



Managing The Entrepreneurial Firm

Stream 9: Critical-Realist Perspectives On Entrepreneurial Organizations And Discourses

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INTRODUCTION

Defining 'entrepreneurship' is problematic and contentious. Gartner's (1990) investigation of this issue amongst a number of fellow American academics and business leaders yielded 44 different definitions. These need not be rehearsed here. Rather, following Gartner (1990) and Hisrich and Peters (1995), investigations of entrepreneurship should not focus on what it is, but how it is enacted. Accordingly, entrepreneurship is best seen as a *process* that involves the identification of *opportunity* and the creation of something *new*, which then has to be *managed*. The notion of entrepreneurship holds out the promise of new forms of employment relationships in tandem with its more common association with new venture creation. Unfortunately, this promise is often illusory, since the processual nature of the phenomenon has rarely been applied to the management of people. There is surprisingly little scrutiny of the dynamics of employment relations in small firms. Extant literature on employment relations in small firms rarely ventures beyond 'low-skill' enterprises (see Scase, 1995 for review). Contemporary interest in 'knowledge workers' has tended to focus on their emergence rather than their organization with entrepreneurial settings (Ram, 1999a). And although the notion of 'entrepreneurial culture' is often used, its meaning in relation to the management of people is far from clear.

This paper aims to contribute to these debates by presenting the results of a two-year long ethnography examining the working lives within an avowedly entrepreneurial firm. In this paper we will examine two main areas: how the entrepreneurial firm enacts its market and how management responds to market pressures and the way in which the firm is structured and managed; and the role that workers play in shaping the management process in 'entrepreneurial' firms.

MANAGING THE ENTREPRENEURIAL FIRM

The often-heroic view of the entrepreneur as an opportunity-seeker, independent actor, risk-taker, and problem-solver still prevails (Caird, 1993; Czarniawska-Joerges and Wolff, 1991; Ogbor, 2000). Ogbor's recent deconstruction of the discourse on entrepreneurship forcefully highlights the narrow and exclusionary preoccupations of the phenomenon. Hence, following in the wake of McClelland (1961), there has been an obsessive quest to identify and codify the psychological characteristics of the entrepreneur. Acute alertness to risk and uncertainty (Kirzner, 1985) also figure prominently in the imagery of this mythical individual. Seizing opportunity, overcoming adversity, and taming the unpredictable are all activities that mark out the hero entrepreneur,

Entrepreneurship is thus equated with the way we strive to conquer and master nature; to see into the future, to predict it and to act upon our predictions. As researchers, we are thus seduced into representing entrepreneurs in terms of our ideological constructs regarding heroes with in-born attributes (Ogbor, 2000:618)

Ogbor demonstrates how neglect of sociological, historical and political factors perpetuates the ethnocentric and gendered proclivities of 'entrepreneurship'. Further, conceiving of the entrepreneur as an 'individual' falls into the modernist trap of thinking in terms of the 'self-identities of such entities rather than the less obvious working interactions which constitute and support them' (Chia, 1995:596). For the present purposes, the equally significant lacuna is around the social relations in the firm that often facilitates the process of entrepreneurship.

On this point, Hendry et al. (1995) are critical of the tendency to equate entrepreneurship with the entrepreneurial process itself. They contend that it is important to regard entrepreneurship first 'as a function or process, rather than tie to one specific person only; and second ... to retain the idea of entrepreneurship as potentially a cooperative process' (p13). Whilst clearly a helpful starting point, the full import of this observation has rarely been fully developed in the context of the 'entrepreneurial firm'. Hendry et al. acknowledge the importance of people beyond the entrepreneur; but their principal focus is on 'strategy' rather than the actual dynamics of employment relations

Slatter's (1992) study on how to manage small high technology firms also contains exhortations to concentrate on people issues. He maintains that 'managing fast growth in entrepreneurial firms is one of the most difficult challenges that exists' (p159). Owners often struggle to balance the flexibility required to keep pace with customer demands, with the stability needed to provide employees with a sense of continuity and security. Hence management essentially comprises a careful balancing act between: strong leadership and decentralized task-oriented management; entrepreneurial and professional management; and processes involving organizational cohesion and those promoting individual responsibility.

Slatter provides a useful if somewhat prescriptive portrayal of the challenges of managing entrepreneurial firms. But certain questions remain. First, despite the emphasis on 'people', resonance's of the 'entrepreneur as hero' discourse are still discernible, since 'strong leadership provides a key role in overcoming the confusion that usually accompanies growth, and is necessary to build and maintain the cohesiveness of the organization (p159). Second, the role of employees in entrepreneurial firms is not addressed, thus reinforcing the unitarist perspective of the discourse. Finally, for Slatter (1992), achieving the balancing act between stability and flexibility is difficult, but potentially attainable through such means and 'a strong but democratic leadership style' (p126), a focus on people issues, and trust-based relations. However, such a perspective neglects the probability of conflict, even in ostensibly 'high trust' work settings. This stems from the contradictory nature of the capital-labour relationship, which is characterised both by a 'structured antagonism' and by interdependence, with each party dependent on the other to achieve their objectives (Edwards, 1995; Hyman 1987; Kitching, 1997). The contradictions associated with employer-employee relations are ever-present; the analytical task is to investigate the ways in which they are expressed in 'entrepreneurial' settings.

The literature on employment relations in small firms offers useful insights, although empirical scrutiny in the specific context of entrepreneurial firms is still very rare. Developments since Ingham (1961) first expounded his 'industrial harmony' thesis have been documented in a number of reviews (Curran, 1991; Dundon, 2001; Scase, 1995; Wilkinson, 1999). An important theme is the application of labour process models -cognisant of the importance of conflict, tension and contradiction – to the small firm setting (Holliday, 1995; Moule, 1998; Ram 1994). In so doing, these studies have seriously questioned assumptions that small firms were inherently different from large firms (Edwards 2001). The *processes* through which employment relations are constituted are also a feature of recent studies. Hence managerial responses to market pressures and the active role that workers play in shaping social relations have come to the fore. Complemented by an ethnographic approach to investigation, these studies provide a more nuanced portrayal of control in small firms

Barrett and Rainnie (2002) attempt to challenge these advances by returning to an earlier approach that was essentially based upon the nature of the links between large and small firms (Rainnie, 1989). This model endeavours to account the pattern of employment relations in

small firms by granting analytical primacy to large firms, who exercise control either directly or indirectly. Four types of linkages are identified. 'Dependent' businesses effectively serve as sub-contractors for their large firm customers. The weak position of small firms locked in these positions often means that wages are low, and that internal work processes are closely regulated by purchaser requirements. 'Dominated' firms compete directly against large firms, often relying on the intensive exploitation of machinery and informal labour sources to survive. 'Isolated' firms trade in niches abandoned by large firms, and also tend to be low-wage, low-skill operations. The final category – 'innovative' firms – are the most relevant to the present research. Such firms are to be found in new and developing markets, creating highly specialised products and services. Their potential for lucrative returns means that they are highly vulnerable to the predatory ambitions of large capital. However, the approach has been widely viewed as deterministic in the sense that employment relations in of small firms are largely dictated by their product market position, and that managers have little or no choice (Chapman, 1999; Curran, 1991; Kitching, Ram, 1994)

In their more recently formulation Barret and Rainnie's (2001: 417) respond by maintaining that 'both structure and human agency should be taken into account, and this requires a consideration of the influence of the owners and the managers of the firm as well as the structural determinants'. However, the issue is not developed any further. This is the central analytical task of the present research; it has a number of elements. First, how does the 'entrepreneurial' firm respond to and read the market? Barrett and Rainnie's description of 'innovative' firms – perhaps the closest to our case study - suggest that such enterprises are highly vulnerable to the ambitions of large capital. However, potent though such structural forces might be, firms nonetheless have scope to establish viable niches. This is highlighted by Ackroyd's (1995) study of dynamic information technology firms, which duly demonstrates by the limitations of Rainnie's 'power-dependency' perspective. Although, large organisations did play an important role in shaping patterns of change, this is also '*combined with the extensive development of niche markets*' (1995: 156, original emphasis). These firms were 'selective' about the kind of work they accepted and were very capable of 'enacting' their environments. This process of enactment needs further investigation.

Second, management's active response to market pressures is also important. Extant research on 'low-skill' enterprises highlights a variety of responses to similar market conditions (Ram et al., 2001). There are few detailed studies of 'entrepreneurial' firms; but Hannan et al's (1995) also demonstrate considerable variety in their study of 100 young high technology firms. They encountered "startling diversity in founders' employment models even among start-up companies within the very same industry, competing directly against one another" (p513). Four types of employment relations were evident: a 'factory' model, which emphasised pecuniary attachment and managerial control; a 'commitment' model based upon peer and 'cultural' control; a professional model that stressed attachment to work; and an 'engineering' that exhibited a more instrumental approach to work relations.

Finally, the role that workers play in shaping the management process in 'entrepreneurial' firms is clearly important; but again, in curious symmetry, their role is neglected within discourse on 'entrepreneurship' and marxisant analyses of employment relations in small firms. Often the concept of 'informality' is invoked to describe social relations at work. But the substance of informality needs to be investigated, together with the shaping powers of the context in which the small firm is operating. While the issue of informality is touched upon in this paper, comments concerning how workers actually experience or feel about this

entrepreneurial way of managing are significant, however they are not addressed in detail in this paper.

METHODOLOGY: Rational and context

The interest in the notion of entrepreneurial culture and its meaning in relation to the management of people emerged as a result from a broader study of organisational culture in a small firm. Access to the case study firm, PrintCo, was negotiated with a gatekeeper and agreed with the Managing Director, Martin, on the basis that the researcher would be exploring the cultural attributes of the firm. There have been a number of studies of small firms which have explored notions of culture: Grugulis, Dundon and Wilkinson (2000) study of a consultancy practice, which explores the use of 'company culture' as a means of managerial control; Kitching (1997) scrutiny of labour regulation in different small service sector enterprise; Ram (1994) description of the surface artefacts of workplace ceremonies and language of the family firm; Young (1989) study of rites in an SME – focused on event, rites and rituals had multiple meanings determined by the value system of different employee groups such that rituals were a unifying force for labourers; Young's (1989) study of shop-floor relationships in a small manufacturing firm, found that cultural values were used as a way of asserting superiority between shop-floor workers, rather than uniting employees with one set of shared values, beliefs and basic assumptions. However, in examining culture at PrintCo, it became clear that its particular culture was instrumental in the entrepreneurial behaviour of the firm and in its 'familial' environment. Consequently the opportunity was taken to explore the impact of these characteristics on aspects of employee relations.

The aim of the study was to look at the dynamics of social processes and the way in which they shape employee relations within a small firm, consequently it invited a qualitative approach to enquiry over an extended period of time. Although there have been some recent studies deploying ethnographic approaches (Stockport and Kakabadse, 1992; Holliday, 1995; Fletcher, 1998; Ram, 1996; 1994; Holliday, 1995; Ram, 1994), ethnography remains an under-utilised means of studying small firms (Curran, 1991; Ram, 1996). Often 'snap-shot' approaches relying on survey evidence have been used to generate views of the state of employment relations (Curran, 1991). There has also been a tendency to rely on employer statements, which possibility explains the absence of notions of conflict in such contexts (Scase, 1995). There have been even fewer studies of small firms conducted using a social constructionist perspective. This study examines the nature of everyday practices from a social constructionist perspective in which explanations are not found in individual psyche or in social structures but in the interactive processes that take place routinely between people (Burr, 1995), that is the dynamics of social action. Units of analysis for social constructionists are not individuals and not an independently existing world but social processes. Interactions are the basic unit of analysis (Littlejohn and Domenici, 2001). People do not make social processes; rather, interactions and social processes make people. Social constructionist epistemology assumes that 'the terms by which the world is understood are social artefacts, products of historically situated interchanges among people (Gergen, 1985: 267). Therefore a social constructionist using an 'internal realist' ontology, focuses on the relationship aspects inside the organisation through which meanings are constructed.

The social constructionist perspective in small firms literature is relatively undeveloped. Devins and Gold (2002) adopt a social constructionist view to explore the support of small business managers and the development of their organisations. Perren and Grant (2000) talk

about the 'micro-world' of the owner-manager's business and have focused on exploring management accounting practices in small firms using a social constructionist paradigm. Chell and Rhodes (1999) examined the social construction of time within rapid-growth firms and considered the strategic implications. Chell and Pittaway (1998) have concerned themselves with social construction of entrepreneurship and implications for future research. However, there is little research that has spanned the literatures to adopt a social constructionist perspective when exploring employment relations in entrepreneurial small businesses.

From an entrepreneurship point of view, 'social constructionism 'solves' the problem of the relationship between personality and process because it places personality within the process (Chell and Pittaway, 1998). Individuals act. They make decisions that shape situations and result in outcomes. So their style of doing and being relates both to their personality (socially constructed and deconstructed by the researcher) and to the situation; there is no other 'thing' or 'mechanism' needed to explain the connection.' (Chell and Pittaway, 1998:660). Social constructionism, it is argued can take us beyond the individual because patterns of behaviour are identified which apply to 'like minded individuals' who construe their reality in similar ways. Social cognition helps us to understand how individuals subjectively construct their realities and act as information processors receiving, interpreting and acting on the information they receive. While theoretically all such situations are unique, if they were uniquely different in all respects we would have true solipsism and an absence of social intercourse. Social constructionism enables the researcher to identify both similarities and differences.

What can a case study of a single entrepreneurial firm tell us about employment relations in small firms? The focus on a particular setting and on the social processes within that setting is consistent with a social constructionist paradigm. The single case study contributes to knowledge by providing a valid and valuable source of contextual understanding. Dyer and Wilkins (1991) study of political behaviour and Watson's (1994) ethnography of management in a blue-chip company are prominent examples of this rationale in operation. More recently, Buchanan (1999) provides an insight into the 'logic of political action' in his account of the political behaviour of a single respondent engaged in implementing organisational change; to this end Buchanan draws upon Stake's (1994) concept of the 'epistemology of the particular' to challenge extant conceptualisations of political behaviour.

The issue of single-case generalization, as these case studies show, is not problematic if the bases upon which wider claims are made are clearly presented. While positivist research relies upon 'statistical generalization', and is consequently preoccupied with typicality and representativeness, case studies are concerned with notions of 'analytic generalisation' (Yin, 1994). Analytic generalisation is based on the 'cogency of theoretical reasoning' (Mitchell, 1983: 207) rather than statistical inference. Watson (1994) invokes this reasoning in his study of managerial work when he claims, 'Getting very close to managers in one organisation is a means of generalisation about processes [original emphasis] managers get involved in and about basic organisational activities, rather than about "all managers" in "all organisations" as such' (p.35).

Hence, although PrintCo is an example of a small manufacturing firm that has survived in a declining industry sector, it should not be seen as a 'sample of one' (Bryman, 1988:18). The case is more significant as an 'opportunity to learn' about what employment relations in a typical entrepreneurial firm might be like (Stake, 1994:243). There are a number of reasons

why PrintCo can be considered a useful case for examination of employment relations in an entrepreneurial firm. Of importance to the current research is the use of entrepreneurial descriptions by employees and other interviewees. Employees often described PrintCo as having a 'can do' attitude thus reflecting the entrepreneurial nature of the workplace. On this point one employee commented:

'We've always had this attitude...the 'can do' attitude...here. We always say that we will do whatever it takes to keep the customer satisfied. It puts pressure on us...but its what makes us different.'

Secondly, the degree to which a firm is entrepreneurial will be affected by the way it enacts its market environment. PrintCo are actively engaged in enacting their market and this is reflected in the comments of suppliers, customers and PrintCo personal alike. A customer comments:

'There is lack of vision and capability (in other firms) – (they think) what we are doing today is all right –at PrintCo it is all about continuous improvement...their flexibility and innovation transcend Martin's personality.'

While a supplier suggested that:

'(PrintCo are) more meticulous about the orders and control they had on their suppliers so they tracked performance of suppliers more rigorously than anyone else... they had enthusiasm and ambition and a good marketing approach set up to persuade the Banks to change from having complete control.'

Thirdly, access to a variety of actors both inside and outside the firm permits investigation of the role that employees at PrintCo take in shaping the social relations within the firm and their subsequent impact on managerial responses to market pressures. Exclusive reliance upon owner-manager accounts of work relations in small firms are likely to be problematic (Curran, 1991; Scase, 1995), therefore engaging in multiple interactions with multiple respondents, makes it possible to observe and learn about the nature of the firm's work relations in practice from different views (Finch and Mason, 1993).

In summary, the theoretical context for this study is that the process by which entrepreneurial firms enact their market is affected by management's response to the market. The role of employees in shaping social relations contributes to this process and constructionist methodologies may contribute insights into the reasons and nature of such actions.

Studying PrintCo

PrintCo specialises in security print products. In the period 2000-2002, when the research took place, PrintCo employed about 43 people, including 5 senior managers. The employees were largely low skilled but the company supported a very highly developed training programme for some customer services centre employees, and encouraged all employees to undertake training, either internal or external.

The strategy of PrintCo is fundamentally based upon that inherited from its founding corporation, an American giant, AmeriCo, in the printing industry. AmeriCo were well establish in the USA and employed over 20,000 people. They set up the UK subsidiary in

1992 and by 1996 has built its turnover to \$13 million, however at that point AmeriCo changed strategic direction and decided to refocus all operations back in the US. They decided to curtail the UK operation and sell-off the three subsidiaries they had established. PrintCo was subsequently founded in 1997 as a result of a management buy-out conducted by Martin, the Managing Director and Chris, a silent partner. 24 employees from AmeriCo joined PrintCo and the management team remained intact following the buy-out. At the time of the buyout PrintCo had existing contracts with two major national banks, which at the time represented 90% of their total sales.

PrintCo is a small firm; the number of employees rose during the course of the study from 38 to 46. It has a flat functionally organised structure with a Chairman, Chris and Managing Director, Martin and a senior management team of five, financial controller, production manager, product manager, marketing manager and sales manager. The organization has departments for finance and accounts; customer services; and production. The finance and accounts department is managed by the financial controller, has five part-time employees. The customer services department had eleven employees, eight full-time employees and three part-time employees. Production is managed by the Operation Manager and had twenty-two full-time employees. The marketing manager originally worked alone, later with an assistant, as did the product manager. The management structure of the firm was relatively unchanged during the course of the study.

The study of PrintCo unfolded over a period of two years and is essentially qualitative in nature and was conducted as a longitudinal study of organisational culture in a small firm. Fieldwork consisted of detailed qualitative work where the researcher spent a total of 18 weeks in the company over a period of two years observing activities and conducting over 50 face-to-face structured and semi-structured in-depth interviews with all management and employees. In addition many more unstructured interviews were conducted lasting between one and three hours and conducted at the office, at social events and meetings. These events explored a variety of topics relating to culture and working life in PrintCo. Concepts of culture and cultural attributes are covered and there were more focused discussion on employees' experiences of the three issues of current research: the nature of how the firm responded to its market; the way managers respond to market pressure; and the role employees play in shaping management processes. Participants were assured and reassured of the confidentiality of discussion and Martin agreed this modus operandi prior to the study being undertaken. The researcher was careful not to discuss the contents of the interviews with anyone other than the specific interviewees despite many requests to do so. These interviews were augmented by attendance at company meetings including annual strategy planning meetings, weekly management meetings, various internal committee and working group meetings. Also the researcher participated in company social events, like the annual go-kart race and attended social events such as annual awards banquets and Christmas parties, as well as informal social events like birthday parties. In addition to all of these events and activities the company offered (enthusiastic) access to internal paperwork and provided additional documentation about the company. A total of 6 suppliers, customers and former employees were also interviewed during events lasting from between one and two hours.

Enacting the market

Their American inheritance is crucial to understanding how PrintCo enacts its market. This inheritance manifests itself in many ways not the least of which are 'commitment to customer

focused service' and 'a 100% money back guarantee.' AmeriCo transported its successful approach to the cheque printing market from the US to the UK. For example, they offered a 5 to 7 day delivery date for customised cheques when the industry average was 6 weeks plus. At the time these three factors were unrivalled in the industry – no other security printer offered this service. But more than this they viewed the relationship between themselves and their larger banking customers on an equal and reciprocal footing. AmeriCo had a huge advantage, when securing contracts with the bank, in terms of resources, contingency and experience. They were able to talk to banks on an equal footing and consequently were not dominated by a large and influential customer. When AmeriCo became PrintCo nothing changed. PrintCo continued to trade for a further two years under the banner of AmeriCo and when this agreement ended, since the pattern of relationship had become established, the small firm PrintCo seemed to look and act just like its large firm founder.

Martin comments on PrintCo's approach:

'There were two ways we could have looked at the situation with our core relationship with them. We could have viewed them as having all our eggs in one basket situation. But we chose to look at it as if the glass was half full.. Supply relationships give us an experience of these relationships – building together and brings others into the team and draws on the experience of others...One of the most important things for us is to use all the information we have to maximize our potential. We use information all the time to punch above our weight as it were, to appear professional.'

Unlike the firms in Ackroyd's (1995) study of small high tech firms, PrintCo does not exercise a high level of discretion in the selection of its activities; in fact, it adopts the opposite approach and exhibits a 'can do' attitude. Essentially the firm, like its American founder, believes it 'can do' anything to please the customer. Their current customers are, a large national bank that represents 70% plus of its sales and individual commercial customers, to whom it supplies customized cheques. Like the firms in Ackroyd's study, the rationale for much of the activity of the firm is perception of client needs. And like the firms in Ackroyd's study, what these needs are, is not always clear to the client, in this case, the Bank and commercial clients. It is therefore quite obvious that this firm actively and explicitly engages in the process of enacting its environment (Weick, 1979); of persuading a National bank that it will benefit from having an agent operate their custom cheque ordering service for commercial customers on an on-going basis; and of persuading its commercial clients that custom cheques are preferable to standard cheques. This firm does not constitute a tiny supply capability of such a service to the Bank but constitutes their entire custom cheque service, therefore PrintCo have considerable market power. The potential demand for the service is limited to some extent within the industry since such contracts with banks are notoriously difficult to secure, and with the relationship safely secured by a three-year contract; it is imperative that an effective and innovative service is delivered.

So while the case firm is not selective about the work that it accepts, rather it takes on all the work that the contract with its key client generates, it is actively engaged in enacting its environment. The firm has two key customers, the bank, for whom it acts as an agent, and the individual commercial banking customers to whom it sells customized cheques. It is therefore actively engaged in enacting two different customer environments that are significantly different. The environment of the banking industry is the one that this paper focuses on since it is where we would expect to see the small firm being dominated by the large customer. Although the case firm acts as an agent for the bank, and as such, indirect control exercised

over the firm through bank clearing regulations and through insistence by the bank of quality controls, this firm cannot be considered to be a 'dependent' firm (Barrett and Rainnie, 2001), since the regime they operate within is far from simple management autocracy. Neither is PrintCo 'innovative' in the sense that has not found a new and developing market creating highly specialized products and services (Barrett and Rainnie, 2001). However, adopting Kuratko, Ireland and Hornsby's (2001) definition of entrepreneurial innovation, we can see that PrintCo are in fact highly innovative:

'Product, process, and market innovations often flow from newly fashioned entrepreneurial actions, through which firms exploit opportunities that others have not noticed or pursued' (67).

Martin gives an example of process innovation at PrintCo:

We recognised that the building society was expending large amounts to deal with the credit slips order processing – So we conceived of the idea of auto replenishment – recognizing that each branch worked 250 days a year – we need to provide 250 credit slips and give each branch enough for 6 months stock. So we figured that giving them 6 months stock every 4 months without any purchase orders would meet their needs and make sure that the branch didn't run out. This kind of innovation is very difficult for the competition to copy, its difficult for them to find out about it in the first place.

However, Martin believes it is because PrintCo acts 'like a large firm' that enables it to enact its market. PrintCo acts 'like a large firm,' like AmeriCo, its founder, and the organisational culture within PrintCo mirrors the values, attitudes and beliefs of AmeriCo. In this case the firm had a ready-made culture which it inherited from AmeriCo. This culture is so distinct that it transcended the personality and character of the MD.

ORGANISATION STRUCTURE AND MANAGEMENT STYLE

This fairly traditional structural form is completely in contrast to that characterised by the dynamic firms in Akroyd's (1995) study of information technology firms, which were wholly unorthodox in structure, small working team focused, high adaptability in terms of number of teams and size and possessing pervious boundaries. PrintCo has departments that are functional fixed and there is little movement between teams outside a functional area. Adaptability is restricted in some sense to the intermittent hiring of temporary staff and a heavy reliance on the 'overtime' capability of full-time staff. Similarities to Ackroyd's (1995) high tech firms do, however, exist but are not structurally related but are related to customer orientation, organization strategy and the importance of informal affiliations and alliances both inside and outside the company.

While there are some features within PrintCo of a simple management autocracy, namely the monitoring of shop floor employees, and pay rises determined largely by management discretion, in other ways the firm is not managed autocratically. The management team meets every week with or without the MD acting as chair of the meeting. During the course of the study the MD instigated a 'revolving chairperson' so that each member of the team would take turns chairing the meeting.

Overall the management style of the firm can be described as non-bureaucratic as managerial control was not formal control over working lives as expectations were set rather than

bureaucratically ruled on (Kunda, 1992). There are few formal job descriptions. Few employees even knew what a job description was. From the workers perspective there is clear articulation of an 'open door' approach to management exhibited by the MD and senior management team. Even employees who were new to the firm were able to articulate and identify that the managing director had an open door policy, which was actually maintained. Informal social relations existed and these exhibited quite clear features that were shared across all employees. Everyone used first names and the open door policy was clearly exercised as employees were seen on numerous occasions in Martin's office or leaning on his door having a 'quick chat.' Another common characteristic was what former AmeriCo employees described as the 'family-feel' to the organisation. However, this is not too say that the family was 'one big happy' one! People often 'fell out' with each other during the course of the study. There were often quiet discussions about why 'so-so' was unhappy, what was wrong with 'so and so.' Tears and tantrums were acceptable and to a certain extent expected from some employees, however they were not generally problematic because people within the organisation expected and accepted these behaviours. It was not the MD who dealt with them. He categorically avoided such interactions. This was so obvious that it was commonly articulated that 'oh well you know that Martin doesn't do conflict.'

Interestingly the newer employers did not describe the atmosphere as a 'family' one but as a 'team' one. Michael, a new recruit of 6 weeks, comments:

Everyone's working as one big team... to me its like that...people are willing to put their work aside to help you and help the company...In the company (I worked at) before there were 1000 people and everyone was in teams and everyone stuck with their own team and conflict occurred because of that – its different here...everyone is willing to go for same aim and focus on the same aim, which is that the customer has to come first.'

According to Ram et al (2001) informal employment relations may be defined 'as a process of workforce engagement, collective and/or individual, based mainly on unwritten customs and tacit understandings that arise out of the interaction of parties at work' (p846). They go on to suggest that informality does not possess static characteristics but is dynamic in nature and applicable in specific contexts. The employment relations in PrintCo are in fact a hold over from AmeriCo in the sense that relations with employees, as reported by those who are 'oldies', are not that different. The difference is in the personalisation of the American approach by Martin. Under AmeriCo the driving force for the company was to create and maintain a highly motivated work force. Employees were driven to achieve and work targets, daily, monthly and yearly were an important factor of life. They still are. PrintCo retained and added to the quota of targets. To support this target driven approach, employees were motivated and incentivised in two key ways. One way was to 'align the needs of the employee with the needs of the company.' Essentially meaning that the employee that work hardest, put in extra effort, 'gave their all' would be rewarded through pay or promotion. The other way was to incentivise every level of performance targets.

There exists an informal understanding between Martin and employees over promotion prospects and future roles in the firm. Martin purposefully and clearly articulates this approach. He refers to this as 'the active alignment of organisation goals and objectives with those of the individual' and is something that he regularly talks about to senior managers and employees alike. Martin has taken the 'alignment' approach and developed that into a key feature of his managerial style. He has weekly discussions with his senior management team

about 'aligning their needs with the needs of the company,' in this way he motivates them to perform, and to drive performance in others. Senior managers emulate his approach with their staff, although not in entirely the same way and with entirely the same results. However, there exists a tacit understanding of the fact that this 'alignment' approach operates within PrintCo. Most of the staff offered this as a basic assumption under which promotions and rewards operate. Employees who give the most to the company receive the most. In this sense there is interdependence between management and employee, with each party dependent on the other to achieve their objectives (Edwards, 1995; Hyman 1987; Kitching, 1997). This drives the entrepreneurial character that exists within PrintCo as employees are always striving to 'do their best' for the firm. Everyone has different ideas about what the 'best for the firm was,' (as this is related to targets) however they were clear that there was a 'best' possible behaviour for them.

Staff and managers worked long hours, but these were flexible; some people came in very early at 5:00 and 6:00am and left at 2:00 to 3:00, others came in around 8:00 and left at past 6:00pm. In this respect there seems to be that a degree of autonomy within work was provided but only when an excess of work was performed, a finding that supports those of Grugulis et al. (2000). There is flexibility in this approach. People who gave the most were given the most leeway to work in the way that suited them. In fact, everyone is treated in this way at the beginning and the freedom continues as long as people 'stick to their work' and give their best for the firm. When they cease to act in this way, the freedom is decreased and people are given less flexibility. However, it isn't necessarily management who decrease the freedom. In one instance where a co-worker was frequently going home 'ill' or phoning in 'sick' or leaving her desk for long periods of time with no apparent purpose, it was co-workers who started to decrease their accommodation of her behaviour. Unfortunately this person was promoted, this shocked everyone in the department, caused considerable conflict and undermined their belief in the basic assumption of 'doing your best' and 'alignment.' The conflict created was substantial and did not go unresolved. A new manager was assigned to the department and the employee was encouraged to find work elsewhere and subsequently left PrintCo.

Does this approach create conflict? People are in conflict when the actions of one person are interfering, obstructing or in some other way making another's behaviour less effective (Tjosvold, 1997). When team members argue for different positions it gets in the way, at least temporarily, of their making a decision. What is crucial about defining conflict as incompatible activities is that it does not equate actions with goals (Tjosvold, 1997, p25). Growing evidence suggests that conflict may be beneficial to performance in groups and organizations and that avoiding and suppressing conflict reduces individual creativity, decision quality in teams, product development and communication between work groups (De Dreu, 1997:10).

This 'alignment' approach does create conflict where management fails to follow through on their commitment to it. Mostly there is informal understanding that as long as the work gets done, and primarily that targets are met, then employees are given plenty of flexibility. They maintain regular working hours but within those hours they can make informal arrangements with their co-workers to cover them for various reasons; trips to the doctor, picking up children, etc. It is the relationship between co-workers and the tacit understanding with management, which make it work at the employee level.

CONCLUSION

This paper has aimed to explore: the processes by which a small manufacturing firm enacts its market; the nature of management responses to changing markets; and the role that workers play in shaping social relations in a small entrepreneurial manufacturing firm. Extant studies of such firms are rare and make little reference to active role that workers play in shaping social relations and the nature of informal work relations that exist in such firms. PrintCo is a rich case full of potential for learning which therefore provided an opportunity to investigate how entrepreneurial firms behave and enact their markets, how managers respond to their markets and how employees play an important role in the innovative and entrepreneurial persona of the firm. The conditions of single-case generalization have already been explored, however it is hoped that this account has been of sufficient 'richness' as to serve as an illuminating and useful contribution to the understanding of management in small 'entrepreneurial' firms.

In addition to the learning we can draw from the detail of this particular case, a number of wider points can be made in relation to the processes of enactment in entrepreneurial firms and the role of employees in shaping management's response to market pressures. Firstly, PrintCo quite clearly are involved in enacting their market. The culture which they inherited from AmeriCo has been maintained and enhanced to the extent that it allows PrintCo to 'act as if' they are a large firm. This has enabled PrintCo to approach their large bank customers on a 'somewhat' equal footing. So PrintCo's attitude itself is a 'social construction' and a facilitator for the enactment process. Sector, product and labour markets may combine to shape the scope and character of informality (Barrett and Rainnie, 2002; Wilkinson 1999), however evidence from this case suggests that it is entirely possible for a firm to develop informal working practices that are completely at odds with the accepted norms of an industry, thereby calling into question the extent to which product and sectoral factors may influence such practices.

Secondly, a key issue for investigation was the processes through which employment relations are constituted and the active role that workers play in shaping social relations. The current research demonstrates that by adopting a management approach which aims to create alignment between the needs of the firm and the needs of the employee, an interdependence between employer and employee is also created and in this respect there seems to be a degree of autonomy within work provided for but only when an excess of work was performed; a finding that supports those of Grugulis et al. (2000). This managerial 'alignment' approach was largely successful; the exceptions being where management deviated from equitable application of the approach. When this happened conflict resulted and while at lower levels this was usually managed effectively, at senior levels the inconsistencies were completely ignored. This perhaps highlights the possibility that managerial control of employees through cultural attitudes and normative control does not work at senior levels in small firms where owner-managers might be wholly reliant on the knowledge and expertise of management team members.

The nature of informality in this case again highlights the fact that in general, organisations based on face-to-face relations are likely to practise informality in different ways from more bureaucratised ones (Ram and Edwards, 2001). The nature of informality is largely under the normative control of co-workers rather than management. In fact, management is only called upon and expected to exercise its control when there is a breakdown in application of informal rules and expectations.

Finally, this case highlights a situation where a heavy reliance on target driven performance to support the 'alignment' approach of managerial control. Since targets are, perceived by employees to be, driven by market pressures and not by managerial decision, employees do not view management as oppressive nor controlling. Informal working practices are accommodated as long as targets are met. To a certain extent targets are disembodied from managerial control, at least that is how most employees perceive them. The exception was in the case of the production manager where senior management was viewed as controlling and measuring its own targets.

Further research on firms like PrintCo would help to shed light on: the extent to which employment relations in firms are a result of the processes of enacting markets; the role that employees play in this process.

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