

# ReWAGE

## Evidence Paper

### Job Quality and Productivity in the Small Firm

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### Introduction

The quality of jobs matters to employees. It is also important for employers: to the extent that if workers value the quality of their jobs, they are likely to show commitment and dedication, which can in turn lead to enhanced efficiency and productivity. This paper looks at these connections in small firms (those with up to 50 employees), for three reasons. The first is the numerical importance of such firms: they account for about 34 per cent of private sector employment in the UK. Secondly, the nature of employment relations in small firms, together with the linkages to outcomes such as productivity, is different from that in large firms. Thirdly, these two points imply a need for distinctive attention to the small firm in policy terms, and yet such attention is largely absent.

Drawing on a series of research studies, we begin by setting out the key distinctive features of employment in small firms, and then turn to what is known about job quality and its connections to productivity. Finally, we draw out some implications for policy. We stress one aspect of job quality which several accounts tend to skate over, it is contested.<sup>1</sup> For example, if raising the job quality of workers in small firms entails giving workers more voice in the running of the firm, then owners may feel that they have lost some of their rights as, indeed, possessors of the very essence of the firm. It is, however, possible to argue that owners have interests - in this case, staff who are more committed and thus likely to work more effectively - of which they may be unaware, and that engaging in a conversation with owners will bring such interests to the surface. Whether or not such interests are then used to inform practice is, though, a strategic and political question, and a question that includes balancing some interests against others. There is no direct route from the idea that job quality is beneficial to particular decisions.

### 1. The Distinctiveness of the Small Firm

Research regularly finds differences in job quality by size of firm. Workers in small firms are, for example, more likely to have low wages and less likely to have opportunities for training and skills development. The influence of trade unions is low, as is the presence of human resource (HR) professionals, and experience of unfair dismissals claims is high.

Quite why these differences exist is less clear, with some researchers arguing that size is a proxy for other factors, notably the sector in which a firm is located and the extent of product market competition. Other scholars, however, identify distinct

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<sup>1</sup> In formal terms, several discussions of job quality, and cognate ideas such as trust, adopt a 'unitarist' approach which assumes shared interests between the parties to employment. Alternative views are pluralist and radical (Heery, 2016). By contrast, we adopt a 'radical pluralist' position, which, like the radicals, accepts that some interests of workers and employers are necessarily opposed but which also recognises shared interests and, like the pluralists, is open to the idea of negotiation to achieve mutual gains, albeit in a space which is contested, see Edwards, P. (2018) 'Critical Performativity and the Small Firm', *International Small Business Journal*, 36: 368-79; also Heery, E. (2016). *Framing Work*. Oxford: OUP.

features associated with size itself. A wealth of research has been summarised under the acronym of RECIPE.<sup>2</sup> First, small firms are Resource Constrained because they lack the financial and other resources to stabilise their position in the market. Second, they also face Environmental Vulnerability because they are much less able than large, sometimes oligopolistic, firms to control the market; they are 'price takers' not 'price makers'. Third, they are characterised by Concentrated Control in the hands of owners, as opposed to the dispersed control of large firms. Fourth, following from this point, small firms tend to be Informal in lacking rule-based structures for such things as pay, discipline, and performance appraisal. Fifth, there is a close Proximity of working relationships between owner and worker. These last two factors can lead to mutual respect, as in the well-attested finding that the perceived work-like balance of workers in small firms can be high, despite poor objective conditions such as low wages. The reason is that such matters as time off for family needs are handled in a direct and personal manner, as opposed to the rules and bureaucracy of the large firm. By the same token, however, concentrated control, informality and proximity can lead to autocracy. Such points are captured in the final part of the acronym, Employee Dynamics: work relationships are negotiated on a personal basis, and out of this process can emerge a sense of commitment to the firm. This commitment does not necessarily mean loyalty to or identification with the employer: workers are well aware of who the owner is, and of the divide between owner and worker. An indication of this divide is that profit sharing and similar schemes to tie workers to small firms are rare. Commitment tends to mean recognition, via Proximity, that the owner is working at least as hard as the worker, together with acceptance of the rights of ownership.

Some basic facts illustrate these points. A comparison of workplaces owned by 'small' (5-49 employees) and 'large' (more than 250 employees) firms shows some substantial differences.<sup>3</sup>

% with:	Small	Large
HR specialist	7	36
Grievance procedure	62	98
Formal performance appraisal	48	91
Trade union members present	8	26

These differences underestimate the true extent of informality and the absence of formal structures in small firms because of the size boundary of five employees. Firms with between one and four employees account for about one-third of the total in the 1-49 category compared to about half in the 10-49 range, with the remainder being in firms with 5-9 employees.<sup>4</sup> It may be inappropriate or unnecessary for these very small firms to have formal management practices. Work cultures tend to be highly individualised and based on personal relationships, thus obviating the need for more systematic approaches.

<sup>2</sup> Harney, B., Gilman, M., Mayson, S. and Raby, S. 2022. 'Advancing Understanding of HRM in Small and Medium-sized Enterprises', *International Journal of Human Resource Management*, 33: 3175-96. (Available by Open Access).

<sup>3</sup> Figures from WERS 2004 reported in Edwards, P. (2012) 'Employment Rights in Small Firms', in L. Dickens, ed., *Making Employment Rights Effective*. Oxford: Hart.

<sup>4</sup> Figures for UK private sector employment in 2022, reported at [www.statista.com](http://www.statista.com). Numbers of employees in the 1-49 category were slightly below numbers in large firms with 500 or more employees (8.53 million compared with 9.28 million).

## 2. Job Quality and Its Implications

### *Job Quality*

We set some boundaries around the meaning of job quality. Early studies of small firms often used indicators such as absence and quit rates. These things may be connected to job quality, but they are highly ambiguous as simple measures: a low level of absence, for example, might indicate satisfaction, which in turn might suggest high job quality; equally it could point to a lack of sick pay benefits or to fear of an autocratic employer. We focus on less ambiguous measures such as pay, working conditions, job autonomy and communication between worker and owner.

The paradox of poor objective conditions and employee contentment is captured in a US study, which notes that workers in small firms 'experience *less favorable* objective conditions but in a variety of ways evaluate their experiences *more favorably* than their counterparts in larger workplaces'.<sup>5</sup> It found for example relatively low pay but a more 'supportive work environment', better work-life balance and better evaluation of the job in small as compared to large firms. A UK study measured three dimensions of job quality as reported by workers, namely, the nature of the job itself, quality of communication and quality of employer-manager relations.<sup>6</sup> On these measures, job quality was higher in small firms than in large ones.

Job quality is not one dimensional. Several other apparently paradoxical results have been reported:

- Wages and other objective features of jobs in small firms tend to be poor but satisfaction with jobs and with managers is relatively high.
- Small firms tend to lack formal procedures for equal opportunities, but workers are more likely to report that they are treated fairly. As one study reported, small firms tend not to have formal entitlements but there was a felt-fair 'ethical calculus' which determined 'who would be granted flexibility'.<sup>7</sup>

One possible explanation for such results is 'low expectations'; in other words, workers in small firms know that wages for example will be low and they adjust their expectations accordingly. This argument does not, however, work in relation to issues such as fairness, for there is no reason why small-firm workers should expect, still less accept, that they should be treated unfairly. Observational studies show that workers take a pragmatic view of their work: they welcome the fact that managers can respond readily to requests for flexibility and they accept that some people may earn such good treatment through their commitment. But such an 'ethical calculus' is fragile. If

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<sup>5</sup> MacDermid, S. M., Hertzog, J. L. and Kensinger, K. B. (2001). 'The Role of Organizational Size and Industry in Job Quality and Work-family Relationships', *Journal of Family and Economic Issues*, 22: 191-209.

<sup>6</sup> Storey, D. J., Saridakis, G., Sen Gupta, S., Edwards, P. and Blackburn, R. A. (2010). 'Linking HR Formality with Employee Job Quality: the Role of Firm and Workplace Size', *Human Resource Management*, 49: 305-29.

<sup>7</sup> Dex., S. and Scheibl, F. (2001). 'Flexibility and Family-friendly Working Arrangements in UK-based SMEs', *British Journal of Industrial Relations*, 39: 411-30.

managers are autocratic, then there is little that workers can do in response, as formal voice mechanisms are absent.

This tension helps to explain further well-known issues in small firms. They are for example about twice as likely as large firms to face claims for unfair dismissal. This is not because small firms are on average more autocratic than large ones. Rather, it may be driven by a lack of understanding of employment law in small firms, the lack of an HR function and legal advice or because there are fewer mechanisms in place to contain a problem once the equilibrium of the ethical calculus has been upset.

### *Variations by type of firm*

Small firms differ widely. An IT consultancy, a construction firm and a restaurant are very different in terms of the competitive environment, the organisation of work and the skills of employees. There are also major differences in the objectives of owners: some firms are strongly oriented towards growth and innovation, while others reflect owners' personal interests and are sometimes called lifestyle firms. In between these extremes there is a range of other patterns, of which survival and the provision of a reasonable standard of living is perhaps the most common. Such differences matter because what suits one firm in terms of improving its market position may have no traction at all with another.

The first two items of the RECIPE acronym, Resource Constraints and Environmental Vulnerability, throw light on this variation. Some firms, especially those in highly competitive sectors, are subject to intense price competition and they tend to lack the resources that would allow them to respond, for example by establishing a distinct market niche. Others which supply large firms tend to be highly dependent on their customers in terms of the prices that they can charge. Other firms, however, for example some in specialised fields such as IT and design, have very distinctive products so that they can, to a degree, be 'price makers'.

The C of centralised control also displays considerable variation. Some owners insist on the rights of ownership which can lead to a very autocratic style or, alternatively, to a more paternalistic approach in which care for workers is important but there is little by way of independent voice. Other firms are more egalitarian; some construction firms, for example, have been characterised as operating on 'fraternal' principles. These differences often reflect idiosyncratic owner preferences, and several studies have found firms in virtually identical contexts behaving in very different ways.

An additional factor is the role of the family. About four-fifths of small firms, as compared to one-fifth of large ones, are defined as family owned in the sense that a single family has a controlling interest in the firm. In some such firms, access to top managerial positions remains restricted to the family, with implications for the job quality of other employees in such areas as career development.

A factor not explicitly listed under RECIPE is the extent to which a firm remains in its own niche or alternatively engages in a range of networks, which may include formal business support agencies and also less formal groups aimed at sharing information and good practice. Networking tends to be associated with openness to innovation.

Three patterns illustrate these variations. Firstly, we can identify the kind of firm that tends to dominate debate on productivity and job quality, which we call the modern firm. This firm may have been set up anew or emerged from a traditional firm with a new generation of owners. It is consciously strategic and is likely to have a relatively strong position in its market. It may or may not be strongly networked, depending on its specific sector. A comparison of creative/media firms and IT firms, for example, found that the former was more strongly networked than the latter: the creative firms shared product and labour markets and needed to be connected with others, while the IT firms had specialised skills and competencies with few synergies across the sector. Modern firms will tend to be formalised and generally be open to ideas from below, though the extent of the last will depend on how far the owner sees the business as his or her own fiefdom.

There are likely to be formal procedures on work-family issues and on pay and job grades. There may be more opportunity for career development and, to the extent that the firm is growing, there may be new jobs into which workers can move. Communication may be formalised and management practices are likely to have evolved towards a more organised set of arrangements.

Secondly, there is the traditional family firm. This firm is likely to operate in a market that lies between the highly competitive and the distinct niche, for example local markets for restaurateurs. It will be somewhat restricted in its approach to the labour market, often relying on family or personal networks, and believing that that ability to 'fit in' is more important than a recruit's formal qualifications. It will not be strongly networked. It has clear but limited resources, it is not very strategic, it has few formal rules, and its management style is relatively democratic.

The positive aspects of job quality in this context are primarily those of autonomy and personal space. A good instance is flexibility in relation to work-life issues. Studies of small firms find that managers generally respond to requests for time off in light of their knowledge of the individual worker and their informal sense of fairness. There is likely to be a degree of mutual trust and respect, with workers spending considerable periods of time in the one firm. Career opportunities will, however, be limited, and training will be linked to specific aspects of the job rather than a more structured programme of development. Communication systems will be largely informal. Pay will be lower than it would be in large firms in the same sector, but balanced by a relatively undemanding pace of work and the absence of bureaucracy.

The third is the low-wage firm, often operating on the margins of the economy. Conditions in such firms are often accompanied by 'shared misery', in that the employer puts in long hours for little reward, and 'mutual accommodation' in that there are commonly family or kinship obligations that moderate the intensity of the work process. Such firms are in highly competitive product markets, and they tend to recruit from a restricted pool of labour using informal methods. They tend to be distanced from formal networks, though they may be strongly embedded in ethnic and family links - links that may tie them in to surviving on the margins rather than encouraging escape. They are reactive to events and are highly informal in their regulation of work.

Job quality in this firm is characterised not only by low wages but also limited job prospects and little training. There will be, however, a degree of autonomy in the work process and a reasonable degree of face-to-face communication between owner and worker.

### *Implications for job quality*

In terms of improving job quality in small firms, three implications arise. Firstly, levels of objective indicators such as pay tend to be low, and thus offer room for improvement. Secondly, some subjective elements are better than they are in large firms, but they can evidently be improved, not least because of the great range of experience across small firms. Thirdly, small firms carry the risk of substantially 'bad' outcomes such as unfair dismissal, and ways to mitigate this risk may be needed.

There is some research that suggests that improving HR practice may have benefits for workers and firms. In a study of firms with 10-249 employees, 17 HR practices were identified; the mean number in use was as high as 10. This study also links with performance.<sup>8</sup> A further study addresses the important question of just how many practices are in place as compared to large firms. This study used a set of 17 'high performance' practices to create an overall score; it found a mean score on their index in small firms of 10.7, compared to 13.7 in medium-sized firms and 18.0 in large ones.<sup>9</sup> It is thus not the case that small firms lack all such practices but there is also clearly a size gradient in their use. Turning to influences on workplace performance, this study finds some links between the practices and measures of performance in large and small firms but not medium-sized ones. Little explanation is offered for this finding, other than speculation that firms in this last group may have felt under pressure to introduce High Performance Work Systems too rapidly to fit their overall needs.<sup>10</sup> Studies have rarely looked at the relevant mechanisms, but an American study finds that a sense of involvement, which is one aspect of job quality, seems to link practices to outcomes.<sup>11</sup>

Despite these headline results, convincing evidence of a model of HR practice leading to job quality which in turn leads to productivity is lacking. The Wu et al. study, for example, used four measures of performance and found links with practices in relation to only one. Picking up the point about too rapid or inappropriate introduction of practices, some scholars point out that HR practices entail costs that may not be recouped; this cost-benefit issue continues to bedevil the literature as a whole. In relation to small firms, bringing in formal HR practices can lead to tensions. As Bacon et al. put it, the challenge is 'managing the introduction of the formalisation necessary

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<sup>8</sup> Sheehan, M. (2014). 'HRM and Performance: Evidence from Small and Medium-sized Firms', *International Small Business Journal*, 32: 545-70.

<sup>9</sup> Wu, N., Bacon, N. and Hoque, K. 2014. 'The Adoption of High Performance Work Practices in Small Businesses: the Influence of Markets, Business Characteristics and HR Expertise', *International Journal of Human Resource Management*, 25: 149-69.

<sup>10</sup> This study used four measures of workplace performance: managers' reports of absence and labour turnover rates and their self-reports of their productivity and financial performance compared to their perceptions of 'average' performance. Our own view of studies of this kind is that they find it hard to deal with the heterogeneity of small firms and that lists high performance practices may have less traction than is the case in large firms.

<sup>11</sup> Allen, M. R., Erickson, J. and Collins, C. J. 2013. 'HRM, Employee Exchange Relations and Performance in Small Businesses', *Human Resource Management*, 52: 153-74.

to retain management control while not destroying the informality and the culture of the small business'.<sup>12</sup> It was not a matter of ending informality but evolving it so that it can co-exist with practices that encourage more reflective and strategic approaches to achieving company objectives. Such nuanced results imply a need to consider the nature of each firm and its balance of formality and informality, and not the production of lists of HR practices that firms are urged to adopt. Small firms need to be understood on their own terms. They will have diverse goals and work relations, which are likely to result in different but similarly effective approaches to HR matters.

### 3. Policy Implications

The fundamental implication is the need to tailor advice and support to the small firm in light of the specifics of that firm. Or to be more exact, generic advice about accounting, marketing or HR may be useful in getting a firm established, but once it is beyond the basics it will need specific advice. Suggesting formal systems of employee voice may not have any traction in a firm where the family has traditionally made all the decisions. This recognition is not to say that advice cannot or should not challenge existing assumptions. As noted at the outset, job quality is contested. Thus, it may be desirable to have a critical conversation with a firm, asking why it does not wish to engage its employees. It may also be the case that an owner recognises that s/he has interests that go beyond his/her instinctive belief in the right to manage. For example, if employees have more voice, they may feel more committed and thus likely to work more effectively and sharing responsibilities can reduce the burdens of management.

In terms of the demand for engagement of this kind, there is evidence that some firms are indeed open to external advice. Various channels have been identified including large firms, peer groups of similar firms, and intervention studies by consultants and academics. Evaluations of such activity suggest that positive outcomes can emerge. One rigorous study of 'broader' and 'deeper' support for firms found that intensive assistance was more effective than simple advice provision in contributing to the performance of small businesses.<sup>13</sup> A formal evaluation of a major business support programme found that improved leaderships skills raised labour productivity, largely due to better management of human resources.<sup>14</sup>

More qualitative studies show that firms are willing to engage with each other, and that firms' objectives include a contribution to the local community as well as purely business goals. An example is the 12/8 Group.<sup>15</sup> This group comprises eight small ethnic minority firms which offer peer-to-peer guidance in business development and community links. Participants benefited in three ways. First, discussion in the group encouraged *individual* reflection, which sometimes led to a re-evaluation of business

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<sup>12</sup> Bacon, N., Ackers, P., Storey, J. and Coates, D. (1998) 'It's a Small World: Human Resources in Small Businesses', in C. Mabey et al., eds, *Strategic Human Resource Management*. London: Sage

<sup>13</sup> Mole, K. F., Hart, M., Roper, S., & Saal, D. S. (2011). Broader or Deeper? Exploring the Most Effective Intervention Profile for Public Small Business Support. *Environment and Planning A: Economy and Space*, 43(1), 87–105.

<sup>14</sup> Wren, C. and Jones, J. (2012), Quantitative Evaluation of the LEAD Programme, 2004-11, Institute for Entrepreneurship and Enterprise Development, Lancaster University  
<https://www.lancaster.ac.uk/media/lancaster-university/contentassets/documents/lums/business/LEADeval2011.pdf>

<sup>15</sup> Ram, M. and Trehan, K. (2010). 'Critical Action Learning, Policy Learning and Small Firms: An Inquiry', *Management Learning*, 41: 415-28.

goals. Second, *business* benefits included the sharing of resources (for example, HR expertise). Finally, there were gains to the wider *community* as members often mentored aspiring entrepreneurs as part of their commitment to the group.

The relationship between engagement and concrete outcomes is, however, complex. In broad terms, engagement with outsiders opens firms to information and, in doing so, it is reasonable to infer that the job quality of the owners may improve because business uncertainty is reduced and there is a clearer sense of strategy and direction – though research studies have not directly evidenced this idea. But specific effects of engagement tend to be variable. Firstly, in terms of the process, research has found that there may be limited trust in the skills of external consultants.<sup>16</sup> Secondly, in relation to outcomes, the effects of an intervention may be mixed. To take raising employment levels as an example, this goal may be inappropriate when an intervention identifies efficiency savings and the need for job cuts.<sup>17</sup> Our own research has found that modernising a firm may lead to changes in job design which in turn have negative effects on aspects of workers' job quality such as the intensity of work and space for work-life balance.<sup>18</sup>

It does not follow that engagement with firms is impossible or undesirable. The point is that to seek a direct line between it and some outcome is not productive. The heterogeneity and idiosyncrasy of small firms make such a direct link particularly hard to establish. It is, rather, a matter of using the established practice of Realist Evaluation to ask what works for whom and in what circumstances. Consider a formalisation of hiring practices. To begin with the last element, the circumstances, such formalisation may be appropriate for a modernising firm but not a more traditional family firm. It would 'work' for owners in so far as it led to a more careful selection of applicants, but it could also run against an owner's preference to make decisions based on 'gut feel'. It would work for applicants in making the process more transparent but could also disadvantage those workers who had previously been selected through personal contact or preferences. How far it worked to improve the efficiency of the firm would depend on its fit with other employment practices as well as the wider business context of the firm.

As for the supply of advice, state-funded support has gone through numerous iterations. A particular example is the Business Link scheme, which existed between 1997 and 2011. It was intended to provide a 'one stop shop' of tailored advice and some evaluations pointed to a degree of success whilst also noting the issue of reaching very small firms and of gaining the necessary trust of owners. ACAS also offers helpline advice but tends to address the basics of employment law and not a contextualised approach to job quality. We have elsewhere suggested that taking state funds through the various business development grants available might be contingent on some kind of HR health check by ACAS.<sup>19</sup> ACAS is, however, a small body, with

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<sup>16</sup> Mole, K. (2002). 'Business Advisers' Impact on SMEs', *International Small Business Journal*, 20: 139-62.

<sup>17</sup> Bryson, J., Ingram, D. and Daniels P. (1999). 'Evaluating the Impact of Business Service Expertise and Business Links on the Performance of SMEs in England'. Working Paper 124, Centre for Business Research, University of Cambridge.

<sup>18</sup> Ram, M., Edwards, P., Gilman, M. and Arrowsmith, J. (2001). 'The Dynamics of Informality: Employment Relations in Small Firms and the Effects of Regulatory Change', *Work, Employment and Society*, 15 (2001): 845-61.

<sup>19</sup> Edwards, P. 2012. 'Employment Rights in Small Firms', in L. Dickens, ed., *Making Employment Rights Effective*. Oxford: Hart.

around 1000 staff in total. Other sources of advice include HR professionals. The Chartered Institute of Personnel and Development is estimated to have around 15,000 members who operate in some kind of freelance or advisory capacity as opposed to working full-time within organisations. This number is, however, still a relatively small when set alongside the number of small firms (over one million). An alternative would build on local initiatives such as the 12/8 Group. Such initiatives have the benefit of being led by firms themselves and thus tending to embed the necessary trust and commitment. They tend, however, to be small and ad hoc, and to generalise their contribution would require financial support. It is not hard to conceive of pilot schemes, perhaps in certain parts of the country, which could be compared with control groups elsewhere to try to measure effectiveness.

Generic and top-down solutions are, then, unlikely to have much traction in small firms. Working in a critical way with individual small firms is an alternative which merits consideration. A rare evaluation of government-funded pilot initiatives with small businesses in low productivity sectors emphasises the importance of contextualised and firm-level approaches.<sup>20</sup> This evaluation suggested the use of pre-occurring and serendipitous local relationships of trust between businesses and intermediaries, and speaking the same language are useful ‘hooks’ and ‘vehicles’ to promote modernisation in such firms. The authors also argue that the notion of ‘productivity’ tends to deter rather than engage businesses. A recent action research study of ethnic minority restaurant owners and creatives found – contrary to extant research – that such firms could be encouraged to consider more productive work methods if: (1) their lived experiences were appreciated; (2) the intervention involved trusted intermediaries from the community, (3) bridges were built between such intermediaries and more conventional sources of expertise (universities, business support agencies, and HR specialists), and (4) the intervention was part of a sustained commitment rather than an instrumental exercise in knowledge dissemination. The shock of Covid 19 was also important in prompting such firms to consider changes in working practices.<sup>21</sup>

## 4. Conclusions

The extreme heterogeneity and context-dependent nature of small firm behaviour stymies the prospect of developing robust HR models and prescriptions on job quality. The distinctive conditions of small enterprises summarised by the RECIPE acronym bear directly on meaning, character and content of job quality.

Academic and policy commentary has rarely grappled with the particularities of job quality in small firms in a systematic way. Generic models and prescriptions on job quality are unlikely to resonate with myriad ways small businesses ply their trade in a range of operating environments. Understanding owners’ personal preferences is vital to gauging the potential for meaningful change in working practices in small firms. Personal preferences, which are not necessarily right or wrong, will play a larger role

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<sup>20</sup> Green, A., Stanfield, C. & Bramley, G. (2019) *Evaluation of co-designed programmes for boosting productivity: a follow-up of selected UK Futures Programme projects*, City-REDI: University of Birmingham. [https://productivityinsightsnetwork.co.uk/app/uploads/2019/02/PIN\\_ProjectReport\\_Green\\_January19.pdf](https://productivityinsightsnetwork.co.uk/app/uploads/2019/02/PIN_ProjectReport_Green_January19.pdf)

<sup>21</sup> Ram, M., McCarthy, I., Green, A., & Scully, J. (2022). Towards a More Inclusive Human Resource Community: Engaging Ethnic Minority Microbusinesses in Human Resource Development Programmes Targeted at More Productive Methods of Operating. *Human Resource Management Journal*, 32: 540-554.

than in large firms. We identify a key role for the facilitation of ‘critical conversations’ to enroll small firm owner-managers in programmes of change which have the potential to promote job quality. Business groups and professional bodies such as the Federation of Small Businesses, Chambers of Commerce and Chartered Institute of Personnel and Development could play a role in helping to convene such conversations.

Several implications follow:

- ‘One size fits all’ government programmes are unlikely to be as effective as initiatives developed by trusted intermediaries in promoting job quality and more productive use of human resources.
- The lived experience of small business owners needs to be fully appreciated. It is often at odds with conventional academic and policy perspectives. Working with appropriate intermediaries to elicit this understanding is hugely beneficial.
- Long-term commitment from business support intermediaries is necessary if small business owners are to participate in effective business and HR support programmes.
- A more inclusive ‘ecosystem’ of traditional and non-traditional partners helps to engage small businesses in the development programmes focused on more productive methods of operating.
- The COVID-19 shock may cause considerable changes in established working practices, providing an opportunity for HR and business intermediaries to strengthen their engagement with small businesses.

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## About the Authors

This evidence paper was authored for ReWAGE by Paul Edwards (Emeritus Professor of Employment Relations at Birmingham Business School) and Monder Ram (Director of the Centre for Research in Ethnic Minority Entrepreneurship (CREME) at Aston University).

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This evidence paper represents the views of the authors based on the available research. It is not intended to represent the views of all ReWAGE members.

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opinions expressed in this paper are those of the authors and do not necessarily state or reflect those of the ESRC.

## **About ReWAGE**

ReWAGE is an independent expert advisory group modelled on SAGE, which supports the government's strategic response to the recovery and renewal of work and employment in the UK as it tackles the impact of current challenges to the UK's productivity and prosperity.

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