009; Storey, 1994; Wilkinson, 1999). As the focus is on the employers' perceptions of good ER and OHS practices, enterprises that have operated for over three years were included because high levels of attention to ER and OHS practices would be rare in new SEs with limited resources.

1.4 Factors that may influence perceptions of good employment practice

1.4.1 How does ideology influence perception of a 'good employer'?

The literature suggests that some variation between SEs may be attributed to employers personality and ideology having a significant impact on business strategy and management style; some adopt an autocratic management style with others preferring a more benevolent paternal style (Guest & Conway, 1999; Ram, 1994). Finding that SE employers claimed an awareness of employment legislation yet held predominantly negative views about legislation and few standardized employment relations policies and practices, Atkinson and Curtis (2004) interpreted the employers paternalistic approach and desire for autonomy as resistance to legislation and a deliberate strategy to deny employees basic rights. Unitarist ideological beliefs were central to management norms and protecting managerial prerogative in Australian SMEs (McDonald, 2005).

Unitarist employers favour more individualistic approaches to managing employees (Geare, Edgar & McAndrew, 2006, 2009; McDonald, 2005; Wilkinson, 1999), which may at times be an intentional strategy to exclude union representation. Using data on union representation from the Workplace Employment Relations Survey (WERS) (1998), Undy (1999) argued that rather than joint or legal regulation, management generally unilaterally control rule-making processes and outcomes in Industrial Relations. The latest WERS 2004 reported a further decrease in on-site union representatives between 1998 and 2004 with the greatest decline among small workplaces and the public sector (Kersely, *et al*, 2006). From a New Zealand perspective, the Employment

Relations Act 2000 (ERA) has had little impact on stemming the decline in union membership and representation in collective bargaining (Haynes, Boxall, & Macky, 2005; Waldergrave, *et al*, 2003).

The predominantly negative employer attitudes towards collective bargaining further highlighted how ideological beliefs and perceptions influence outcomes for employees (Foster, Murrie & Laird, 2009; Foster & Rasmussen, 2010). This suggests there may be some tension between the employers' perceptions of a 'good employer' and the pluralist assumptions of legislation that guide public sector and private sector employment practice and employer behaviour. Geare, Edgar & McAndrew's surveys (2006, 2009) indicated employers predominantly embrace unitarist ideological beliefs and the second study found employees also believed that their workplaces were unitarist. Unitarist beliefs were associated with increased use of high commitment management practices (HCM) which are considered to be best practice (Sisson, Arrowsmith & Marginson, 2003), although HCM practices are not appropriate when the enterprise is not likely to make a return on investment (Batt, 2002; Delery & Doty, 1996; Guthrie, 2001).

1.4.2 How does position in the labour market and point of quality control influence perception of a 'good employer'?

Labour market segmentation and point of quality control are two factors that may influence an employer's behaviour and choice of employment practice. The primary labour market is characterized by good jobs; the labour force is affluent, well trained and well paid with opportunities for promotion and development, high-status and job security (Rasmussen, 2009a). The secondary labour market is characterized by low-pay, low-status jobs. Workers' skills are not highly valued, therefore, they are vulnerable to unemployment at short notice, and may frequently move to new jobs without improving their working status. These workers often work in small organizations where they have weak bargaining power and minimal union activity (Rasmussen, 2009a; McGovern, *et al*, 2004).

However, different problems arise in controlling the quality of employee output in the manufacturing and service industries. The manufacturing sector controls the quality of products before they reach the customer; whereas, the need to maintain and control the quality of customer service is more likely in the service sector (Curran, 1986). Thus, direct customer contact involving emotional labour is likely to influence employment relationships in the service sector (Arrowsmith & Parker, 2010). Differences are also likely within the service sector as it includes a wide variety of services (Curran, 1986).

1.5 Structure of the thesis

The introductory chapter provides justification for this research and outlines the purpose of the study, the research question, briefly describes the research methods and limitations. It then provides relevant definitions related to this complex and sensitive topic and some background information on factors that may influence perceptions and practice.

Chapter Two is dedicated to an examination of the existing relevant literature and identifies significant gaps that motivated this research. The development of the concept of a ‘good employer’ in the private and public sectors is explored and the key characteristics emerging from the body of literature are used to develop a framework of five dimensions of a ‘good employer’ adapted from the ILO dimensions of decent work at the workplace level (Bonnet, *et al*, 2003) tested in this study. The review then focuses on research exploring ER and OHS practices in SEs, motivators and barriers to the implementation of good practices, and strategies to overcome barriers.

Chapter Three reiterates the purpose of this study and presents the key indicators of decent work identified in the literature, the research question and exploratory questions. The advantages and limitations of quantitative and qualitative research methods are briefly examined as a means of rationalizing the adoption of a qualitative approach. This is followed by a description of the research method explaining why semi-structured interviews were selected, the criteria for selecting participants, recruitment strategies and recruitment challenges. Finally, ethical issues pertinent to this study are considered.

Chapter Four reports the results. First, demographic information related to each employer and each enterprise is presented to provide a context for the research findings. The two open questions designed to gain insight into employers’ attitudes and perceptions are then reported before reporting the results of the implemented ER and OHS practices. The probing questions were adapted from the WERS 2004 and the results follow the five dimensions of a ‘good employer’ adapted from the ILO’s dimensions of socially decent work at the workplace level (Bonnet, *et al*, 2003). The dimensions are employment security, voice security, income security, skill reproduction security, and work security. The differences between award and non-award winners and the four industry sectors (manufacturing, construction, service and retail) are reported throughout the discussion.

Chapter Five discusses the ER and OHS practices, comparing the results with relevant literature. This chapter provides a brief overview of the SE employers’ general preference for implementing informal or formal employment management practices, it then explores how the employers’ perceptions and beliefs were implemented in practice and how these reflected the key

characteristics of a ‘good employer’ identified in the literature. The employers predominantly perceived the need to promote a collaborative culture, adopt fair and understanding employment practices and provide a good work environment. How these ‘good employer’ perceptions, attitudes and beliefs were implemented in practice are explored by testing the adapted ILO framework of socially decent work. Specific areas of the study that need further research to gain a deeper understanding of ER and OHS policies and practices in SEs are presented in the summary. The chapter closes by reflecting on the limitations of this study.

Chapter Six presents the main conclusions to the primary research question and identifies avenues for future research.

CHAPTER TWO: Literature Review

2.0 Introduction

The literature review begins by exploring key literature in the development of the concept of the ‘good employer’ in the private and public sectors, then focuses on research exploring ER and OHS practices in SEs, motivators and barriers to the implementation of good practices, and strategies to overcome barriers. The scope of a masters thesis did not allow full examination of the literature in each area, and the decision to predominantly focus on the UK, Australia and New Zealand means some key works may have been excluded.

2.1 The concept of a ‘good employer’ in the private and public sectors

The function of this section of the literature review is to offer an analysis of the ‘good employer’. First, is an attempt to provide a brief historical overview of private sector management in respect of good employment behaviour. Second, key phases of public sector tradition will be examined. By sketching these historical developments, this section will make some assumptions of the concept of a ‘good employer’.

2.1.1 The development of the concept of a ‘good employer’ in the private sector

It is important to first distinguish between normative and rational ideologies before exploring the evolving concept of a ‘good employer’ as these may be used to persuade employers to adopt specific bundles of management practices. The former is aimed at producing moral improvements and the latter economic gains (Abrahamson, 1997). Normative ideologies such as industrial betterment, welfare capitalism/human relations, and organizational culture highlight employees’ human needs and social relationships as a means of improving worker morale and labour productivity (Barley & Kunda, 1992). Rational ideologies such as scientific management are aimed at controlling workers by streamlining and rationalising the production process and appealing to employee self-interest. Despite theoretical and political differences, academics agree the managerial rhetoric has evolved from welfare measures through successive phases of controls over moral improvements and economic gains, alternating repeatedly between the two broad streams (Abrahamson, 1997; Barley & Kunda, 1992; Boxall, 1991; Haydu & Lee, 2004).

Turning now to the concept of a ‘good employer’, derived from the moral and religious beliefs of the small group of social reformers of the welfare movement in the late 19th and early 20th century,

who responded to the poor social conditions and harsh working conditions emerging from the industrial revolution and post war economic crises. These industrialists in the UK such as Robert Owen, the Strutts, the Findlays, and Samuel Greg; and in large American companies including Corning Inc and Excelsior Mfg. Co, attempted to enhance both the social and moral standards of workers private lives (Bewley, 2006; Boxall, 1991; Haydu & Lee, 2004; Lines, 1990; Robertson, 1971). They were known for their honesty, philanthropic and humanitarian enterprises, and their management of labour was regarded as progressive and as taking the high moral ground. However, they paid little attention to the organization of work.

Consideration of the organization of work evolved midway through the 19th Century through the work of employers such as Titus Salt who considered the physical structure of the work environment and organization of work in his mills (Greenhalf, 1998). Modelling ‘good employer’ practices and writing about their beliefs and employment management practices, nevertheless, helped these innovative reformers to lobby their peers and the government to improve working conditions. For example, Robert Owen was instrumental in the Ten Hours’ Bill (Hutchins & Harrison, 1911; Robertson, 1971). Benjamin Rowntree and Edward Cadbury were not only concerned about the industrial relations issues of poverty and working conditions, but also the need to re-establish harmony between managers and workers (Guillén, 1994).

Benjamin Rowntree’s son, Seebohm Rowntree’s, unique contribution to establishing the fair and proper treatment of employees was his exploration of the consequences of inadequate wages, his recognition of the importance of the power of trade unions, and his focus on demonstrating the importance of consultation and frankness in industrial relations, although he deviated from his beliefs in his own negotiations (Chapman, 1970). Even though his pluralist attitude to conflict¹ contrasted with the authoritarian approach taken by most employers, including many of the philanthropic welfare employers, in 1919 Seebohm Rowntree was able to convince the government to introduce a minimum wage that would compel employers to pay higher wages. Having established a link between adequate wages, and efficiency and morale, he argued that a higher wage would secure the supply of labour and, in so doing, employers would make their businesses more profitable.

¹Conflict theory provides three models for understanding conflict in employment relations. Unitarists view conflict as unnecessary, dysfunctional and incompatible with organisational goals, with managers as the legitimate source of authority. Pluralists perceive managers as co-ordinators of a coalition of interest, and conflict as an inevitable and a potentially positive part of a democratic institutional system that encourages consensus. While radicals see managers as exploiters of workers, thus conflict is necessary for changing power relationships to oust capitalism (Rasmussen & Lamm, 1999 cited in Rasmussen 2009a).

Not only did he address working conditions such as light, ventilation and noise reduction etc; he also identified the importance of maintaining the capacity of unemployed *man* for work as well as the necessity of training new skills; and his work on the advantages of leisure and the benefits of reducing work hours could be seen to have pre-empted the more recent work-life balance debate. By the 1940s-1950s the large Rowntrees and Cadbury organizations were using interviews, discussion groups, suggestion systems, job rotation and work groups (Guillén, 1994) and were considered the most advanced in the UK for acknowledging a moral duty to care for their employees at work (Boxall, 1991). Appendices A and B illustrate how the employer's moral duty to care, often defined through the fair and proper treatment of employees, has remained central in the concept of a 'good employer'.

Governments also played a part in social reforms in the 19th Century, regulating conditions of work and payment. Resources have, however, historically undermined the effectiveness of the institutional enforcement inspectorates charged with protecting employees' rights. The UK government's growing interest as an arbiter in the labour market was demonstrated "in the various Factory Acts, the regulations of safety, public welfare and provisions for health, housing and education" (Tillett, 1970, p. 35). The objective of the first statute in the Factory Acts in the UK was to protect the health of younger and weaker workers from injury by overwork and unsafe conditions (Hutchins & Harrison, 1911). The early factory inspectors were, nevertheless, instrumental in spreading the welfare practices of the best organizations and maintaining pressure for the betterment of conditions (McGivering, 1970). Labour law in New Zealand and Australia similarly started with the protection of females and children in factory legislation in 1873, but there was no institution for enforcement in New Zealand and observing requirements tended to be voluntary (Jeffrey's, 1995; Reeves, 1923). Although later enforcement institutions have gone some way to reducing non-compliance with statutory minima, academics are concerned about the effectiveness of regulations that rely on collective bargaining (Atkinson & Curtis, 2004; Bewley, 2006) and protections that depend on an individual seeking compensation for legislative breaches (Rasmussen & Lamm, 2002, 2005). Despite these limitations, OHS reforms have often preceded policy shifts with other employment legislation such as the Employment Contract Act 1991 and the Human Rights Act 1993 (Lamm, 2010)

There were some concerns about employee input in the more transactional scientific management model. Although the welfare movement criticized its predominant focus on the organization of work; more significantly, employers first rejected it because it removed the need for authoritarian management. The system also removed the need for collective bargaining, and trade unions only accepted scientific management practices when the movement abandoned its anti-union stance

(Kempner, 1970). What is more, Taylor had difficulty setting a standard of a fair day's work that was acceptable to both employers and employees (Guillén, 1994).

By comparison the human relations approach was supported by all stakeholders: the government, employers and trade unions. The UK government provided institutional and financial support for research, the trade unions supported the social-science approach to researching worker and worker groups, and the employers endorsed the human resource ideology and techniques that reinforced the managerial belief that the human, social and cooperative aspects of work should take precedence over technical (Guillén, 1994).

Even though the stakeholders have had reservations about outcomes of different approaches to managing employees and the organization of work, the concept of the moral responsibility has persisted. The key issues that were addressed by the early social reformers consistently recur as the characteristics of a 'good employer'. The Employer of Choice (EOC) approach to promoting 'good employer' practices emerged in the 1990s and gained popularity through academic debate, awards and ratings, and international standards since 2000 (DoL, 2003; Gill, 2010; Hull & Read, 2003; NZHRC, 2006). Large American and European companies saw voluntary certification with best practice benchmarks, such as the ISO 9000 (Uzumeri, 1997) and the SA 8000 (SAI, 2008) as a cost-effective way to enhance their image in an increasingly competitive global economy. Gibb's (2004) classification of the model employer by the social (normative) and organizational (rational) context supports Barley and Kunda's (1992) claim that fads do not entirely disappear, rather descriptions and practices central to each rhetoric are gradually institutionalized.

The ILO attempt to develop a framework of characteristics (indicators) that could be used to establish an Human Development Enterprise (HDE) award scheme for exemplary firms in all sectors and all size groups and have it broad enough to be adapted to all national contexts (Standing, 1997) is placed firmly in the social context (Gibb, 2004). The ILO defined the characteristics of exemplary practice using five forms of security in their empirically tested DWI combining "work security, employment security and non-discrimination indexes with the skills reproduction index to give an overall measure of socially decent workplaces" (Bonnet, *et al*, 2003, p. 233) in the 21st Century (Standing, 1997). This concept of a socially decent workplace is based on the premise that the employer provides "adequate security for workers while fostering the dynamic efficiency of their enterprise" (Bonnet, *et al*, 2003; Standing, 1997) thus corresponds with management models of 'bounded goodness' (Boxall, 1991; Bewley, 2006; Corby, 2000). As this study explored employers' perceptions, the key characteristics identified in the literature have been matched with the ILO workplace level forms of security:

- employment security
- voice security
- income security
- skill reproduction (employee job) security
- work security

Excluding the ILO for a moment, it became evident from the key studies (summarized in Appendices A & B) that the social context features strongly in large private sector enterprises. In this context a ‘good employer’ is one committed to the fair and proper treatment of employees and provides:

- protection from summary dismissal (employment security)
- adequate wages (income security)
- consultation and employee representation (voice security)
- training opportunities (job security)
- a safe work environment (work security)
- work-life balance through reduced hours of work (work security)

According to a recent study, New Zealand workers want physical and psychological safety in the workplace, opportunities to develop skills, good pay, job security, a sense of pride and belonging, and to be treated with respect (Bryson & O’Neil, 2010).

2.1.2 The development of the concept of a ‘good employer’ in the public sector

The 20th Century public sector model of a ‘good employer’ corresponds with the management models developed in large organizations in the private sector. Prior to 1979, the state in the UK perceived its role as that of a model ‘good employer’, encouraging trade union organization and acting as a ‘good employer’ who “could provide full time employment, job security, support lifetime careers, offer superior reward and benefit packages, pursue caring welfare practices, is committed to collective bargaining, offering a high degree of job security and using its position as a major purchaser of private sector services to require contractors to apply ‘fair wages’ (Fair Wages Resolution) when carrying out central government work” (Corby, 2000, p.61). From the 1980s, the Conservative administrations in the UK applied private sector employment practices, destabilized job security and collective bargaining, ceased encouraging trade union membership and rescinded the Fair Wages Resolution. These were significant changes to the traditional concept of the state as a ‘good employer’. According to Carter and Fairbrother (1999, cited in Corby, 2000), the employment relationship became more transactional as it evolved simultaneously with the human resource management (HRM) models from a focus on economy, efficiency and effectiveness,

through ‘best value’ and ‘best practice’. The outcome of these changes was the undermining of collective conditions and national bargaining. Corby (2000) found that while privatization, restructuring and employing private sector managers reduced the difference between private sector and public sector, uneven adjustment to legislative changes within the public service was influenced by management values.

In order to deal with economic pressures the fourth New Zealand Labour Government similarly adopted the private sector model of ‘accountable management’ with the intention of making the public sector more efficient (Boxall, 1991). The principles and obligations underpinning this new culture of bounded goodness were outlined in the State Sector Act 1988. According to Bewley (2005) and Boxall (1991), a ‘good employer’ was generally one who was committed to:

- the principle of pay comparability (income security)
- equality of opportunity (EEO) and fair treatment (job/work security)
- joint regulation of the employment relationship (voice security)
- stability and security of employment (job/employment security)
- training opportunities and career development (job security)
- annual leave (work security)
- the provision of sick pay (income security)
- the provision of occupational pensions (income security)

These public sector models capture protective laws, regulations and institutions included at the macro level of the ILO DWI (Bonnet, *et al*, 2003). With regards to the provision of sick pay and occupational pensions as indicators of a ‘good employer’, the UK and New Zealand have similar social policies related to free medical cover and a national pension scheme. When McGovern, *et al* (2004) included these two objective measures in their survey, they found employees perceive exceeding these provisions in national social policy as good practice. Conversely, bad jobs were characterized by low pay, no sick pay, no pension scheme beyond basic statutory scheme and were not part of a recognized career or development ladder.

There were several changes from the earlier public sector model. Instead of offering superior reward and benefit packages, acting as a ‘good employer’ focused on the principle of pay comparability, obliging the public sector to meet staffing needs by matching the conditions offered in the best private sector companies while not depriving this sector of high-quality employees (Bewley, 2006). Whereas collectivism was undermined in the UK, the State Sector Act promotion of joint consultation in decision-making (Boxall, 1991) appears to have been effective as union density has remained high at 68 percent in the public sector compared with only 13 percent in the

private sector (Feinberg-Danieli & Lafferty, 2007). Two thirds of public sector employees were covered by collective agreements (Rasmussen & Walker, 2009). However, employees no longer expect full-time employment and a job for life. Even in the public sector where employment is generally considered to be more secure, cost cutting initiatives have eroded job security in the UK and New Zealand (Arrowsmith & Parker, 2010; Bewley, 2006; Boxall, 1991). This evolutionary change in job security emerged through the adoption of ‘accountable management practices’ and is reflected in the new approach to job security encompassing life-long learning to improve an individual’s employability (Boxall, 1991; Corea, 1998 cited in Undy, 1999; Gallie, 2003; Gibb, 2004) and the development of sustainable jobs (European Foundation, 2002, 2005; ILO, 2011). Recent budget cuts (Young, 2011) are likely to further destabilize job security in the New Zealand public sector.

Returning now to concerns about the likely effectiveness of the public sector model in private sector organizations, particularly in parts of the private sector where there is a weak union presence (Atkinson & Curtis, 2004; Bewley, 2006; Wilkinson, Dundon, & Grugulis, 2007; Rasmussen & Lamm, 2002, 2005). The ‘*What next? National conversation about work*’ carried out by the NZHRC, 2010) explored the perceptions of employers, managers, union organizers, community leaders and individuals, focusing on equal employment opportunities (EEO). The findings uncovered on-the-job issues with work hours, conditions of work for migrant workers, parenting and dependent care, pay equity, low pay, sexual orientation and gender diversity. However, the analysis did not link employer and employee responses, a limitation of many national studies (NZHRC, 2010). The regional report showed employers and employees in the Manawatu-Wanganui region perceived a need to improve living conditions, and communication between managers and staff to be inadequate and leadership poor (NZHRC, 2009). These findings substantiated the concerns that the public sector model of ‘good employer’ behaviours may not be effective in small private sector enterprises with little union presence.

Significantly, the NZHRC recommended the ERA be amended to provide private sector employers a duty to be a ‘good employer’. The raft of legislation applying to the public and private sectors in New Zealand directly or indirectly referring to a ‘good employer’ indicates that the private sector already has obligations under the minimum employment standards obliging employers and employees in the private sector to adopt good faith behaviour (NZHRC, 2006; Rudman, 2008).

2.2 The concept of a ‘good employer’ in SEs

This section of the literature review discusses indicators used to measure the quality of work in SEs, the factors that influence informal and formal management in SEs, then explores the SE

literature following the ILO's five dimensions of socially decent work (Bonnet, *et al*, 2003; Standing, 1997). This section also examines the barriers to the implementation of good ER and OHS management and overcoming barriers. The intention is to uncover examples of 'good employer' behaviours that have increased financial performance and productivity that can be used to encourage employers in a predominantly unitarist/individualist context to improve employees' workplace conditions (Brown & Butcher, 2004; EC, 2003; Fuller & Tian, 2006; Giaccone & Celleoni, 2009; Jenkins, 2004, 2006; Lawrence, *et al*, 2006; Margolis & Walsh, 2001) and reduce the incidence of workplace induced illnesses and injuries in SEs in New Zealand.

The concept has largely been developed in large organizations and the public sector. Nevertheless, the idea that a 'good employer' adopts responsible management practice is relevant in all enterprises. Although SEs may not always match the conditions of work in LEs, they are bound by numerous pieces of legislation related to the 'good employer' including, the ERA 2000, HSEA 1992, Human Rights Act 1993, Equal Pay Act 1972 and Modern Apprenticeship Training Act 2000 (NZHRC, 2006). Private sector employers are required to at least comply with statutory minimum standards, irrespective of whether they agree with the current statutory requirements. Acting as a model employer, the public sector is expected to go beyond mere compliance in their EEO policies (Boxall, 1991). It is, therefore, assumed that ER and OHS policies and practices encapsulated in statutory minima will provide for the establishment, maintenance and promotion of continuous improvements to conditions of work considered socially decent by international and national standards.

Most of the key characteristics developed in the LE/public sector have been applied in SE research. The summary of some key studies presented in Appendix B illustrates that there is still no agreement on the characteristics of socially decent work in the SE context, however, employee input or voice and pay have featured consistently in the definitions of 'good employer' practice, and the ILO gave primacy to the dimensions of income security and voice security on the basis that:

“Without reasonable income security, people lack freedom to make rational choices and be socially responsible. Without collective and individual voice, the vulnerable remain vulnerable” (Bonnet, *et al*, 2003, p. 214).

In addition, OHS is increasingly being included in SE definitions (Coetzer, *et al*, 2007; Lawrence, *et al*, 2006; Sengupta, Edwards & Tsai, 2009; Wiesner & McDonald, 2001). These social dimensions emerged as good employment relationships based on the inclusion of employee voice in all aspects of the business, as well as the integration of safety in all aspects of the workplace, open two-way communication, and prompt resolution of issues. These aspects were distinguishing

features of Hull and Read's (2003) excellent workplaces. Storey, *et al* (2010) also captured the implicit expectations of the employment relationship in their Self-Reported Measure of Job Quality (SRJQ)² dimension regarding manager-worker experience, which encompasses perceptions of honesty, fairness, skill development opportunities (job security) and work-life balance (work security). Nevertheless, equity largely appears in LE research.

2.2.1 Adoption of formal or informal management practices

While it is difficult to generalize ER practices, some studies have suggested personnel and OHS management practices are more likely to be informal and *ad hoc* compared with LEs (Coetzer, *et al*, 2007; Gilbert & Jones, 2000; Gilman, *et al*, 2002; Hasle & Limborg, 2006; Legg, *et al*, 2009; Massey, 2004; Wilkinson, 1999). Where formal practices are present these are often related to the management of OHS (Coetzer, *et al*, 2007; Gilbert & Jones, 2000, Massey, Lewis, Cameron, Coetzer & Harris, 2006). Formal policies and practices are written down, regularly applied within an organization, and assured to take place (Barrett & Mayson, 2007). Though 35 percent of SEs used written mechanisms such as emails, a suggestion box, and employee surveys that facilitate upward communication, the presence of a human resources (HR) administrator was not significantly associated with these arrangements in SEs (Forth, *et al*, 2006). Furthermore, workforce meetings and team briefings were less common and less regular in SEs than in medium enterprises and LEs. Downward communication mechanisms such as using a management chain, newsletters, notice boards and company intranets were also less common in SEs.

Despite the presence of formal OHS practices, in some SEs there is concern that many employers are isolated, lack knowledge of the enterprises OHS risks and legislative obligations, and lack the resources to implement effective OHS management systems (Champoux & Brun, 2003; Legg, *et al*, 2009). Moreover, few SE employers seek external advice (Combined Chamber of Commerce 'Red Tape' Survey, 2003 cited in de Bruin-Judge, 2006). An additional concern in New Zealand is that few workplaces are large enough to sustain the formal structures necessary to achieve the standards set out in employment legislation, and international and national standards (Haynes, Marchington & Boxall, 2006; Waldergrave, *et al*, 2003). Wilkinson, *et al* (2007) had similar doubts whether employment law based on collectivist frameworks ensured the fair treatment of employees considering the high degree of informality in employment relationships. A later study showing that even the smallest enterprises in the UK had some formality, usually formal dispute resolution procedures (Forth, *et al*, 2006), corresponds with a growing recognition that adopting formal

² Storey, *et al* (2010) used 22 items (from the WERS 2004) in their employee SRJQ to link HR formality with employee job quality.

practices is a means of reducing SME vulnerability to litigation (Harris, 2000, Kotey & Slade, 2005).

Sisson (1993 cited in Wiesner & McDonald, 2001) assumed that employees were more likely to be treated unfairly in organizations that do not implement sound HRM practices. However, there is some debate on whether formal HRM practices are appropriate for SEs (Kotey & Slade, 2005; Rasmussen, 2009b; Storey, *et al*, 2010), moreover, that informal practices are largely well-founded, effective and not necessarily inferior to LE practice (Coetzer, *et al*, 2007; Gilbert & Jones, 2000; Massey, *et al*, 2006). Storey, *et al*'s (2010) results confirm that formality is not always the answer. Compared with LEs, employees in SEs had the highest levels of satisfaction decreasing as enterprise size increased. In fact, employing an HR professional lowered employee satisfaction in single site SMEs. There is, however, agreement that formalising employment policies ensures consistent and fair treatment of all employees as the number of employees increases (Knuckey, *et al*, 2002; Kotey & Slade, 2005, Kotey & Sheridan, 2004; Legg, *et al*, 2009; Storey, 1994; Wilkinson, 1999).

Whereas, the implementation of high levels of HRM practices was reported to enhance employment relationships in Australian SMEs (Wiesner & McDonald, 2001), Kotey and Slade (2005) cautioned that appropriate balance needs to be aligned with the size and strategy of the enterprise. Findings of their comprehensive quantitative employer survey of micro and SMEs on the Sunshine Coast revealed standardized HRM practices. In addition, a significant number of enterprises implemented more formal practices with growth. The authors proposed that formal practices may even be counterproductive at certain enterprise sizes and suggested that SE employers need to maintain a balance between HRM practices that facilitate accountability and control, reduce the risk of litigation, and ensure compliance with statutory requirements, while at the same time offering adequate flexibility for timely responses to changing strategies. Kotey and Slade's (2005) advice fits with the public sector model of accountable management practice or bounded goodness (Bewley, 2006; Boxall, 1991). This body of literature, nevertheless, suggests that it is difficult to achieve the right balance of formality for establishing and maintaining effective ER and OHS practices that support continuous improvements to efficiency, productivity and socially decent working conditions.

2.2.2 Employment security

According to the ILO definition of socially decent work employment security captures whether the employer provides workers with employment agreements, whether it includes predetermined prior notice of retrenchment, whether it provides benefits for retrenched workers, and whether dismissal

procedures are regulated by collective agreement (Bonnet, *et al*, 2003). The ERA accommodates individual agreements in requiring employment agreements to contain provisions for protecting employees. It also makes provision for vulnerable workers and new employees as well as genuine consultation regarding potential redundancy, but there is no statutory requirement for redundancy compensation (ERA, s. 69)³. While formalization of redundancy and restructuring procedures is mandatory some related procedures are often informal in SEs. Hull and Read (2003) found that the informal practices often encountered in SEs, such as open, timely, informal access to information and feedback underpinned the quality working relationships in all their excellent workplaces. This section explores the establishment of the employment agreement, disciplinary and dispute resolution procedures and redundancy.

Regular employment agreements

Research suggests that formalising expectations in the psychological contract increases employee satisfaction even for those working in ‘black hole’ enterprises (Guest & Conway, 1999)⁴. Collectively, the literature reviewed suggested that formalising expectations, dispute resolution and dismissal procedures would reduce ERPs, however, Nadin and Cassell’s (2007) Australian SE employers were more reluctant to make obligations explicit than large employers. This suggested the latest Employment Relations Amendment Act 2010 requiring employers to retain a signed copy of an employee’s individual employment agreement (IEA) or the current signed terms and conditions of employment (s. 64) is well founded. Especially considering Battisti’s study (2008) found 74 percent of employees in SMEs in New Zealand had IEAs.

Dismissal procedures

Research shows that formal ER policies and practices may reduce the incidence of ERPs and the subsequent risk of litigation. Firstly, SMEs were disproportionately represented in industrial

³ Wilkinson, Dundon, and Grugulis (2007) defined information as “data transmitted by the employer to the information and consultation representative; or in the case of a negotiated agreement, directly to employees”. Consultation is defined as “the exchange of views and establishment of dialogue between the information and consultation representative and employer; or, in the case of a negotiated agreement, the employees and the employer” (p.1281).

⁴ Guest and Conway (1999) explored employees’ attitudes to work experience and characterized employment in a ‘black hole’ organisation by shorter employee tenure, less pay and higher likelihood of non-permanent employment contracts. They found ‘black hole’ organisations were more likely in the private sector and particularly likely in construction, food and drink, retail, hotel and leisure, and consumer products. More significantly, the perception of fairness of treatment and related features of the psychological contract were the defining difference between more or less satisfied employees working in ‘black hole’ enterprises. One third of these employees reported high levels of satisfaction and/or commitment, although they were more likely to have shorter service, earn less and have non-permanent contracts.

tribunal cases for unfair dismissal and often lost their claim (Earnshaw, Marchington & Goodman, 2000; Harris, 2000; Saridakis, *et al*, 2008; Wilkinson, 1999) and ERPs arise earlier than in LEs because they may not implement procedures (Woodhams, *et al*, 2007). Significantly, SE employers who favoured informal practices were more likely to experience ERPs than LEs. Moreover, SEs even lost because they did not follow the procedures despite having a HR department; those that did follow procedures were more likely to win (Saridakis, *et al*, 2008). Other explanations for the over-representation of SEs in tribunals is that a lack of formal discipline and dispute procedures means that the employment relationship deteriorated quickly if an issue could not be contained in personal frames of reference (Scott, *et al*, 1989) or where problems had not been addressed (Wilkinson, 1999).

The most common types of ERPs in New Zealand were performance issues, conduct issues, in-house conflict, unjustified dismissal, unfair treatment, and redundancy (Woodhams, *et al*, 2007), with unjustified dismissal the most common type of personal grievance and claim at mediation (DoL, 2007).

Redundancy and structural change

Although genuine consultation regarding potential redundancy is mandatory (ERA, s. 69), 23 percent of disputes taken to mediation shortly after the enactment of the ERA were related to redundancy discussions and decisions (Waldergrave, *et al*, 2003). The findings of a recent survey suggested that this section of the ERA has not had the expected positive effect on employment relationships. Firstly, the most common types of personal grievances were unjustified dismissal, unjustifiable action, sexual harassment, and redundancy (DoL, 2010b). Secondly, employers found dealing with redundancy hard (NZHRC, 2010). Finally, the outcomes of Walker and Hamilton's study (2011) demonstrated an imbalance in the employment relationship. These findings were consistent with Saridakis, *et al*, (2008), showing that when procedures were carefully followed employment laws provided little protection for employees. In fact, when the employer had the dominant influence, employees who wanted to remain with an employer typically lacked influence and lost their jobs either before or after mediation (Walker & Hamilton, 2011).

In light of the New Zealand statistics, the WERS findings provide a valuable insight into the likely incidence of consultation concerning redundancy in SEs. Consultation had occurred or been proposed in 81 percent of LEs had occurred or been proposed compared with 65 percent of SEs in the UK (Forth, *et al*, 2006). However, a quantitative study is limited in capturing the depth described by Wilkinson, *et al* (2007).

2.2.3 Voice security

There is general agreement in the LE (Bonnet, *et al*, 2003; Guillèn, 1994; Rasmussen, 2009a, 2009b; Robertson, 1971) and SE (Coetzer, *et al*, 2007; Lawrence, *et al*, Sengupta, *et al*, 2009; Wiesner & McDonald, 2006) literature that employees should have input (voice) in determining the formal and informal rules and processes that regulate the employment relationship. The primacy given to voice security in the ILO socially DWI (Bonnet, *et al*, 2003) has been substantiated in recent literature which consistently distinguishes a ‘good employer’ by quality employment relationships built on mutual trust and respect (Arrowsmith & Parker, 2010, 2012; Bacon & Hoque, 2005; Barrett & Khan, 2005; DoL, 2003; Gill, 2010; Hull & Read, 2003; Nadin & Cassell, 2007; NZHRC, 2006). This literature supports the ERA objective (s. 3) “to build productive employment relationships through the promotion of good faith in all aspects of the employment environment and the employment relationship” based on mutual trust, confidence and fair employment behaviours.

This section focuses on the collective and individual voice in SEs and whether the formal and informal practices implemented in SEs may effectively provide employees adequate information and facilitate genuine consultation in operational decision-making, the determination of pay and other terms and conditions, and the management of OHS risk. The HSE Amendment Act 2002 is notable as the first employment law obliging employers to implement employee participation structures.

Similarly to other national studies, the WERS excluded informal communication that forms a significant proportion of daily communication in SEs. Although a degree of formality was evident even in the smallest workplaces, SE employers were less likely to provide regular formal and systematic information and owner/managers less likely to inform employees about financial matters. The majority, however, informed employees about operational, staffing and job changes (Forth, *et al*, 2006). A study of large new Zealand manufacturing and service enterprises involved in workplace reform also found little consultation, moreover that employees only wanted to be involved in daily operational decisions and not the broader strategic issues (Chong & Rasmussen, 1998; Chong, Mealing & Rasmussen, 2001). Significantly, SE employers were reluctant to commit themselves to consultative and partnership practices (McDonald, 2005; Ram, *et al*, 2001) and more likely to share information in enterprises without an HR manager (Wiesner & McDonald, 2001; Storey, *et al*, 2010). Though Wiesner and McDonald’s (2001) finding must be interpreted with caution because 58 percent of surveyed employers refrained from completing the section on sharing information, Storey, *et al* (2010) also found the formalization of procedures had a detrimental effect on SE employee satisfaction in the UK. The variation in information mechanisms

and consultation management practices draws attention to the influence power has in employment relationships. SE employers' reluctance to engage in genuine consultation is concerning, particularly as extreme informality appears to mask autocratic leadership (Rainnie, 1989) and exploitation (Holliday, 1995). Formal direct communication has even been problematic in LEs and it is, therefore, questionable whether employees can realistically have a genuine voice in SEs. As management control increases, the effectiveness of joint consultation committees diminishes. For example, in the New Zealand luxury hotel industry formal, regular and direct communication channels provided little joint regulation, and non-union voice channels were limited in comparison with strongly unionized settings. Significantly, workers felt they had no autonomy or substantive sharing of power when non-union voice communication channels were initiated by management (Haynes, 2005; Haynes & Fryer, 2001). It is, therefore, concerning that the Commission of Inquiry into industry democracy, in 1989, recommendations for formal representative participative councils for all firms with over 40 employees were ignored (Haynes, *et al*, 2005). Moreover, there was little interest in employee participation schemes and research in New Zealand until the 21st Century (Haynes, *et al*, 2005; Rasmussen, 2009b).

Employee input in operational decision-making

The literature provides confounding evidence showing high levels of employee satisfaction which is at odds with that showing a high incidence of ERPs in the smallest enterprises. On the one hand employee satisfaction surveys suggest employees in SEs are more satisfied with their experience at work on average than employees in large and medium enterprises (Boxall, Haynes & Macky, 2007; Considine & Callus, 2002; Kersley, *et al*, 2006; Storey, *et al*, 2010). Fifty-seven percent of UK managers involved employees in introducing and implementing change in SMEs. As a result employees were more satisfied with their role in decision-making than employees in LEs, and rated managers with greater responsiveness to their needs (Forth, *et al* 2006). Similarly, despite low participation and collectivism in Australian SMEs (measured in a low percentage of collective agreements) (Wiesner & McDonald, 2001; Wiesner, McDonald & Banham, 2007), employees were more satisfied with recognition for their efforts than those in LEs (Considine & Callus, 2002).

When compared with the United States (US) and the UK, New Zealand employees appeared to have higher rates of influence in all areas of decision making (Rasmussen, McLaughlin & Boxall, 2000; Boxall, *et al*, 2007; Haynes, *et al*, 2005; Macky & Boxall, 2008a, 2008b). Nevertheless, Haynes, *et al* (2005) found a significant conflict between the level of influence employees had and desired influence over pay, perks and bonuses. Their argument that compromise is normal and consequently that the influence gap is insignificant does not acknowledge the mediating affect power imbalance has on the conflicting interests of employers and employees. A later study

suggested that employees in full-time, permanent employment, in professional occupations, or who earn middle to high incomes had greater influence than employees employed in part-time or casual employment, in low skilled occupations and on low incomes, who often have no input in decisions concerning bargaining structures and employment conditions (Boxall, *et al*, 2007). A sampling bias towards large organizations firstly, highlights the difficulty of engaging employees working in smaller enterprises in research. Secondly, it indicates results need to be interpreted with caution. Significantly, workers in the secondary labour market found their income level inadequate (Boxall, *et al*, 2007; NZHRC, 2010).

The employee satisfaction research, however, conflicts with ERP data in both New Zealand and UK studies (Woodhams, *et al*, 2007; Saridakis, *et al*, 2008; Wilkinson, 1999). Although there is no evidence that the incidence of ERPs was increasing over time, SEs experienced ERPs earlier and had a higher rate per 100 employees than LEs and public sector enterprises. Businesses employing 1-9 employees had the highest incidence of ERPs at 2.9 per 100 while employers hiring 20-99 employees had the lowest at 0.6 per 100 employees (Woodhams, *et al*, 2007). A confounding factor in Woodhams, *et al*'s (2007) study is that employers may seek remedies outside the institutions if they believed this would cut costs or, alternatively, they avoided dealing with issues. Situations then tend to deteriorate rapidly in SEs if the employer is unable to contain a conflict of interest (Holliday, 1995; Scott, *et al*, 1989). However, these cannot be predicted because individuals and groups have their own unique struggles (Ram, 1994). Employers and workers are, moreover, not just passive in the face of external factors such as the product and labour markets (Edwards, *et al*, 2006; Moule, 1998) and internal factors including management style, norms, values and attitudes, and expectations (Edwards, *et al*, 2006; Holliday, 1995; Ram, 1994; Scott, *et al*, 1989) that influence the way the labour process is organized. Rather actions and understandings influence the way people establish and maintain the employment relationship.

Employee voice in the determination of pay and other terms and conditions of work

The literature also suggests that employees working in SEs are generally offered less tangible terms and conditions of work than employees in LEs (Barrett & Khan, 2005; Nadin & Cassell, 2007). In fact one explanation for higher levels of employee satisfaction may be attributed to the absence of structures for employee representation. Waldergrave, *et al* (2003) argued employees working in SEs were most satisfied with their terms and conditions of employment because in the absence of union presence "... employees were more likely to have less familiarity with bargaining dynamics or understanding of how their terms and conditions could be improved" (p.30). A contrasting argument is that informality and closeness of the family style environment accounts for the higher level of employee satisfaction.

A third explanation is that SE employees have lower expectations with their terms and conditions of work, for example career prospects (Considine & Callus, 2002). However, expectations are not static; as the relationship develops over time and the employer and employee become more committed to each other, expectations may change from the initial transactional exchange of labour for pay (Arrowsmith and Parker, 2010; Nadin & Cassell, 1999). Nadin and Cassell found that SE employers felt obliged to provide more, yet only one employer took a proactive approach to providing training and believed this was something a ‘good employer’ should provide. This was, nonetheless, pragmatic as this employer had difficulty retaining good staff. Guest and Conway (1999) proposed that the reciprocal expectations embedded in the psychological contracts is a subtle move away from the largely transactional HRM approaches to managing employment relationships popular in the 1990s. It appeared fairness of treatment and related features of the psychological contract⁵ were the defining difference between more or less satisfied employees working in enterprises classified as ‘black hole’ (Guest and Conway, 1999).

In reconfiguring the psychological contract Rousseau (1990) captured the change towards labour market flexibility and the restructuring of the employment relationship. The subsequent psychological contract debate drew attention to the range and complexity of contracts in organizations and reflected the new individualized nature of the employment relationship (Guest, 1998). Accordingly, expectations of a life-long relational process based on loyalty and job security were replaced by transactional psychological contracts with employees working long hours in exchange for high pay and training. While psychological contract theory may facilitate the examination of the distribution of power when both parties are included in the study (Guest, 1998), it has been criticized as biased by an HR managerial approach to defining the changing nature of working life and the employment relationship (Cullinane & Dundon, 2006).

Bolton (1971) acknowledged that working conditions may sometimes be inferior in SEs and proposed employees prefer to work in a small group because the ease of communication increases employee satisfaction and reduces ERPs. The argument that informal employment relations were harmonious rested on the rarity of strikes in SEs. The criticism of this study for barely making a connection between the level of unionism and the level of strike activity (Rainnie, 1989) is justified considering 82 percent of employees in the UK had pay unilaterally determined by managers; 12 percent of employers negotiated with individual employees; only five percent had pay negotiated

⁵ The psychological contract concerns both the expectations formalised in the employment agreement and informal and implied expectations, obligations and promises (Guest & Conway, 1999). The problem with the psychological contract is that the employer and employee each have their own agenda but they may be unaware of the other party’s agenda (Guest, 1998). Problems may arise when either party’s expectations are not met: perceptions of trust and fairness will decline and influence perceptions of job security, job satisfaction, organisational commitment and motivation, organisational citizenship, employment relations, absence and intention to quit (Guest, 1998).

by collective bargaining, two percent of those with fewer than 20 employees; and 12 percent of SEs had arrangements for employee representatives (Forth, *et al*, 2006).

A national study showed a similar situation in the New Zealand private sector with 15 percent of SEs (employing between 10-20 employees) involved in collective bargaining (Foster, *et al*, 2009; Foster & Rasmussen, 2010). However, this reflects a general low level of unionism in the private sector accounting for only nine percent of the total number of New Zealand employees covered by collective agreements in 2009 (Blumenfeld, 2010). An explanation for this is the fact that substantial employee gains have come from government intervention rather than collective bargaining, which has firmly entrenched the decentralized bargaining and individualized employment relationships established under the Employment Contracts Act 1991 (ECA) (Blumenfeld, 2010; Rasmussen & Lamm, 2005).

Other explanations for low unionism in SEs are firstly, that the employer's close involvement with the daily running of the enterprise removes the need for the formal organization of employee representation. This may be the case in some SEs as research shows the low demand for unionism and representation is generally related to worker ambivalence, which may be partly due to job satisfaction and good employment relationships. On the other hand, it could be related to the high incidence of temporary workers and shift workers, and structural factors that inhibit union organization in SEs (Forth, *et al*, 2006; Foster, *et al*, 2009; Foster & Rasmussen, 2010; Rasmussen & Walker, 2009; Waldergrave, *et al*, 2003). Unions appeared to be organized in SMEs with an established union presence (Foster & Rasmussen, 2010; Waldergrave, *et al*, 2003) with anecdotal evidence suggesting some unions are only prepared to negotiate collective agreements for 25 or more employees (Foster & Rasmussen, 2010).

Consequently, there is a need to determine whether the communication mechanisms preferred by SE employers facilitate genuine consultation in individualized employment relationships.

Employee involvement is genuine when employee concerns are taken seriously and their input affects outcomes. Commitment is demonstrated by:

“representative structures, including how members are selected and the balance of power between managers and workers, designated functions and meeting times, budgetary and other resources, training of members...” and the procedures for implementing change (Bohle & Quinlan, 2000, p.434).

Involvement in OHS risk management

Involving employees is good management practice as employees have a strong knowledge of the work process and can, therefore, identify unknown potential hazards and suggest practical and

sometimes cost-effective solutions. Involving employees can also strengthen their commitment to the system and improve dissemination of information (Bohle & Quinlan, 2000; Champoux & Brun, 2003; Walters, 2010). Finally employee feedback can be a valuable part of the review and evaluation of the effectiveness of the occupational health and safety management system (OHSMS) (Bohle & Quinlan, 2000). A collaborative approach to managing risks and hazards can, therefore, be beneficial as it can minimize the potential financial costs for the employer and the physical and mental costs for employees (Jeffrey, 1995).

The New Zealand research is consistent with international research showing that the most common mechanisms for involving employees, health and safety representatives and workplace committees, are more likely in larger and highly unionized enterprises (Bohle & Quinlan, 2000; Kersley, *et al*, 2006; Butcher & Stewart-Loughnan, 2005; Walters, 2010). Despite there being no major increase in collective employment relationships, joint consultation committees have become widespread in all but the smallest workplaces (Boxall, *et al*, 2007; Haynes, *et al*, 2005; Waldergrave, *et al*, 2003) suggesting the ERA and HSE Amendment Act have had little influence on employee involvement in SEs. In fact, only 28.4 percent of Haynes, *et al*'s (2005) employees working in SEs (1-20 employees) reported regular consultation meetings concerning workplace issues.

The regularity of consultation meetings was one measure used to examine joint consultation in the New Zealand Worker Representation and Participation Survey (NZWRPS) (Haynes, *et al*, 2005). The researchers argued that union forms of employee presentation had been uncommon and sporadic in New Zealand, but that the incidence of employee committees increased with enterprise size. Nevertheless, their sample of employees generally believed they had a high influence in all areas of decision-making. Significantly, employees were generally highly satisfied with their influence in operational decisions but less satisfied with their influence in determining how pay, perks and bonuses was determined. The employees' perceptions of their influence in the NZWRPS (Haynes, *et al*, 2005) conflicted with Walters and Nichols (2006) case study findings showing employees perceived consultation was limited. The fact that the employees' perceptions contrasted with employers' claims of extensive participation highlighted the importance of gaining both perspectives.

More than two decades after the 1989 Commission of Enquiry, recommendations for formal representative participative councils for all firms with over 40 employees were ignored (Haynes, *et al*, 2005) OHS legislation⁶ is leading change to the procedural and substantive rules governing the

⁶ The HSE allows the employer and employees to negotiate and agree on an effective OHSMS. Although employers employing fewer than 30 employees are not obliged to establish an employee participation system he/she must do so if one or more employees or a union representing them requests the right to participate. Section 19F includes enterprises

employment relationship to address the imbalance in power and enhance employee input in decision-making. This reflects the ILO principle of the “promotion and maintenance of the highest degree of physical, mental and social well being of workers in all occupations” (ILO/WHO cited in Laird & Olsen 2009, p.1). It has been argued that the statutory requirements for employee participation in OHS are a significant source of worker participation at a time when other forms of worker participation are declining (Bohle & Quinlan, 2000; Haynes, *et al*, 2005; Rasmussen, 2009b). However, the provisions for employee representation may have limited effect when OHS is a low priority for many SE employers (Eakin, 1992; Gilbert & Jones, 2000; Lamm, 1999, 2002; Massey, *et al*, 2006; Mayhew, 2000). Moreover, employees generally lack the knowledge and/or the will to leverage input (Champoux & Brun, 2003; Eakin, 1992). In some instances they may be knowledgeable but reticent to raise issues with ‘safety champions’ who have little power to facilitate improvements and no union support (Walters, 2010)

The literature also shows that the effectiveness of employee involvement and OHS representatives is limited in the smallest enterprises (Boxall, *et al*, 2007; Haynes, *et al*, 2005; Waldergrave, *et al*, 2003), especially as union support is rare (Foster, *et al*, 2009; Foster & Rasmussen, 2010; Rasmussen & Walker, 2009; Waldergrave, *et al*, 2003). OHS representatives are, in fact, less effective if they are not supported by a union presence, a common situation in the small business sector (Forth, *et al*, 2006; Walters, 2010; Walters & Lamm, 2004). However, a recent study suggests management support can mitigate this to some extent. Harris (2010, 2011) found that OHS representatives are perceived to play a valuable role and found they made a valuable contribution. The way the OHS representative enacted their role was influenced by different interpretations of how to improve OHS. The roles were defined as administrators, workshop inspectors, problem solvers and craft experts. However, effectiveness of their contribution was influenced by available resources to perform OHS activities such access to internal information and time to attend OHS training.

In addition, SE employers may view the trained OHS representative’s authority to issue improvement notices as a threat to managerial prerogative deterring them from formalising policy and practices. Worker OHS representatives, nevertheless, act in a reasonable manner, rarely abusing their power (Bohle & Quinlan, 2000; Carson, Henenberg & Johnstone, 1990 and Page, 2002 cited in Lamm, 2004; Harris, 2010).

Employee participation has also manifested as formal high performance work systems (HPWS) linked to increasing productivity (Batt, 2002; Guthrie, 2001; Macky & Boxall, 2008a, 2008b;

employing between 1-5 employees in the specification of the number of days an employer is obliged to pay employees to attend approved health and safety training.

Wiesner, *et al*, 2007). However, Delery and Doty (1996) cautioned against implementation of these practices in SEs with a low growth rate as they will not achieve a return on investment.

2.2.4 Income security

The ILO measures this dimension of decent work in relation to the minimum wage and non-wage benefits and entitlements (Bonnet, *et al*, 2003). However, others expanded on this further and the New Zealand public sector encompasses internal and external wage compatibility, performance based equity and continuous improvement in pay schemes over time (Boxall, 1991). There is also an expectation that a ‘good employer’ will offer good conditions and pay at least industry standard wages and salaries as a sign of respect and confidence (Hull & Read, 2003). Moreover, that remuneration for employee contribution in the workplace is fair (Arrowsmith & Parker, 2010, 2012; Cappelli, 1999; Curran & Stanworth, 1981; McGovern, *et al*, 2004).

Recruitment

SE employers prefer informal word-of-mouth referrals with more formal (Barrett & Mayson, 2007; Coetzer, *et al*, 2007; Forth, *et al*, 2006; Kotey & Slade, 2005) and expensive recruitment options used when the firm needs to recruit specialist skills or to appeal to a wider labour market pool to overcome challenges of skill shortages (Coetzer, *et al*, 2007; Gilbert & Jones, 2000; Scott, *et al*, 1989) including management skills (Kotey & Sheridan, 2004). The change to formal recruitment methods occurs when informal access to friends and family has been exhausted.

When it comes to selection criteria, SE employers prioritize the potential employee’s attitude and ability to fit into the existing team above qualifications and work experience (Carroll, Marchington, Earnshaw & Taylor, 1999) or skills, particularly where these could be easily taught (Coetzer, *et al*, 2007; Scott, *et al*, 1989). This selection criteria emerged consistently in Australian and New Zealand qualitative SE research (Barrett & Mayson, 2007; Coetzer, *et al*, 2007; Gilbert & Jones, 2000; Kotey & Slade, 2005; Nadin & Cassell, 2007), yet the WERS 2004 found only four percent of SME employers and three percent of LE employers listed this as an important recruitment factor (Forth, *et al*, 2006). Significantly, Stanworth and Curran (1989, cited in Kotey & Slade, 2005) found that employers do not select applicants with good skills and knowledge if they anticipate the applicant will challenge their managerial prerogative.

My study incorporated recruitment practices as formality has been linked to a slight change in culture as more highly skilled workers are employed (Barrett & Khan, 2005; Coetzer, *et al*, 2007; Kotey & Slade, 2005) and tends to coincide with paying higher wages (Thompson and Wilson, 1991 cited in Storey, 1994).

Pay and other terms and conditions of work

The British literature provides some insight into how pay in SEs compares with LEs and how pay is determined. Early studies suggested employees working in SEs earned between 20 percent (Bolton, 1971) and 30 percent (Storey, 1994) less than employees in LEs. Even when Storey (1994) accounted for individual worker characteristics and industry, the size-wage premium remained 10-13 percent. Some explanations for this wage disparity were that LEs operate in industries that pay higher wages and have higher quality workers; therefore, individual pay is higher. Supervision is more direct, easier and immediate in SEs consequently less costly than in LEs (Storey, 1994). Pay increases are also less common in SEs than in LEs (Barrett & Mayson, 2007; Scott, *et al*, 1989; Gilman, *et al*, 2002). Wage Councils and the statutory minimum wage were established because of concerns about lower pay and conditions in SEs (Curran, 1986).

This is not to say all employees in SEs have poor pay and conditions; a more complex picture of the size-wage disparity has emerged. The WERS 2004 shows that low wages are by no means universal in SEs, with on average only 21 percent of employees earning low pay compared with an average 15 percent in LEs (Forth, *et al*, 2006). There are a number of explanations for higher employee levels of pay satisfaction in SEs compared with LEs. Firstly, women in the clothing industry acknowledged that pay and conditions were poor compared with LEs, but more particularly compared with different male jobs. Interestingly, these women did not expect to receive higher pay, nor did they believe they were badly paid (Rainnie, 1989). More recent New Zealand statistics suggest little has changed, with the median female ordinary time hourly rate of \$19.00 compared with the median male rate \$21.25 (Statistics NZ, 2010a). The characteristics that contribute to the gender pay gap are the jobs women do; the value put on women's work, and work arrangements and care responsibilities (DoL, 2011).

Increases in the minimum wage lifts wages for the lowest paid employees and contributes to reducing the gender income pay gap because disproportionately more women than men work in jobs paying minimum wage (NACEW, 2006). A government survey showed that 31 percent of businesses had to increase employee wages to adjust to the increase in minimum wage from \$12.50 to \$12.75 per hour on 1 April 2010 (Statistics NZ, 2010a) which has subsequently increased to \$13.00 from 1 April 2011. The median wage for labourers (\$15.50) and retail and accommodation workers (\$14.50) was also substantially lower than the median rate for all workers (\$20) (Statistics NZ, 2010b).

Secondly, the vulnerability of SEs is well recognized (Champoux & Brun, 2003; Lamm, 2002; Laird, 2008; Legg, *et al*, 2009; Ram, *et al*, 2001; Wilkinson, 1999). Evidence of a sixty percent

failure rate in the first three years prompted Rainnie's (1989) concern about the quality of jobs in SEs. He proposed that when employees accepted low pay knowing the vulnerability of the enterprise, they were supporting the unitarist assumption of working towards a common goal to sustain the enterprise.

A third explanation for higher employee levels of pay satisfaction has been attributed to pay differences being less pronounced and less likelihood of employees knowing what colleagues earn (Forth, *et al*, 2006). The latter can be linked to the difficulties of unions to access and organize SE employees offered as an explanation why little has been done to improve pay and conditions (Rainnie, 1989). Again, generalizations that in the absence of unions and collective agreements employees' have low input in the determination of pay and terms and conditions of work (Forth, *et al*, 2006; Gilbert & Jones, 2000) do not reveal the diversity in SEs. Qualitative studies reveal a wider range in employee input and tangible outcomes between and within industries. For example, Scott, *et al* (1989) demonstrated that highly skilled employees providing quality goods and services were more likely to have some input and leverage. Employers and employees in the high-tech service industry recognized wages as good if not better than in LEs; whereas, those in the traditional service sector recognized pay was relatively poor. Similarly, Gilman, *et al* (2002) found a range of pay between enterprises in three low-cost sectors: clothing, printing, and hotels and catering.

2.2.5 Skill reproduction (employee job) security

Training opportunities

According to the concepts developed in the LE and public sector a 'good employer' would provide entry level training, retraining and development opportunities, and financial support. While the ILO (Bonnet, *et al*, 2003) recognizes both formal and informal training, the UK public sector model promotes off-the-job training for experienced core employees. Both the UK (Bewley, 2006) and New Zealand (Boxall, 1991) models encourage employees to develop skills and enhance their employability. Rowntree (Chapman, 1970; Guillèn, 1994) was even more broad minded in his concern for developing skills of the unemployed. However, employers need to meet their employees' needs before extending social responsibility practices in the larger community. Another important characteristic related to bounded goodness is the necessity for career development to be performance based (Boxall, 1991; Hull & Read, 2003)

The new concept of job security encompasses life-long learning to improve individual employability (Boxall, 1991; Gallie, 2003; Gibb, 2004; Rousseau, 1990). The 2004 WERS findings showed that since the WERS in 1998, UK organizations have increased the provision of off-the-job

training of core employees with health and safety the most common area of training. Training was also more prevalent in large workplaces, workplaces belonging to large organizations, the public sector and unionized workplaces. SEs were less likely to provide training than medium and LEs; professionals and managers were the most likely to receive training, and lower skilled occupations were less likely to receive training.

These surveys are limited to formal training (Forth, *et al*, 2006). Nevertheless, the results appear to be generally compatible with research including informal training. Generally, training and development opportunities are an issue of reciprocation in both the collectivist (Boxall, 1991) and individualist environment (Nadin & Cassell, 2007) and ultimately a return on investment (Nadin & Cassell, 2007; Pfeffer, 2005). But this is again a complex issue. The literature suggests that employees have less training in SEs than in LEs, and the training they are offered is likely to be informal on-the-job training combining work and knowledge acquisition and be related to OHS, with formal training increasing with size (Coetzer, *et al*, 2007; Kotey & Slade, 2005; Kotey & Sheridan, 2004; Nadin & Cassell, 2007; Watson, Meares, de Bruin & Spoonley, 2009). On-the-job training is considered as both more relevant than generic training (Coetzer, *et al*, 2007), and more cost effective (Kotey & Slade, 2005). Moreover, training was not commonly linked to performance appraisal (Gilbert & Jones, 2000; Kotey & Sheridan, 2004). These issues may be related to SE employers' fears of the development of transferrable skills as employees are more likely to leave (Coetzer, *et al*, 2007; Holliday, 1995). Therefore, employees in SEs generally have less development opportunities (Bacon & Hoque, 2005; Forth, *et al*, 2006). Despite this preference for on-the-job training, Forth, *et al* (2006) found no evidence to indicate employees were over or under skilled in UK SMEs.

This is confounded by literature showing core workers tend to have more opportunities for training enhancing their employability and job security. By comparison less skilled and peripheral workers job security is further compromised by limited training opportunities. The New Zealand survey of working life showed permanent employees and a higher proportion of employees with longer tenure (37.4%) are more likely to have employer-funded training compared with those with less than six months tenure (20%). Study and training was also more common among professionals (51%) compared with elementary occupations (15.4%) (Statistics NZ, 2008). As for the specific training of apprentices, Watson, *et al's* (2009) findings showed enterprises employing more than 20 employees are more likely to employ multiple apprentices. They reported only one SE (employing between 6-9 employees) employed one apprentice, concluding that size inhibited employers in smaller enterprises. They argued the willingness to accommodate apprentices is likely to be linked to the costs involved as 24% of an apprentices training is derived from direct and on the job training (Watson, *et al*, 2009).

Development opportunities

When it comes to training and developing managers, enterprise growth prompted an increase in external training for the managers in all micro, small and medium enterprises on the Sunshine Coast. The introduction of a managerial role coincided with on-the-job management training, argued to reflect greater awareness of management succession and the employers desire to maintain direct control over the enterprise to achieve his/her vision (Kotey & Slade, 2005). The presence of formal structures such as an HR manager, a strategic plan or a union increased informal on-the-job training, technical or vocational training, and management and development training in this comprehensive regional Australian SMEs study (Wiesner & McDonald, 2001). Wiesner and McDonald (2001) attributed attention to leadership development and a high incidence of employee training to sound HRM practices. While management support is imperative, the UK government recognized the positive contribution unions have in supporting workplace learning (Bewley, 2006).

Beyond this debate of the effectiveness and appropriateness of informal and formal training programmes lies the challenge of having a highly skilled workforce necessary to meet and sustain a knowledge economy. Kersley, *et al* (2006) proposed that a relatively low-pay economy in the UK led to a low-skills equilibrium regarding training and development. Rasmussen and Foster (2011) argued that New Zealand is demonstrating a similar low-skills, low-wage equilibrium. Watson, *et al's* (2009) study of growth industries experiencing skills shortages further indicated that training is problematic in New Zealand. Eighty percent of employers reported enhancing basic employability skills required for improving productivity such as communication, literacy, numeracy, and presentation. The researchers, moreover, found a gap between the employers desire to provide training and the ability to do so was related to lack of time and funding. While employers preferred on-the-job training for employees, 54.4 percent of the employers had undertaken education or training in the twelve months preceding the study. The most common motivators to enhance their own skills were consideration of statutory requirements and safety. Similarly, Rasmussen and Foster (2011) found employers making an effort to improve their leadership skills, imperative in moving New Zealand away from a low-skills, low-wage economy.

2.2.6 Work security

Work-life balance

The trends towards long hours of work in the 1990s, the increasing number of women entering the paid workforce, care-giving responsibilities and an increase in non-standard work raised concerns

about work-life balance. Rasmussen and Walker (2009) considered two possible reasons for the slight decrease in working long hours in the 21st Century: an increasing interest in work-life balance and stress, or alternatively to legislation and collective bargaining. The Department of Labour (DoL, 2011b) survey reviewing flexible working arrangements, however, found that employer and employee awareness of flexibility legislation was generally low, with larger enterprises with more employees significantly more likely to be aware of the legislation than smaller enterprises. Employees on incomes lower than \$40 000 were less aware than employees on higher incomes.

Nevertheless, research has shown that establishing work-life balance policies can benefit employers and employees by improving recruitment and retention rates (Rasmussen, Hunt & Lamm, 2006); contributing to a safer and healthier workplace by combating fatigue, thus reducing the chance of workplace accidents occurring; reducing absenteeism and sick leave; minimizing worker stress; improving employee satisfaction and loyalty; facilitating greater flexibility for business operating hours; improving productivity; and improving corporate image (Forsyth & Polzer-Debruyne, 2007; Yasbek, 2004). The perception that the employer was providing help to assist work-life balance improved satisfaction and reduced work-life pressure (Forsyth & Polzer-Debruyne, 2007).

Firstly industry type, then size are the best predictors of the likelihood an enterprise will have work-life balance policies, but the type of work and sector also influence the ability to provide flexible hours of work (Ryan & Fursman, 2005; Yasbek, 2004). The limited available work-life balance research suggests that the public sector is most likely to offer family friendly policies. Moreover, LEs are more likely to offer flexible hours of work (Kersley, *et al*, 2006) and offer the most generous work-life policies despite SMEs and LEs experiencing similar costs and benefits from implementing work-life balance policies. While policies are arguably less costly in SMEs because flatter management structures facilitate informal negotiation; smaller enterprises are less likely to have formal policies (Yasbek, 2004) and policies are more likely to be *ad hoc* and reliant on the goodwill and willingness of the manager (Foster & Mackie, 2002). Conversely having fewer staff may make some flexible options more expensive (Yasbek, 2004). The extent of the benefits of informal policies are, however, still not fully understood as they are not always captured in surveys. Employees in SEs have, nevertheless, described the employer's ability to provide flexible hours of work as an attribute of a good workplace (Barrett & Zhan, 2005).

The main barriers to implementing work-life balance policies in all enterprises were costs (Ryan & Fursman, 2005; Yasbek, 2004), difficulties managing complicated types of arrangements, and a minority (six percent) were deterred by staff abusing the system (Ryan & Fursman, 2005). Industry differences specific to the industries selected for my study include less likelihood of allowing

employees to select shifts or choose the number of hours they are contracted to do in the construction industry. While there is more likelihood of the provision of study leave and occasional working from home in the property and business services.

Not only are SEs employees less likely to have their work-life balance needs met, they often have lower tangible terms and conditions of work than employees in LEs. Employment legislation and social policies concerned with work-life balance are, therefore, important for protecting workers. The Labour Government was proactive, passing a range of legislation including the Employment Relations (Flexible Working Arrangements) Amendment Act 2007 (S69AA) which provides that an employer accommodate reasonable requests for a variation in working arrangements as long as it does not impinge on the sustainability of the enterprise. This has been reviewed by a select committee who have made recommendations to the new National Government. There have yet been any no changes. However, there are likely to be some in 2012. Other improvements under the Labour Government include increases to the statutory minimum wage, provisions for paternal leave and an increase in holiday entitlement. The additional one week's leave passed under the Holidays Amendment Act 2004 may have been compromised by the latest Holidays Amendment Act 2010 providing employees the opportunity to cash up one weeks leave. Most of the legislative changes mentioned above aim to improve conditions of work. However, when it comes to supportive social benefits, New Zealand ranked eighth of 39 OECD countries on public spending⁷ on family benefits in cash, services and tax measures, the UK ranked second, and Australia thirteenth (OECD, 2007). Bearing in mind the date of the OECD ranking, there appears to be room for improvement, especially as social benefits would influence the ability for the lower paid workforce to balance work and life.

A safe and healthy work environment

The commitment to providing a safe work environment is extensively promoted by international and national organizations such as the European Foundation for the Improvement of Living and Working Conditions (EFILWC, 2002, 2005), the Global Union (2002) and the ILO (2011) and the NZHRC (2006). This is not surprising considering the fact that adults spend approximately one third of their lives in the workplace which highlights the importance of identifying, eliminating, isolating and minimizing workplace hazards as these have a significant impact on employee health and safety in the workplace and general well-being (Giaccone & Colleoni, 2009). Interest in well-being goes back to the welfare pioneers, and the summary of studies in Appendix A and B illustrate how this dimension has gained prominence in academic measures of the quality of work

⁷ This concerns public spending that is exclusively for families such as child payments and allowances, paternal leave benefits and childcare support. Spending is also recorded in other social policy areas such as health and housing support.

(Arrowsmith & Parker, 2010; Coetzer, *et al*, 2007; Hull & Read, 2003; Sengupta, *et al*, 2009; Storey, 1994). Implementing ER and OHS policies and practices that identify an enterprise as ‘an employer of choice’ facilitates the employer to attract and retain the best skilled employees (Coetzer, *et al*, 2007; DoL, 2003).

In addition to general research issues concerning defining a SE, and identifying and contacting SEs; are the difficulties of eliciting data on occupational injury and disease, and limited co-ordination between agencies (Legg, *et al*, 2009). The under-declaration of injuries is also likely to influence assessments of the burden of injury and disease attributed to SEs (Champoux & Brun, 2003). Despite these limitations, international evidence indicates that employment and OHS legislation are a low priority in many SMEs (Eakin, 1992; Lamm, 1999; Mayhew, 2000). New Zealand has a similar situation with some SE employers aware of their obligations and committed to comply with health and safety regulations, while others do not take health and safety seriously and suggest workers conditions would improve in many cases just by compliance with statutory requirements (Gilbert & Jones, 2000; Lamm, 1999; Walters & Lamm, 2004; Legg, *et al*, 2009). The cumulative effect of these issues is evident in Ryan and Fursman’s (2005) findings showing that enterprises employing between 5-10 employees were less likely to report improving OHS practices.

Moreover, employees are often held responsible for their own safety which underpins a common tendency for SE employers to trivialize OHS risks to avoid having to manage them (Champoux & Brun, 2003; Eakin, 1992; Hasle, *et al*, 2009; Lamm, 1999; Laird, 2008; Mayhew, 2000). In fact the close proximity of the employers and employees in SEs may deter employers from exerting their authority with exceptions for a family member or inexperienced workers at risk (Eakin, 1992). Expecting employees to be responsible for their own health and safety is problematic because they may lack knowledge and information about risks (Champoux & Brun, 2003) and their statutory rights. Even if they do have the knowledge, employees may be less likely to raise an issue compared with medium and LEs (Eakin, 1992), and both employer and employee more likely to attribute accidents to unforeseeable circumstances. While these beliefs reduce the likelihood of conflict, the probability of the reassessment of risks and corrective action is also reduced (Hasle, *et al*, 2009).

The Health and Safety Commission in the United Kingdom, the NZ Business Council for Sustainable Development, the Sustainable Business Network and the Ministry for the Environment all adopt the ‘Safety Pays’ unitarist approach to improving OHS risk management based on the assumption “...there is no inherent conflict between the goals of workplace health and safety and organizational profitability” (Brown & Butcher, 2004, p.2). Although triple bottom line (TBL)

reporting is time consuming and resource intensive, the exercise raises awareness of ‘good employer’ practice and encourages the implementation of best practice (Butcher & Stewart-Loughnan, 2005). This approach appears to be relevant in the SE context as sustainability and corporate social responsibility studies indicate that some SMEs are also moving beyond compliance and implementing good employment management practices (Brown & Butcher, 2004; EC, 2003; EFILWC, 2002, 2005; Fuller & Tian, 2006; Giaccone & Colleoni, 2009; Jenkins, 2004, 2006; Lawrence, *et al*, 2006; Margolis & Walsh, 2001).

If statutory minima are the basis of good employment management practices then what obstacles are preventing SE employers from complying, much less going beyond compliance? Why are some employers more concerned about OHS? How does this concern impact on the way they organize work to effectively manage risks?

Statutory employment regulations

Ratification of relevant ILO conventions and the existence of national laws are indicators of work security at the macro level of socially decent work (Bonnet, *et al*, 2003). The ILO labour standards have had an impact on the New Zealand statutory minimum employment standards with the ERA promoting the principles of ILO Convention 87 (freedom of association) and Convention 98 (right to organize and bargain collectively). New Zealand domestic laws, policies and practices only fully comply with Convention 98, ratified in 2003, and the government promotes the ILO tripartite approach to policy-making (Hayworth, 2010; Rudman, 2008). This is, in fact, where a fundamental problem has arisen because while the trade unions are committed to working with other stakeholders to develop acceptable standards of social life despite a global decline in union membership (Sisson, *et al*, 2003; Springett & Foster, 2005; NZCTU, 2002, 2010, 2011; Undy, 1999), business associations are intensifying their campaign against further regulation (Foster, Rasmussen, Laird & Murrie, 2009; NZBR, 2010; Sisson, *et al*, 2003).

The belief that employment laws favour employees (Business NZ, 2008; DoL, 2010b; Gilbert & Jones, 2000; Knuckey, *et al*, 2002) or that SEs have not been consulted on employment laws (de Bruin-Judge, 2006; DoL 2010b, MED, 2004; SBAG, 2006) may cause some SE employers to find ways to avoid compliance (Champoux & Brun, 2003; DoL, 2007; Edwards, *et al*, 2006; Eakin, 1992; Hasle, *et al*, 2009; Mayhew, 2002; Walters & Lamm, 2004). Some literature suggests that the volume and complexity of employment laws disproportionately influences SMEs (Harris, 2000; Woodhams, *et al*, 2007) and that breaches occur through ignorance (Scott, *et al*, 1989). Lamm and Tipples (2005) disagree with these protestations, arguing that even though SE employers may find

it difficult to comply with numerous employment regulations these are based on sound management practices.

Another issue is the type of laws used to regulate employment. Walters and Lamm (2004) reported most countries were favouring process regulation above prescriptive regulation since the effectiveness of the latter is more likely to be proportionate to expenditure on resourcing enforcement. A self-regulatory approach enables post-industrial governments to withdraw from a central state role in regulation. Some outcomes from this change to a more deregulated approach may not have been anticipated. The effectiveness of current employment law provisions for employee involvement in determining the procedural and substantive rules of the employment relationship have been discussed above.

In addition, Quinlan and Johnstone (2009) found de-collectivist changes to employment relations laws in Australia had not only intensified problems caused by the growth of flexible work arrangements and a drop in union density; but also weakened participatory provisions in OHS laws and promoted work arrangements that undermine OHS standards. This suggests that the increasingly individualistic employment environment may erode conditions of work, especially in times of high unemployment. When Atkinson and Curtis (2004) evaluated *The impact of employment regulation on the employment relationship in SMEs* they found that the UK government had largely failed in their efforts to promote greater fairness in the workplace through partnership in the employment relationship. It is, therefore, imperative that standards and benchmarks of 'good employer' practice be supported by credible research and analysis so they are perceived as legitimate, relevant and transparent to ensure stakeholders will identify with and utilize them effectively (Global Union, 2002; Márquez & Fombrum, 2005; Standing, 1997; Undy, 1999).

Barriers to the implementation of systematic OHS risk management and ER practices

Awareness and knowledge of the enterprise's risks and statutory obligations is a prerequisite but not sufficient to motivate compliance behaviours to achieve standards set out in employment legislation, and international and national standards (Atkinson & Curtis, 2004; Champoux & Brun, 2003; Walters & Lamm, 2004). It is, therefore, concerning that SME employers in New Zealand still appear to have a patchy knowledge of OHS legislation and little awareness of OHS programmes. The major obstacles are employer lack of will and resources (Walters & Lamm, 2004). This may partly be due to SE employers being responsible for all management functions as well as working long hours, leaving less time for non-core tasks which employers often perceive OHS to be (Eakin, 1992; Legg, *et al*, 2009). These obstacles may be compounded by isolation, size

(few workplaces in New Zealand are large enough to sustain formal structures), relationship with regulatory agencies and the use of consultants. It is, therefore, not surprising that accidents occur more frequently in SEs compared with other sized enterprises, particularly serious and fatal injuries (Eakin, 1992; Lamm, 1999; Hasle & Limborg, 2006).

It is evident the employers' perceptions of the impact of OHS and employment relations legislation have changed over the years. Investigating practices in SEs (employing 5-20 employees) in the Auckland/Waikato region, Gilbert and Jones (2000) found few employers considered the ECA to be an issue. Employers were most concerned with the HSEA 1992 because they were unable to employ an expert to manage hazards, and participants appeared to have a limited knowledge of three other relevant regulations used in the study. HRM practices breached a number of regulations in some of the enterprises. By comparison, there was some concern about the impact of the ERA; Knuckey, *et al's* (2002) results suggest that employers' perceptions had changed as they considered regulations had had a detrimental impact on their business. In particular, ER regulations were considered to have a negative impact on productivity and performance. Yet, significantly, SEs were under-represented compared with LEs in responding that certain regulations had a negative impact on their business. Harris (2000) also found no opposition to expanding employment rights despite the employers perceiving the cumulative effect to be costly, time consuming and having a disproportionate effect compared with LEs. The fact that OHS was more likely to be taken seriously than ER is cause for further concern (Legg, *et al*, 2009). This is confounded by Waldergrave, *et al's* (2003) results showing the large majority of workplaces were unaffected by the ERA because they already recognized the value of good employment relationships.

The Ministers of Commerce and Finance in New Zealand set up a Ministerial Panel on Business Compliance to advise the government on ways to reduce unnecessary or burdensome compliance costs imposed on SMEs (MED, 2001, cited in Alexander, Bell & Knowles 2004). Alexander, *et al* (2004) aimed to address this issue by quantifying the extent of compliance costs for small business. Ironically, the study involved resource-intensive in-depth interviews and additional collection of weekly diary data of actual compliance costs of a randomly selected sample of 25 Dunedin based SMEs. The results showed employers had different attitudes to compliance costs: while some believed compliance costs inhibit business growth, others viewed it as a minor cost or no cost at all. In fact, the largest compliance costs were associated with payment of the accountant followed by industry membership. The New Zealand Council of Trade Unions (NZCTU) (2010) also disputed employer protestations that the current employment legislation restricts the efficiency of the labour market (New Zealand Business Round Table, 2010) on the grounds that recent Organization for Economic Co-operation and Development (OECD) ratings placed New Zealand fourth lowest out of 30 countries for employment protection (OECD, 2011).

Overcoming barriers

Management training, experience and contact with industry associations are a means of increasing knowledge and awareness, and have been identified as a means of overcoming barriers to implementing good practices (Lamm, 2002; Massey, *et al*, 2006; Legg, *et al*, 2009). Lamm's (1999) results showed that where employer and/or employees' had formal vocational qualifications and on-the-job training incorporating OHS, good health and safety practices were established. Furthermore, job experience increased the understanding of risks. However, Olsen, Harris, Laird, Legg, Noble & Perry (2009) found that the perceived knowledge of their sample of hairdressers, printers and apple growers was less than their actual knowledge. What was more, not many had knowledge of the main OHS legislation. The results showing better performance of apple growers was partly attributed to industry training in the management of hazardous chemicals and concurs with Lamm's (1999) observations. This is consistent with Watson, *et al*'s (2009) results showing employers generally prefer in-house, informal training for employees, and limited employer engagement in employment related programmes supports the integration of OHS in vocational training qualifications. Compulsory OHS training programmes have had a positive impact on improving living and working conditions in Europe (Hilton, 2001).

Walters and Lamm (2004) propose the use of processes and agencies that can act as push-pull factors, triggers, levers, and champions of social awareness are the best means of ensuring regard for OHS requirements is incorporated into the business life of SMEs to achieve better OHS arrangements and outcomes in small businesses. Supply-chain pressure (Coetzer, *et al*, 2007; Edwards, *et al*, 2006; Ram, *et al*, 2001; Walters & Lamm, 2004) is an incentive for most employers. However, the Accident Compensation Corporation Worksafe Safety Discount 105 (ACCWSD) has not been successful in acting as an incentive for employers to engage in implementing good OHSM systems (Legg, *et al*, 2009).

2.3 Adopting an industrial pluralist framework to explore the 'good employer' concept

The more recent academic debate (Corby, 2000; Gibb, 2004; Gill, 2010; Hull & Read, 2003), national and international benchmarking standards (Bonnet, *et al*, 2003; DoL, 2003; Knuckey, *et al*, 2002; NZHRC, 2006; SAI, 2008; Standing, 1997) and employment legislation (Bewley, 2006; Boxall, 1991; NZHRC, 2010) generally support the need for employees to have an independent voice in the determination of fair and proper conditions of work. This reflects an industrial pluralist ideological¹ approach to employee interests. By comparison the management rhetoric is more likely

to take the paternalistic unitarist approach in the private sector and especially SEs (Cappelli, 1999; Coetzer, *et al*, 2007; McDonald, 2005; Storey, *et al*, 2010).

While some researchers believe that the industrial pluralist framework is less sophisticated or helpful than the HRM framework in providing managers with help in relation to training, developing, and retaining employees (Boxall, 1991) or that the social and political division initiated by the industrial relations debate is unnecessary (Hull & Read, 2003), Sisson, *et al* (2003) argued that ensuring issues are kept in the forefront is one of the most important functions of benchmarking; the other function being the co-ordination of economic and employment policy. In fact, it was the rise in non-standard forms of work (Beck, 1992; McGovern, *et al*, 2004) and the decline in collectivism (Undy, 1999; Sisson, *et al*, 2003) that renewed academic and policy debate on the conditions of work. Beck (1992) argued that non-standard, individualized employment would erode conditions that had been won by trade unions and result in a decline in job quality. Subsequent literature shows that workers in non-standard employment are more likely to work in jobs with more bad characteristics (Guest & Conway, 1999; McGovern, *et al*, 2004).

2.4 Summary of the general research debate

The increasing interest in SMEs is reflected in the inclusion of micro enterprises in comprehensive national ER surveys. Both the WERS 2004 conducted in the UK and the Australian Workplace Industrial Relations Survey (AWIRS) 1995 included micro enterprises employing less than ten employees (Forth, *et al*, 2006; Kersley, *et al*, 2006; Morehead, Steele, Alexander, Stephen & Duffin, 1997). These longitudinal studies are invaluable in comparative research as they provide a snapshot of ER at specific points in time and do capture key characteristics of a ‘good employer’ such as employee voice in workplace decisions, training and development opportunities, pay and terms and conditions of employment (Kersley, *et al*, 2006; Knuckey, *et al*, 2002; Morehead, *et al*, 1997; Sengupta, *et al*, 2009; Storey, *et al*, 2010). An advantage of national WERS and the AWIRS is that they integrate data from managers, employees and employee representatives on a set of objective and subjective measures. It is, however, difficult to establish whether the employer’s perceptions correspond with the employee’s experience in a specific enterprise (Godard, 2001). Data can be used to develop theory and comparisons of large and SEs. However, data analysis will be subject to the same limitations as the WERS. For example Storey, *et al* (2010) used WERS data to explore the relationship between the formality of human resource (HR) practices and job quality.

Even though researchers have recognized that a national employment relations study would provide comprehensive and integrated data to fill the gaps regarding the nature of policies and practices (Lamm, 2002; Ryan, 1996), there is no similar survey in New Zealand. The *Firm Foundations*

study (Knuckey, *et al*, 2002) is the most comprehensive New Zealand research. This study, aimed at uncovering ‘good employer’ practices and performance in a New Zealand context, was used to support the “Employer of Choice” initiative (DoL, 2003). Although this study included SEs it was limited to formal management practices, which did not adequately capture the nature and extent of employment relations (ER) and occupational health and safety (OHS) practices that may be effective in SEs. The researchers themselves pointed out the limitations of the study, questioning the robustness of their model for SEs. Coetzer, *et al*’s (2007) qualitative study of SEs addressed this limitation by capturing informal practices, although a strong HR perspective does not capture how employer and employee interests and expectations are aligned and how issues are resolved.

The ER literature in New Zealand predominantly captures a LE perspective of the persistent decline in union collective bargaining (Foster, *et al*, 2009; Foster & Rasmussen, 2010), employee voice (Boxall, *et al*, 2007; Haynes, *et al*, 2005; Rasmussen, *et al*, 2000) or non-union voice mechanisms (Haynes, 2005; Haynes & Fryer, 2001). Academics researching ERPs highlight a need to gain a better understanding of differences in experiences for SMEs, including why ERP’s arise earlier for SE employers (Waldergrave, *et al*, 2003; Wiesner, *et al*, 2007; Woodhams, *et al*, 2007). However, the articles in a special addition of the New Zealand Journal of Employment Relations devoted to ER issues in SMEs focused on the employer rather than on issues related to the employer-employee relationship (Battisti & Deakins, 2010).

OHS research has similarly been criticized for a strong focus on LEs (Lamm, *et al*, 2007), although there has been some OHS research in SMEs (Bohle & Quinlan, 2000; Champoux & Brun, 2003; Eakin, 1992; Hasle, *et al*, 2009; Hasle & Limborg, 2006; Laird, 2008; Lamm, 1999, 2002; Legg, *et al*, 2009; Walters & Lamm, 2004; Walters, 2010). There is, nevertheless, a general dearth of literature integrating ER and OHS management practices. Gallie (2003) argued that there is significant evidence linking the quality of working life to personal well-being. For example, career-blockage and job instability appear to have an impact on health (Siegrist, 1989 cited in Gallie, 2003). Conversely, Barling, Kelloway & Iverson (2003) linked high-quality work and job satisfaction to a reduction in workplace injuries. Several academics have identified this need to gain a better understanding of how OHS is managed in SEs, the extent and importance of employer and employee participation and psychosocial issues; and why some SEs have more proactive OHS management than others (Laird, 2008; Lamm, *et al*, 2007; Legg, *et al* 2009).

Kersley, *et al* (2006) recognized that few methodologies in the social sciences offer universal solutions. Rather advances are made incrementally through a variety of methods, which together broaden understanding in different but complementary ways. It was, therefore, encouraging to see the progression from quantitative research methods adopted in early SE studies in the UK (Curran

& Blackburn, 2001) as studies became more diverse over time. Qualitative and interpretivist methods became more common as the field developed. Blackburn and Smallbone (2008) reported that 55 percent of the papers presented at The Institute of Small Business and Entrepreneurship conferences between 1996-2006 adopted qualitative approaches.

More recent national level (often state funded) studies tend to take a mixed methods approach accommodating the inclusion of all stakeholder groups (Hull & Read, 2003; Kersley, *et al*, 2006; NZHRC, 2010; Waldergrave, *et al*, 2003). Other studies have captured employer and employee perspectives (Barrett & Khan, 2005; Tsai, Sengupta & Edwards, 2007) or focused on either employer (Geare, *et al*, 2009; Nadin & Cassell, 2007; Ryan & Fursman, 2005) or employee samples (Boxall, *et al*, 2007; Considine & Callus, 2002; Rasmussen, *et al*, 2000). This is significant as early studies tended to focus on the employer which led Curran (1986) to observe that “those who work in SEs might in many ways be called ‘the invisible labour force’” (p.33). Macky & Boxall (2008a, 2008b) suggested this could be partly due to difficulties in engaging employees working in smaller enterprises in research. There is still some difficulty in identifying role-holders who have knowledge of ER and an absence of recorded data on employment issues in SEs (Forth, *et al*, 2006). An additional influence on research results has been a general decline in response rates across all surveys (Kersley, *et al*, 2006).

The nature of research into the practice of ER has, moreover, altered with an increasing focus on efficiency and the diffusion of high involvement and high performance management practices (Kersley, *et al*, 2006). The recent work in New Zealand appears to be following this trend with performance and sustainability the focus of most research.

2.5 Summary of SE literature related to the key characteristics of a ‘good employer’

2.5.1 Employment and voice security

The ERA promotes collectivism, however, New Zealand employers generally favour a unitarist ideology and tend to adopt an individualistic approach to managing employees (Foster, *et al*, 2009; Foster & Rasmussen, 2010; Geare, *et al*, 2006, 2009; Haynes, *et al*, 2005; Waldergrave, *et al*, 2003). The absence of collective employee representation in many SEs suggests that the SE workplace environment may not be supportive of employee participation in decision-making concerning issues that affect employees including the management of OHS risks. The literature has also highlighted the detrimental effects of lower quality work on an employee’s physical and psychosocial well-being. The relatively low incidence of joint consultation in the smallest SEs

furthermore suggests employment legislation intended to facilitate productive employment relationships has had a marginal effect. While research has raised some relevant issues there is a need to gain a deeper understanding of attitudes towards information sharing and consultation in the context of individualized employment relationships. An exploration of how employees are informed and involved, the level of employee involvement, and what effect employee voice has on decision-making and outcomes will uncover whether it is realistic to expect genuine information sharing and consultation in SEs.

2.5.2 Income security

The research suggests many SEs do pay less than LEs but firm size in itself is not a determinant of lower pay. The wide range of pay outcomes between and within industries suggests that type of industry and skill level influence employee expectations. Also employees with strong bargaining power are in a stronger position to negotiate good pay and conditions. In the absence of union organization, less skilled employees have little bargaining power or experience and have lower expectations but often report being satisfied with their pay. There has been debate on employers' preference for individual agreements, and the decrease in union membership and collective agreements, but because of the confidentiality of individual agreements little is known about pay in SEs in New Zealand.

2.5.3 Skill reproduction (employee job) security

In addition, New Zealand research is consistent with international research indicating that the provision of opportunities for skill development is generally influenced by the availability of resources, skill level and type of employment (full-time, core workers). Training is an ongoing issue for productivity and job security in the increasingly individualized ER environment. Training and development opportunities are vital in the new concept of job security, a key characteristic of a 'good employer' (Bonnet, *et al*, 2003; Boxall, 1991; Bewley, 2006; Cappelli, 1999; Guillèn, 1994).

2.5.4 Work security and legislative compliance

Although LEs and SEs have similar costs related to providing formal work-life balance policies and practices, employees in SEs have less likelihood of access to formal work-life balance arrangements (Kersley, *et al*, 2006; Yasbek, 2004). While the literature has established that industry and size differences are primary indicators of the implementation of formal work-life balance initiatives, little is known about informal arrangements in SEs.

Over and above the general issues related to research in SEs, OHS research is limited by the under-declaration of injuries which is likely to influence the assessment of injury and disease attributed to

SEs (Champoux & Brun, 2001). Issues in the actual workplace include the tendency to trivialize OHS risk and to hold employees responsible for their own safety; low levels of awareness of legislative requirements (a prerequisite but not sufficient factor in compliance) and relevant associations and assistance programmes; low management and training skills; lack of resources and knowledge on the part of both employer and employee. It is suggested work conditions would improve just by compliance with ER and OHS statutory requirements. Furthermore, compliance is influenced by employers' perceptions which have changed over the years. Several push-pull triggers have been found to enhance process regulation such as management training, experience and contact with industry associations, vocational training and job experience, and supply chain pressure. However, voluntary standards such as the ACC Workplace Safety Discount incentive have so far had a limited influence in SEs (Lamm, 2002; Massey, et al, 2006; Legg, et al, 2009). While enforcement alleviates non-compliance with the prescriptive ERA legislation the literature suggests minimum standards perceived as legitimate by all stakeholders may be a useful tool for supporting continuous improvement in management practices in all enterprises.

The purpose of the research is, therefore, to test these assumptions about SEs through the framework adapted from the ILO DWI (Bonnet, *et al*, 2003; Standing, 1997) and the work that was carried out by Bewley (2006), Boxall (1991), and Hull and Read (2003). This framework outlined in Table 2.1 will be tested in the construction, manufacturing, service and retail industries in an effort to capture high and low OHS risk industries as well as a range of unskilled to highly skilled jobs.

Table 2.1

<i>ILO Framework of Socially Decent Work Adapted to Explore the Concept of a 'Good Employer' in the Small Enterprise Context.</i>					
	Employment security	Work security	Skill reproduction (job) security	Income security	Voice security
ILO (Bonnet, Figueiredo & Standing, 2003)	<ul style="list-style-type: none"> Regular employment contracts Predetermined prior notice of retrenchment Benefits to workers being retrenched Dismissal procedures regulated by collective agreement 	<ul style="list-style-type: none"> Safety committee or department EEO labour practices 	<ul style="list-style-type: none"> Formal/informal training Entry level training for new recruits Retraining to improve performance or to transfer workers to other jobs Retraining to upgrade workers for promotion Financial contribution to formal training 	<ul style="list-style-type: none"> Economically equitable workplace if less than 5% received the minimum wage Minimum wage equal to, or greater than 50% of the average wage Average wage was higher than industry average Non-wage benefits and entitlements 	<ul style="list-style-type: none"> Union presence, 50%+ unionized Joint-management committee Workers own more than 10% shares
Hull & Read (2003)	<ul style="list-style-type: none"> Open, timely, informal access to information and feedback³ 	<ul style="list-style-type: none"> High levels of safety Safety integrated into all aspects of the workplace 	<ul style="list-style-type: none"> Performance based career development linked to access to training. 	<ul style="list-style-type: none"> Wages and salaries at least at industry standard Good pay and conditions often a sign of respect and confidence 	<ul style="list-style-type: none"> Participating in decisions that affect the day-to-day business Employee engagement in all aspects of the business
UK public sector conceptualisation of a 'good employer' (Bewley, 2006)	<ul style="list-style-type: none"> Job security more likely in public sector 	<ul style="list-style-type: none"> Various Bills and regulations concerned with work-life balance including paternity leave, flexible working, childcare, working time and leave entitlement Health and safety campaign to reduce deaths, injuries and ill health by 2010 	<ul style="list-style-type: none"> Fairness measured as presence of formal EEO policies and monitoring and reviewing policies More off the job training provided for experienced core employees in the public sector 		
New Zealand statutory minima	<ul style="list-style-type: none"> ERA accommodates individual agreements Has provisions for vulnerable workers Genuine consultation regarding potential redundancy No statutory requirements for redundancy compensation 	<ul style="list-style-type: none"> ERA Flexible Working Arrangements Amendment HSEA all practicable steps to prevent harm to employees at work Effective OHSM system: formal policies and practices, safety committees (employee input, OHS representative), emergency plan, OHSMS review Workplace Health and Safety Strategy for New Zealand to 2015 (DoL, 2009, 2010c) 		<ul style="list-style-type: none"> Minimum Wage Act \$12.75 from 1 April 2010 	<ul style="list-style-type: none"> OHSE Enterprises with more than 30 employees obliged to establish an employee participation system if one or more employees or a union representing them requests the right to participate ERA employers and employees obliged to act in good faith

CHAPTER THREE: Methodology

3.0 Purpose of this study

The purpose of this research was to examine the characteristics of a ‘good employer’ from a SE perspective. This study addressed the gap in the New Zealand literature on ER and OHS in SEs and more specifically the need to explore the ‘good employer’ in a SE context. Since OHS is recognized as a key indicator of socially decent work it also addressed the dearth of literature encompassing ER and OHS. The literature indicated that a ‘good employer’ who provides socially decent work would:

- establish and maintain good employment relationships,
- pay a fair wage for work that provides job satisfaction,
- inform and involve employees in structural changes in the workplace,
- provide job security through training and development opportunities,
- involve employees in organizational decision-making that impacts working life,
- accommodate employee work-life balance needs, and
- provide a safe and healthy work environment.

To determine “What constitutes the concept of a ‘good employer’ in SEs in the Central North Island, New Zealand” the study explored the following questions raised in the literature:

- How do employers in SEs define a ‘good employer’?
- How do employers recruit, select and retain employees and how is work organized?
- How do employers communicate with employees?
- How do employees have input in decision-making?
- How are pay and terms and conditions of work determined?
- How do employers manage conflict situations and have they established formal discipline and termination procedures?
- Is OHS a concern?
- How is OHS risk managed? Is there any relationship between the level of concern and OHS policies and practices?
- Do employers adopt voluntary accreditations (Accident Compensation Corporation Workplace Safety Discount Scheme, ACC WSDS)?

3.1 Why a qualitative approach was selected

In deciding what kind of research methodology to adopt the researcher considered the positivist paradigm commonly referred to as quantitative research and the phenomenological paradigm or qualitative paradigm. These paradigms are based on ontological assumptions relating to the question of what constitutes the nature of reality and epistemological assumptions concerned with how knowledge about the world can be produced and what can be accepted as valid knowledge. Positivists view reality as objective and singular, apart from the researcher; the researcher as independent of the researched; research is value-free and unbiased, a context-free, deductive process that can accurately and reliably show cause and effects (Collis & Hussey, 2003). This methodology is valuable when the researcher wishes to uncover the extent of a phenomenon (Davidson & Tolich, 2003).

Qualitative research is based on the ontological assumption that reality is the subjective and multiple views seen by participants in a study; where the epistemological relationship consists of the researcher interacting with the researched; the research process is value-laden and biased; an inductive process, where categories are identified during the research process. Whereas, quantitative research looks for consensus and the norm, qualitative research is suitable for capturing the diversity and difference prevalent in a sample of participants (Collis & Hussey, 2003).

The qualitative approach was chosen for this research as it is also useful in uncovering the depth of a sensitive and complex phenomenon such as the management of employment relationships and OHS (Collis & Hussey, 2003; Davidson & Tolich, 2003; Mason, 2002). Collis and Hussey (2003) noted that the qualitative approach is particularly effective for exploring workplace issues when "... it is necessary to understand the construct that the interviewee uses as a basis for his or her opinions and beliefs about a particular matter or situation" (p.168); the data may be highly confidential or commercially sensitive; or interviewees may be reluctant to tell the truth about an issue if they are not protected by the confidentiality possible in a one-on-one interview.

Because little is known of ER practices in SEs in New Zealand a qualitative approach adopting semi-structured interviews was considered appropriate for examining the complex, context-bound ER and OHS management practices in diverse SEs. The qualitative approach is commonly adopted for exploring practices in SEs (Blackburn & Smallbone, 2008; Curran & Blackburn, 2001; Coetzer, *et al*, 2007; Gilbert & Jones, 2000; Legg, *et al*, 2009). This approach overcomes some limitations of previous research in New Zealand. For example, the Firm Foundations survey was designed to tap formal practices (Knuckey, *et al*, 2002), Massey, *et al*'s (2006) structured interviews focused on

human resource management (HRM) practices, and Waldergrave, *et al* (2004) asked closed questions to evaluate the impact of the Employment Relations Act 2000.

3.2 Generating qualitative data using semi-structured interviews

A key difference between structured and semi-structured interviews concerns the interview schedule. While the researcher utilizes standardized, pre-tested questionnaires in structured, survey interviews; semi-structured interview schedules take the form of flexible guidelines with each consecutive interview informing the next. The flexible structure allows the researcher and the participant to develop unexpected themes (Tolich & Davidson, 1999; Mason, 2002). As a result, the interview schedule evolves during the data collection process, overcoming the confines of pre-established, structured and consistent administration of questions required in quantitative data collection (Davidson & Tolich, 2003). The advantages of semi-structured interviews include:

- The opportunity for the researcher to phrase the questions so that all employers understood the questions in the same way. A more natural conversational flow allows the researcher and employer to generate in-depth, rich, complex and rounded data (Coolican, 2004; Mason, 2002).
- Face-to-face interviews provide the researcher with physical cues: tone of voice, body language and expression. They also help the researcher to follow up and uncover significant information not spontaneously provided by the participant.
- In-depth interviews can potentially overcome 'social desirability bias' if the interviewer minimizes a sense of judgement and maximizes the importance of accuracy (Collis & Hussey, 2003). The researcher, therefore, avoided the use of HRM terminology or other terminology that may imply the researcher values certain answers negatively as this would have influenced responses. Other strategies to overcome bias were to ask open questions from a pre-defined interview schedule, starting with a broad question and following up with probing questions consisting of scripted and unscripted questions and prompts. Unscripted generic prompts control for researcher bias that may be generated by asking leading questions (Tolich & Davidson, 1999), as well as seeking clarification (Mason, 2002).
- The standardization of pre-determined principle questions and scripted prompts facilitate generation of consistent data, increasing data reliability and replication (Berg, 2009; Creswell, 2009; Fowler, 2009).

3.2.1 Limitations of semi-structured interviews

- Time intensive.
- The interviewer must be capable of performing a reliable interview.
- The small number of interviews in a restricted sample of SEs will limit the generalisability of the results.
- Prone to possible bias (strategies to overcome bias discussed above).

Previous interview experience is recommended as this interview technique requires more confidence, time, energy, funds and the ability to stay focused than structured interviews (Davidson & Tolich, 2003; Rowntree & Laing, 1996). The researcher had conducted telephonic recorded interviews and transcribed the recordings (Foster and Rasmussen, 2010). This research experience proved to be invaluable in the face-to-face, semi-structured interviews.

3.2.2 The pilot interview

At the commencement of the data collection phase a pilot study was conducted to trial the interview questions and practice face-to-face interview skills (Mason, 2002; Tolich & Davidson, 1999). The interview schedule was developed from the WERS 2004 (Kersley, *et al*, 2006) as it captures many of the key characteristics of a ‘good employer’ identified in the literature (Bonnet, *et al*, 2003; Bewley, 2006; Boxall, 1991; Hull & Read, 2003). In addition, employer duties under the current employment laws, especially the ERA and HSEA, were included to address concerns measures of a ‘good employer’ and employment laws have largely been developed in a LE/public sector context, therefore, may not be appropriate in SEs (Atkinson & Curtis, 2004; Bewley, 2006; Rasmussen & Lamm, 2002). This schedule was tested in a single-interview pilot study.

The pilot study employer found the original questions easy to understand and answer, following a logical format and inoffensive. As a result of the analysis of the data generated in the pilot study the key themes were retained. A smaller set of scripted questions relating to the key themes were used, some of key questions and prompts were rephrased, and broader opening questions were scripted to get the employer talking. The reviewed interview schedule followed Tolich and Davidson’s (1999) recommendations for 2-3 opening questions, 8-10 key themes and generic prompts designed to facilitate effective qualitative data generation.

The forty minute duration of this interview indicated that an anticipated duration of one hour would be sufficient to cover the key themes comfortably in order to investigate the construct of a ‘good employer’.

3.2.3 Interview structure

The average duration of the interviews was one hour regarded by Bouma (1993 cited in McDonald, 2005) as in-depth. Following Tolich & Davidson's (1999) recommendations the researcher first asked the employer to talk about the history of their business to help them relax and get them talking. Then employers were asked to describe a good employer in SEs to gain their subjective opinion unbiased by the researcher's scripted questions (Mason, 2002; McDonald, 2005). The researcher used this answer to encourage the employer to talk about their experiences, perceptions and beliefs related to good ER and OSH management practices. The short list of scripted questions assisted the researcher to stay focused on the primary research question, and enhanced flexibility to allow the employer and the researcher to examine unexpected themes (Berg, 2009; Mason, 2002; Silverman, 2010; Tolich & Davidson, 1999). The order of the questions was dependent on the employer's answers, and thus, varied in each interview (Coolican, 2004; Mason, 2002). The Interview schedule, including the scripted questions and prompts, is presented in Appendix C. Each employer was finally asked if they would like to ask any questions or had anything to add, giving them an opportunity to clarify a section of the conversation or raise any concerns.

3.3 Selecting the employers

Quantitative researchers select a sample that is representative of the population in relation to specified criteria. The qualitative researcher aims to focus strategically and systematically on developing a sample frame to ensure selection of a relevant range of contexts or phenomena to aid strategic and cross-contextual comparisons (Mason, 2002). With the rich data captured in semi-structured interviews the researcher anticipated that 12 interviews would be sufficient to allow full development of emerging themes pertaining to the employers' attitudes, beliefs and perceptions of a 'good employer' and implemented policies and practices bearing in mind:

- A sample of 12 falls within the range considered acceptable for qualitative research: 10-50 interviews (Bazeley, 2007). Furthermore, it reflects the time and resource constraints imposed by purposeful sampling (Silverman, 2010).
- An adequate sample is required to protect employers' confidentiality. This is particularly relevant in this study as a sample framework incorporating business award winners from a specific region may compromise confidentiality. The researcher decided to omit the award identifiers to protect employer confidentiality.
- The research structure is described sufficiently to facilitate replication by other researchers in a further study if this is considered advantageous.

3.3.1 Criteria for selecting employers

In general, management and organizational factors that influence management practices in SEs are training and industry experience, new technology, influence of quality management, influence of large business, and use of advisors. Structural issues that have an impact on management practices are size (Champoux & Brun, 2003, Coetzer, *et al*, 2007), industry and sector differences (Kersley, *et al*, 2006; Legg, *et al*, 2009) and ownership influence (Knuckey, *et al*, 2002). In response to Wilkinson's (1999) call for researchers to consider the relationship between factors other than simply size, this study considered the impact of industry type, award-winning status, and level of OHS risk on ER and OHS policies and practices.

This study adopted a non-random sampling strategy designed to provide an in-depth view of the selection criteria and be representative of typical cases in the wider population of SEs (Mason, 2002, Silverman, 2010). Twelve employers operating in enterprises employing between 5-20 employees and operating for over three years were interviewed between July and August 2010. Four SEs were award winners and eight non-award winners, with three employers from each of the following industries: manufacturing, construction, service and retail. Applicants of the regional business awards have to discuss ER and OHS practices on the award application forms so it was assumed these employers would at least have considered these issues:

- The enterprise size sampling criteria: 5-20 employees was selected because most comprehensive workplace studies focus on enterprises that employ five or more employees (Coetzer, *et.al*, 2007; Gilbert & Jones, 2000; Kersley, *et al*, 2006; Knuckey, *et al*, 2002; Lamm, 1999). OHS research encompasses micro businesses employing 1-5 employees (Champoux & Brun, 2003; Legg, *et al*, 2009) and a portion of this group will be captured in the selection criteria.
- As the focus is on describing good ER and OHS policies and practices, enterprises that have operated for over three years were included. In the first couple of years SE employers concentrate on survival and attention to exceptional ER and OHS management practices would be rare in new enterprises.
- An industry sampling strategy is frequently used in SME research (Coetzer, *et al*, 2007; Massey, *et al*, 2006; Scott, *et al*, 1989). A broad industry sampling range was used to accommodate difficulties with access in a small region. Two medium to high OHS risk industries were selected: the construction industry with the highest proportion of employees experiencing work related physical problems or pain (NZ Statistics, 2008b) and the manufacturing industry. By comparison the service sector considered to have relatively low OHS risk was selected. The service sector covers a wide range of unskilled to highly

skilled work, therefore, the study differentiates between service SEs employing higher skilled workers and retail with lower skilled workers. SMEs constitute over 90 percent of enterprises in most industries in New Zealand: Construction 98 percent; Financial and Insurance Services 99.3 percent; and Rental, Retail and Real Estate Services 99.9 percent (MED, 2010). However, the selected industries are not considered precarious in New Zealand.

- Purposive sampling strategies selecting participants with a proven track record have been used in the corporate social responsibility (CSR) debate. Fuller and Tian (2006) collected data from a shortlist of UK Small Business Awards. One limitation of this form of data collection is that the information in the business profiles have not been verified. While one-on-one interviews overcome this limitation, including both award and non-award winners will facilitate the emergence of convergence and/or divergence between these groups. Jenkins (2004) also used this selection method in a case study approach involving in-depth semi-structured interviews in an investigation of individual instances of good practice and used them to build knowledge that may be transferable to SMEs in the form of a model of good practice, or through the development of business champions. In a subsequent study Jenkins (2006) argued that SME employer preference to learn through networking and peers is a possible avenue for enhancing SME engagement in CSR. Strong leadership or ‘championing’ from exemplary companies and highly motivated employers are, furthermore, crucial for the success of this strategy.

3.3.2 How employers were recruited

Table 3.1

Summary of Recruitment Strategies: Number of SEs Approached to Participate in This Research and the Number of Employers Recruited From Each Phase.

	Phase 1		Phase 2
	Mailed	Snowballing (phoned)	Personal contact
Approached	21	9	31
Recruited	4	1	15
Response Rate	19.00%	11.00%	48%

Phase 1

The objective was to describe good ER and OHS policies and practices implemented in SEs. Table 3.1 summarizes the response rate of the three strategies used to achieve an adequate sample. In Phase 1 the initial sampling strategies adopted to engage with employers involved recruiting employers from SEs that had won relevant awards. There was, therefore, an element of self-selection in the sample because employers would have elected to participate in the various business awards included in this study. The awards included in the recruitment phase were regional business awards, industry awards, the Sustainable Network Awards and HerBusiness Awards. As only a very small number of SEs were represented in the various business awards and to address the issues of an insufficient sample and limited generalisability, this sampling strategy also incorporated typical SE employers.

An employers' organization was approached and provided a short list of typical businesses. From the initial list of 21 possible participants invited to participate 19% were recruited. Reasons for non-participation included employing more or less employees; and employers declining because they were too busy, had already participated in other research, were in the process of moving premises; and in one instance the new managing director was in the early stages of implementing new management and felt she was not yet experienced or qualified sufficiently to answer all the questions. Ryan and Fursman (2005) achieved a similar response rate and concluded that those more amenable to discuss the concepts of productivity and work-life balance were more likely to have responded and to have implemented the practices.

To augment the small number of participants recruited through the initial strategy snowballing was used in order to provide a sufficient sample to protect participant confidentiality. Unfortunately, the majority of these referrals either employed more than 20 employees or were too busy to participate in the study.

Phase 2

The third recruitment strategy adopted in Phase 2 was the most efficient. The researcher was introduced to groups of prospective employers through a business networking association resulting in an excess of willing employers. The first seven prospective employers to fulfil the selection criteria and balance the industry groups were selected.

Mailing prospective participants: a formal invitation to participate in the research presented in Appendix D, a detailed research information sheet presented in Appendix E, and a demographic information sheet presented in Appendix F ensured there was no deception. This allowed

participants to make an informed decision before the researcher followed up with phone calls, and/or emails and personal visits to establish whether the prospective employer wished to participate. The response rate to return the mailed demographic information sheet was low but most prospective employers from the business networking group completed it on the initial personal contact. The Phase 2 demographic information (summarized in Table 4.1) assisted in selecting prospective employers who fulfilled the selection criteria and provided a context for the data generated in the conversations.

3.3.3 Limitations of the sample

- This research may have been limited by self-selection bias similar to Ryan and Fursman's (2005) study.
- The results of data generated from non-random samples have limited generalisability (Berg, 2009).

3.4 How employers' conversations were recorded and interpreted

3.4.1 Transcribing the recorded data

Data transcription and thematic analysis was conducted during the data collection process to manage the vast volume of data generated from open-ended questions. Emerging themes and sub-themes were examined further in subsequent interviews. Bazeley (2007) suggested that the time consuming task of transcribing interviews can be productive. The researcher found this was a valuable first step in the process of becoming familiar with the data and building knowledge. This inductive approach enhances the potential for theory development (Davidson & Tolich, 2003).

The researcher was concerned about content rather than linguistic analysis, therefore, interview recordings were transcribed as accurately as possible using punctuation so that the transcribed accounts resembled the actual conversation. The intention was to ensure that the report was easily accessible to an audience who may not be familiar with standard transcription symbols and conventions, and to facilitate tracing the path employers took to reach a particular outcome (Silverman, 2010) The use of everyday language commonly used to report qualitative findings, as opposed to quasi-scientific language and statistical jargon ensures research is more accessible to a wider audience (Davidson & Tolich, 2003).

Following Coetzer, *et al* (2007) the transcripts of the interviews were posted to each employer with a covering letter requesting the transcript be checked and returned in the pre-paid envelope within one week of receipt. In some instances the employer was asked additional questions. Most needed

longer than one week and several had to be reminded. Only one employer comprehensively edited grammar and made additional comments. Many of the employers commented on the way they expressed themselves or the experience of seeing their conversation in print. The opportunity to read the transcript before interpretation of the results was a means of ensuring accurate and honest reporting and reaffirming informed consent. This preparation of the data for analysis facilitated accurate representation of what was happening in a situation necessary to achieve high validity (Silverman, 2010).

3.4.2 Analysing and interpreting the data

Qualitative research is based on the assumptions that reality is subjective, and that the research process itself is value-laden and biased (Collis & Hussey, 2003). Establishing the researcher and employer's role in the interview is a means of recognizing how data are constructed and emerge from the interview (Corbin, 2009). To facilitate accurate description of the employer's social worlds Silverman's (1998 cited in Silverman, 2010, p.151) recommendations guided the analysis of the full transcript of each cooperative interview conversation. These are to:

1. Always try to identify sequences of related talk.
2. Try to examine how speakers take on a certain roles or identities through their talk (e.g. questioner-answerer or client-professional).
3. Look for particular outcomes in the talk (e.g. a request for clarification, a repair, laughter) and then work backwards to trace the trajectory through which a particular outcome was produced.

The analytical process began with the transcription of the first interview and continued throughout the data collection phase. In order to easily locate the sequences of related talk a simple Excel spreadsheet was used to summarize the themes arising from the preliminary analysis. Following Tolich and Davidson's (1999) approach, positive codes were used to identify themes, make notes to look for more examples, and mark text to be sent to existing or new thematic files. Negative codes were used to identify areas of weakness in the data collection process. The Computer Assisted Qualitative Data Analysis Software (CAQDAS) NVivo 8 was used to sort and locate data in themes. Creating summaries of the occurrence of themes (presented in Table 4.2 and Table 4.4) provided another "means for identifying, organizing, indexing and retrieving data", gave an indication of where to look for patterns, and the magnitude of a pattern (Berg, 2009, p.343). A phenomenon was required to occur at least three times to be considered as a pattern (Berg, 2009).

Silverman (2010) noted that employers may interpret a phenomenon differently in different situations, thus the perception of a 'good employer' may vary from implemented practices. For

instance Geare, *et al* (2006) found that managers perceived ER to be generally pluralist, but they believed that employment relationships were unitarist in their workplace. While the scope of this study did not permit full examination of this possibility, the analytical process allowed within and between industry group differences and similarities to emerge. The two broad opening questions provided employers the freedom to establish their ideas unbiased by the key themes identified in literature review (Berg, 2009; Silverman, 2010). Emergent themes are an advantage of qualitative analysis. However, this does not altogether overcome a disadvantage of coding themes; that is any oversight on the part of the researcher to identify a theme (Silverman, 2010).

The initial codes created for the key themes exploring the primary research question were based on the probing questions adapted from the WERS 2004 (presented in Appendix C). The themes were then explored through the adapted ILO dimensions of socially decent work (Bonnet, *et al*, 2003). The dimensions adapted to explore ‘good employer’ perceptions, policy and practice in the SE context were employment security, voice security, income security, skill reproduction security, and work security. Combining themes into dimensions moves beyond basic description to theory development (Silverman, 2010; Storey, *et al*, 2010).

The interpretation of the data involved exploring what verbal and behavioural methods employers’ used, and how they were being used (the outcomes) to define a ‘good employer’ (Silverman, 2010; Tolich & Davidson, 1999). Interpretation of the data required identifying:

- Common themes or words.
- How each employer defined similar phenomenon.
- Where responses to a question were similar or divergent.
- The path employer took to reach a particular outcome.

Whereas qualitative research results accurately represent what is happening in a situation and thus have high validity, reliability is lower than quantitative studies and determined by the likelihood that similar observations and interpretations can be made on different occasions and/or by different researchers (Collis & Hussey, 2003).

3.5 Ethical concerns

The aim to uncover what constitutes good ER and OHS policies and practices took place within the context that enterprises were not expected to be perfect. This project was reviewed, judged to be low risk to employers, and approved by the researcher and supervisors and by peer review under delegated authority from the Massey University Human Ethics Committee (presented in Appendix G).

3.5.1 Harm and risk

To avoid potential harm particular risks for the employers and the researcher were given consideration:

- As employers were under no obligation to participate, were given the opportunity to decline to answer specific questions and to withdraw anytime, there was a low risk of harm.
- The employers were informed how the results would be disseminated and would be given access to a summary of the project findings.
- Workplace interviews were conducted during normal work hours at the place of business to minimize risk to the researcher. The researcher took the precaution of informing one of her supervisors the location and time of interviews, and sending a text informing the supervisor the researcher was about to enter the premises for the interview and a second text informing the supervisor that the researcher had left the premises.

3.5.2 Privacy, confidentiality and trust

Research procedures to meet ethical standards to protect employer confidentiality included the following measures:

- All names and personal characteristics which could lead to employer identification were omitted, and the employers' demographic information and contact details were kept separately in a secure place.
- A sufficient number of interviews protect employers' confidentiality.
- Data were recorded, analysed and reported honestly.
- All interviews were erased from the digital recorder after transcription and all recordings and transcripts were kept under lock and key in a secure place.
- The information in the transcript is private and confidential to the researcher and employers until they have consented to its use in the research report or thesis (Rountree & Laing, 1996). All participants were mailed a copy of the relevant transcript for editing before data were included in the analysis. This gave the employers an opportunity to reflect on the interview conversation. These were returned with only a few minor grammatical changes.

3.5.3 Informed consent

Informed consent is established when an individual has been given the opportunity to knowingly chose to consent to participate in a study and may not be unfairly influenced or manipulated by the

researcher (Berg, 2009). To ensure participation was voluntary and informed consent was systematically established:

- A detailed information sheet explained the research process including; the interview structure, transcription and analysis, and participants' rights was mailed to the prospective employers prior to direct contact from the researcher.
- The researcher reviewed the reason for the research, the research procedures, how results would be disseminated, and the employer's rights and consent forms (presented in Appendix H) were completed before the digital recorder was switched on signalling the start of the conversation.

3.6 Summary

It is now widely accepted that SEs are not small versions of large enterprises, furthermore, that SEs are not all the same. The problem is that policy development and theory development is predominantly based on a large enterprise perspective. The aim of the study was to define what constitutes good employment practice from a SE perspective. The WERS 2004 framework capturing many of the indicators of a 'good employer' was adapted to guide the data collection and initial analysis of the transcribed data. Semi-structured interviews were used to collect in-depth data on the sensitive and complex ER and OHS policies and practices. Thematic analysis guided by Tolich and Davidson's (1999) and Silverman's (2010) recommendations allowed additional themes to emerge from the interview conversations. The themes were then explored through the adapted ILO dimensions of socially decent work: employment security, voice security, income security, skill reproduction security, and work security (Bonnet, *et al*, 2003). The aims of the research, time constraints and employer confidentiality were key considerations in the design and selection of the research methodology.

CHAPTER FOUR: Results

4.0 Introduction

The purpose of this chapter is to report on the expected and unexpected findings of the semi-structured interviews in the non-random sample of SEs. The employers in the study had each received an information pack briefly explaining the aims of the research. Therefore, the assumption was made that all employers had at least considered how they managed ER and OHS in each enterprise and were prepared to discuss these practices with the researcher. The demographic information related to each employer and each enterprise presented in Table 4.1 provides context for the research findings.

The results of the two open questions designed to gain insight into employers' attitudes and perceptions are then reported (summarized in Table 4.2) before focusing on the results of the implemented ER and OHS practices (summarized in Table 4.4). The probing questions were adapted from the WERS 2004. The results (tabulated in Appendix C) were analysed through a framework of five dimensions of a 'good employer' adapted from the ILO dimensions of decent work at the workplace level (Bonnet, *et al*, 2003). The modified dimensions presented in Table 2.1 were:

- employment security (regular employment contracts, dismissal procedures, redundancy and structural change);
- voice security (employee input in operational decision-making, determination of pay and other terms and conditions of work, and the management of OHS risk);
- income security (recruitment, training and development opportunities);
- skill reproduction security (training and development opportunities); and
- work security (work-life balance, a safe and healthy work environment/legislation)

The results (summarized in Table 4.4) and subsequent chapters follow this framework. The differences between award and non-award winners and the four industry sectors: manufacturing, construction, service and retail, are reported throughout the discussion. Whether the implemented practices may be considered as those of a 'good employer' will be examined in the discussion chapters.

Table 4.1*Demographic Characteristics of the 12 Employers and SEs Participating in This Study*

<i>Small enterprises</i>	<i>Characteristics of small enterprise</i>				<i>Characteristic of employer</i>		
	Industry	Total number of employees	Employment status ^a	Years enterprise operating	Gender	Age	Highest education
1	Building Construction	21	F-T/M17 P-T/4	35	F	35-39	university degree
2	Textile, Leather, Clothing and Footwear Manufacturing	11	F-T/M3, F7 C/F1	6	F	45-49	School Certificate
3	Construction Services	6	F-T/M5 P-T/F1	8	M	45-49	banking qualification
4	Fabrication and Metal Product Manufacturing	13	F-T/M11, F1 P-T/F1	18	M	45-49	BSc
5	Fabrication and Metal Product Manufacturing	6	F-T/M5 P-T/F1	4	M	55-59	7th Form
6	Rental, Hiring and Real Estate	9 employees and 8 agents	F-T/M1, F4 P-T/M2, F2	14	M	35-39	university degree
7	Financial and Insurance Services	8	F-T/M4, F2 P-T/F2	24	M	55-59	Diploma Business Studies
8	Building Construction	8	F-T/6 P-T/F2	7	M	40-44	Certificate in Engineering
9	Other Store-based Retailing	14	F-T/M1, F6 P-T/M7	5	M	35-39	BE Environmental
10	Fuel Retailing	10	F-T/M2, F3 P-T/M3, F2	3	M	30-34	Bed
11	Food Retailing	7	F-T/F3 P-T/F4	20	F	40-44	6th Form
12	Building Construction Services	14	F-T/M11, F1 P-T/F2	57	M	30-34	university degree business studies

Note: The small enterprises are classified according to the Australia and New Zealand Industrial Classification (ANZSIC) (Statistics NZ, 2006) general classifications. The employer's age is classified according to those in the five yearly groupings on the New Zealand standard age classifications (Statistics NZ, 1995).

^a The abbreviations used to describe the employees' employment status are: Full-Time (F-T), Part-Time (P-T), casual (C), male (M), and female (F).

4.1 The employers' descriptions of a 'good employer'

The 12 employers were each asked to describe a 'good employer' in a SE and depending on the fullness of the response asked to elaborate or clarify one or more of the characteristics described. The employers mentioned 13 characteristics in total presented in Appendix I. Related themes were then grouped together into eight dominant perceived characteristics summarized in Table 4.2. The results revealed differences in the frequency characteristics were talked about, and highlighted industry similarities between the employers who included each characteristic in their initial description of a 'good employer'.

Table 4.2

Summary of Results of SE Employers' Attitudes, Perceptions and Beliefs Concerning Good Employment Practices

	Small enterprises (n=12)				Total ^a
	Construction (n = 3)	Manufacturing (n = 3)	Service (n = 3)	Retail (n = 3)	
Promotes a collaborative culture	2	3	1	3	9 (75%)
Adopts fair and understanding employment practices	2	1	3	2	8 (67%)
Provides a good work environment	1	2	1	1	5 (42%)
Involves employees and efficiently resolves issues		1	2	1	4 (33%)
Provides job security and development opportunities		1	2	1	4 (33%)
Acts honestly and in good faith		1	1		2 (17%)
Accommodates flexibility	1			1	2 (17%)
Employs a diverse workforce	1				1(8%)

Note: ^a The percentage of employers citing a characteristic.

The most striking demographic similarity in relation to the three main characteristics was the fact that award winners were particularly concerned with OHS. By comparison the study found some interesting differences between the less commonly mentioned good employer practices. While male employers were concerned with providing job security and development opportunities, female employers focused on providing flexible hours of work. There was only one instance of an employer identifying a need to embrace employing a diverse workforce. It is not appropriate to generalize from a small sample with an uneven representation of males (n = 9) and females (n = 3), however, it may prove helpful to investigate these phenomenon further.

The scope of this study does not allow for comprehensive comparison between employers' perceptions and practice, however, the characteristics identified by the employers as those of a 'good employer' provide an indication of the managerial style, values and norms that influence the practices implemented in SEs. Each employer was also asked 'if OHS was a concern' in their enterprise to give an insight of his/her perception of OHS risk. The employers' perceptions of a 'good employer' and OHS risk (presented in Appendix I) are reported before exploring implemented practices through a framework of 'good employer' characteristics identified in the literature.

4.1.1 Promote a collaborative culture

Overall, working together in a '*team accomplishing a common goal*' was the most frequently mentioned characteristic of a 'good employer' identified by nine employers, particularly those operating in the manufacturing and retail industries. They often supported this by explaining that they selected employees with the appropriate skills and had the right 'fit and attitude' to collaborate with the employer and other employees. Some noted that achieving this required good managerial and leadership capabilities that set them in good stead to responsibly manage their business and employees. The following typical response effectively illustrates this perception:

"...employees like to be part of a team that is accomplishing something and growing and they take pride in their work ... When you employ people in a small team you have to employ them on how they will fit in but you hire on attitude, can do attitude, will fit into the team. You can teach skills but you can't teach attitude."
(Employer 4, manufacturing)

4.1.2 Adopts fair and understanding employment practices

Employers generally believed a 'good employer' needed to behave in a fair and understanding manner towards employees. This was particularly evident in the conversations with the employers operating in the retail and service industries. Employers typically stated:

"... a good employer also needs to look after the needs of or understand the needs of their staff with regards to the wider situations, family or other pressures and just, I think it is important to try and keep in the loop of what's happening in their lives and to try and take that into account in the work environment as well..."
(Employer 6, service)

Fair and understanding did, however, entail some awareness of a reciprocal employment relationship based on employees recognizing the employer's right to manage within legal and

ethical boundaries. These typical responses suggested employers considered employees needs and in return employees were expected to understand when accommodation of their needs was not possible:

“... I guess in this industry where you are dealing with people at the lower end of the wage bracket, you’ve got to be sympathetic to some needs...” (Employer 10, retail)

“I believe he’s got to be fair, he has to be understanding because people do have needs... There’s things that come up from time-to-time and employers have to deal with that.” (Employer 3, construction)

4.1.3 Provides a good work environment

The employers who referred to a good work environment invariably spoke about happy employees. They commonly talked about nurturing a positive culture to create an environment that encouraged contented employees to work effectively in a cohesive team to achieve a common goal:

“I think a good employer should try to foster a positive office culture within the organization so that not only are people very happy to work here but people will want to work here as well.” (Employer 6, service)

An interesting anomaly emerged within enterprises that had won some sort of business award. These employers usually referred to a good work environment as one where the employer addressed occupational health and safety risk factors and issues:

“We try and provide them with a good working environment and we’re into safety. We’re sort of quite keen on safety issues because of some of the equipment that we have.” (Employer 2, manufacturing)

4.1.4 Involves employees and efficiently resolves issues

Involving employees in resolving issues is an element of collaborative teamwork but only four employers mentioned it. Employee involvement was usually described when the employer talked about resolving operational issues and descriptions ranged on a continuum from limited input to actually writing operational policy. Two employers reported this as a valuable contribution to the enterprise and employee input having some valuable outcomes for the employees, saying:

“Perhaps involving them, especially in a small business, involving them in some decision-making, you know getting their opinion on stock or promotions, that sort of thing, so that they feel valued.” (Employer 11, retail)

“Probably responsive, and identifies opportunities and empowers the people under him to identify opportunities... They’ve written all our procedures, everything, so it is a real good effort. Yeah, but you just empower them and let them contribute and they take ownership of it as well so, yeah, it is working really well and we haven’t lost any staff yet.” (Employer 9, retail)

Restructuring was not unusual in the economic recession and seven employers were making a concerted effort to keep employees informed. Even though they did not allude to the ERA these employers were complying with their obligation to act in good faith in their employment relationships. Two employers mentioned this in describing a ‘good employer’. One employer recognized the benefit of involving employees in resolving operational issues was keeping employees informed so that they were not surprised by employment related decisions such as restructuring. He described a ‘good employer’ as:

“One that listens to his employees, listens to their needs, involves them in the decision-making, keeps them informed. But also one who takes the hard decisions when they have to be taken and takes responsibility for those decisions... I am engaging the staff in the decision process and what we are going to do. So they are fully informed... and by not keeping secrets they can’t get worried about anything.”
(Employer 7, service)

4.1.5 Provide job security and development opportunities

Against the backdrop of an international recession, and strong media debate on flexibility and the ‘90 day trial period’, a third of the employers identified the ‘*provision of job security*’ and/or ‘*development opportunities*’ as characteristics of a good employer. Two employers linked informing employees to job security when characterising the ‘good employer’. Employer 12, service, said:

“I think somebody who looks after his employees, treats them well and fairly. We try and offer job security here, we try and be honest with people, I think being honest with people is important...”

Providing ‘development opportunities’ for employees was perceived as beneficial for the employer and employees; assisting an employer to attract and retain skilled, knowledgeable employees to

ensure sustainable development of the SE. Developing employees from within the enterprise for managerial roles was the most common form of development for the employees in this sample of SEs.

“Of course I think also showing that there is the ability for people to be able to progress...” (Employer 6, service)

“... you’ve got to recognize talent. You know, so that in an organization like ours we like to promote from within, you know. We’ve got two managers that have been promoted from within just purely on attitude ...” (Employer 10, retail)

The following three characteristics were also included in the employers’ descriptions of a good employer to a lesser extent.

4.1.6 Acts honestly and in good faith

The ERA defines obligations for all employers to ‘act honestly’ and ‘fairly’ to build employment relationships based on mutual trust yet only two employers accounted honest and ‘good faith’ behaviours as characteristic of good employment practice. They described a ‘good employer’ as someone who set clear guidelines essential for open and honest communication to support responsible management of their business and employees.

“Ok, somebody who is transparent, honest, who doesn’t allow [himself] to be pushed around. So in other words, somebody who is very clear in what they want, what they require... ‘This is how we are going to run the business; this is where we are going; this is what the expectation is’ and that expectation needs to be high.” (Employer 4, manufacturing)

4.1.7 Accommodates flexibility

Two female employers initially thought about ‘flexibility’. They expected employees to reciprocate and understand that there were limitations in their capacity to offer flexible hours. The employer in the construction industry highlighted constraints explaining how flexibility offered win-win outcomes for the employer and administration staff, however, found it was difficult to accommodate tradespeople:

“So we have ... part-time office staff, all females, and we make sure that they are quite comfortable with knowing that if they’ve got sick children, sick family then time off is not an issue... On the carpentry side of things I suppose it’s a little bit

more. I mean we basically employ them and they are expected to work 7:30 to 5:00 and because that's what's expected, they do work it..." (Employer 1, construction)

4.1.8 Employs a diverse workforce

The female employer operating in the construction industry was the only employer to mention 'employing a diverse workforce'. Her description of diversity encompassed not only the need to adopt non-discriminatory recruitment practices but overlapped with offering flexible types of work for females to attract skilled employees.

"... open obviously, to employing different types of people and not stereo-typing a position and we are open to part-timers, job-sharing, especially on the female side of things because it is sometimes difficult..." (Employer 1, construction)

4.1.9 Level of concern for OHS

In order to establish the employers' general commitment to providing a safe work environment, each employer was asked 'if OHS was a concern for them'. The employers commonly volunteered clarification as to why they were (not) concerned about OHS. Three distinctive attitudes which became apparent from the interviews are summarized in Table 4.3. Four employers perceived they operated in a high risk environment but that OHS was not a concern for them. The employers in the low concern/high commitment group talked about a collaborative culture, adopting fair employment practices and employee involvement, and described formal risk management systems:

"Apart from running your hand under a machine or the big cutters, no. And we have strict rules... who uses them and who doesn't". (Employer 2, manufacturing)

"Heck no. We've got policies over there that's like a book. My guys all go through SiteSafe...and part of being part of SiteSafe is if it's not safe, don't do it. So yeah, if they are not feeling safe, I don't expect them to do it." (Employer 3, construction)

Four other employers had a high level of concern for OHS, sometimes attributed to the high level of risk common to the industry. The employers in the high concern/high commitment group addressed this concern by implementing and maintaining comprehensive occupational health and safety management systems (OHSMS). They typically said:

"Yes it [OHS] is for the simple reason that the building trade that we do is quite a dangerous type. I guess, I've got builders climbing on roofs every day of the week." (Employer 8, construction)

“Yeah [OHS is a concern]. You try to do the right thing all the time but you are never going to do it ... You do your best, you know isolate, minimize”. (Employer 10, retail)

The final four employers had a low concern for OHS and had informal or less established OHSMS. All employers in the low concern/low commitment group mentioned ‘promotes a collaborative culture’. Interestingly, the only employer in the sample to mention all three of the main characteristics fitted into this group. Employers who believed that there were only minor OHS issues in the enterprise and that these required employees to make common sense judgements commonly stated that:

“The guys are conscious of it ... proper work boots and things, noise is a big aspect, loose clothing. We’ve got heavy machinery and we are fairly conscious of it’ but in documentation we are slack. We are very conscious of it but we need to get smarter.” (Employer 5, manufacturing)

“No it’s not, but I would think being at computers all day that could be a concern, but I think everybody in this day and age is aware. Certainly if we became aware of someone getting RSI or something like that we would deal with that straight away.” (Employer 7, service)

Table 4.3
Summary of The Relationships Between Perceptions of a ‘good employer’ and Concern for OHS

	High concern/high commitment	Low concern/high commitment	Low concern/low commitment
Promotes a collaborative culture		3	4
Adopts fair and understanding employment practices	3	3	1
Provides a good work environment	2	1	1
Involves employees and efficiently resolves issues	1	1	2

4.2 Summary

Employers generally perceived a ‘good employer’ as one who made a concerted effort to at least consider an employee’s other commitments and, where possible, accommodated employees. A

‘good employer’ nurtured a positive culture and encouraged contented employees to work efficiently in a cohesive team to achieve a common goal. In some cases this encompassed health and safety. Fairness and understanding was typically described as a reciprocal arrangement between employers and employees and overlapped with talk of collaborative teamwork and industry boundaries that limit flexibility. Only a minority referred to employee involvement which varied widely from none to a high level of input.

There appeared to be three distinctive attitudes towards OHS. Employers who operated in high risk industries were managing risks and were not concerned about OHS, those that had a high concern for OHS and were proactive, and those who had a low concern for OHS and expected workers to act responsibly. The results also suggest there may be some relationship between perceptions of a ‘good employer’ and concern for OHS as employers with a high commitment to OHS talked about ‘adopts fair and understanding employment practices’. While those with a low concern for OHS typically mentioned ‘promotes a collaborative culture’. Even though some perceived characteristics and practices supported an employer’s obligations outlined under the ERA and/or the HSEA the regulations were never mentioned.

4.3 Common ER and OHS practices implemented in SEs

The employers’ responses to the two open ended questions guided the remainder of the conversation about working life in each SE. The results show a distinctive preference for an individualist approach to the employment relationship with employers striving for reciprocal collaborative employment relationships underpinned by fair, honest and understanding practices. How these ‘good employer’ perceptions, attitudes and beliefs were implemented in practice was explored through five dimensions of a ‘good employer’ adapted from the ILO’s dimensions of decent work at the workplace level (Bonnet, *et al*, 2003) and the work that was carried out by Bewley (2006), Boxall (1991), and Hull and Read (2003).

The employers’ preferences for implementing informal and formal policies and practices are summarized by industry in Table 4.4. The table captures within and between industry similarities and differences in the implemented ER and OHS policies and practices.

Table 4.4*Summary of Results of Common ER and OHS Practices Implemented in SEs*

	Small enterprises (n = 12)				
	Construction (n = 3)	Manufacturing (n = 3)	Service (n = 3)	Retail (n = 3)	Total
<i>Sources of support with managing employees</i>					
ER administration or management support role	1	2	2	1	6 (50%)
Seeks information from ER specialist (including EMA)	1	2	2	3	8 (67%)
Seeks information from the Department of Labour (DoL)	2		2		4 (33%)
Member of industry and/or business association	3	2	3	2	10 (83%)
<i>Employment security</i>					
Have used formal discipline procedures	3	2	3	3	11 (92%)
Notice of redundancy	2	1	3	1	7 (58%)
Redundancy last resort	1	1	2		4 (33%)
Have used restructuring to terminate employment	3	2			5 (42%)
<i>Voice security</i>					
Facilitate job autonomy	1	3	1	2	7 (58%)
Hierarchical communication structures	2	1	2	1	6 (50%)
Employees input in operational decision-making	1	3	3	3	10 (83%)
<i>Income security</i>					
Informal recruitment	2	2	2	2	8 (67%)
Formal recruitment	1	3	2	1	7 (58%)
Recruit employees for fit and attitude	1	3		3	7 (58%)
Industry standard or higher pay	2	3	3	1	9 (75%)
Standard terms and conditions in IEAs	3	3	3	3	12 (100%)
Formal performance appraisal	2	1	3	3	9 (75%)
Establish employee satisfaction	2	3	2	3	10 (83%)
<i>Skill reproduction security</i>					
Provide training opportunity	3	3	3	3	12 (100%)
Provide development opportunity	1	3	1	3	8 (67%)
<i>Work security: safe and healthy work environment</i>					
Formal OHS policy and practices	3	1	2	2	8 (67%)
Informal OHS practices		2	1	1	4 (33%)
Hazard register	3	2	2	1	8 (67%)
Employee input (e.g. Toolbox meetings)	3	3	2	2	10 (83%)
OHS representative	2	1	2		5 (42%)
Emergency plan			3	2	5 (42%)
ACC Workplace Safety Discount accredited	2		1		3 (25%)

4.3.1 Sources of support with managing employees

Nine of the employers had some sort of assistance or advice managing ER albeit only occasionally. The remaining three primarily sought advice from the Department of Labour (DoL). Most sought advice from an ER or HR specialist or their local Employers and Manufacturers Association (EMA). Six employed a part-time or full-time assistant but this usually occurred when they employed 10 or more employees. The employers typically stated that:

“...we are not experts on employment law and I suppose there is the inference or reality that something may have changed and might not be reflected in the contract.” (Employer 6, service)

4.3.2 Employment security

Regular employment contracts

All enterprises had written IEAs. The majority favoured using a standard employment agreement reflecting minor differences related to the position and pay. Employers typically stated that it was common practice for the employers to seek professional help with drawing up an IEA or at least have someone look over their template for a standard employment agreement:

“It is, I don’t think you will find too much wrong. We would be fairly good, I would say... Any hassles, I absolutely use EMA on any questions I’ve got. If [part-time office administrator] and I have any doubts. ... The original one would have been downloaded from the EMA so to answer your question, yes [IEAs are similar]. They get modified occasionally when there are changes in the standard”.
(Employer 5, manufacturing)

Dismissal procedures - discipline procedures and resolving disputes

The employers tried to reduce the incidence and level of dissent with careful recruitment and performance management. Employers were generally very cautious managing conflict, demonstrated in a tendency to seek help in drawing up the employment agreement, and/or managing a specific issue. Eleven employers documented communication structures, performance management procedures, discipline procedures and termination procedures in IEAs. This employer’s talk about taking care to remind employees of their rights was compatible with the preference to have highly standardized employment relationships:

“...we talked to him about it over and over and things just didn’t seem to get any better. So in the end we felt the only way to get any action was to write him a letter, follow all the correct protocol and have a meeting with him. We basically listed the accusations, if you like, or the issues; invited him to bring a support person, and just said you know the outcome of the meeting could be a written warning.”

(Employer 12, service)

Mismanaging conflict could be very costly for the SE through both direct financial costs and indirect loss of reputation. This may be a reason why employers were concerned about the ERA. When asked how they manage personnel issues, the employers typically referred to the legislation saying:

“...more difficult in a sense because the law surrounding the situation; you have to be very careful with what we do.” (Employer 6, service)

The findings showed industry differences in procedures utilized to resolve issues. Verbal warnings sufficed in the retail and service industries. Whereas, the construction and manufacturing industries often adopted more stringent action: one employer had a verbal warning in place, another an active written warning and three had dismissed employees. Four construction and manufacturing employers believed restructuring was a good way to avoid disputes when terminating an employment relationship. These employers typically described conflicting expectations as:

“We did a restructure...and basically I shouldn’t pre-judge it, restructure you know, but the outcome I decided was I did not want him working for me.”

(Employer 5, manufacturing)

Redundancy and structural change – genuine consultation

It has been noted above in the employers’ descriptions that many of the employers were making an effort to keep employees informed of the general state of the business and that they have a duty to do so under the ERA. Redundancy is one of the most common types of ERPs and one of the most common justifications for lodging a personal grievance. If individual employees were affected, meetings were held, and in two cases employees had been given an opportunity to help avert redundancies. The redundancy had been averted in the one instance, but in the case of the smaller SE the employer noted the employee was looking for alternative work:

“I’m looking at downsizing ... They all know because we will always talk about the work ahead. We are a small enough business that we don’t try and keep many secrets. We gave a letter to a guy this morning. He’s got till next week to come to

me with some suggestions otherwise we are going to restructure the company and lay him off.” (Employer 8, construction)

Six referred to the ‘90 day trial period’ or flexibility featured prominently in the media at the time the interviews were conducted, typically saying:

“...you have a couple potentially holding you back, they really need to move on. And under the current employment laws, that’s difficult, you know. It really is, and I would like to see a lot more flexibility in those labour laws. You know, I think they’ve gone way too far. They need to come back and be a bit more moderate”.
(Employer 4, manufacturing)

4.3.3 Voice security

There was no union presence in this sample of SEs but a majority of the employers believed a collaborative culture, and fair and understanding employment practices were characteristics of a good employer. The findings revealed that each employer utilized a unique range of informal and formal direct communication mechanisms (casual communication, meetings, emails and notes, notice boards, formal policies and IEAs). The employers commonly described incorporating a health and safety segment in meetings, and in some instances the sustainability of the enterprise and strategies to try to avoid redundancies were also discussed:

“What’s happening for the next couple of months, and so a health and safety meeting as well as a general sort of meeting.” (Employer 8, construction)

“The monthly meetings have been good. We just tell them where the vision is, what we’ve been up to and where we are going.” (Employer 9, retail)

Hierarchical communication structures were usually implemented as the business became more established and employed approximately 10 employees. Even when the employer had an assistant they tended to promote a relaxed environment conducive to informal two-way communication. The employers generally believed that employees were comfortable to come forward and, even if a manager/foreman dealt with routine issues, an open-door policy was usually in place. It was not possible to establish how often employees raised issues or whether they were satisfied with the outcome, but some employers mentioned employees were approaching them directly:

“They just bowl over here and come and talk to me... I mean my staff will just talk to me; if there’s something wrong they will just tell me.” (Employer 2, manufacturing)

“Also the staff know that my door is always open, so to speak, and it’s no problem for them to come and have a chat to me... The middle manager is capable of doing that but, nonetheless, they still come and see me when necessary”. (Employer 6, service)

Employee input in operational decision-making

Only four employers perceived employee input as an attribute of a good employer, nevertheless, 11 reported employees had some input in operational decision-making. The employers generally maintained control over important decisions but there was some variation in the level of input employees had in decision-making. Most employers preferred employees to follow strict industry codes and/or codes of conduct set out in the IEA. Employers tended to encourage employees to make suggestions for improvements at routine meeting with employers typically indicating that:

“Everybody’s involved in the Monday morning meeting and so if anybody’s got any ideas, how better to do things, how to improve our systems... We have a fairly well documented procedure and so if anybody’s got any improvements on that we are quite happy to capture and change the procedure.” (Employer 4, manufacturing)

“One of our philosophies is of constant, gradual improvement and they are actively encouraged to look at anything they are doing at any time... Anybody and everybody is welcome to come up with good, which then shape the way they work as well as the way the company works.” (Employer 6, service)

There were two exceptional cases where employers encouraged a high level of employee input to resolve problems: a retailer whose employees had written policies and a manufacturer who talked about using planned and impromptu brainstorming sessions:

“Well we just try and solve any issues; we try and make things easier for them... We usually do what we call brainstorming: we just get a whiteboard and we brainstorm and we try and figure it out and work it out.” (Employer 2, manufacturing)

Employees in the manufacturing industry had the highest level of job autonomy, demonstrated by two employers delegating the planning of how work was to be done and what tasks were to be performed by each team-member to a team leader. It is significant that employees in these two manufacturing enterprises with high operational input also had some control over their start and

finish times, either having negotiated set hours in their standard IEAs or by changing their hours to match the workload:

“If we are not doing any work or we are slightly [slow] they say, ‘Oh well, let’s work four days a week but let’s start at 6:30 and finish at 5:00 and do 40 hours, four days a week.’ They do that half the time.” (Employer 5, manufacturing)

Construction workers had little influence, rather strict industry codes and enterprise standards restricted the input tradespeople had in the way work was done. Employers in the construction industry had the strongest focus on compliance with OHS regulations and safe work practices. Employers commonly asserted that building methods and site conditions influenced the flexibility to make operational decisions and foremen were accountable for maintaining standards on site:

“So they are basically on site by themselves so, yes, they do have a little bit of input as to how they do things on site. But to be fair, it is normally the site conditions that determine how things are done... But generally there is not a lot they can deviate from the methodology of building.” (Employer 8, construction)

The employers managed the intensity of work but only two demonstrated a concern for the pace of work and ensured employees were coping with the workload, evident in the following statements:

“...they all understand that and they respect that but they are responsible for the day to day work flow on their desk... In this case, I had made a pledge to my staff here because we had taken over [another office] that we would take on a new person.” (Employer 7, service)

“Oh it’s pretty [busy] on the weekends; it’s very high stress and we try to let them. During the week we don’t push them at all. We just let them get their stores sorted.” (Employer 9, retail)

Employee voice in the determination of pay and other terms and conditions of work

There was limited employee consultation in the negotiation of standard terms and conditions. Employees were usually given a copy of the employment agreement and an opportunity to seek advice before signing an employment agreement. There was also limited employee representation with only one employer mentioning an instance where an employee had raised a pay issue on behalf of the employees, which had led to a change in the standard IEAs:

“It was one person that came forward. Well I mean, probably up here [in smoko room] probably having a bit of a moan and then one’s come forward and spoken to

me. I am only guessing but I would imagine that is what [happened]... I definitely think people are coming forward with anything that is bothering them, as far as I know I don't think. They certainly wouldn't be afraid to approach me." (Employer 12, service)

Prospective employees were, however, free to either accept or reject the employer's offer. Employers who had difficulty attracting and retaining key skills were more open to negotiation compared with those operating in low-cost industries dependent on an unskilled or semi-skilled workforce. This response reflects the level of negotiation in a situation where the employer has difficulty attracting highly skilled employees from big cities:

"Yeah, there's not usually a lot of negotiation that goes on. Actually, it's more probably just the salary, or hourly rate, more than anything. We are as flexible as we can... We are happy to be flexible where we possibly can. I would like to be probably more flexible but then we only have a small workforce and so you can't be too flexible with that..." (Employer 4, manufacturing)

In three instances employees had had some discussion and negotiation before agreeing to standard terms and conditions which were then used as a template for future employees. As this employer explained:

"We first had a contract. We went through it, discussed it with people, you know, and what about this, what about that? That's when we negotiated with all sorts of things and put it together. Now we have put it so that we can't be as flexible as we would like..." (Employer 10, retail)

Employee voice in the management of OHS risk

Employee involvement in OHS

Employee involvement was generally *ad hoc* and informal, as well as at OHS meetings, site/toolbox meetings, and employees had some choice in PPE. Employers typically referred to:

"In our Monday morning meetings we have, we always ask a question about health and safety (H&S) issues, and they are documented. Luckily in our environment here hazards are pretty easily identified. We have gone through and identified those. We do an induction on H&S for new employees. We do an induction for any contractors working here. The policy covers site work, in terms of doing toolbox meetings etc. so we have that policy in place." (Employer 4, manufacturing)

“It wasn’t just our health and safety policy, it was just how we documented it more. The fact that we did listen to the boys, and just different bits and pieces, and probably how far we had come in the few years.” (Employer 3, construction)

One employer talked about getting employees and contractors to sign off hazard check lists and, although this had resulted in a tick-box exercise the employer felt at least it acted as a reminder. Two employers were more proactively encouraging employee involvement with differing levels of success. Employer 9 had found employees embraced responsibility for attending to small repairs up to the value of \$300. The other, Employer 12, was surprised and disappointed employees were reluctant to put forward ideas related to a reward scheme involving a \$50 gift voucher for implemented OHS management suggestions:

“Well the last one we had, which on the face of it doesn’t seem like a very good health and safety idea but is actually brilliant, was these slip-on covers for work boots that allow you to keep your work boots on but walk around in someone’s house [so that you don’t] lose the insulating properties but also you could drop your tools on your feet... A customer rang and was very impressed with them and I actually had a word in his ear and said ‘Well maybe you should submit that as an idea’ so he did. I think is a really good idea from a business point of view for impressing people.” (Employer 12, service)

OHS representative

The HSEA intention is to promote employee input and accountability to adopt safe work practices in order to reduce the rate of workplace accidents and injuries. SEs with less than 30 employees are not required to have an employee OHS representative unless employees request representation. Nevertheless, some form of employee involvement was expected based on the high level of concern and commitment to manage OHS risks. The study found four SEs had employee ‘OHS representation’ in the form of foremen, apprentices, a skilled trades-person attending regular OHS meetings on a rotational basis, or OHS administrator/co-ordinators. None of the operational staff had been sent on recognized OHS training courses, nevertheless, the employers in the high risk construction industry talked about comprehensive employee involvement on site:

“And we have a H&S Officer on every site. Normally we make that one of the young guys to make them feel like they are part of the process... And it also makes them take it a little more seriously. So they have to do inductions for anyone coming onto the site, and it can either be the foreman or the H&S Officer...” (Employer 1, construction)

The OHS administrator/coordinators employed in the two larger, well established SEs in the construction and service industries were responsible for making sure all compliance and monitoring tasks were up to date, such as hazard evaluation and control, registers, PPE, and OHS related training:

“My assistant, she’s kind of the health and safety co-ordinator so she’s sort of in charge of making sure all the things that have to be done regularly are done, the minutes for the meeting and then when we have a health and safety meeting it’s myself, [assistant] ... and a representative from one of the guys.” (Employer 12, service)

4.3.4 Income security

Recruitment

The study found that seven employers, especially the manufacturers and retailers, spoke about teamwork in terms of recruiting candidates who had the right attitude and would fit in with other employees; important because employees worked closely, relying on each other to do their jobs efficiently. Selection, therefore, appeared to be based on finding compatible people who would enhance the productivity of the existing team, and ultimately to avoid unnecessary dissent. Employers typically said:

“...she just was not suitable at all, and she wouldn’t have fitted in with the staff. We try and get people that are going to fit in with the staff.” (Employer 2, manufacturing)

“If they come with the right attitude, prepared to work, fit in, we can teach skills.” (Employer 5, manufacturing)

Skill level and availability of applicants in the labour market influenced choice of recruitment strategy. Employers tended to use informal practices to fill unskilled or semi-skilled positions. The most common informal strategy was word-of-mouth. Another effective strategy was to keep a list of eligible employees compiled from applicant cold calls. Formal recruitment strategies, personnel agencies and online personnel sites were favoured when recruiting skilled and professional positions, local newspapers and WINZ for semi-skilled/unskilled positions. The following response suggests a preference for new technological forms of formal recruitment to gain easy access to national and international labour markets:

“The last couple of years have gone more through to the electronic format of advertising. I’ve used Seek and TradeMe...” (Employer 5, manufacturing)

One retailer reframed from typical strategies, instead he described poaching prospective employees he thought had the skills required and would fit into the team:

“We don’t ever tell them we are going to employ them, we just talk to them and see how they would fit in to the system. Like we’ve got a structure on our business, we’ve got positions that need filling and we just talk to people and when we find the right person we put them into that slot. And then we say ‘Do you want a job with us? What are you on at the moment?’” (Employer 9, retail)

Pay and terms and conditions

The two defining themes that emanated from talk about the type of terms and conditions included in the employment agreement and how much input employees have were a need to protect the employer and budget, and these themes were evident in the following statements:

“I got my employment contracts done up by my person... Look I understand where you are coming from. This is the reason why I have it. I have to protect my business...” (Employer 10, retail)

“When we were setting up for the [new] store. We had a budget to work to so I have allowed this much for wages, then sort of break it down to hour... and kind of allowing to move them up a little bit. I start everyone on minimum wage, so \$12.75, and at our three monthly reviews we will just talk about that...” (Employer 11, retail)

In three situations where the employer had difficulty overcoming skills shortages remuneration tended to be market-based. One employer observed that his remuneration was market-based but that he would prefer it to be more performance based:

“...it needs to be more performance based. It really is market-based. We really need to be more focused on performance-based but it is difficult to do that. We don’t have a lot of KPI’s around that and we need to... So remuneration really is more market [based]. Some people are behind the market, some people are slightly ahead, but we are about where the market actually is.” (Employer 4, manufacturing)

IEAs were commonly reviewed on an annual basis and a minority linked this to formal performance appraisals and/or job complexity. Employers stressed that review was not synonymous with a pay increase. The defining reason for reviewing and changing standard IEAs was to reflect legislative change. This was the most frequently cited reason for updating the IEA, reinforcing the employers' concerns for compliance. Employers typically reported:

"They have yearly reviews, or yearly performance reviews. Contracts are actually being reviewed at the moment. They are probably looked at every three years, the actual contract, and we are just changing them now to actually make it fairer..."

(Employer 12, service)

Performance appraisals

The majority of employers preferred to conduct formal performance appraisals rather than informal continuous assessment of employee performance. All six retail and service SEs had formal performance appraisals with the majority conducting these at regular quarterly or annual intervals; whereas, regular formal performance appraisals were only implemented in the larger construction and manufacturing SEs. The following example reveals this preference to standardize performance management:

"Reasonably comprehensive... annual performance reviews but my issue with them (laughs) is that they have never been done on time; they always sort of get delayed and they seem to be the last priority so I am trying to change that, because I think it is important that everyone has an annual review at the same time every year."

(Employer 12, service)

The employers usually noted that performance appraisals were short and tailored to the business and provided an opportunity to address issues and get feedback from employees typically saying:

"So we try to keep it casual ... so we will just go have a coffee and a chat but you know sort of guide through, let's tick off these things. And it's an opportunity for anyone to bring up anything that is going on." (Employer 11, retail)

Establish employee job satisfaction

The majority of employers did not formally assess employees' satisfaction with terms and conditions of work. Most hesitated at this point suggesting this was the first time they had considered this issue. After the initial hesitation a minority reported assessing employee satisfaction at annual reviews and/or social events. The construction industry were least concerned

with employee satisfaction and believed that presence at work was a sign of satisfaction. This example was a typical response:

“Probably just through the feedback that we get from them. They always have comments and suggestions, if they are not motivated and feeling, I don’t know, part of the team, they wouldn’t be contributing. So if they are not contributing, there is something wrong. We’ll just go to them and say ‘Is everything ok? Is everything all right?’ and we try to help them out away from work as well.” (Employer 9, retail)

Turnover has been used in many studies as a measure of employee satisfaction and although some employers did not specify their actual rate of employee turnover most reported a low or industry compatible turnover rate. Three years tended to be an average number of years an employee stayed with a SE. Reasons for termination of employment included outgrowing the SE, changing personal circumstances, apprentices and students moving on once qualified, restructuring and dismissal. Turnover of students and apprentices was considered inevitable but they were a valuable part of the retail and construction labour market.

4.3.5 Skill reproduction (Employee job) security

Training opportunities

On-the-job training was preferred, driven by financial considerations and influenced by skill shortages. The majority of employers were only prepared to invest in on-the-job training for employees they expected would provide a return on investment. Six employers talked about the appropriate Industry Training Organization for job-specific training:

“They do quite a few through New Zealand Retail... I did look at one recently for one of the girls who is like stepping up into a manager’s role... and that is a significant investment so I need to know that they are going to stay with me for a little while... I would rather have people trained and doing a good job.”
(Employer 11, retail)

Employing apprentices was a common training opportunity accommodated in SEs. Five of the seven SEs who could employ apprentices were training at least one apprentice. One employed five apprentices while another talked about taking on apprentices after the recession. Employer 7, in the service industry was even prepared to support tertiary study if it was related to the job:

It’s mainly on the job training ... but we encourage them and if they are doing training that is beneficial to the business then we look to support that training as

well. But we have courses that we can send them to ... administration services and things like that or we do it all here.” (Employer 7, service)

Development opportunities

Employers acknowledged employees looked for development opportunities but that size often reduces opportunities for career progression in SEs. When management roles needed to be filled the employers preferred to develop existing employees: five referred to developing employees in supervisory or management roles:

“You’ve got to recognize talent... we like to promote from within, you know. We’ve got two managers that have been promoted from within... We look after them; we actually take an interest in what they are doing. They know that there are genuine opportunities to advance...” (Employer 10, retail)

4.3.6 Work security

Work-life balance

Although only two employers included provision of flexible work arrangement as characteristic of a good employer the majority of employers demonstrated their concern for understanding employees’ interests by accommodating employees’ non-work commitments. These examples illustrate how employers typically talked about being familiar with their employees’ families and of being considerate about personal issues. Some even supported sports teams and included family members in social events:

“One of my guys rang me yesterday at ten to five and said ‘Can I have tomorrow off? I forgot to ask you for time off?’ because one of his boys was going on a school trip. So I gave him that time off; whereas if it had been a big company, the answer would have been a definite no. Like they have to apply for time off, is it two weeks in advance? So we are a bit more flexible like that.” (Employer 8, construction)

“We have a strong sort of family culture with the staff members. If we have any functions or drinks on a Friday night, or something like that, the families are invited as well.” (Employer 6, service)

Flexible hours of work were also accommodated where this was possible but this was particularly difficult in some of the SEs because employees were part of a construction/manufacturing team or had to provide a service for customers between specific hours. The manufacturing employers talked about employees having had collective input in changes to the hours of work. The construction

employers reported employees being less likely to select their hours of work or job share. Study opportunities were available to apprentices and employees in the property and business services. Employer 1 captured these differences in opportunities for flexible work arrangements in the construction industry, saying:

“So we have ... part-time office staff, all females, and we make sure that they are quite comfortable with knowing that if they’ve got sick children, sick family then time off is not an issue... On the carpentry side of things I suppose it’s a little bit more. I mean we basically employ them and they are expected to work 7:30 to 5:00 and because that’s what’s expected, they do work it...” (Employer 1, construction)

A safe and healthy work environment

A good work environment was perceived as one where happy employees worked effectively in a cohesive team to achieve the common goal. The common ER practices implemented to achieve this are reported above. The other characteristic of decent work is a safe and healthy work environment. The findings relative to the implemented OHS practices are reported following the summary presented in Table 4.4.

The employer’s assessment of risk is presented in Appendix I. Eight employers reported a high concern for OHS when asked whether OHS was a concern. The four employers in SEs where employees worked on sites other than the employer’s workplace reported high concern for OHS related to the fact that hazards were different on each site. Some employers reported a low concern for OHS because they were confident they complied with their duties under the HSEA to provide and maintain a healthy working environment by taking all practicable steps to eliminate, isolate and/or minimize significant hazards. Four of the five employers who perceived ‘provides a good work environment’ as a good employment practice implemented comprehensive formal and/or informal OHS management systems in the SE.

OHS policy

Eight employers, including all the award winners, had OHS policies or some formal practices. Some of these SEs included a requirement to comply with OHS policy in the employee’s IEA. Nevertheless, compliance with the HSEA was a concern for most of the employers. The prevalence of formal OHS policies and practices may indicate that employers who were confident they were relatively compliant with regulations were predisposed to participate in this study. They typically said:

“...we try to do things absolutely correctly. One because we have to and the financial penalties and that sort of thing need to be considered. But also we want to keep people safe; we want to make sure people are safe.” (Employer 12, service)

The study found that the ‘high risk’ construction industry had comprehensive formal policies and practices in place. Employers usually involved employees in hazard identification and risk management and held employees accountable for alerting all site visitors to site risks. These employers generally reported:

“We’ve got policies over there that’s like a book. My guys all go through SiteSafe and part of being SiteSafe is if it’s not safe, don’t do it. So yeah if they are not feeling safe, I don’t expect them to do it... They’ve got a foreman’s book and I’ve said to them, ‘It does not have to be the foreman that’s taking this health and safety talk. You guys all have a go at it, all get used to it. It’s not just the foreman’s job; every single one of you is accountable’... It’s not just you guys. You’ve got to drag everybody else into your meeting as well.” (Employer 3, construction)

Training in safe work practices and use of personal protective equipment (PPE) was a priority. When asked about training employees’ employers in the construction and manufacturing industry generally referred to training all new employees to safely use equipment and materials (including PPE) and on SiteSafety:

“Yes, it is, for the simple reason that the building trade that we do is quite a dangerous type. I guess, why, I’ve got builders climbing on roofs every day of the week. So if they fall off a roof, somebody is going to get hurt, you know, and seriously hurt. So there is that aspect of it. A) I don’t want my guys to get hurt; B) I don’t want to have to pay them time to be off work because they are sick because they are hurt.” (Employer 8, construction)

Concern for OHS training was driven by obligations under the HSEA, and as a strategy to avoid unnecessary harm to the employee and financial loss related to lost time caused by injury. Other factors that may motivate employers to implement formal ER/HR policies and practices were uncovered in the conversations. The manufacturer and two service , where formal OHS policies have been implemented, employed between 9-14 employees, had operated for between 14-57 years and had assistance managing the employment relationship. This suggests that growth stage of the enterprise and input from an ER professional may have contributed to adoption of formal OHS practices.

“We do an induction on health and safety for new employees. We do an induction for any contractors working here. The policy covers site work, in terms of doing toolbox meetings etc., so we have that policy in place.” (Employer 4, manufacturing)

Employers who also focused on the SEs reputation, keeping employees and customers safe, and avoiding financial loss caused through absent injured employees typically reported that:

“Petrol is a very hazardous substance. Oil companies go to great lengths to ensure that nobody gets [harmed].” (Employer 10, retail)

“Just public safety really, just with displays falling over. There is a lot of glass in the store but not a huge thing, yeah. Oh, just with security, like I tell the girls if it ever does happen, just give them everything; just keep yourself safe.” (Employer 9, retail)

Stringent formal OHS policy specified by a franchisor or shopping complex was another motivator to adopt formal OHS policies and practices that may have influenced retailers, revealed in this comment:

“Yes, evacuation and that sort of thing. So that is all documented over there and I think anything, like if someone spills a drink on the floor, what to do then so that no one comes along and slips in it. That’s all laid out by the Plaza.” (Employer 11, retail)

Generally SEs with formal OHS policies had hazard registers, regular workplace and/or site OHS meetings and involved employees in hazard identification and risk management. This typical response indicated that employers operating in an office environment believed the risks were so low that there was no need for hazard and incident registers. These SEs tended not to have up-to-date hazard registers:

“We’re sitting at desks and we are using computers. The hazards there: wiring and tripping over wiring. Well we’ve got that generally out of the way and we wouldn’t leave something in harm’s way.” (Employer 7, service)

In the SEs that implemented informal policies and practices the employers usually expected employees to act responsibly in the workplace which included alerting him/her to any OHS concerns. These examples indicate how hazards were generally managed on a common sense and reactive basis:

“All the guys out here, they are always checking up on other people. When they make a noise they say, ‘Everyone put their ear muffs on’. If we ever see anyone drilling or cutting without safety glasses, someone else goes and corrects the situation. So there is a bit of a culture of look after your brothers on the floor.”
(Employer 5, manufacturing)

“The ultimate responsibility for something like that [RSI] would rest with me, but the first response would have to rest with the staff member concerned, that they actually communicated that they were having problems.” (Employer 7, service)

Emergency plan

Whereas the construction and manufacturing SEs were vigilant in documenting hazard identification and OHSMS they took a common sense approach to dealing with emergencies. By comparison the service and retail employers usually described detailed emergency plans:

“Yes, there are plans in place and where we’ve got to go congregate and so forth. We’ve got a First Aid kit and we’ve got [delegated person] the building Fire Warden.” (Employer 7, service)

The overarching factor inhibiting more comprehensive OHS management was the high cost associated with formal OHS management systems. Deciding how much they could afford to spend was a dilemma for SE employers, reflected in this comment:

“We know a reasonable amount about it [OHS management] due to being in other businesses but it is definitely an area that small businesses would absolutely struggle on because there is just so much to know in the whole procedure thing, and small businesses, less than five people, they don’t have the resources to devote to get compliant.” (Employer 5, manufacturing)

Some employers felt the law put too much responsibility on the employer and that employees should be held more accountable for their own actions. These employers generally said:

“You do your best, you know, isolate, minimize, whatever, but in terms of that they [OHS inspectors] are just, I guess, a fault finding organization someone’s got to pay... Common sense needs to be applied here but somebody always has to be accountable at the end of the day and, yeah, it puts people off being in business because puts people off employing staff.” (Employer 10, retail)

“I think there is too much emphasis on the employer looking after the employee for, what comes down to in a lot of cases, accidents are caused through the employees own stupidity or breaking the rules that they know that they shouldn’t be breaking and then the employer is the one that actually cops it as opposed to the employee, who should be beaten up by OHS a little bit more than us.” (Employer 8, construction)

OHSM review

While one employer noted he had set a date to review his formal OHS management system, a minority of employers formally reviewed their OHSMS on predetermined annual or three yearly intervals. These were again the two oldest SEs indicating that maturity of operation and size influence adoption of formal systems. Both operated in the construction industry, so high risk was also a possible motivator. One employer reported using the ACC accreditation process as their OHS review:

“Well at lot of it’s all in the ACC guidelines and ... we have a test every three years and we have to submit everything and I think the last was it about 18 months ago and, you know, they point out if there is anything that we are not doing right and, she follows their guidelines, basically.” (Employer 1, construction)

Participation in this research generally prompted employers to think about OHS and some indicated that they were going to review their OHS management practices to determine whether there were any improvements they could make. One thought he might include a health and safety segment in his informal meetings, while another extended his intention to review OHS systems to ER as well. They said:

“We are very conscious of it [OHS] but we need to get smarter. This might be the catalyst.” (Employer 5, manufacturing)

The interview made me think about the way we do things and may do some things differently. Always need to improve.” (Employer 7, service)

ACC Workplace Safety Discount

Cost was the main inhibiting factor to implement comprehensive OHSMS, thus the researcher investigated whether the employers in the construction SEs (including the construction service SE) were aware of the ACC Workplace Safety Discounts (WSD), if they were aware, why they chose to either apply for the discount or not. The three employers who were accredited believed that the

application process for the discount was quite time consuming in relation to the actual discount and typically said:

“Yeah, we’ve got that [10% WSD]... You can get a 20% one now too but it’s not really worthwhile; the amount of forms you have to fill in for it. The forms are sitting over there.” (Employer 3, construction)

4.4 Summary

The results show a distinctive preference for an individualist approach though size, industry, OHS risk, award-winning status and urge to comply with legislative minimum employment standards influenced the policies and practices implemented to establish and maintain productive employment relationships within a safe and healthy work environment.

Daily interactions were generally conducted on an informal basis. However, the employment relationship was guided by a structured framework setting out clear expectations for employee behaviours. All the SEs had comprehensive written IEAs, usually including procedures for performance management, termination of employment and personal grievances. The high risk SEs usually included OHS policy in the IEA. The majority of employers used a template to draw up their standard IEA and/or consulted an employment specialist to protect their business and to ensure they were compliant with employment law. Employing 10 or more employees tended to precipitate enlisting part-time or full-time assistance.

Informal recruitment strategies were favoured and supported by formal strategies when necessary. In-house job-specific training was preferred but a significant number of the SEs were developing employees for leadership roles and/or employing apprentices. Regular short performance appraisals suited to the SEs needs were popular in SEs where employees had direct contact with customers. Significantly, despite careful selection and performance appraisal eleven of the employers had experienced an ER issue and had used either formal performance management and/or dismissal procedures to resolve the issue. The employers tended to follow the obligations set out in the ERA concerning redundancy, especially keeping employees informed of the general status of the enterprise and possible structural changes.

There was no union representation and downward communication dominated. Employees tended to have minimal input in determining the terms and conditions of work but in some instances had input in drawing up the initial standard IEAs. Employees generally had modest influence in operational decision-making and the management of OHS risks mediated by size, industry and risk. Overall, employers retained control over decision-making. Employers appeared to be considering

employees needs, however, availability of formal flexible working arrangements was generally governed by type of industry, size and type of role.

There was typically a high concern for efficient OHS management. Motivators to implement formal OHS policies and practices were compliance with the HSEA, age of business, to protect employees and customers, financial loss caused by lost time injuries, and supply chain pressure. There were industry differences with higher risk industries tending to implement more formal policies and practices and employee involvement in hazard management. Some employers raised concern about the fairness of having to shoulder the major responsibility for the safety of employees and others.

On the whole employers were careful to comply with the current employment legislation even if they believed it did not always accommodate SEs. This research prompted several employers to review their current ER and OHS policies and practices. Some reported they would make adjustments in the future. As employees were not included in this study the employee turnover rates are used as a broad indication of employee satisfaction with the pay and other terms and conditions of work.

CHAPTER FIVE: Discussion

5.0 Introduction

The purpose of this chapter was to explore how the employers' perceptions and beliefs were implemented in practice and how these reflected the key characteristics of a 'good employer' identified in the literature. The employers predominantly perceived the need to promote a collaborative culture, adopt fair and understanding employment practices and provide a good work environment. How these 'good employer' perceptions, attitudes and beliefs were implemented in practice was explored through the five dimensions of a 'good employer' adapted from the ILO dimensions of socially decent work at the workplace level (Bonnet, *et al*, 2003). A brief overview of the general preference for implementing informal or formal employment management practices is provided before exploring each dimension. Specific areas of the study that need further research to gain a deeper understanding of ER and OHS policies and practices in SEs are presented in the summary. The chapter closes by reflecting on the limitations of this study.

5.1 The general level of formal and informal management practices

Previous research suggests HR practices vary but that relatively informal practices are well founded and not necessarily inferior to practices in large enterprises (Coetzer, *et al*, 2007; Gilbert & Jones, 2000, Massey, *et al*, 2006). However, the formalization of expectations concerning all aspects of the employment relationship increases the likelihood of employees being treated fairly as the number of employees increases (Knuckey, *et al*, 2002; Kotey & Slade, 2005, Kotey & Sheridan, 2004; Legg, *et al*, 2009; Storey, 1994; Wilkinson, 1999) and protects the SE against potential claims of unfair dismissal (Harris, 2000). As this study was directed at identifying good practices the selection criteria purposefully omitted enterprises that were in the start-up survival phase, where the employer may have very limited resources, expertise and/or managerial knowledge. This section provides a broad overview of the level of formality of ER and OHS practices in this sample of SEs. Specific practices are explored in more detail in the dimensions of a 'good employer'.

The findings showed a variation in implementation of formal ER and OHS policies and practices. Whereas, all of the employers prioritized the management of the employment relationship demonstrated in formal ER policies, OHS management was given lower priority in lower risk industries. The high concern for compliance with the ERA should not detract from the high incidence of formal OHS policies and practices. The preference for formal ER and OHS practices

in this study suggests a general improvement in policies and practices in SEs compared with predominantly informal practices recorded in earlier New Zealand studies (Gilbert & Jones, 2000; Massey, 2004; Knuckey, *et al*, 2002). Although Gilbert and Jones (2000) sample were concerned about the HSEA, they did not have help from external OHS advisors. However, the researchers had difficulty discerning whether concern for the statutory requirements led to the implementation of procedures.

The majority of employers referred to employment lawyers, ER and HR specialists, and industry/trade associations suggesting improvements in compliance could be partly due to a tendency for employers to seek advice from external sources. This suggested some change had occurred since the Combined Chamber of Commerce 'Red Tape' Survey reported few SEs sought external advice (2003, cited in de Bruin-Judge, 2006). The fact the majority of employers sought external specialist advice is positive as it suggests that they were being proactive about increasing and supplementing their managerial knowledge and skills in relation to the employment relationship, an area where they have previously been found lacking (Lamm, 1999). There was, however, a marked difference in the sources employers used for external information. While specialists (including industry organizations) were consulted when drawing up an agreement, many of the employers cited the Department of Labour (DoL) website as their first source of OHS information. In some instances an OHS issue had been dealt with through the disciplinary process so the employer would have had advice from the external advisor. This difference in advice seeking strategy was interpreted as a higher concern for compliance with the ERA than for the HSEA. It could have been that some employers were aware of the website and were comfortable to using it, nevertheless, none of the employers talked about the new interactive multimedia online tool 'Infozone Business Essentials' that provides access to basic ER and OHS management practices (DoL, 2010a).

These emergent themes corresponded with two dimensions of the 'good employer' prioritized by the ILO (Bonnet, *et al*, 2003): employee voice security and work security, which are embedded in the ERA and HSEA.

5.2 Employment security

The frequency of company mergers, downsizing, restructuring and privatization have meant employees no longer expect a job-for-life, even in the public sector where jobs were traditionally more stable (Arrowsmith & Parker, 2010, 2012; Bewley, 2006; Boxall, 1991). However, redundancy must be genuine and procedures must be fair and reasonable. According to the ILO definition of socially decent work, employment security captures whether the employer provides

workers with employment agreements, whether it includes predetermined prior notice of retrenchment, whether it provides benefits for retrenched workers, and whether dismissal procedures are regulated by collective agreement (Bonnet, *et al*, 2003). The ERA accommodates individual agreements in requiring employment agreements to contain provisions for protecting employees. It also makes provision for vulnerable workers and new employees as well as genuine consultation regarding potential redundancy, but there is no statutory requirement for redundancy compensation (ERA, s. 69). While formalization of redundancy and restructuring procedures is mandatory, some related procedures are often informal in SEs. This section explores the employers' restructuring procedures and dismissal procedures (performance management and dispute resolution procedures). Hull and Read (2003) found that the informal practices often encountered in SEs of open, timely, informal access to information and feedback underpinned the quality working relationships in all their excellent workplaces.

5.2.1 Regular employment contracts

The employers' clarification of fairness and understanding as reciprocal behaviour was consistent with the ERA objective "to build productive employment relationships through the promotion of good faith ..." (s3(a)). The consistency of compliance with statutory requirements to formalize IEAs, and include redundancy and dismissal procedures in my sample conflicted with Australian SE employers who were more reluctant to formalize obligations than employers in large enterprises (Nadin & Cassell, 2007). Having access to legal advisors appears to have assisted these employers to comply with some requirements and effectively pre-empt the latest Employment Relations Amendment Act 2010 requiring employers to retain a signed copy of an employee's IEA or the current signed terms and conditions of employment (s. 64).

While formal practices may go some way to increasing perceptions of fairness and subsequently reducing ERPs increases (Guest & Conway, 1999; Kotey & Slade, 2005, Nadin & Cassell, 2007; Scott, *et al*, 1989), all employers mentioned employment issues at some point in the interview. Though it was interesting that the two employers operating in the service industry who formally established employee satisfaction with terms and conditions of employment did not mention fair and understanding in their initial descriptions of a 'good employer'. The employers who talked about fair and understanding employment practices operated in SEs where employees had direct contact with customers. These employers particularly stressed formalizing their expectations and procedures in IEAs and policy, and formally reviewed performance in SEs where employees had direct customer contact. This anomaly appeared to be compatible with research showing how a dependence on employees' emotional labour in service industries increases employers' interest in

employee job satisfaction (Arrowsmith & Parker, 2010, 2012; Curran, 1991 cited in Storey, 1994; Guest & Conway, 1999).

5.2.2 Dismissal procedures - discipline procedures and resolving disputes

The high level of formal ER policy which included the documentation of discipline procedures and dispute resolution procedures in IEAs was consistent with research indicating that formal dispute resolution procedures are common practice in SMEs (Forth, *et al*, 2006; Scott, *et al*, 1989). Scott, *et al* (1989) found that SEs with higher levels of procedural formality have more stable employment relationships: significantly, procedures were effective when they were adopted to actually address internal needs rather than purely to meet compliance requirements. The importance employers in this study placed on selecting employees who fitted in the team was reported above. Open communication was often encouraged through informal social interactions at tea or work socials. When issues did arise all the employers preferred to deal with them quickly. Some described a need to be reasonable and/or talking or joking several times before taking a more serious line. However, when the desired behavioural change did not occur, employers would follow the formal dispute resolution procedures set out in the IEA.

The retail and service industry employers generally tended to resolve issues effectively with informal interactions and verbal warnings. Issuing a formal verbal warning appeared to be related to the scale of the misdemeanour and the employers described making jokes or talking several times before turning to more formal measures outlined in the IEA. The adoption of a more serious tone appeared to be sufficient when formal procedures were used to address misdemeanours. These misdemeanours were most often related to aspects of the job that would impact on the customers' experience. According to Scott, *et al* (1989) the employers' initial attempts to neutralize conflict using informal methods before turning to provisions for formal procedures is an effective means of preventing unresolved issues from erupting with undue intensity.

The results also supported Scott, *et al*'s (1989) proposal that formal discipline or dispute procedures issues may prevent issues quickly deteriorating when they cannot be contained within personal frames of reference. When issues had resulted in termination of an employment relationship in this study, the employers' invariably talked about personality issues or grumbling in the workplace. However, they usually sought advice and followed systematic steps suggesting documented discipline and dispute procedures were raising awareness of appropriate ways to contain conflict. In one instance the formal disciplinary procedure had allowed the employee the opportunity to raise issues that Employer 12 had not considered. The result was positive for both

parties as a written warning had not been issued but the employee had adopted the appropriate behavioural change.

The duration of the process varied, even within the same enterprise and appeared to be related to the severity of the offending behaviour and risk factors. In the case of suspected substance abuse in a construction SE, the duration of the procedure was one month and had resulted in termination as well as a new provision for drug and alcohol testing in all IEAs, whereas, the disciplinary procedure to address tardiness and sub-standard work had taken a lot longer before the employee was finally dismissed. Employer 4 was following formal disciplinary procedures which had included issuing a verbal warning to manage a skilled employee who made a significant contribution to the SE and was difficult to replace. These practices supported the WERS 2004 findings showing that British SE employers commonly follow some of the steps laid out in employment legislation particularly, when issuing disciplinary sanctions (Forth, *et al*, 2006).

The discipline and dispute resolution procedures appeared to differ according to industry, however, the overarching reason for formal dispute and termination procedures appeared to be an effort to avoid undue costs arising from personal grievances and were, thus, essentially compliance driven. Acknowledging some shortcoming in following their formal dispute process, two employers had settled out of employment court prior to the Employment Relations Amendment Act 2010.

5.2.3 Redundancy and structural change – genuine consultation

The international economic recession at the time this study was conducted may have increased the possibility of redundancy occurring in the SEs and consequently raised awareness of statutory obligations regarding redundancy. The ERA makes provision for genuine consultation regarding potential redundancy but there is no statutory requirement for redundancy compensation (s. 69). Three of the four employers who had terminated employment through restructuring/redundancy had informed employees of potential redundancies at the regular meetings. This compared favourably with the WERS findings that consultation occurred in 81 percent of LEs where redundancies had occurred and 65 percent of SEs (Forth, *et al*, 2006). Significantly, the two employers who perceived informing employees as a characteristic of ‘good employer’ practices even reflected the public sector criteria of redundancy being the final option (Boxall, 1991). In the one case the redundancy was going to occur but Employer 12 had averted this by putting employees on a four-day-week until work increased. As none of the employers mentioned redundancy packages for employees it appeared practices were compliant with the minimum statutory requirements.

Irrespective of the recession, redundancy is one of the most common types of ERP (Woodhams, *et al*, 2007) and one of the common justifications for employees lodging a ‘personal grievance’ (DoL, 2010b; Waldergrave, *et al*, 2003). In fact, a third of employers in this study had used restructuring/redundancy to terminate employment which had led to a personal grievance in one instance. The finding that two of the employers who had made some procedural mistakes when dealing with an ERP or redundancy had become more careful in how they implemented procedures following the incident supported the growing body of research showing that procedural fairness is at least partially motivated by compliance. However, it also justifies the NZCTU’s (2011) concerns that procedural fairness will be compromised by the recent amendment stipulating that “an employer’s actions cannot be viewed as unjustified solely because of mistakes made in the prescribed process, if those were minor, and they did not result in the employee being treated unfairly” (ERA, s. 103A (5)).

The precautionary nature of formal policies and procedures recurring throughout these findings supports evidence that SE employers are increasingly following formal procedures as a precautionary measure against potential personal grievance claims (Forth, *et al*, 2006; Harris, 2000; Kotey & Sheridan, 2004; Kotey & Slade, 2005). This is promoted as good practice as SEs often lose their claim at industrial tribunals because they do not follow the procedures they have in place (Harris, 2000; Saridakis, *et al*, 2008; Wilkinson, 1999). Some employers’ referred to restructuring being the easiest way to terminate an employment relationship or employment advisors saving a lot of money, which suggested these employers had found implementing formal procedures and following the advice of an employment expert effective. However, when procedures were carefully followed employment laws provided little protection for employees. Walker and Hamilton (2011) found that when the employer had the dominant influence, employees who want to remain with an employer typically lacked influence and lost their jobs either before or after mediation.

Another amendment that may erode employee security is the ‘90 day trial period’ (ERA, s.67A). Fifty percent of the employers believed this amendment was beneficial for potential employees as employers would be more willing to give them a chance yet none overtly expanded on any benefits to the employer even though they typically talked about employment legislation when asked about how they manage personnel issues. It is possible that the public debate concerning the proposed amendments to the ERA (to take effect on the 1 April 2011) at the time the interviews were conducted had highlighted this issue. The DoL (2010b)⁸ review found the majority of employers

⁸SE employers employing less than 19 employees accounted for 33% of the 219 submissions related to the Review of the Employment Relations Act 2000 compared with 55% from large enterprises (DoL, 2010b). As SEs employ 31% of all employees compared with large enterprises accounting for 47% of the total number of employees (Statistics NZ, 2008)

considered the ‘90 day trial period’ had reduced the risk of personal grievances and reduced the risk around employing new employees. This is relevant when investigating how an employer balances their interests with those of employees as unjustified dismissal has been found to be the most common type of personal grievance and claim at mediation (DoL, 2007). The references to statutory minimum suggested that ER practices were more influenced by legislation than non-enforced recommendations of ‘good employer’ practice.

5.3 Voice security - employee input in decision-making

The three most frequently mentioned characteristics of a ‘good employer’ in this study were: promotes a collaborative culture, adopts fair and understanding employment practices and provides a good work environment. Thus, the SE employers’ perceptions reflect the moral duty to care for employees and to facilitate the genuine consultation and negotiation with employees in decisions that impact on their lives (employee voice). These key characteristics have remained central to the concept of a ‘good employer’ since the 19th century. More recent literature reiterates a ‘good employer’ is distinguished by quality employment relationships built on mutual trust and respect (Arrowsmith & Parker, 2010, 2012; Bacon & Hoque, 2005; Barrett & Khan, 2005; DoL, 2003; Gill, 2010; Hull & Read, 2003; Nadin & Cassell, 2007; NZHRC, 2006).

While these employers’ beliefs fitted the ‘good employer’ characteristics there appeared to be subtle differences in how these beliefs were embedded in their workplace policies and practices. This divergence was apparent in the purely individualist nature of employment relationships in this sample. However, this tendency to individualism is consistent with research showing a low level of participation and collectivism is common in SMEs (Forth, *et al*, 2006; Foster & Rasmussen, 2010; Wiesner, *et al*, 2007). While the absence of union organization negates collective actions, polarized generalizations of SE conditions of work as either harmonious or sweatshop have been criticized (Curran, 1986; Rainnie, 1989). This study is concerned with whether the formal and informal practices implemented in SEs may effectively provide employees adequate information and facilitate genuine consultation. This section focuses on employee input in operational decisions, the determination of pay and other terms and conditions of work, and the management of OHS risks. Consultation in relation to restructuring and redundancy is explored in the section on employment security.

this sample appears representative of the population. Despite this being a relatively small sample, SE employers had representative input in current policy decisions.

5.3.1 Employee input in operational decision making

Only four employers perceived employee input in decision-making as a characteristic of a ‘good employer’ even though independent employee voice in the determination of fair and proper conditions of work is a key characteristic in the academic debate (Chapman, 1970; Guillèn, 1994; Corby, 2000; Gibb, 2004; Gill, 2010; Hull & Read, 2003), national and international benchmarking standards (Bonnet, *et al*, 2003; DoL, 2003; Knuckey, *et al*, 2002; NZHRC, 2006; SAI, 2008) and employment legislation (Bewley, 2006; Boxall, 1991; NZHRC, 2010). The omission of employee-input in initial descriptions appeared to be a better indicator of implemented practices which reflected the universal reticence amongst SE employers to commit to partnership and consultative practices (Boxall, *et al*, 2007; Haynes, *et al*, 2005; McDonald, 2005; Ram, *et al*, 2001; Waldergrave, *et al*, 2003).

When it came to implemented policies and practices, all of the employers in my study adopted informal open-door policies to manage workplace and individual issues. This was expected as the literature shows more prevalence of employee representatives and consultation committees in larger unionized and public sector enterprises (Bohle & Quinlan, 2000; Kersley, *et al*, 2006; Butcher & Stewart-Loughnan, 2005; Haynes, *et al*, 2005; Walters, 2010). However, the majority of employers also encouraged employee input in improving operational procedures in regular informal meetings or formal planned meetings that usually included an OHS segment. The regularity of consultation meeting was one measure used to examine joint consultation in the NZWRPS showing employees generally have a high influence in all areas of decision-making (Boxall, *et al*, 2007; Haynes, *et al*, 2005).

As employee suggestions were also often implemented and ultimately affected the product or service provided, employee input in operational decisions partially fulfilled Bohle and Quinlan’s (2000) criteria for genuine involvement. The criteria that are problematic in a predominantly unitarist SE context are the balance of power between managers and workers, and budgetary and other resources (Bohle & Quinlan, 2000), which is further complicated by the expectation that a ‘good employer’ will make responsible decisions that will be cost effective, increase productivity and sustain the business (Bonnet, *et al*, 2003; Boxall, 1991; Bewley, 2006; Corby, 2000). The findings showed that employee input was bounded by resources as well as the employers’ preference to make the final decision.

However, the high value placed on employees’ contributions set two employers apart and was reminiscent of the leadership initiative shown by the welfare pioneers (Bewley, 2006; Boxall, 1991; Guillèn, 1994; Haydu & Lee, 2004; Lines, 1990; Robertson, 1971). Contrary to the New

Zealand literature showing employees skills are not highly valued in lower paying and lower skilled jobs (Boxall, *et al*, 2007; Rasmussen, 2009b), these employers facilitated a relatively high level of employee input in operational decisions and problem resolution which was complemented by higher than industry standard pay and very low employee turnover. In doing so they matched Hull and Read's (2003) good and excellent employer characteristics, acknowledging the positive impact of employee contributions and supporting this with good pay and conditions is an essential characteristic of a good employment relationship.

5.3.2 Employee voice in the determination of pay and other terms and conditions of work

These employers preference for open communication through an open-door policy and regular meetings appeared to generally facilitate input in operational decisions. When it came to determining pay and other terms and conditions of work (an area where employers and employees interests traditionally conflict), a range of employee input emerged. Some employers who had difficulties attracting and retaining skilled employees talk about market related pay and negotiation with individuals, usually concerning non-standard hours of work, and was consistent with Scott, *et al*'s (1989) findings showing employees with higher skills had some input in determining their pay and other terms and conditions of work. The adjustment to a pay issue raised by an employee nominated representative was related to the need to standardize new pay structures "to actually make it fairer" (Respondent 12, service) in a new standard IEA for all technicians and this may have been related to the employees' skill levels. This collective negotiation through an employee elected representative was unusual in the absence of unions. Nevertheless, as employees concerns were taken seriously and their input affected outcomes this interaction reflected some of Bohle & Quinlan's (2000) criteria of genuine involvement.

The accommodation of some collective employee input in establishing the standard employment agreement in three SEs employing lower skilled workers was also surprising as this was one area where the predominantly white collar employees in New Zealand LEs would like to have had more influence (Haynes, *et al*, 2005). It was the employers talking about employees being free to accept or reject the employers' offers that revealed the diversity in the level of employee input and supported arguments that SE employees often have weak bargaining power (Rasmussen, 2009a) and low input in determining their pay and other terms and conditions of work (Forth, *et al*, 2006; Gilbert & Jones, 2000).

The pockets of consultation in the determination of pay and other terms and conditions of work were encouraging considering that the private sector accounts for only nine percent of the total number of employees covered by collective agreements (Blumenfeld, 2010). Nevertheless, any

incidence of weak bargaining power supports concerns about the benefits of regulations that rely on collective bargaining (Bewley, 2006; Quinlan & Johnstone, 2009) especially as the ERA has had a limited impact on changing employers predominantly negative attitudes towards collective bargaining (organized collective employee voice) (Foster, *et al*, 2009; Foster & Rasmussen, 2010; Waldergrave, *et al*, 2003).

When talking about the determination of pay and other terms and conditions of work, and employee input in the IEA, the employers overarching concerns appeared to be to protect the enterprise and limited resources. Employers in this study were careful to allow the prospective employee time to read the IEA and seek advice, and many documented performance management procedures and dispute resolution procedures. The tendency to formalize dispute resolution procedures is common even in the smallest UK enterprises (Forth, *et al*, 2006). However, the most consistent practice adopted by the employers in this study was the formalization of terms and conditions of work in IEAs. This was an improvement from earlier research showing some SE employers had not formalized employment agreements (Battisti, 2008; Waldergrave, *et al*, 2003) and contrasted with Australian SE employers who were still more reluctant to formalize obligations than employers in large enterprises (Nadin & Cassell, 2007). This level of formality even differs from New Zealand research suggesting employers were more likely to formalize OHS practices (Coetzer, *et al*, 2007; Gilbert & Jones, 2000; Massey, *et al*, 2006).

The literature shows that formalizing expectations increases perceptions of trust and fairness, subsequently improving perceptions of the employment relationship, job security, job satisfaction, organizational commitment and motivation, organizational citizenship, absence and intention to quit (Guest, 1998; Guest & Conway, 1999). This is embedded in the ERA with parties to collective and IEAs in New Zealand obliged to act in good faith by adopting behaviours that engender trust and confidence. The employers appeared to have pre-empted a requirement in the latest Employment Relations Amendment Act 2010 (s.64) requiring employers to retain a signed copy of an employee's IEA or the current signed terms and conditions of employment which was attributed to the high level of advice seeking tendency. The main reason for reviewing IEAs was to reflect legislative amendments and the penalties attached to breaching this amendment may have been sufficient in promoting compliance with this amendment. Earlier research has demonstrated how instrumental enforcement inspectors are in maintaining pressure on employers to improve conditions of work (Lamm, 1999; McGivering, 1970). Furthermore, adequate funding of enforcement inspectorates partially reduces non-compliance with employment legislation (Bewley, 2006).

5.3.3 Employee voice in the management of OHS risk

All employers were careful to encourage an informal open-door policy that provided a mechanism for employees to raise any issues and concerns including OHS. Although employers employing fewer than 30 employees are not obliged to establish an employee participation system they must do so if one or more employees, or a union representing them, requests the right to participate. It was through the high incidence of an allocated OHS segment in formal regular meetings that employee input in OHS emerged as a priority. As anticipated, SEs operating in the higher risk manufacturing and construction industries adopted more formal OHS policies and practices than those in lower risk office environment. It was these employers who were meticulous about training new employees and providing personal protective equipment (PPE). These employers involved employees in the purchase of PPE to encourage appropriate use, and involved employees in hazard identification and assessment, elimination, isolation and minimization of the likelihood of harm. Though costs were an issue and some employers were concerned about the level of responsibility placed on the employer, most were able to talk about effectively managing hazards including those raised by employees. Employers 2 and 9 talked about employees identifying and managing OHS issues themselves suggesting that when a SE employer adopts a strong progressive management style direct employee input can be effective and fit with the objectives of the HSEA.

A minority formalized employee input through designated OHS representatives which appeared to be partially motivated by concern for protecting employees and others from harm, and partially reflected concern to be compliant with OHS regulations to protect the SE. The employers who talked about having an employee OHS representative described foremen or tradespeople who acted at the operational level informing subordinates or peers about OHS obligations and monitoring compliance. These descriptions resemble the ‘workshop inspector’ characteristics in Harris’s (2010) HR representative classification. The administrator or co-ordinator of the OHSM system was not referred to as an OHS representative but described as acting in the capacity of employer’s agent entrusted with implementing the system, in some instances inspecting sites and ensuring the SE and workers were compliant with OHS regulations.

The absence of evidence of unreasonable demands by employees or OHS representatives threatening managerial prerogative was consistent with research showing OHS representatives rarely abuse their power (Bohle & Quinlan, 2000; Carson, Henenberg & Johnstone, 1990 and Page, 2002 cited in Lamm, 2004; Harris, 2010). The employers were careful in providing employees with the appropriate SiteSafe training aimed at ensuring no harm came to workers or others on site yet none mentioned OHS representative training. Therefore, it is possible the OHS representatives in mythis study lacked knowledge of their rights and obligations under the HSEA and related

amendments. Employees lacking knowledge and/or the will to leverage input is a common phenomenon in SEs (Champoux & Brun, 2003; Eakin, 1992; Walters, 2010).

Although the employees perspective was not examined, the unique mechanisms Employers 9 and 12 described using to encourage employee input suggested an exceptional level of support for employee participation. One appeared to be more successful than the other. These two mechanisms were more closely examined in an effort to discern possible facilitating or inhibiting factors. The mechanism that appeared to be having good outcomes was to give the employees reciprocal ownership of hazard identification and control and may have been directly related to the progressive management style (Arrowsmith & Parker, 2010, 2012) Employer 9 adopted. Employees in this SE had an unusually high level of involvement and empowerment demonstrated in writing policy and the employee responsibility for minor repairs. Both employer and employees appeared to be reaping the benefits as Employer 9 reported a very low staff turnover and substantial growth in the business.

By comparison, without talking to employees in SE12 it was difficult to determine why they were apathetic to both a reward system for risk management suggestions and opportunities to contribute in OHS meetings when they had collectively negotiated a pay issue. All the appropriate policies and practices appeared to be designed to facilitate employee inclusion in an efficient, proactive OHSMS yet despite this evidence there appeared to have been some barrier to effective two-way consultation and participation. The majority of the employees were qualified tradespeople and so risk management is an integral part of work processes. The enterprise had a comprehensive OHSMS and an administrative assistant had been sent on an appropriate OHS training course. Moreover, the OHSMS was reviewed annually. One possible explanation is that employees may have been reticent to raise issues with ‘safety champions’ who have little power to facilitate improvements and no union support (Walters, 2010); puzzling when they had collectively addressed a pay issue. An alternative explanation could be that employees took turns to attend the regular OHS meetings; however, none of them had attended an appropriate OHS representative training course. Whereas, Employer 12’s response suggested he viewed this as a mechanism for encouraging all employees to engage in risk management and thus provide an opportunity to realize the benefits outlined by Bohle and Quinlan (2000) and Jeffrey (1995). Bearing criteria for effective representatives⁹ in mind the lack of a nominated and trained OHS representative may have impeded

⁹Support for effective health and safety representatives and joint arrangements for improvements in OHSM is reliant on: “legislative provisions for worker representation; management commitment both to better health and safety performance and participative arrangements coupled with the centrality of the provision for preventive OHS strategies for ensuring the quality and efficiency of production; worker organisation at the workplace that prioritises OHS and integrates it in other aspects of representation on industrial relations; support for workers’ representation from trade unions outside

an otherwise effective strategy (Bohle & Quinlan, 2000; Walters, *et al* (2005). But it must be noted that as the employees did not appear to have requested representation, the employer was not obliged to establish formal employee involvement mechanisms.

Most of these respondents talked about more than one mechanism for direct employee participation. However, in a case study of five large enterprises in the chemical industry the employees' opinions that consultation was quite limited was in stark contrast to the employers' claims of extensive employee participation (Walters & Nichols, 2006). As employees were not included in this study it could not be established whether employees agreed with the employers descriptions of encouraging employee input in OHS.

5.4 Income security

The ILO measures this dimension of socially socially decent work in relation to the minimum wage and non-wage benefits and entitlements (Bonnet, *et al*, 2003). However, others expanded on this further and the New Zealand public sector encompasses internal and external wage compatibility, performance based equity and continuous improvement in pay schemes over time (Boxall, 1991). There is also an expectation that a 'good employer' will offer good conditions and pay at least industry standard wages and salaries as a sign of respect and confidence (Hull & Read, 2003). Moreover, that remuneration for contribution in the workplace will be fair (Arrowsmith & Parker, 2010, 2012; Cappelli, 1999; Curran & Stanworth, 1981; McGovern, *et al*, 2004). This section explores what measures employers used when determining pay and other terms and conditions of work. The scope of this study did not allow examination of gender equality, however, most of the operational roles in the SEs included in this sample were gendered.

5.4.1 Recruitment

The popularity of informal recruitment methods such as word-of-mouth is well established (Barrett & Mayson, 2007; Coetzer, *et al*, 2007; Forth, *et al*, 2006; Kotey & Slade, 2005). However, adopting a combination of methods is not unusual in SEs (Scott, *et al*, 1989). Findings were consistent with the latter as a majority of employers in my study used a range of recruitment methods influenced by skill level and availability of applicants on the labour market. When jobs required higher skills or qualifications employers usually developed more formal procedures for determining what skills were needed before advertising the position. The adoption of formal recruitment strategies could be attributed to efforts to broaden the pool of potential applicants to

workplaces, especially in the provision of information and training; consultation between worker health and safety representatives and the constituencies they represent; and well-trained and informed representatives (Walters, *et al*, 2005, pp. 33)".

overcome the difficulty SE employers had in attracting good skilled employees (Coetzer, *et al*, 2007), particularly in smaller towns (Gilbert & Jones, 2000; Scott, *et al*, 1989), having exhausted the informal sources of family and friends and the employers need to fill gaps in management skills (Kotey & Sheridan, 2004) which often coincides with employing an ER/HR specialist (Forth, *et al*, 2006; Storey, *et al*, 2010). Overall employers appeared to be happy with the outcomes of the methods they used to attract applicants.

Good skills were not sufficient but rather additional to developing good social relationships in all the industry groups. The fact that all retail and manufacturing employers mentioned selecting applicants for 'fit and attitude' when talking about having the right employees supported arguments that traits were often more important than qualifications and work experience (Carroll, *et al*, 1999) or skills, particularly where these could be easily taught (Coetzer, *et al*, 2007; Scott, *et al*, 1989). This selection criteria has emerged consistently in Australian and New Zealand qualitative SE research (Barrett & Mayson, 2007; Coetzer, *et al*, 2007; Gilbert & Jones, 2000; Kotey & Slade, 2005; Nadin & Cassell, 2007) and, therefore, further highlighted the contrast with the exceptionally low percentage of UK employers in all size enterprises listing this as an important recruitment factor (Forth, *et al*, 2006).

The employers' perceptions of a team of employees collaborating to achieve a common goal together with four references to applicants fitting into the existing team to avoid conflict gave some indication of why this selection criterion was so important. These perceptions fit with the unitarist ideology central to the management norms and tendency to protect managerial prerogative common in the New Zealand private sector (Geare, *et al*, 2006, 2009) and Australian SMEs (McDonald, 2005). The absence of any talk of employees challenging the managerial prerogative substantiated Stanworth and Curran's (1989 cited in Kotey & Slade, 2005) argument that employers who select according to 'fit and attitude' do not select applicants if they anticipated the applicant may challenge their managerial prerogative.

5.4.2 Pay and terms and conditions

The employers' predisposition to establishing and maintaining good employment relationships supports Waldergrave, *et al*'s (2003) results suggesting employment relationships in New Zealand are generally good. An alternative explanation for the emphasis on relational aspects rather than tangible aspects of the employment relationship can be found in research showing SEs offer less tangible terms and conditions of work than large enterprises (Bolton, 1971; Barrett & Khan, 2005; Nadin & Cassell, 2007). However, the employers pay related practices were more consistent with SE literature showing pay varies within and between industries (Gilman, *et al*, 2002; Scott, *et al*,

1989). This study classified pay broadly as: minimum wage, industry standard/market-based or above.

Although one employer was concerned about the statutory minimum wage, there was no evidence of employers paying below this rate, thus the SEs all met one of the ILO criteria of fair wages; that the statutory minimum wage is 50% of the average wage. The New Zealand statutory minimum wage at \$12.75 from the 1 April 2010 (Statistics NZ, 2010a) compared favourably with the median hourly earnings of \$20 at that time (Statistics NZ, 2010a). Budgetary constraints were common to all the industry groups but as SE employees are less likely to receive pay increases than employees in LEs and the public sector (Barrett & Mayson, 2007; Forth, *et al*, 2006; Scott, *et al*, 1989) it was not surprising that only a minority of my employers regularly increased employee wages. What was surprising was that two of the three retail employers regularly increased pay when increases are particularly rare in the traditional service sector (Scott, *et al*, 1989). This appeared to be related to the high value placed on the employees that was reflected in Employer 9 paying permanent employees higher than the median for permanent retail workers (\$14-50) (Statistics NZ, 2010a). Nevertheless, the practices implemented by the service and manufacturing employers who employed higher skilled workers were compatible with wage setting practices underpinning fairness in the public sector (Boxall, 1991). These employers were more likely to have compiled job descriptions and considered pay in relation to the internal and/or external labour market.

The public sector model encompasses fairness as involving the maintenance of good industrial relations and consultation that facilitate the ability to improve pay systems over time (discussed in employee voice) and performance based equity (Boxall, 1991). The latter rests on efficient appraisal of employee performance. The employers' preferences for short formal performance appraisals tailored to the SEs specific needs conflicted with previous research showing SE employers prefer to use continuous informal feedback to facilitate timely response to issues (Coetzer, *et al*, 2007; Gilbert & Jones, 2000). However, the emergent patterns were compatible with other research. Firstly, the finding that an increase in the implementation of formal performance appraisal occurred in SEs with 10 or more employees concurred with the WERS (Forth, *et al*, 2006). Then, as the enterprise employs more staff, performance appraisal is likely to occur at longer intervals (Kotey & Slade, 2005). Indeed, the two employers who conducted the most regular employee performance appraisals at quarterly intervals operated in the service (Employer 7) and retail (Employer 11) industries, employed less than 10 employees, and had detailed job descriptions and codes of conduct to maintain high standards of customer interaction. While this fits with Kotey and Slade's (2005) size-interval theory, it is possible these two employers were partially motivated by a need to maintain and control the quality of customer service (Arrowsmith & Parker, 2010, 2012; Curran, 1986). These two employers appeared to be mediating the need to establish and

maintain high standards with medium to high levels of employee involvement in operational decisions, job autonomy and development opportunities; a specific bundle of practices (Arrowsmith & Parker, 2010, 2012) defined as a 'progressive management' style more likely to be adopted in the service industry.

By comparison, three employers in the manufacturing and construction industries preferred to give employees continuous and informal feedback, though this result could have been confounded by the size factor. The employers recognized informal feedback was no longer feasible when employing more than ten employees (Forth, *et al*, 2006). Despite the confounding size factor, underdeveloped employment practices are not unusual in the manufacturing industry (Knuckey, *et al*, 2002). Although this sample did not sufficiently capture less skilled manual workers, the literature suggests that employers prefer direct control over less skilled workers (Scott, *et al*, 1989) and find informal feedback effective when industry norms and close proximity with employees enable them to maintain continuous control over the quality of outputs before they reach the customer (Curran, 1986). The majority of employees represented in these two industries were qualified tradespeople, technicians or skilled machine operators who have to abide by specific industry standards and ethical codes of conduct.

In addition to the employers advice seeking tendencies, the talk about the high costs of mismanaging the employment relationship and performance appraisal not being synonymous with pay review suggested performance appraisals were primarily used to maintain standards and to safeguard the SE in the event an employee filed a personal grievance. These findings were consistent with research showing that SE employers adopt formal policies and practices largely to defend decisions against potential employment litigation (Harris, 2000), thus, suggesting my employers were at least concerned about meeting statutory minimum requirements. By comparison, Atkinson & Curtis's (2004) employers preferred informal ER practices which they linked to negative comments about employment legislation concluding that informality was an intentional strategy to resist statutory requirements. While the adoptions of formal performance appraisals implied employers were committed to a basic level of performance based equity, this commitment appeared to be moderated by little evidence of employers linking performance appraisals to either pay increases or training and development requirements, an oversight common in SEs (Gilbert & Jones, 2000; Kotey & Sheridan, 2004). Employers who link training and development to the needs of the business and the employee get the greatest return on investment (Knuckey, *et al*, 2002).

Finally, Hull and Read (2003) determined that as a token of respect and confidence a 'good employer' will pay at least industry standard wages and salaries. In fact seven employers pay was based on market/industry rates, and two manufacturers and one retailer paid above industry

standard. This appeared to be related to skill shortages in the manufacturing and service industries. Acknowledgment of the valuable contribution employees made in their business by employers who paid above industry standard, supported Hull and Read's (2003) proposal that a good employer will pay at least industry standard wages and salaries as a token of respect and confidence.

5.5 Skill reproduction (employee job) security

The models developed in large enterprises and the public sector highlighted a number of practices that a 'good employer' can adopt when training and developing employees. While some models encompass informal, on-the-job training (Bonnet, *et al*, 2003; Hull & Read, 2003) others distinguish good employers as those who provide formal external training opportunities (Bewley, 2006). These practices vary between models and this study examined which of these practices were implemented in a sample of SEs to determine whether these are feasible in a SE context: entry level training; retraining and performance based development opportunities; and financial support.

5.5.1 Training opportunities

The employers' general preference for on-the-job informal training and training programmes provided by the relevant Industry Training Organization (ITO) supported literature indicating SE employers find these cost effective and more relevant than formal generic skills, although one employer in the service sector supported relevant tertiary study (Forth, *et al*, 2006; Coetzer, *et al*, 2007; Kotey & Slade, 2005; Watson, *et al*, 2009). Similar to previous research, OHS was the most commonly provided training to employees, (Forth, *et al*, 2006) especially in the manufacturing and construction industries. While OHS training appeared to be motivated by a desire to provide a safe working environment and compliance, the employers' talk about training employees who had been with them for a reasonable period of time supported the contention that in an individualist environment employee training is governed by reciprocation and ultimately a return on their investment (Nadin & Cassell, 2007; Pfeffer, 2005). While the employers in this sample appeared to be generally happy with the level of skills in their SE, those that had experienced difficulties in replacing skilled employees sometimes provided training partially as a strategy to retain employees.

Training and development of the workforce is vital in all enterprises operating in a highly competitive economic market and necessary to achieve a high skill economy (Kersley, *et al*, 2006; Rasmussen & Foster, 2011). While Forth, *et al* (2006) could find no evidence of employees being over or under skilled in SMEs, it is easy to see why lack of formal training in transferable knowledge and skills remains problematic for part-time and low skilled employees (Statistics NZ, 2008). Cost as a primary inhibiting factor reflected other findings showing employers perceive

formal training to be more beneficial for the employee than the employer (Coetzer, *et al*, 2007; Watson, *et al*, 2009). The employee needs to continuously develop transferable skills and therefore benefits from formal generic training programmes. On the other hand, the employer has to deal with the conundrum of investing time and money to train employees to enable the SE to gain sustainable strategic advantage. The well trained employee then has better work prospects and increasing bargaining power. The employer may be placed in a situation where they have to offer the employee better conditions of work to deter them from accepting an offer from a competitor.

Skills shortages was a key factor that induced respondents to invest where there was a high likelihood the trainee would leave soon after training was completed. Good apprentices could make a valuable contribution by reducing the workload on the qualified tradespeople. This indicated that the SE could gain short-term benefits as well as long-term benefits if the apprentice chose to work for them once qualified. Persistent skills shortages may have encouraged the respondents to take up some of the burden associated with the development of the workforce. It is possible that the increase in apprentices in the smaller enterprises may be partly due to initiatives directed at resolving skill shortages (e.g. Pathways to Sustainable Employment, PACE cited in Watson, *et al*, 2009) and shows opportunities can improve for employees when an industry and other interest parties collaborate and make a commitment to share the cost.

Five of the seven respondents who could employ apprentices were training at least one apprentice. One respondent who employed more than 20 employees employed five, supporting Watson, *et al*'s (2009) findings showing enterprises employing more than 20 employees are likely to employ multiple apprentices. This is likely to be linked to the costs involved as 24% of an apprentices training is derived from direct and on the job training (Watson, *et al*, 2009). They reported only one SE employing between 6-9 employees employing one apprentice, concluding that size inhibited employers in smaller enterprises. By comparison, four respondents in this study who employed one apprentice had a total workforce of between 6-11 employees indicating size need not inhibit an employer's ability to train apprentices.

5.5.2 Development opportunities

For employees, job security is dependent on opportunities for continuous learning to improve individual employability (Boxall, 1991; Gallie, 2003; Gibb, 2004; Rousseau, 1990). The employers who captured job security in their initial descriptions either talked about being open about the sustainability of the business or training and development opportunities. The former reflected the traditional concept of job security and the latter the new concept of job security. More importantly three of these employers who mentioned job security were developing managers. The relatively

high proportion of manufacturers and retailers in my study developing leaders was significant as employees working in SEs generally have less development opportunities (Bacon & Hoque, 2005; Marlow, 2000 and Patton, Marlow & Hannon, 2000 both cited in Coetzer, *et al*, 2007; Forth, *et al*, 2006). The finding that the employers who were enhancing mentoring with formal management programmes were all expanding their businesses confirmed that growth was a common motivator for introducing hierarchical management structures and training managers (Forth, *et al*, 2006; Kotey & Slade, 2005) and supported research showing that professionals and managers are more likely to receive training (Forth, *et al*, 2006; Statistics NZ, 2008b).

Rather than recruit an outsider the respondents generally preferred to develop employees from within suggesting that over time they had built up a reciprocal relationship. The employer would have determined that the candidate for development was loyal, trustworthy and that they shared common goals accommodating their need to ensure a return on investment. Developing employees from within the SE has been reported as means for SE employers maintain direct control over the enterprise to achieve their vision (Kotey & Slade, 2005)

5.6 Work security

Work security covers the expectation that a ‘good employer’ who treats employees in a fair and proper manner in all aspects of employment will provide good and safe working conditions and equal employment opportunities (Bewley, 2006; Bonnet, *et al*, 2003; Boxall, 1991; NZHRC, 2006, 2009) that exceed compliance (Boxall, 1991), work-life balance, childcare, hours of work and leave entitlements (Bewley, 2006; NZHRC, 2006, 2009). Despite more recent statutory requirements a recent study showed employer and employee awareness of the Flexible Working Arrangements amendment (ERA, s69) was generally low with employers and employees in smaller enterprises significantly less likely to be aware of the legislation, and employees earning less than \$40 000 less aware than employees on higher incomes (DoL, 2011b).

While New Zealand employers are required to take reasonable (all practicable) and cost efficient precautions to prevent harm to employees at work (HSEA), the ‘good employer’ integrates high levels of OHS in all aspects of the workplace (Hull & Read, 2003). Effective OHSM systems are characterized by the presence of formal policies and practices, safety committees (employee input, OHS representative), an emergency plan and review of OHSM.

5.6.1 Work-life balance

Earlier research showed that formal work-life balance policies and practices were more noticeable in the public sector (Bewley, 2006). Nevertheless, a close relationship with the employer and a

flexible work schedule were also valued by the employees in Barrett & Zhan's (2005) sample of SEs although wages and hours of work were important to employees. Some suggest that the lower tangible rewards in SEs are moderated (Barrett & Zhan, 2005) by the sense of operating as a family put forward as a benefit of working in a SE (Barrett & Zhan, 2005; NZHRC, 2010). The employers' emphasis on accommodating unanticipated events was consistent with research showing that family friendly policies tend to be informal and *ad hoc* in smaller enterprises (Foster & Mackie, 2002; Kersley, *et al*, 2006; Ryan & Fursman, 2005; Yasbek, 2004). Some of the employers believed that they were more understanding than large enterprises. Employer 10 went beyond accommodation to helping employees' at any time of the day or night.

These early studies preceded the ERA Amendment (2007, s 69) and it is thus significant that though formal arrangements were not feasible in all of the SEs in this study, the three employers operating in the manufacturing industry had accommodated employee requests concerning hours of work. This finding was consistent with literature showing that industry type is a better indicator than size of the likelihood an enterprise will implement formal family friendly policies (Galinsky & Bond, 1998 cited in Yasbek, 2004; Ryan & Fursman, 2005). The different work-life balance arrangements for tradespeople and administrative staff that Employer 1 described confirmed that the construction industry are less likely to allow tradespeople to select shifts or choose the number of hours they are contracted to do and highlighted within enterprise job related differences captured in the Ryan and Fursman study (2005). However, the high incidence of manufacturers accommodating individual employee requests for non-standard hours of work, as well as employees collective input in changing the standard hours or days of work, conflicted with earlier research showing employees in the manufacturing industry are unlikely to allow employees to select their own rosters or shifts (Fursman & Ryan, 2005). The improvements in the manufacturing industry suggested that the ERA Amendment (2007) may have had a positive impact on the provision of family friendly policies in some industries despite evidence showing employers and employees generally have a low awareness of this legislation (DoL, 2011b).

5.6.2 A safe and healthy work environment

Employers are obliged to "...promote the prevention of harm to all persons at work and other persons in, or in the vicinity of, a place of work (HSEA, s5) and to ensure employees have a reasonable opportunity to participate effectively in the management of risks in the workplace (HSEA, s19). An effective OHSMS will include: having an up to date hazard register, employee involvement in the management of OHS risks (integrated in all aspects of work), OHS representatives, an emergency plan, and regular reviews of the OHSMS. Employers who want to attract and retain good employees would, furthermore, benefit from being identified as an

‘employer of choice’ who develops and protects their investment involving the provision of a safe work environment (DoL, 2003).

The two employers who had won business awards perceived providing a safe and healthy work environment as a characteristic of a ‘good employer. Both had implemented formal policies and involved employees suggesting entry into an award scheme had raised awareness. It is possible concern about shouldering the financial burden of managing OHS detracted some employers from the benefits of a safe work environment which may partly account for excluding it from descriptions. SE employers’ perception of costs as a threat to profitability is a major barrier to managing OHS risks (Alexander, *et al*, 2004; Walters & Lamm, 2004). Nevertheless, the majority of employers implemented formal policies and practices and involved employees in managing OHS risks. This section focuses on what motivated or impeded employer commitment to providing a safe workplace conducive to reducing the potential risk of accidents and injuries. The findings of employers’ implemented policies and practices are summarized in Table 4.4.

Compliance with employment legislation

Compliance with statutory requirements appeared to be a strong motivation for managing OHS in this sample of SEs and extended to protecting the business against financial loss associated with injuries or penalties. The National Occupational Health and Safety Advisory Committee (NOHSAC) (Legg, *et al*, 2009) similarly reported avoidance of infringement notices from Department of Labour inspectors amongst the main motivators for the implementation of OHSMS in New Zealand SEs. By comparison only 13 percent of the largest employers in New Zealand gave this reason; the most common reason cited by 100% of employers in the construction industry, 42% of manufacturers, and 33% of retail and service industries was for the safety, health and welfare of employees (Butcher & Stewart-Loughnan, 2005). However, commitment to compliance is also related to awareness of statutory obligations (Gilbert & Jones, 2000; Knuckey, *et al*, 2002; Massey, *et al*, 2006).

Level of concern as a motivator for the implementation of formal OHMS

Apart from the different motivational influence compliance had in large and smaller enterprises, the industry level of concern for employee safety in this sample of SE employers appeared to be similar to employers in large industries. This suggested the employers’ perceptions of the level of risk (presented in Appendix I) was consistent with overall industry norms. The findings summarized in Table 4.4 show that employers in the high risk SEs generally implemented formal policies and practices to manage OHS risks. Even employers who had a low concern for OHS

talked about specific issues related to their obligations suggesting they had considered the actions needed to comply with at least some of their statutory obligations.

A significant number of employers had a high level of awareness of their obligations under the HSEA demonstrated by the implementation of formal policies and practice, and a majority involved employees in managing hazards. Furthermore, employers who operated in a high risk environment commonly reported a low concern for OHS. These employers generally had a high awareness and knowledge of their obligations under the HSEA and the consequences of breaches and specific industry and/or site hazards. These employers adopted formal OHS practices and their descriptions of how they were managing specific hazards suggested they were confident that they were meeting their legal obligations. Therefore, a low concern for OHS was not always an indication of a low level of commitment to implement effective OHS management systems to identify, eliminate, isolate and minimize hazards (HSEA, s.7). This group of employers shared some common traits and ER practices characteristic of Lamm's (2002) professional employer. A professional employer typically demonstrates a high level of relevant training and experience and human resource management skills, consequently, compliance is based on knowledge of regulations. The employers and employees are also typically all members of industry or trade associations regulated by codes of conduct. The following findings suggested knowledge and experience had increased these employers' awareness and interest in improving the work environment.

- Three of these employers had tertiary qualifications and all were members of a trade association,
- Three had external advisors associated with size, and
- All four offered some form of training or development opportunities and two conducted formal performance appraisals.

A high concern for OHS was sometimes ascribed to the high level of risk common to the industry and in these instances employers usually addressed this concern by implementing and maintaining comprehensive, formal OHSMS. This group of employers also shared some characteristics of the professional employer.

- They all had tertiary qualifications and an assistant or external ER/HR advisor,
- Three of the four were governed by codes of conduct, and
- Three conducted formal performance appraisals.

Level of concern as a motivator for informal OHMS

The second group of employers who had a low concern for OHS generally adopted an approach to managing OHS. They also had a tendency to trivialize and hold employees responsible for OHS, an attitude that was common in SEs (Champoux & Brun, 2003; Eakin, 1992; Hasle, Kines & Anderson, 2009; Lamm, 1999; Laird, 2008). Although they took an informal approach to managing OHS their employees had particularly high levels of training and development opportunities, good pay and terms and conditions, and input in operational decisions and job autonomy. The employers in this group did not all fit into any specific group in Lamm's (2002) taxonomy. However several factors appeared to influence a higher awareness of statutory requirements and the implementation of formal practices in less risky industries:

- the size of the enterprise
- general industry and OHS training
- knowledge and experience
- supply chain pressure

The respondent's level of concern for managing OHS risks gave an insight into the factors that influenced each respondent's choice to adopt a formal or informal approach. The findings showed some distinctive demographical differences and management practices that may assist policy makers and interest parties to overcome barriers to improving the management of OHS in SEs.

Awareness through business and industry associations, award schemes and meta-standards

Research shows that using industry and professional associations and bringing together companies to network and learn from each other are good avenues for educating employers about employment management practices (Jenkins, 2006; Weisman, *et al*, 2007) and of overcoming barriers to implementing good OHS practice (Lamm, 2002; Massey, *et al*, 2006; Legg, *et al*, 2009). The findings suggested that the high level of affiliation to business and industry associations may have had a positive effect on the employers' knowledge and commitment to managing the employment relationship and OHS risks. As the majority of employers were found to be affiliated to one or more industry and/or business associations (presented in Table 4.4), the researcher agrees this is a valuable platform for informing SE employers of the value of good employment practices especially considering the main driver was cost¹⁰.

¹⁰ The researcher attended two business networking meetings where members shared information and supported each other.

Entry into an award may also have raised awareness and improved conditions of work. Three of the employers who demonstrated a high concern for OHS were distinguished by having won some sort of business award. One of the five employers employing fewer than 10 employees had established formal employee involvement mechanisms. In this instance risk may have been a primary motivator, but a desire to be identified for good management practices had prompted participation in a regional business award scheme and it was evident from his conversation providing a good work environment was a high priority and a means of retaining employees. This suggested that award schemes do encourage best practice and consequently lead to workplace improvement (Brown & Butcher, 2004). However, only a small minority of enterprises participate in award schemes.

Meta-standards such as the ISO 9000, SA8000, Australian/New Zealand Standard (Standards New Zealand, 2001) and the Global Reporting Institute (GRI) programme establish minimum standards to support continuous improvement and, if these are used to engage SEs in improving practices, they need to be perceived as valid by the stakeholders (Márquez & Fombrum, 2005; SAI, 2008; Uzumeri, 1997). Although GRI programme has been reported as sustainable in SEs none of the employers mentioned being part of these. This is very relevant considering the fact that the Accident Compensation Corporation Workplace Safety Discount Scheme (ACC WSDS) for rewarding employers for improved OHSM practices has had limited success in motivating employers to make improvements. The findings concurred with Legg, *et al* (2009) showing that employers believed that the time and resources needed to implement and document the programme exceeded the benefit of the discount. A similar opinion was uncovered in the construction industry in the NOHSAC study (Legg, *et al*, 2009). Employer's 1 and 12 talked about it as a means of reviewing their system, supporting Knuckey, *et al's* (2002) assertion that firms paid more attention to areas they measured. It appears the validity of the ACC WSDS is not an issue and that a higher reward (discount) could balance out the time and resources needed to fulfil the criteria. Also taking into account evidence from Legg, *et al's* (2009) interviews it may prove helpful to re-evaluate the reward for those who make an effort to meet voluntary, valid standards such as the ACC WSDS.

Costs

Consistent with previous research showing that when the costs of not implementing good OHS practices outweighed the costs effectively managing risks the employers preferred to implement simple systems that were relatively cheap, easy for employees to integrate into their work processes, and easy to monitor (Alexander, *et al*, 2004; Champoux & Brun, 2003; Legg, *et al*, 2009). The high costs associated with controlling risks and hazards were a major issue for all employers, but especially for those in the higher risk industries. Some employers in the smaller

enterprises also talked about the prohibitive costs involved to achieve some safety requirements, excessively high penalties that SEs could not afford and a need for employees to be more accountable for adopting safe work practices. The economic vulnerability of SEs was highlighted by the employers' perceptions that costs were prohibitive and could even result in the demise of a SE if the respondent is held accountable for a serious injury.

Thus, the findings showed that the perception of disproportionate costs associated with managing OHS in SEs may override knowledge and awareness of statutory requirements. The scope of this problem was further exposed by one concerned employer's commitment to working with an industry association to create a scheme whereby members gain points towards an Accident Compensation Corporation Workplace Safety Discount (ACCWSD). His idea fitted well with the Workplace Health and Safety Strategy to 2015 (DoL, 2009, 2010c) initiated to raise awareness¹¹. However, he believed the extra costs involved to qualify for the 20 percent discount was not worthwhile. The industry association's innovative approach to raising awareness and overcoming a major barrier to reducing workplace injuries and improving conditions of work (Champoux & Brun, 2003; Walters & Lamm, 2004) was encouraging on the one hand. On the other hand, it suggested many employers still need to be convinced "... that there is no inherent conflict between the goals of workplace health and safety and organizational profitability" (Brown & Butcher, 2004, p.2).

This conflict between knowledge and resources supported literature showing awareness and knowledge are not sufficient motivators (Champoux & Brun, 2003; Walters & Lamm, 2004) if employers lack either the will or resources to implement sustainable improvements (Walters & Lamm, 2004). The findings reiterated appeals to show SE employers the benefits of good OHS management (Bohle & Quinlan, 2000; Champoux & Brun, 2003; Lamm, *et al*, 2007; Mayhew, 2000). This is particularly important in the context of an international recession and subsequent government fiscal restraint when it is unlikely there will be any increase in enforcement. Haynes, *et al* (2003 cited in Lamm & Tipples, 2005) proposed that the protection of employment rights is dependent on adequate resourcing of the DoL inspectorate rather than on better legislation.

Supply chain pressure

The finding that three of the four employers who operated as part of a franchise or in a large shopping complex were obliged to comply with the organization's OHS policies supported research suggesting that supply-chain pressure is an incentive for most employers (Coetzer, *et al*, 2007;

¹¹ The action plans for the Construction Sector include direct actions to reduce the rate of serious harm injuries related to slips, trips and falls with special focus of work at heights.

Edwards, *et al*, 2006; Ram, *et al*, 2002; Walters & Lamm, 2004). It was evident that these organizations had acted as agents for good OHS management and that the employers had access to information to increase their knowledge about potential harmful situations and appropriate systems to control them. Employer 3 offset the cost against his marketing strategy to gain recognition as the best contractor in his industry. In fact his business strategy appeared to be centred on the integration of good work processes that resulted in a better end product for the customer and thus increased his potential to gain referrals for future work. He stood out as being the most interested in OHS and most of this interview related to OHS. This SE was also involved in subcontracting work for larger construction enterprises and it was evident that he acquired a great deal of knowledge about good OHSM systems from them. He set very high standards on building sites and did not tolerate unsafe conditions caused by other site contractors.

5.7 Summary

5.7.1 Employment security

All employers met the basic ILO expectation and duty under the Employment Relations Act 2000 (ERA) to provide employees with employment agreements. The high level of formalization of disciplinary and dispute resolution policies and procedures is consistent with international research showing this practice is becoming increasingly common in SEs. These policies and procedures appeared to differ between industries, however, the overarching reason for formal dispute and termination procedures appeared to be an effort to avoid undue costs arising from personal grievances, thus, they were essentially compliance driven. Acknowledging some shortcomings in following their formal dispute process, two employers had settled out of employment court prior to the Employment Relations Amendment Act 2010.

Redundancy must be genuine and procedures must be fair and reasonable. The ERA makes provision for genuine consultation regarding potential redundancy but there is no statutory requirement for redundancy compensation. The employers tended to take great care keeping employees informed of the state of the SE especially when redundancies were anticipated. A third of employers had used restructuring to terminate employment relationships and there were two instances where genuine consultation had occurred. However, none of the employers went beyond statutory requirements and the references to statutory minimum suggested that ER practices were more influenced by legislation than non-enforced recommendations of ‘good employer’ practice.

The precautionary nature of formal policies and procedures recurring throughout the findings supports evidence that SE employers are increasingly following formal procedures as a defensive measure against potential personal grievance claims. The time and financial costs that the SE could

incur in the event of an employee lodging a personal grievance and/or having to pay for legal advice and compensation far outweighed the cost related to establishing a formal agreement. Research shows that redundancy is one of the most common types of ERPs (Woodhams, *et al*, 2007) and one of the common justifications for employees lodging a 'personal grievance'. The resources employers expended on protective ER policy and practice in my study suggested employees may be more likely to lodge a personal grievance than raise concern about an OHS issue but this may change. The findings highlight a need for further research to determine the degree to which formalizing policies and procedures in IEAs increase fairness in employment relationships and reduce ERPs in SEs explore the value of short adapted performance appraisals in improving ER outcomes for the employer and the employee.

5.7.2 Voice security

The majority of employers talked about collaborative teams but only four noted that employee input in decision-making was a characteristic of a 'good employer'. The employers described a collaborative culture as one where employees were selected according to 'attitude and fit'. In effect, this generally meant people who would work hard and make suggestions for improvements but not pose a threat to the manager's final decision-making powers. These beliefs reflected a unitarist ideology common in SEs that manifested in their implemented policies and practices. There were two instances where employees had a consistently high involvement in all areas of decision-making in the workplace including OHS.

When it came to input in operational decisions, open-door policies and regular informal input and formal meetings suggested employees had a high level of input in operational decision-making. Input was considered to be genuine as suggestions were frequently implemented and effected outcomes but were bounded by managerial prerogative and resources. Hull and Read (2003) characterized a 'good employer' as one who acknowledges the positive impact of employee contributions and supports this with good pay and conditions. While employees in professional, higher paid, higher skilled jobs are more likely to be acknowledged and reciprocated, it was two employers employing lower skilled, lower paid workers who acknowledged the high value of employee suggestions and reciprocated this with higher than industry standard pay and, in turn, employee turnover was very low.

Employers more generally unilaterally determined the pay and terms and conditions of work; employees could accept or reject the employer's offer. However, some employers had fulfilled their statutory duty to act in good faith involving fair and transparent behaviours and practices. The pockets of consultation in the determination of pay and other terms and conditions of work varied.

There was one instance where skilled employees had collectively negotiated a change in pay and also cases where lower skilled employees had had some collective input in determining conditions of work which were subsequently used as a standard employment agreement. The employers' preference to use a standard template when establishing a new employment relationship further demonstrated concerns about compliance and protecting the business. The diversity in the level of employee input supported concerns that SE employees often have weak bargaining power and low input in determining their pay and other terms and conditions of work.

Although the employers did not mention employees requesting participation in the management of OHS risk, the informal open-door policies and regular meetings provided a mechanism for employees to raise any issues and concerns including OHS. Employers operating in the higher risk manufacturing and construction industries adopted more formal OHS policies and practices than those in lower risk office environment and there were higher levels of formal employee involvement in the OHSMS. A minority standardized employee input through OHS representatives whose role resembled Harris's (2010) 'workshop inspector'. The administrator or co-ordinator of the OHSM system was not referred to as an OHS representative but described as acting in the capacity of employer's agent entrusted with implementing the system. Two employers had adopted innovative strategies to involve employees with a varying degree of success. The most successful outcome appeared to be related to a progressive management style (Arrowsmith & Parker, 2012) embracing a high level of general employee involvement and empowerment. However, the award winning employers were amongst those with higher levels of employee input in operational decision-making and the management of OHS suggesting that entry in the award scheme had raised awareness that had led to improvements in ER and OHS policies and practices.

While the pockets of employee input in decision-making were encouraging there is an immediate need to gain a deeper understanding of the level and incidence of genuine consultation and negotiation in SEs, especially:

- What motivates employers to facilitate employee voice in low-skill, low-pay jobs?
- How does genuine employee voice influence outcomes for employers and employees in SE?
- To explore how satisfied employees are with their level of input in SEs and barriers to increasing employee influence in decision-making that affects working life.
- To determine what inhibits the effectiveness of OHS representatives in SEs when employers implement a comprehensive OHSM system?

5.7.3 Income security

The minimum wage met the ILO criteria for decent work and all employers in my study met the ILO expectation and ERA obligation to pay minimum wage. Formal recruitment strategies were attributed to employers' efforts to broaden the pool of potential applicants to overcome skill shortages particularly in small towns. Skills were not sufficient, rather additional to the likelihood the potential applicant would fit into the existing team, and some employers indicated this averted conflict. This practice fitted with the employers' perceptions of a team of employees collaborating to achieve a common goal and the unitarist management tendency to protect managerial prerogative.

Evidence of the 'good employer' characteristic of offering good conditions and pay (at least industry standard wages and salaries as a sign of respect and confidence) is noted above. Pay varied widely within and between industries. Although few employers regularly increased wages, it was significant that two retail employers regularly gave employee pay increases as this is rare in the traditional service sector. In addition, two employers offering higher skilled jobs wage setting practices underpinning fairness were compatible with public sector practices. This suggested that the policies and practices characteristic of a 'good employer' are achievable in SEs, even those operating in traditionally low-skilled, low-income industries.

The relatively high incidence of short performance appraisals in this sample of SEs was encouraging because appropriate formal policies and practices are a means of ensuring the fair treatment of employees. Although this practice appeared to be motivated by the size of the SE and the need to control standards of customer interaction, the adoption of formal performance appraisal procedures implied employers were committed to a basic level of performance based equity. This commitment appeared to be moderated by little evidence of employers linking performance appraisals to either pay increases or training and development requirements.

5.7.4 Skill reproduction (employee job) security

The minimum expectation for skill reproduction amongst the concepts of a 'good employer' was the provision of informal training opportunities. Beyond the tendency to ensure employees had the appropriate and relevant OHS training, training and development opportunities appeared to be based on reciprocity implying a fair exchange between opportunities for employees and the retention of employees with enhanced skills. Overall this sample of employers demonstrated a high commitment to providing on-the-job training and developing opportunities with a minority distinguished by providing non-trade related formal generic training. It must be noted that there was a high proportion of SEs in my study operating in trade industries but this should not diminish

their effort to provide formal training. In fact, the training of apprentices was the most prominent form of formal training and an area where this sample of employers excelled. Five of the seven employers in trade industries were training apprentices, four operated in smaller enterprises compared with one employer in Watson, *et al's* (2009) study. This suggested size did not inhibit the ability of these employers to train apprentices.

There was also a relatively high prevalence of developing employees in leadership roles linked to growth. Though the outcomes from informal on-the-job training would be limited for both parties this preference for informal training is common in SEs (Forth, *et al*, 2006; Knuckey, *et al*, 2002) and, unless there are general skills shortages such as in the trade industries, it appears unlikely SE employers in non-trade industries will take a similar collaborative approach.

5.7.5 Work security

The employers generally accommodated time off from work to attend to unforeseen personal issues. Findings supported literature showing that industry is a better indicator than size of the likelihood an enterprise will implement formal family friendly policies. Moreover, the improvements in the manufacturing industry suggested that the ERA Amendment (2007) may have had a positive impact on the provision of family friendly policies in some industries despite evidence showing employers and employees generally have a low awareness of this legislation (DoL, 2011).

Although only two employers who had won business awards perceived the provision of a safe and healthy work environment as a characteristic of a 'good employer', in practice all employers had some OHS risk management policies and practices. The level of formal and informal policies and practices varied but employers who operated in higher OHS risk trade industries generally implemented comprehensive formal OHSM systems. Employees who worked in the construction industry, manufacturing industry, building services and fuel retailing generally had more involvement in identifying and/or managing OHS risks. Safe work practices tended to be incorporated into the way work was done. Safety training and the safe handling of materials and equipment was also a priority in these SEs. In the lower risk SEs, in the service and retail industries, OHS was less of a concern reflected in an *ad hoc* informal approach. It was significant that low risk SEs prioritized emergency plans whereas the construction and manufacturing SEs generally viewed this as common sense. This sample appeared to be knowledgeable, well informed, linked to several business networks and very aware of their statutory obligations. However, the interviews had drawn attention to areas some employers planned to address.

This study found the primary motivators and barriers were generally consistent with those commonly highlighted in the literature (Champoux & Brun, 2003; Laird, 2008; Legg, *et al*, 2009; Walters & Lamm, 2004; Walters, 2010):

- a higher awareness of statutory requirements,
- industry associated concern for OHS risk,
- the size of the enterprise,
- general industry and OHS training,
- knowledge and experience,
- costs, and
- supply chain pressure.

5.8 Limitations of the study

It is generally difficult to recruit SME employers as they have limited time and resources and a sensitive topic may act as a further deterrent. The personal introductions at business network meetings were an effective means of gaining access to promote my study to a diverse group of SME employers. The prospective participants had the opportunity to get to know the researcher, ask any questions and discuss the research with their peers. The response rate to this strategy was significant compared with the traditional recruitment strategies of mailing prospective participants and snowballing.

Even though inclusion of non-award winners ensured typical employers were represented in my study, the small number of interviews in a restricted sample limits the generalisability of the results. However, generalisability was not considered to have been unduly compromised by recruiting a group of employers from a specific business networking group as all of the employers had access to business advice through award schemes, other industry and business associations, and ER/HR specialists. Findings suggested that the high level of affiliation to business and industry associations may have had a positive effect on the employers' knowledge and commitment to managing the employment relationship and OHS risks. This supported literature indicating that networking is a valuable platform for educating employers about good ER and OHS management practices. This was just one example of the consistency of many of the findings with literature encompassing the broader business population and, thus, strengthening the generalisability of findings of the small qualitative sample. In most instances, findings that differed from the literature indicated improvements in management practices. However, the prevalence of formal practices suggested the employers may have been willing to participate because they were confident they were compliant with employment laws.

The subjective nature of the qualitative research paradigm exposes it to researcher bias.

Nevertheless, this approach was chosen for this research as it is useful in uncovering the depth of the sensitive and complex concept of a 'good employer' in the SE context. The data were methodically explored through the ILO dimensions to overcome researcher bias, and facilitate accurate descriptions of the employers' realities. Although unexpected themes were allowed to emerge through the data analysis, a disadvantage of coding themes is that the researcher may fail to identify a theme. The research structure was described sufficiently to facilitate replication by other researchers in a further study if this is considered advantageous.

In addition, an international and national recession at the time the interviews were conducted would have influenced the employers' perceptions and beliefs about what policies and practices are characteristic of a 'good employer'. The employers also appeared to be influenced by the current media debate concerning prospective changes to employment law particularly the '90 day trial period' which featured prominently in the media at the time of the interviews.

CHAPTER SIX: Conclusions and suggestions for future research

6.0 Introduction

Examination of the international literature revealed an increasing interest in the quality of work in SEs since the Bolton Report (1971), however, little is known about the ER and OHS policies and practices in SEs in New Zealand. Moreover, few studies integrate ER and OHS. My study addressed these gaps by exploring: *What constitutes the concept of a 'good employer' in SEs in the Central North Island, New Zealand?* This study was particularly motivated by concern emerging in the literature that the concept of a 'good employer' developed predominantly in the LE and public sector context is not appropriate in the SE context.

The purpose was to explore the concept of a 'good employer' in SEs from a socially decent perspective. To achieve this aim this thesis has developed a framework, focusing on ER and OHS policies and practices that can test the overarching assumptions that SEs offer less favourable terms and conditions of work than LEs. Yet satisfaction studies show employees are more satisfied in SEs than those in LEs. The analytical framework was adapted from the ILO DWI (Bonnet, *et al*, 2003; Standing, 1997) and the work that was carried out by Bewley (2006), Boxall (1991), and Hull and Read (2003) to include employers statutory duties under New Zealand employment laws and accommodate an individualist ER environment common in SEs.

The framework was tested in the Central North Island. Twelve employers operating in enterprises employing between 5-20 employees and operating for over three years were interviewed between July and August 2010. In-depth semi-structured interviews were conducted with three employers in each of the four industries specifically selected to capture low and high OHS risk, and higher and lower skilled jobs: construction, manufacturing, service and retail. The qualitative paradigm adopted in this research facilitates the similarities and differences between the individuals and groups to emerge from the interviews. Features common across all industries are likely to feature in the general population (Tsai, *et al*, 2007).

The employers first described their perceptions of a 'good employer' and their 'concern for OHS' before implemented policies and practices were explored through a short list of scripted questions adapted from the WERS (Kersley, *et al*, 2006) encompassing the 'good employer' characteristics

occurring most frequently in the recent literature. The standardization of the pre-determined principle questions and scripted prompts facilitated the generation of consistent data. Starting with broad open ended questions followed up by deeper probing questions were strategies used to control against researcher bias. The research assumptions were then tested through the *ILO Framework of Socially Decent Work Adapted to Explore the Concept of a 'Good Employer' in the Small Enterprise Context*. Comparisons were drawn pertinent literature on SEs, LEs and the public sector.

This chapter reflects on the results of these interviews, presented and discussed in the preceding chapters, by focusing on the main conclusions of pertaining to the research. Please refer to the discussion summary for more detail pertaining to each of the supplementary assumptions. Finally, future research to test this adapted ILO framework is suggested.

6.1 Conclusions

The employers generally appeared to be making an effort to adopt 'good employer' behaviours. Overall, these employers were considered as 'good employers' relative to arguments that a 'good employer' complies with the statutory employment minimum. However, when the characteristics of a 'good employer' were examined more closely, subtle differences appeared between employers and they are best described on a continuum. The 'good employers' at the lower end of the continuum appeared to be essentially compliance driven. Employers in the middle of the continuum excelled on some of the characteristics, particularly in providing training and development and the management of OHS risk. The exceptional employers demonstrated higher levels of the characteristics that fitted with the concepts developed in large enterprises and the public sector and excelled on most characteristics encompassed in the concept of a 'good employer', particularly in voice and income security, the two characteristics prioritized by the ILO (Bonnet, *et al*, 2003).

The main themes emerging from the employers perceptions corresponded with the two dimensions of the 'good employer' prioritized by the ILO (Bonnet, *et al*, 2003): employee voice security and work security, which are embedded in the ERA and HSEA. However, in practice consultation and negotiation was limited.

One significant disparity from the New Zealand literature was the strong tendency to seek external specialist ER/HR advice to supplement managerial knowledge and skills which appeared to be linked to the high incidence of formalising the employment relationship, policies and practices. Whereas, industry related OHS risk was the primary motivator to implement comprehensive OHSMs and the DoL the primary source for OHS information. The researcher concluded that the advice seeking tendencies and high level of formalization of policies and practices demonstrated

the employers' concern for compliance with current ER and OHS employment laws. It was clear that minimum standards were the main framework guiding good employment policies and practices. The voluntary motivators to implement good employment policy and practices such as: industry and business awards, supply chain pressure and knowledge (including specialist advisors) increased awareness of 'good employer' but only occurred in pockets and, therefore, is likely to have limited influence in supplementing statutory minimum in the general SE business population.

6.2 Future research

- This framework was limited to a small sample of SEs in the Central North Island. A further mixed-methods study is needed to test whether the concept of a 'good employer' developed in this study is representative of the larger SE population.
- The findings suggested that the employers' initial perceptions of OHS risk may have influenced the implemented practices. Further analysis of the data would uncover the extent to which employers' perceptions of a 'good employer' influence implemented practice.
- The nature of the employment relationship requires that all parties adopt good faith behaviours. Case studies would establish whether the employees' perceptions and experience correspond with the employers' perceptions of a 'good employer' and implemented policies and practices in specific SEs.
- The wide range of implemented policies and practices indicated that employee voice security, income security, and the formalization of policies and practices are areas that need specific further research to gain a deeper understanding of good policies and practices in the SE context. These research opportunities are raised in the discussion summary.

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Appendices

Appendix A:

Summary of Conceptual Frameworks of a ‘Good Employer’ Fitted to the ILO Dimensions of Decent Work

Summary of Conceptual Frameworks of a 'Good' Fitted to the ILO Dimensions of Socially Decent Work.

					Primacy	
	Objective	Employment security	Work security	Skill reproduction (job) security	Income security	Voice security
Robert Owens (Robertson, 1971)	Acted as a model employer, published his work and lobbied for change.	Policies prohibited corporate punishment in the workplace and protected workers from summary dismissal (except for persistent drunkenness).	Reduced working day to 10 1/2 hours	Provided advanced education	Provided good housing, sanitation, medical care, and facilities for social activities.	Gave employees the right to appeal if they are unsatisfied with the supervisors' decisions over their performance ratings.
Seebom Rowntree (Chapman, 1970; Guillén, 1994)	Acted as a model employer, published his work and lobbied for change.		Investigated the benefits of reduced hours of work. Addressed working conditions such as light, ventilation, and noise reduction etc.	Identified the importance of maintaining the capacity of unemployed man for work as well as the necessity of training new skills	Established a link between adequate wages and efficiency and morale. Convinced government to introduce minimum wage 1919.	Recognized the importance of the power of trade unions, and focused on demonstrating the importance of consultation and frankness in industrial relations. By the 1940s- 1950s the large Rowntree and Cadbury organizations were using interviews, discussion groups, suggestion systems, job rotation and work groups
Taylor (Kempner, 1970)	Focused on the organization of work, conducted time and motion studies and associated routines.			Stressed the importance of selection and training. Employee training programmes related to improving technical proficiency not meeting social needs or morale.	Explored a fair day's work for fair pay. Introduced piece work. Employee flexibility established through cross training and job rotation.	
Cappelli (1999)	Argued that post World War II market forces increasingly governed the employment relationship.	Whereas production workers were exposed to temporary layoffs associated with business cycles and older, more senior workers insulated from layoffs. Middle managers now very vulnerable.		Less skill development	Job security declined and more contingent on performance. Pay less secure and varied according to individual performance and organizational performance.	Line managers and autonomous teams increasingly make decisions. Pressure from unions helped link pay to job titles and seniority rather than to individual attributes.

Primacy					
	Objective	Employment security	Work security	Skill reproduction (job)security	Income security Voice security
ILO (Bonnet, Figueredo & Standing, 2003)	Decent work conceptualized as basic security for all in society (laws, regulations and institutions that mitigate oppression, facilitate reasonable security and opportunity for steady personal development), the workplace (that provides adequate security for workers while fostering dynamic efficiency of their enterprise) and for individual workers (good opportunities to work with adequate levels of work-related security. Primacy given to income security and voice security.	Extent to which enterprise provides workers with; regular employment contracts; whether it gives predetermined prior notice of retrenchment; whether it provides benefits to workers being retrenched, and whether it has dismissal procedures regulated by collective agreement.	Safety committee or department, accident statistics, childcare facilities, health clinic. EEO labour practices	Entry level training for new recruits. Retraining to improve performance or to transfer workers to other jobs. Retraining to upgrade workers for promotion. Formal/informal training. Financial contribution to formal training.	Economically equitable workplace if less than 5% received the minimum wage. The minimum wage was equal to or greater than 50% of the average wage. The firm's average wage was higher than industry average. Non-wage benefits and entitlements.
Hull & Read(2003)	Examined how to create leading, high performance workplaces characterised by creativity, innovation, flexibility and competitiveness. Excellent workplaces had an atmosphere of mutual trust and respect.	Quality working relationships underpinned by open, timely, informal access to information and feedback.	High levels of safety with safety integrated into all aspect of the workplace.	On the job learning opportunities. Training and development opportunities at entry level. Performance based career development linked to access to training.	Wages and salaries at least at industry standard. Good pay and conditions often a sign of respect and confidence. Participating in decisions that affect the day-to-day business; employee engagement in all aspects of the business.

Primacy					
	Objective	Employment security	Work security	Skill reproduction (job)security	Income security Voice security
New Zealand State Sector Act 1988 (Boxall, 1991)	Public sector model of personnel management referred to as accountable management suggesting the concept of a good employer is bounded.	A commitment to employees who are prepared to engage in continuous learning. No commitment to particular job or job class. Redundancy cannot be excluded but this should be a final option.	Act as a leader in the provision of “good and safe work conditions”. For example proactive measures to manage sick buildings, and providing employees with access to independent advisory services. EEO policies and practices that exceed mere compliance.	Staff development linked to work design. Provides strong incentives for employee skill development.	<p>Income security</p> <p>Wages compatible with enterprise effectiveness and fairness in terms of internal and external labour markets. Fairness also involves performance based equity. Maintain good industrial relations and consultation to facilitate ability to improve pay systems over time.</p> <p>Voice security</p> <p>Recognizes employees define their own interests and how to express them. Upward and downward communication mechanisms that build strong communication lines: regular team briefings, joint consultative committees, etc. Recognizes unions employees choose and takes a positive approach to collective bargaining.</p>
UK public sector conceptualization of a good employer (Bewley, 2006)	Generally understood to include commitment to the principle of pay comparability, EEO and fair treatment, joint regulation of the employment relationship, stable and secure employment, training, development, and the provision of sick pay, annual leave and occupational pensions. Influenced by structural differences between public and private sectors, industry, workplace, organization or size.	Job security more likely in public sector. Job tenure higher in public sector which may be related to age demographic of workers. Cost cutting measures in public sector undermined job security. Government recognition of important part unions play in supporting workplace learning, and initiatives aimed at encouraging employers to enhance the employability of their employees.	Various Bills and regulations concerned with work-life balance including paternity leave, flexible working, childcare, working time and leave entitlement. Health and safety campaign to reduce deaths, injuries and ill health by 2010.	<p>Fairness of treatment more noticeable in public sector. Measured as presence of formal EEO policies and monitoring and reviewing policies. More off-the- job training provided for experienced core employees in the public sector.</p> <p>Many large private sector employers had downgraded occupational pension schemes. Twice the number of public sector employees were active members of a pension scheme compared with public sector.</p>	<p>Joint regulation more evident in public sector measured by union membership and recognition of union for negotiating pay and conditions. Union Modernization Fund demonstrated the governments recognition of the value of unions in joint regulation of employment relationship. Weak presence of unions and collective bargaining in private sector thus regulation that relies on collective bargaining likely to have limited benefit to private sector employees.</p>

Appendix B:

Key Characteristics Commonly Used to Measure the Quality of Work

Key Indicators Commonly Used to Measure the Quality of Work in Large Enterprise and National Studies

Authors	Year	Research	Key objective	Good Relationship	W-L Balance (Work)	H&S (Work)	Equality (Work/Skill)	Job	Training & Development (Skill Reproduction)	Pay (Income)	Employee Input (Voice)
Gibb	2004	literature	Review of models. Organized into two broad patterns locating HRM in social or organizational context.		x			x	x	x	x
Bewley	2006	literature	Describes legislative change and extent government has fulfilled pledges to unions. Examines government behaviour relationship between private/public practices.		x	x	x	x	x	x	
Kersley, <i>et al</i>	2006	national survey	Provide a nationally representative portrait of employment relations and working life.		x	x	x		x	x	x
Considine & Callus	2002	national employee ph survey (AQWL)enterprises employing S<10, L>1000 employees	Provide a national benchmark on work-life issues that concern Australian workers. Aim to (promote and maintain employee satisfaction) to improve working conditions for employees and organizational effectiveness for employers.		x	x	x	x	x	x	x
Hull & Read	2003	interviews & surveys	Determine the nature of excellent work across Australia.	x		x				x	x
Gill	2010	literature	Define the concept of an employer of choice from and Australian perspective and use of IT to inform and engage employees.	x		x			x		x
Boxall	1991	literature	Develop a theory of the good employer which observes the specific provisions of the State Sector Act 1988 and acts as a coherent framework for management action.			x	x	x	x	x	x
Krueger, <i>et al</i>	2002	national survey				x			x	x	x
New Zealand Human Rights Commission	2010	interviews with all stakeholder groups	Identify how work can be improved to increase productivity and profitability and at the same time enhance family life, and community well-being.		x		x				x

Note: A good relationship encompasses policies and procedures for managing performance and resolving disputes. Generally, enterprise level studies focus on the policies and practices that govern a good employment relationship while macro studies are concerned with broader social implications reflected in a focus on how a good employment relationship is established and maintained such as acting in good faith.

Key Indicators Commonly Used to Measure the Quality of Work in Small Enterprise Studies

Authors	Research	Key objective	Good Relationship	W-L Balance (Work)	H&S (Work)	Equality (Work/Skill)	Job Security	Training & Development (Skill)	Reproduction	Pay (Income)	Employee Input (Voice)
<i>United Kingdom</i>											
Rainnie	1989 case studies clothing and printing	Explain why SBs have become important. To analyse the role of the SB in the 20th century to provide a method of analysing IRs.					x			x	x
Scott, <i>et al</i>	1989 case studies x30 traditional/hi-tech manufacturing traditional/hi- tech services <20	Recognized the heterogeneity of the small firms sector to analyse the day-to-day IR practices with special reference to the impact of labour legislation.			x		x	x		x	x
Ram	1994 case study 3 Asian clothing SEs	Explore workplace relations in the West Midlands clothing industry as test case for the varying perspectives of workplace relations in small firms.						T		x	x
Storey	1994 various surveys 1989-1922 10000 SEs	To outline research findings and policy issues of the Economic and Social Research Council (ESRC) programme.						x		x	x
Sengupta, <i>et al</i>	2009 ph & face-to-face interviews managers, 3 case studies	Examine the polarization of post-bureaucratic organizational forms argued to strengthen the polarization between good and bad jobs.			x		x	x		x	x
<i>Australia</i>											
Wiesner & McDonald	2001 national survey 20-200	To fill a gap in existing research on HRM in Australian SMEs by considering standard HRM practices and some IR practices.			x	x		x		x	x
Barrett & Khan	2005 survey, and semi-structured interviews with employers and employees	Look beyond objective measures of job quality to define a SE quality job. Take into account the contexts (structure) within which people (agents) make decisions and take actions.	x	x			x			x	
Kotey & Slade	2005 survey in enterprises employing < 20 (S) and <199 (M)	Examine the rate of adoption of formal HRM practices with increasing firm size.						T			
<i>New Zealand</i>											
Lawrence, <i>et al</i>	2006 questionnaire survey CEO/owner	Reports on sustainability practices in SMEs (social and environmental).		x	x			T			
Coetzer, <i>et al</i>	2007 50 semi-structured interviews in enterprises with 5-50 employees	To determine the nature of HRM practices in NZ SMEs, why managers use such practices and the interactions between practices.	x		x			x		x	
Arrowsmith & Parker	2010 literature	Examine the concepts of 'good work' and 'good workplaces' and significance of these in NZ.		x	x		x	x		x	x

Note: A good relationship encompasses policies and procedures for managing performance and resolving disputes. Generally, enterprise level studies focus on the policies and practices that govern a good employment relationship while macro studies are concerned with broader social implications reflected in a focus on how a good employment relationship is established and maintained such as acting in good faith.

Appendix C:

Interview Schedule

DEFINING CHARACTERISTICS OF A GOOD EMPLOYER: UNDERSTANDING EMPLOYEES' INTERESTS AND MAXIMISING COMMON INTERESTS

State Sector Act 1988 requires a good employer to adopt employment practices that are “generally accepted as necessary for the fair and proper treatment of employees in all aspects of their employment”.

THERE IS NO RIGHT OR WRONG ANSWER TO THE QUESTIONS I AM GOING TO ASK. PLEASE TAKE YOUR TIME AND ANSWER THE QUESTIONS AS ACCURATELY AS POSSIBLE.

CONTEXT

1. What made you start this business?
2. How has your enterprise changed over the last five years?
3. How would you describe a good employer in SEs?

STRATEGY

4. Do you have a business plan? What issues are covered? (product/service development, employee development, employee job satisfaction and employee diversity WERS, 2004)

RECRUITING, TRAINING AND WORK ORGANIZATION

5. How do you ensure you have the staff you need?
(Recruitment and selection, working patterns, contractual status, off-the-job training, performance appraisals, work organization, job influence & autonomy, work intensity, employee well-being (WERS, 2004). Exit strategies, employment agreements, OHS policy, job descriptions

- Do you have a stable workforce?
- What is your rate of staff turnover?

INFORMATION AND CONSULTATION

6. How do you communicate with employees?
7. How do employees have input in decision-making?

- What information do you currently lack related to ER and OHS practices? Why?
- Where do you usually look for information or advice related to employment and OHS issues?

DETERMINATION OF PAY AND OTHER TERMS AND CONDITIONS

8. How do you determine pay and other terms and conditions of employment? (written agreements, opportunity to seek advice, review of employment agreements)
- What influences changes to terms and conditions? Do you consult or negotiate with employees about pay?
 - How do you establish your employees' levels of satisfaction with their conditions of work and OHS arrangements?

OHS

9. Is OHS an area you need to be concerned about?

10. What do you usually do to take care of these issues? (e.g. hazard identification, emergency plan, hazard register with reporting system linked to safety plan).

- What motivates your involvement/interest in OHS?
- Can you tell me about a recent workplace injury/investigation?

CONFLICT AND DISSONANCE

11. Have you ever had any issues with conflict? How have they been resolved?

- If you did have a conflict situation in the future, how would you manage it?
- Is there any formal procedure for dealing with discipline and dismissals? (for personal grievance and/or disciplinary action)

BENCHMARKING

12. Do you have any voluntary accreditations? Examples are AS/NZS 4801:2001 an Australian and New Zealand standard and ACC Workplace Safety Discount (OHS standards) or ISO 9000. Yes/No

STRATEGY

13. Do you have an exit plan?

GIVE RESPONDENT OPPORTUNITY TO ADD ANY ADDITIONAL COMMENTS.

CLOSE THE INTERVIEW AND EXPLAIN THAT THERE IS A POSSIBILITY THE RESPONDENT WILL BE CALLED ON TO RESPOND TO NEW IDEAS THAT MAY COME UP AND/OR CONFIRM THAT THE CONCLUSIONS DRAWN FROM THE INTERVIEW/ANALYSIS SEEM ACCURATE.

GENERIC PROMPTS:

- Can you give me another example of that?
- Does that happen all the time?
- How does this compare with your experience elsewhere?
- Really!
- Go on.
- No way!
- Tell me more.
- I never knew that.
- I don't understand.
- Could you elaborate or be more specific?
- When? How?

Appendix D:

Invitation to Prospective Participants

20 July 2010

Dear Sir or Madam

Re: *Invitation to participate in a project on 'good employer' practices.*

I am doing this research towards my Masters Degree thesis as a full-time internal student with Massey University. I am exploring owner/managers' perceptions of a good employer in small enterprises, and the relationship between occupational health and safety management practices and employment relations management practices and concepts of a good employer. For more information about the project, please see the enclosed information leaflet. During the next month I will be contacting owners/managers of small enterprises in the Central North Island to invite participation in the project.

The study plans to examine owner/managers' perceptions of the characteristics of a good employer in small enterprises, and the relationship between occupational health and safety (OHS) management practices and employment relations (ER) management practices and concepts of a good employer. The objective of the study is to provide an understanding of what owner/managers' consider are good employment practices. Also whether there is a relationship between ER and OHS practices and concepts of a good employer.

If you agree to participate in this study, you will be asked to participate in a semi-formal interview and answer approximately 12 questions. You will be free to answer as many or as few questions as you wish. The interview will be recorded. I anticipate that this should take no longer than an hour of your time. It may be necessary to follow up the interview by telephone, email or further short interview to clarify information or gather information that may have been overlooked in the interview.

All of the information that we get from the interviews will be treated confidentially and the results will be published in such a way that no person or business can be identified.

The benefits of participating in the project will include the chance to share your perceptions of what you believe constitutes good employment practices, and the opportunity to ask questions about issues that you may have concerns about. You will also receive a copy of the results of the overall study which is expected to be completed in January 2011.

I will contact you within a few days to ask if you would be willing to participate in the project, and hope you will take the opportunity to tell me about your experiences in your enterprise and how you effectively manage ER and OHS. I would really appreciate it if you complete the demographic questionnaire and return it in the prepaid envelope.

I look forward to speaking and working with you.

Yours sincerely,

Deirdre Coetzee
Massey University
PH (06) 356 9099 ext. 7753
D.Coetzee@massey.ac.nz

Appendix E:

Information Sheet

Good employer practices in small enterprises in Central North Island, New Zealand: Employment relations and occupational health and safety

Information Sheet

You are **invited** to take part in a study exploring owner/managers' perceptions of the characteristics of a good employer in small enterprises (SEs). Participation in this study is entirely voluntary (your choice) and you may withdraw from the study at any time. Your rights as a participant are explained in full below.

The Project

International research indicates an increasing recognition of the important contribution SMEs make to innovation, job creation and economic development. This is even more significant in New Zealand where ninety-seven percent of enterprises employ fewer than 19 employees, representing 31 percent of all employees. Nevertheless, little is known about employment practices in SEs in New Zealand. This study will examine owner/managers' perceptions of the characteristics of a good employer in small enterprises, and the relationship between occupational health and safety (OHS) management practices and employment relations (ER) management practices and concepts of a good employer. The objective of the study is to provide an understanding of what owner/managers' consider are good employment practices. Also whether there is a relationship between ER and OHS practices and concepts of a good employer.

Procedures

If you agree to participate in this study, you will be asked to participate in a semi-formal interview and answer approximately 12 questions. You will be free to answer as many or as few questions as you wish. The interview will be recorded. I anticipate that this should take no longer than an hour of your time. It may be necessary to follow up the interview by telephone, email or further short interview to clarify information or gather information that may have been overlooked in the interview.

Confidentiality:

All information will be kept confidential. Interview transcripts will not be identified with individual participants and no personal details which could identify you will appear in any report. Transcribed data will be kept in the study file.

Participant's rights

You are under no obligation to accept this invitation. If you decide to participate you have the right to:

- Decline to answer any particular question
- Withdraw from the study at any time during your participation
- Ask any questions about the study at any time during your participation

- Provide information on the understanding that your name will not be used in any document or report
- Be given access to a summary of the project findings when it is concluded

Questions and Concerns

If you have any queries or concerns about your rights as a participant in this study, you may phone me on my work telephone (06) 356 9099 extension 7753 or via email at D.Coetzee@massey.ac.nz or contact my supervisors:

Chief Supervisor

Dr Ian Laird, Centre for Ergonomics, Occupational Safety and Health, Department of Management, Massey University, Private Bag 11 222, PALMERSTON NORTH, 4442, Work telephone: (06) 356 9099 extension 2377, Email: I.S.Laird@massey.ac.nz

Second supervisor

Barry Foster, Department of Management, Massey University, Private Bag 11 222, PALMERSTON NORTH, 4442, Work telephone: (06) 356 9099 extension 2370, Email: A.B.Foster@massey.ac.nz

Benefits

The benefits or advantage to you and your organization may be:

- The chance to share your perceptions of what you believe constitutes good employment practices.
- The opportunity to ask questions about issues that you may have concerns about.

Approvals

The project has been reviewed, judged to be low risk, and approved by the researcher and supervisors and by peer review under delegated authority from the Massey University Human Ethics Committee. If you have any concerns about the conduct of this research please contact Professor John O'Neill, Chair, Massey University Human Ethics Chairs' Committee and Director (Research Ethics), telephone: (06) 350 5573 or via email at humanethics@massey.ac.nz

Your personal involvement and input will be invaluable to the completion of this project and will help provide a more informed perspective. I would like to thank you for taking the time to read this letter and for considering being involved in this study.

Appendix F:

Demographic Information Sheet

Good employer practices in small enterprises in Central North Island, New Zealand: Employment relations and occupational health and safety

PLEASE COMPLETE THE DEMOGRAPHIC INFORMATION SHEET AND RETURN IN THE PRE-PAID ENVELOPE.

1. Please indicate the total number of people employed in your business?

2. What is the current composition of your staff?

	Full time	Part time	Casual
Male			
Female			

3. Is the business:

owner managed	
managed by a manager	

4. What is your organization's principle product or service? Please specify.

5. Which best describes the geographic scale of your business? Please tick all that apply.

Urban	
Rural	
National	
International	

6. Could you please indicate approximately how long your firm has been in business?

7. Please tick one of the boxes to indicate which age classification describes you?

15-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60 and over

8. Please indicate your highest level of formal education.

9. What is your gender?

Male	
Female	

Please indicate whether you are willing to participate in an interview:

Willing to participate in an interview	
Not willing to participate in an interview	

Thank you for taking the time to complete and return this information sheet.

Appendix G:

Ethical Approval for Study



MASSEY UNIVERSITY

27 April 2010

Deirdre Coetzee
26B Ihaka Street
PALMERSTON NORTH

Dear Deirdre

Re: "Good Employer" Practices in SMEs in the Lower North Island, New Zealand: Employment Relations and Occupational Health and Safety

Thank you for your Low Risk Notification which was received on 27 April 2010.

Your project has been recorded on the Low Risk Database which is reported in the Annual Report of the Massey University Human Ethics Committees.

The low risk notification for this project is valid for a maximum of three years.

Please notify me if situations subsequently occur which cause you to reconsider your initial ethical analysis that it is safe to proceed without approval by one of the University's Human Ethics Committees.

Please note that travel undertaken by students must be approved by the supervisor and the relevant Pro Vice-Chancellor and be in accordance with the Policy and Procedures for Course-Related Student Travel Overseas. In addition, the supervisor must advise the University's Insurance Officer.

A reminder to include the following statement on all public documents:

"This project has been evaluated by peer review and judged to be low risk. Consequently, it has not been reviewed by one of the University's Human Ethics Committees. The researcher(s) named above are responsible for the ethical conduct of this research."

If you have any concerns about the conduct of this research that you wish to raise with someone other than the researcher(s), please contact Professor John O'Neill, Director (Research Ethics), telephone 06 350 5249, e-mail humanethics@massey.ac.nz".

Please note that if a sponsoring organisation, funding authority or a journal in which you wish to publish requires evidence of committee approval (with an approval number), you will have to provide a full application to one of the University's Human Ethics Committees. You should also note that such an approval can only be provided prior to the commencement of the research.

Yours sincerely

John G O'Neill (Professor)
**Chair, Human Ethics Chairs' Committee and
Director (Research Ethics)**

cc Dr Ian Laird
Department of Management
PN214

Prof Claire Massey, HoD
Department of Management
PN214

Mr Barry Foster
Department of Management
PN214

Massey University Human Ethics Committee
Accredited by the Health Research Council

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Appendix H:

Consent Form

**Good employer practices in small enterprises in Central North Island,
New Zealand: Employment relations and occupational health and safety**

PARTICIPANT CONSENT FORM

THIS CONSENT FORM WILL BE HELD FOR A PERIOD OF (5) YEARS

I have read the Information Sheet and have had the details of the study explained to me. My questions have been answered to my satisfaction, and I understand that I may ask further questions at any time.

I agree/do not agree to the interview being sound recorded.

I agree to participate in this study under the conditions set out in the Information Sheet.

Signature:

Date:

.....

Full Name - printed

.....

Appendix I:

Results of SE Employers Initial Description of a ‘Good Employer’

Results of SE Employers Initial Description of A Good Employer

Demographics			Employer attitude, beliefs and perceptions								
Total number of employees	Employer Gender		Adopts fair, understanding, empathetic employment practices			Efficiently resolves issues & involves employees	Provides job security and development opportunities	Acts honestly and in good faith	Accommodates flexibility	Employs a diverse workforce	Concern for OHS
			Promotes collaborative culture	Provides good work environment							
Small enterprises											
Manufacturing											
Employer 2, T, L, C and F ^a	F		*	*		*					L
Employer 4, F and M ^b	M		*	*			*	*			LM
Employer 5, F and M ^b	M		*	*							L
Construction											
Employer 1, Building Construction	F		*	*					*	*	L
Employer 3, Construction Services	M		*	*							L
Employer 8, Building Construction	M			*							H
Service											
Employer 12, Building Construction Services	M		*	*		*	*				H
Employer 6, Rental, Hiring and Real Estate	M		*	*		*	*				H
Employer 7, Financial and Insurance Services	M		*	*		*	*	*			L
Retail											
Employer 9, Other Store-based Retailing	M		*	*							L
Employer 10, Fuel Retailing	M		*	*			*				H
Employer 11, Food Retailing	F		*	*		*	*		*		L

Note: The small enterprises are classified according to the Australia and New Zealand Standard Industrial Classification (ANZSIC, 2006).

^a Textiles, Leather, Clothing and Footwear Manufacturing is abbreviated as T,L,C and F Manufacturing.

^b Fabrication and Metal Product Manufacturing is abbreviated as F and M Manufacturing.

^c At least some employees have direct customer contact.

