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Working Paper Series

The Contours of Employee Voice in SMEs:
Implications for Performance and HRM Theory

Elaine Bull
Kent Business School

Mark Gilman
Kent Business School

Amanda Pyman
Kent Business School

Simon Raby
Kent Business School

University of Kent

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Miss Elaine Bull**
PhD Student
Kent Business School
University of Kent
Canterbury UK
CT2 7PE
Phone: 01227 827627
Email: eb69@kent.ac.uk

**** Author for correspondence**

Dr Mark Gilman
Senior Lecturer in Industrial Relations and Human Resource Management
Kent Business School
University of Kent
Canterbury UK
CT2 7PE
Phone: 01227 823797
Email: m.w.gilman@kent.ac.uk

Dr Amanda Pyman
Lecturer in Industrial Relations and Human Resource Management
Kent Business School
University of Kent
Canterbury UK
CT2 7PE
Phone: 01227 824712
Email: a.pyman@kent.ac.uk

Mr Simon Raby
Research Associate
Kent Business School
University of Kent
Canterbury UK
CT2 7PE
Phone: 01227 824740
Email: s.o.raby@kent.ac.uk

Miss Elaine Bull is a PhD student at the Kent Business School, University of Kent. Elaine's PhD thesis explores the impact of the information and consultation regulations on medium sized enterprises in the UK. Elaine's main research interests include employee involvement and representation, employee voice and UK labour law.

Dr Mark Gilman is a Senior Lecturer in Industrial Relations and Human Resource Management at Kent Business School, University of Kent. Mark's main research interests include HRM in SMEs, pay and reward and the regulation of labour. Mark is Director of the Centre for Employment, Competitiveness and Growth at Kent Business School, University of Kent. The Centre aims to foster a greater awareness of the practices, processes and constraints involved with sustainable improvements in employee efficiency and performance.

Dr Amanda Pyman is a Lecturer in Industrial Relations and Human Resource Management at Kent Business School, University of Kent. Amanda completed her PhD in industrial relations at Monash University, Australia. She has published widely in national and international journals. Amanda's main research interests include employee involvement and representation, employee voice, trade union strategies and privacy and surveillance in the workplace.

Mr Simon Raby is a Research Associate working for the Centre for Employment, Competitiveness and Growth at Kent Business School, University of Kent. Simon is also completing his PhD part-time which investigates the characteristics, processes and constraints of sustainable business growth for SMEs. Simon's main research interests include: growth and performance, management succession and performance measurement in SMEs.

**The Contours of Employee Voice in SMEs: Implications for
Performance and HRM theory**

Abstract

Much of the research on employee voice and organisational performance has concentrated on the large firm environment, with limited recognition of voice within SMEs. This paper examines voice arrangements in SMEs within the Kent and Medway regions of the South-East England, through two related studies. The findings confirm that the majority of SMEs tend to favour top down, direct and informal voice arrangements. Further investigation of employee voice within four better performing case organisations highlights the role of informality and the embedded and mimetic nature of voice arrangements. Such findings highlight important paradoxes and present new challenges for understanding the role of employee voice in high-performance work systems within the milieu of SMEs.

Keywords: Employee participation, Employee Relations, Entrepreneurial/Small Business, Human Capital, Strategic HR.

Introduction

Employee voice has been argued to be a key part of the performance puzzle, with theory advocating a contribution to performance through employee participation in organisational decision making. Such theory recognises that employees have views and opinions that can be used constructively to improve work organisation, social relations and performance, and reduce conflict within the workplace (McCabe & Lewin 1992; Van Dyne, Ang & Bostero 2003). An evolution of the concept of voice over the last thirty years has coincided with a transition from collective forms to individual or direct forms of voice, in order to enhance productivity rather than industrial democracy.

Despite the greater variety of voice mechanisms now in existence and recognition of the importance of integrating such practices with managerial strategy, the association between voice and performance has been vehemently contested. Additional to this, there is a lack of research on small and medium sized enterprises (SMEs), with studies tending to focus on the use of voice within the large firm environment. Understanding the dynamics of voice mechanisms in SMEs is important, especially given their contribution to the UK economy, the low take-up of representative forms of voice, and a preference for direct forms of communication, often due to the closer relationships that exist with employees.

This paper explores employee voice within SMEs and the implications for organisational performance and human resource management (HRM) theory. Drawing on two related studies, the paper explores the contours of voice within better performing SMEs using quantitative and qualitative methods. The first section explores the evolution of the voice concept, its purported relationship with performance, and the implications of voice within SMEs. We then explain our methodology and report key survey findings, examining the incidence and nature of voice practices, management attitudes to voice practices, organisational rationale(s) for voice and perceived barriers to voice in SMEs. We continue by exploring voice within four better performing SMEs. The paper raises a number of important questions concerning the dynamics of voice and organisational performance in SMEs, and the theoretical and practical implications this has for the use of high performance work systems (HPWS) in the small firm environment.

Employee Voice

Freeman & Medoff (1984) first adapted the exit/voice concept to the labour market. They argued that voice, in the sense of direct two-way communication, was important for both

employers and employees. Unions were however seen as the central independent vehicle for the collective voicing of employees' views, having positive performance effects by reducing grievances, increasing employee satisfaction and reducing labour turnover (exit) (Freeman & Medoff, 1984). Consequently, much of the industrial relations literature views the articulation of grievances, whether on an individual or collective basis, as the sole component of voice (Gollan, 2001). An emphasis on grievances and union-only voice reflects a narrow conceptualisation of the alternative mechanisms available to employees to contribute to performance and advance their rights and interests at work, by participating in organisational decision-making. Wood and Wall (2007: 1337) make a similar point, associating voice with both collective bargaining and grievance procedures, in addition to the solicitation and provision of employees' ideas for organisational improvement.

Interest in diverse employee voice practices encouraging increased democratic rights for workers has been evident throughout the twentieth century, in the form of, for example, Whitley committees, productivity committees and worker directors (Ramsay, 1977). Since the 1980s, industrial democracy has been redefined in terms of involvement and communication (Schuller, 1985), with a shift to softer managerial strategies designed to engender organisational commitment, loyalty and motivation of staff as a means of increasing efficiency and performance (Brewster, Croucher, Wood & Brookes, 2007; Ramsay, 1991). These principles are echoed in the HRM literature, in which the meanings of employee voice have been categorised into multiple strands: the articulation of individual dissatisfaction; communication/exchange; collective representation and organisation; upward problem solving; engagement and contribution to management decision-making; and the demonstration of mutuality and cooperative relations (e.g. Dundon, Wilkinson & Marchington, 2004; Wilkinson, Dundon & Marchington, 2004; McCabe & Lewin, 1992).

These various elements of employee voice are underpinned by a general assumption that employees often have ideas, information and opinions of constructive ways to improve jobs, work organisation, social relations and organisational performance, and by implication, reduce conflict (Van Dyne, Ang & Botero, 2003; McCabe & Lewin, 1992). However, as McCabe and Lewin (1992) further point out, employee voice under HRM also adopts a business case assumption; that employees possess sufficient ability, skill, knowledge and interest to participate in business decisions - the classic Theory Y depiction of employees. This assumption of employee participation is clearly conditional upon employees' perceptions/beliefs that participative management actually provides relevant and appropriate incentives to justify their actions (McCabe & Lewin, 1992).

There is little doubt that the variety of employee voice mechanisms in the UK and most advanced market economies has increased, resulting in a growing heterogeneity of representational forms (Brewster *et al*., 2007; Charlwood & Terry, 2007). Labour market deregulation, the global decline of organised labour and the spread of neo-liberal ideologies have created a favourable environment for the weakening of collective voice and the subsequent diffusion of individual or direct voice, with a view to empowering employees as a means of enhancing productivity, rather than enhancing industrial democracy (e.g. Brewster *et al*., 2007; Haynes, Boxall & Macky, 2005; Bryson, 2004; Dundon *et al*., 2004; Kleiner, 2001; Storey, 2001; Kaufman & Taras, 2000; Millward, Wilkinson & Ackers, 2000). New and alternative models of employee representation are also the offspring of an increased emphasis on strategic HRM, and the assumed links between HRM and organisational performance under changing organisational and competitive conditions (Wood & Wall 2007).

Employee voice is argued to be at the core of a positive relationship between HRM and performance which has been captured in several models, including high-commitment management (Walton, 1985), high-involvement management (Lawler, 1986) and HPWS (Wood & Wall, 2007; US Department of Labor, 1993). For example, Bailey (1993) argued that employee voice could be harnessed to produce superior organisational performance through: providing opportunities for employees' participation in substantive shopfloor decisions; providing the necessary skills to make employees' efforts meaningful; and, by ensuring that employees have the appropriate motivation.

Despite the centrality of employee voice to HPWS, Wood and Wall (2007) argue that one seminal trend has been the decline in representative voice and a concomitant increase in direct and non-union representative forms of voice in the UK. Wood and Wall (2007) argue that a shift away from representative voice is correlated with the resource-based view (RBV) of the firm. For instance, whilst the premium placed on skills, knowledge and aptitudes of a firm's workforce are a source of inimitable assets under the RBV, consistent with employee voice, the key question revolves around whether employee voice is the fulcrum of the HRM system, since the HRM system is also treated as a source of competitive advantage under the RBV (Wood & Wall 2007: 1341).

Aside from debates over the assumed links between employee voice and organisational performance, other key themes in the voice literature have focused on: the incidence of different types of voice practices (Charlwood & Terry, 2007; Kersley, Alpin, Forth, Bryson, Bewley, Dix & Oxenbridge, 2006; Delery, Gupta, Shaw, Jenkins & Ganster, 2000); determinants of employers' choices of voice channels (Brewster *et al*., 2007; Marsden, 2007; Willman, Bryson & Gomez, 2006; Marchington, Wilkinson & Ackers, 2001); and, the utility

of different voice channels (Brewster *et al*., 2007; Charlwood & Terry, 2007; Bryson, 2004). These debates have shown that employee voice channels vary widely in practice, in terms of design, conditions driving implementation, coverage, scope and depth. Organisational size has been found to be a key determinant of the nature of voice and employee involvement and participation practices generally (Forth, Hewley & Bryson, 2006; Kersley *et al*., 2006; Millward *et al*., 2000; Cully, Woodland & O'Reilly, 1999).

Employee Voice in SMEs

Despite recognition of the importance of organizational size, much of the research on employee voice has been concentrated within larger firms, with SMEs remaining a neglected entity (Wilkinson, Dundon & Grugulis, 2007; Moore & Read, 2006; Ryan, 2005). The lacuna in research on SMEs is surprising given their significance to the UK economy, of which they comprise 99.8%, and account for 48% of total employment (BERR, 2007). The need to study employee voice within SMEs is even more pertinent in light of the role that SMEs play in job creation, innovation and national economic performance (Bacon & Hoque, 2005), and marked differences between SMEs and large firms. As Bryson (1999: 78) argues, the practices and combinations of voice that are most beneficial in small firms are very different. However, as Wilkinson *et al* (2007: 1282) note, small firms may be encouraged to implement schemes that have proven successful in large firms in what they term 'mimic opportunism'.

Some insights into the nature of employee voice within private sector SMEs can be gleaned from the Workplace Employment Relations Survey (WERS) 2004 (Forth *et al*., 2006). Consistent with previous findings from WERS (Millward *et al*., 2000; Cully *et al*., 1999), smaller firms are less likely to be unionised (only 3% have union recognition) and less likely to use joint consultative committees, compared with large organisations. In fact, only 17% of

SMEs use some form of representative voice arrangements, compared with 71% of large organisations (Forth *et al*., 2006). Where formal voice arrangements exist in SMEs, direct channels are the main conduits for employee voice. For example, 80% of SMEs use some form of face-to-face meetings, of which workforce meetings and team briefings are the most common channels. In addition, 57% of SMEs report the use of some form of downward communication, including notice boards and the systematic use of the management chain (Forth *et al*., 2006).

Despite some evidence of formal voice channels, it is apparent from the literature that SMEs have an overwhelming preference for informal management of the employment relationship (Marlow & Gray, 2005). This fact is often attributed to: the prevalence of owner-managers and lack of specialist HR personnel; the proximity of labour to management; close social and spatial relationships; the skills and competencies of the workforce; and an imperative for flexibility in response to customer requirements (Moore & Read, 2006; Cassell, Nadin, Gray & Clegg, 2002; Reid, Marrow, Kelly & McCarton, 2002; Cagliano, Blackmon & Voss, 2001 Wilkinson, 1999).

It is also apparent from the literature that informality can induce heterogeneity of practices within SMEs, meaning links between voice practices and performance are complex. The heterogeneity and complexity of voice practices can be explained by a myriad of internal and external factors. Such factors include: market competition; sector and ownership; competitive strategy; labour and product market characteristics; the position of SMEs within supply chains; management style and strategies; and, social processes (Gollan & Wilkinson, 2007; Wilkinson *et al*., 2007; Moore & Read, 2006; Cabrera, Ortega & Cabrera, 2003; Bryson, 1999; Marchington, Goodman, Wilkinson & Ackers, 1992; Goss, 1991; Rainnie, 1989).

The lack of formality that characterises employee voice within small firms is not necessarily indicative of bleak house assertions (Wilkinson, 1999). Large scale survey data and case study research have illustrated that employees seem largely content with employee voice arrangements within small workplaces in relation to: managerial responsiveness to employee suggestions; trust; and the prevalence of information, consultation and negotiation during the implementation of change (e.g. Wilkinson, 1999; Forth *et al*., 2006; Wilkinson *et al*., 2007). The success of direct and informal voice arrangements in SMEs is supported by Bryson (1999), who found that direct-only voice systems, and more specifically teams briefings and the systematic use of the management chain, were most beneficial for performance outcomes in small firms, whereas indirect or multiple voice channels worsened, or had no effect on performance. Bryson (1999) concluded that less bureaucratic and less costly means of employee voice, that is, downward communication, were most beneficial for small firm performance.

Given the diverse range of factors that potentially impact on the relationship between employee voice and organisational performance in SMEs, and the *a priori* gaps identified in the literature, the aim of this paper is to explore how voice operates in SMEs in practice and the implications for performance and HRM theory. The following section describes the research method employed.

Method

The relationship between employee voice and organisational performance in SMEs was explored through two related empirical studies. The EU definition of SMEs[i] was adopted.

Study 1

Study 1 forms part of an EU funded comparative (UK-French) research project[ii] investigating the characteristics, processes and constraints of sustainable business growth for SMEs in the Cote d'Opale/Nord Pas de Calais and Kent/Medway regions. This paper draws only on the UK data. A multi-method research design was utilised over the period January 2006 to October 2007 drawing on three stages: (1) a structured online/postal survey; (2) semi-structured face-to-face interviews; and (3) four in-depth case studies.

The data collection stages were designed using a broad range of questions on growth related issues in SMEs including: growth performance; management of the organisation; product/service and process innovation; information and communication technology; performance measurement; employment relations (involvement and participation, communication methods), skills, training and development, and sources of information and advice.

A representative list of SMEs in South-East England was obtained via an external regional body. SMEs account for 99.9% of enterprises in the South-East and 60.1% of employment (BERR, 2007). Simple random sampling was used to select organisations for study. Surveys were undertaken with a representative sample of 2,000 SMEs over five years in age and covered all private industry sectors[iii] in the Kent/Medway region. A response of 233 (11.7%) owner manager surveys was received.

Of the survey responses, 187 organisations were identified for potential owner-manager face-to-face interviews using growth determinants as selection criteria. The organisations selected were required to have an aspiration to grow, and in addition, meet at least one of the

following five criteria; (1) growth in sales turnover over a 5 year period; (2) growth in employment over a 5 year period; (3) a business plan/strategy in existence; (4) a view by the owner-manager that product/service innovation is important to the business; (5) a view by the owner-manager that process innovation is important to the business. Of the 187 organisations identified, 74 owner-manager interviews were completed. Akin to the survey phase, the sample of owner-managers was representative according to industry.

Choice of SMEs for the detailed case studies was also based upon growth selection criteria. However, companies had to meet all the aforementioned criteria, meaning these organisations were categorised as 'better performers'. Purposive selection criteria were also used to ensure maximum variation across variables of interest, including industry sector, ownership, age of the organisation and organisational size. Four small organisations were selected for investigation, all of which are non-unionised. Twenty-three in-depth, semi-structured face-to-face interviews were conducted with a range of managers and employees across all organisations. The key characteristics of the case study companies are summarised in Table 1.

Insert Table 1 here

Study 2

Study 2 forms part of a doctoral thesis examining the nature of voice arrangements in SMEs[iv]. The study utilised a multi-method research design comprised of two stages: (1) a postal survey, and (2) four in-depth case studies. This paper draws only on the survey data.

The survey was designed in 2007 using measures derived from the WERS 2004 cross-sectional management survey and Study 1. The survey explored the following themes from a managerial perspective: the form, scope and degree of voice, managerial attitudes, rationale(s) for voice, and perceived barriers to voice. Measures pertaining to ownership, organisational strategy and the incidence of various employment practices were also incorporated to gain a contextual understanding of voice in the workplace.

Using the same sampling frame utilised in study one, surveys were undertaken with a representative sample of 338 SMEs covering all private industry sectors in the Kent/Medway region. Seventy usable surveys were returned from owner managers or human resource managers; a response rate of 22%.

Survey Findings

Findings from both studies are discussed in this section, with a focus on internal and external factors, including: the incidence and nature of voice practices, management attitudes to voice practices, organisational rationale(s) for voice, and perceived barriers to voice.

Incidence

Table 2 summarises the range of employee voice practices used by respondent organisations, using Marchington and Wilkinson's (2005) classification.

Insert Table 2 here

Table 2 highlights the predominance of one-way, top-down communication, with very little incidence of upward-problem solving, whereby employees have the ability to express their views or make suggestions to management. Team briefings, the systematic use of the management chain and email were identified as the most common forms of downward communication. Consistent with the literature, Table 2 also highlights a lack of representative voice, particularly union channels.

The predominance of direct-only systems of employee voice is further reinforced in Table 3. Based on an adaptation of Bryson's (2004) typology, arrangements are classified using an eight category variable. Union recognition is used as the measure of union voice. Indirect voice is measured by the presence of a joint consultative committee. Team briefings, email, intranet, newsletters, notice boards and suggestions schemes comprise the measure of direct voice practices.

Insert Table 3 here

It can be seen from Table 3 that use of a plurality of voice practices within SMEs is uncommon: only 0.5-4% of organisations adopted all three channels. Consistent with the literature (e.g. Forth & Millward, 2002), direct-only arrangements were most commonly used by the respondent organisations (56-74%), followed by the use of direct and indirect channels simultaneously (5-23%). Managers in respondent organisations were also asked about the nature of their voice arrangements. The majority of arrangements within study 2 were informal or ad hoc (unwritten) (53%). Formal arrangements were introduced by management in 33% of cases, whilst 10% were based on written, non-union representative agreements.

Managerial Attitudes to Voice

Study 2 questioned managerial attitudes to voice across five dimensions. Table 4 shows that 83% of managers agreed that 'those at the top are best placed to make decisions'; exhibiting a strong preference for managerial prerogative. In further support of this finding, 42% of managers agreed that decision-making within their organisation transpires without consultation.

The retainment of managerial prerogative is also supported in the face-to-face interviews conducted in Study 1, wherein a clear association between the degree of employee involvement and the scope of change decisions was evident. Managers reported greater employee involvement in task-related issues, rather than strategic organisational wide issues. For example, employees were reported to be 'always involved' in changes regarding teamwork (61.6%), problem solving (49.3%), training (49.3%) and quality control (45.2%). In contrast, employees were 'never involved' in changes related to strategy (58.9%), the implementation of information and communication technology (ICT) (52.5%) and job redesign (42.5%). The lack of employee involvement in strategy is further reinforced by the fact that 29% of organisations in the face-to-face interviews reported that the owner-manager develops the strategy unilaterally. These results are consistent with previous studies of worker participation, which have shown that management have a tendency to safeguard their prerogative on higher-level issues (Poole, 1986).

The prospective benefits of soliciting employee voice during change management processes have been identified in the literature. Such benefits include a greater understanding amongst employees of the pressures for change, enhanced employee buy-in, decreased resistance, improved trust and a more adaptable and flexible workforce (DTI, 2002, 2003; Dix &

Oxenbridge, 2003). In Study 2, 46% of managers stated that in the event of organisational change, decisions were not imposed upon employees without discussing the implications of change(s) first: consultation was seen as habitual practice.

The final statement asked managers about their preferences for voice. Consistent with the dominance of downward communication and the lack of representative voice within respondent organisations, 92% of managers expressed a preference for direct forms of employee voice. Managerial sentiments for direct consultation with employees were also substantiated in the 2004 WERS data (Forth *et al*., 2006).

Insert Table 4 here

Organisational rationales for voice

This section explores management's rationale for introducing voice arrangements. It can be seen from Table 5 that the business case dominates the use of voice within organisations, as opposed to extending employee rights to voice. By way of illustration, the dominant rationales for voice were unitary in nature, such as the improvement of organisational performance (83%) and staff morale (80%) and enhancement of business awareness (76%). Interestingly, external sector pressures, legislation and a strategy of union avoidance were not perceived by managers to be important determinants of voice.

Insert Table 5 here

Organisational Barriers to Voice

Managers were asked whether they perceived the existence of any barriers to voice within their organisations. 46% of managers stated that there were no barriers present. Of the remaining factors, increased bureaucracy (29%) and a lack of employee enthusiasm (26%) were the most common barriers identified. Delays to decision-making (24%) and a lack of employee skills (20%) were also acknowledged. The dominant constraints identified by managers in the survey reinforce a preference for informal management of the employment relationship as identified in the literature, and lend support to the notion that small businesses' dislike external interference from regulation and/or administrative burdens that hinder their flexibility (DTI, 2002; Bacon & Hoque, 2005; CBI, 2007). For example, the potential adverse effects of increased regulation of employee voice for SMEs was central to discussions concerning the applicability of the Information and Consultation of Employees Regulations (ICE) in 2004 (DTI, 2002; 2003)[v]. The preference of the respondent SMEs and SMEs more generally, for minimal regulatory burdens and external interference is unsurprising, given the importance of rapid responses to external pressures and environmental changes to the survival of small firms.

The survey findings highlight the direct and informal nature of employee voice in SMEs. Team briefings, followed by the systematic use of the management chain and email, were the dominant mechanisms of voice. With respect to employee involvement in organisational change, direct, task-related involvement was the norm, as opposed to wider organisational forms of voice. Management attitudes confirm these results, suggesting that they feel best placed to make decisions, and often do so without consulting employees. However, with respect to voice during change, a majority of managers identified involvement as custom and practice. Management also confirmed that increased employee commitment and improved organisational performance were the primary drivers of employee voice. Much of these

findings lend support to the extant literature, whereby the justification for the introduction of more formalised voice is linked to the potential for performance gains and enhanced commitment to organisational goals, as opposed to increased employee power in decision-making processes (Marchington *et al.*, 1992).

Case Study Findings

As previously identified, the four case studies that comprised Study 1 were categorised as 'better performers'. In line with the key themes emerging from the survey data, internal and external factors are examined to further explore the link between employee voice and organisational performance. Each of the case studies are described before examining the findings thematically.

Kitchen Co: Kitchen Co is a family run enterprise that manufactures bespoke kitchens to the domestic market, in addition to providing installation services through a small number of sub contractors. Kitchen Co was established in 1995 and initially started as a micro company with 3 people, including the single-owner manager. The company operates within a growing upmarket niche and competition is locally based. Kitchen Co employs 27 people (excluding sub-contractors) and has an annual turnover of £1.5 million.

The drivers of employee voice relate to the management of the organisation. In 2003, Kitchen Co hit financial crisis due to a lack of forward planning and poor financial management, resulting in redundancies. A formal management structure was implemented in response to this crisis, as a means to alleviate the owner-manager from the day to day running of the organisation. Management roles were created within production, finance, and sales and marketing, whereby, with the exception of sales and marketing, positions were filled

internally. Monthly management team meetings are held to discuss operational issues, health and safety and the financial position of the company. Weekly production meetings were also in operation at the supervisory level. Additional channels used, albeit less regularly, include a suggestion scheme and email. Nevertheless, formal information provision does not transcend beyond management level. Employees are not informed of organisational strategy or firm performance, due in part to the owners' perception that employees are apathetic towards, or incapable of understanding, this information. In general, communication is informal and individual. At the time of research, the HR function was under-developed. That is, recruitment and selection, staff inductions, pay and appraisal issues were largely informal and collective responsibility for human resources resided at senior management level, drawing on expert advice only for legal issues.

CCTV Co: CCTV Co supplies and installs closed circuit camera [CCTV] systems to the commercial market. The company was established in 1988 and is owned by a single owner-manager. CCTV Co operates within a highly competitive market, wherein CCTV equipment prices have reduced dramatically in recent years. The company employs 15 people and has an annual turnover of £1.4 million.

Similar to Kitchen Co, the drivers of voice relate to management of the organisation, in which the loss of a large customer in the year 2000 (comprising 90% of overall sales) prompted a reappraisal of the organisational structure and processes. In response, the owner manager invested private equity to ensure survival, a business strategy was formalised, and a formal management structure was implemented, with an emphasis on sales and marketing. Communication is predominantly informal. Formal voice is manifested through quarterly

engineers' meetings and the regular use of email amongst office staff. There is no formal pay structure at CCTV Co. Performance related pay schemes are confined to sales staff.

Cable Co: Cable Co manufactures and supplies a range of cable marking and identification products largely to the aerospace, defence and rail industries. Established in 1934, the company has passed through three generations of ownership, and is now partly family owned. The company employs 27 people and has an annual turnover of £1.5 million. Formal responsibility for human resources resides with the granddaughter of the founding owner, whom together with the (non family) Managing Director has an equal holding within the company.

The drivers of employee voice relate to changes in ownership and market competition. Until recently, Cable Co was wholly family owned, wherein the grandson of the founding owner, an accountant, ran the company unilaterally for over twenty years (1980-2002). The grandson's autocratic management style had limited re-investment in the company's product base, instead relying on the longevity of the company's established product portfolio. Following a period of continued decline and eventual loss in 2002, the grandson relinquished his shares to a newly appointed sales team member.

Concomitant with a change in ownership, changing market conditions have also prompted a more autonomous approach to work. Competing within a mature market, product quality and an ability to respond promptly to customer demand were perceived as central to firm competitiveness (current quality accreditations include ISO 9000 and EN9100). Greater emphasis was thus placed on product development and lead-time reduction, which led to experienced management staff being reassigned from their production supervisory roles.

Recent developments within the company have included: Investors in People (IiP) accreditation, formalisation of a business strategy, use of individual appraisals, and the introduction of daily ten-minute briefings within the production department. Other voice practices include: a suggestion scheme; email; and notice boards. Pay is determined on an informal basis.

Bearing Co: Bearing Co is a private distribution company that supplies bearings, power transmissions and lubricants and provides technical support to the commercial market. The company was established in 1989 and was, until recently, owned by a single owner-manager. In 2007, Bearing Co merged with a distributor of associated products (lubricants) resulting in joint ownership and management. Formal responsibility for employee relations is shared between the two Managing Directors. Bearing Co employs 16 people and has an annual turnover in excess of £2.5 million

Management rationales for voice centred on their response to market competition. The company operates within a turbulent market and over the past four years, have experienced a plateau in growth due to the contraction of their traditional manufacturing markets. With customers re-locating to the Far East, competition has become increasingly price-intensive with larger rivals. As with Kitchen Co and CCTV Co, the owner manager's concentration had been focused on the day-to-day running of the business and had neglected the development of new and existing products and markets. In order that the MD could afford more time to investigate such areas, a formal management structure was implemented. This structure also allowed for the development of a formal business strategy by the joint owner managers. Management team briefings are held weekly to discuss operational issues, alongside a suggestion scheme, notice boards and email. Nevertheless, communication is

largely informal, with weekly staff meetings having been abandoned due to the custom and practice of informal day-to-day discussions. Pay is informal and performance related pay schemes, as with CCTV Co, are used for sales oriented staff who receive commission based incentives.

Insert Table 6 here

(1) Informality and Lack of Embeddedness

Whilst Table 6 highlights the extensive use of direct voice across the four case studies, incidence alone does not necessarily equate to genuine or meaningful voice processes (Boxall & Purcell, 2003). Organisational commitment towards voice must extend beyond the implementation of voice mechanisms, if voice is to be more than perfunctory. For this reason, there is a fundamental need to assess the quality or 'embeddedness' of voice processes (Beaumont & Hunter, 2005; Cox, Zagelmeyer & Marchington 2006). This section explores issues of 'depth' (Cox *et al*., 2006), scope and coverage of voice.

Team briefings and the systematic use of the management chain were the predominant forms of downward communication used by all four companies. These two channels were explored in further detail to assess their practical operation, as a means of evaluating embeddedness. Despite team briefings being used in all four companies, only Bearing Co and Cable Co reported the use of teams, with CCTV Co operating their installation staff in 'gangs'. As the Sales Manager in CCTV Co commented: *'There is teamwork, but I'm not a part of it! ....[it's] particularly for one customer.....but that's the only sort of team structure...'*

Where teams were used, it was apparent that their nature was informal and that they met infrequently, simply being entrenched in the structure of the organisation or limited to the upper echelons of management. For example, in Bearing Co, operating teams were little more than small workgroups comprised of staff who held similar roles: *'...what we do is we tend to have work stations...three of them working together, so they would all rub off together' (Managing Director, Bearing Co).* In Kitchen Co, team briefings, which were little more than meetings, were used only for reporting purposes at the management level, with little formal discussion of improvements. In Cable Co, teams were only used for 'special jobs', meaning large or complex product orders: *'I would say...yes we do (have teamwork)...when there are special jobs, we work in teams...they are actually very informal' (Production Supervisor, Cable Co).*

Furthermore, there was no evidence of autonomous, self-directed teams at the lower organisational level in any of the four organisations. This absence of autonomous teams may be explained by the Kitchen Co example, whereby management viewed the current involvement and communication processes to be sufficient, and subscribed to the view that employees would not be interested in such initiatives anyway: *'A lot of the workforce want a simple job as they get off on the interest in the product, not in responsibility (Sales Director, Kitchen Co).*

Given that the use of teams and team briefings meant little in relation to theoretical expectations, that is, they were little more than functional groups of employees, the use of the management chain appeared even more prevalent. Yet even here, arrangements were far from formal as is demonstrated by assessing the embeddedness of voice arrangements through the experiences of employees'. Across all four cases studies, employees' pointed to the informal

and functional use of voice arrangements, as opposed to the use of voice as a strategic or democratic process. One poignant example was the use of email in CCTV Co. Whilst this mechanism has the ability to be utilised as an information and/or communication tool, email was simply used in a functional way and only in the 'office' as part of day-to-day operating processes. However, employees did confirm that quarterly engineers' meetings were used for informing, consulting and conducting discussions with staff, even if mainly on functional issues. In Cable Co, the ad hoc nature of voice arrangements were illustrated by the fact that the development of new ideas and soliciting of employee contributions and feedback was perversely linked to individual 'developmental' appraisal processes, implemented as part of their IiP accreditation. The implication of this was explained by a Production Operative:

> *'There is a lack of communication...you just get rumours, then a little bit more would get added, that is just how it goes, it's like Chinese whispers...It is still a long way short of consultation between management and workers'.*

At Bearing Co the Purchasing Manager described arrangements as follows:

> *'...the majority of time it is very informal. They will just sidle up to you and have a chat with you...we used to have a staff meeting but to be honest we all thought they were a little bit silly to continue so we knocked it on the head...because it is so small and we are talking to each other all the time anyway. If anything happens you just bring it up there and then'.*

At Kitchen Co communication only tended to filter down as far as the Production Supervisor but even this was piecemeal:

> *'The MD...we don't tend to need much contact with him, but we touch base once a week. There is a middle man [production manager] in between him and me, but if there is something that he needs to know about then I will let him know.*

Finally, the Sales Manager at CCTV explained that arrangements were:

'Not formal, but certainly everyone is encouraged, if anyone had any suggestions they would be heard and acted upon...' (Sales Manager, CCTV Co)

The informality of voice practices was further evidenced by a lack of strategic employment practices and a lack of employee involvement in business plans and objectives. In relation to the first issue, CCTV Co and Bearing Co provide good examples. Despite both companies reporting the use of financial participation in the form of performance related pay schemes, it transpired that in practice, pay was dealt with on an informal and individual basis:

'It tends to be very informal, it's dependant upon the person we are employing, if he's got experience and what position he is moving from. That would really give us some indication of the salary we would need to be offering.....We do look at it for each individual, based upon what they added to the pot if you like. The difference between those who have just done their job and those who have put themselves out' (MD, Bearing Co)

'...it's how little trouble they are; because the best engineers are the least trouble...you just give them the work and they just get on and call you when it is done...the ones that you always here about...or you have to go back to it...they are not the ones you pay the most' [MD, CCTV Co].

In relation to the issue of involvement in business plans and objectives, it was clear that this was confined, at best, to senior management levels in all four companies. The following quotes from Kitchen Co and CCTV Co illustrate this state of affairs:

'What I haven't done is produce a written plan; which is a good idea and I could do that for them to buy into' (Managing Director, Kitchen Co).

'The MD is full of contradiction...blows hot and cold, with the business strategy changing year on year, most other director's view that there isn't a business plan' (Sales Director, Kitchen Co).

'We haven't got anything written down...we don't have a mission statement, it is informal really' (Financial Director, CCTV Co).

In contrast to employees' experiences of informality, it was evident that involvement had increased at the management level in all four companies. For example, in Kitchen Co, employee involvement was confined to supervisory levels for production matters. Increased managerial involvement across all four companies was driven by the proactive implementation of management structures, reporting procedures and chains of command, yet, paradoxically, yielded little additional or meaningful involvement at the employee level. However, voice processes at the management level were no less problematic. As one interviewee in Bearing Co noted, despite the use of monthly and quarterly management meetings:

'it's just a notice board and word of mouth. Communication is the hardest...I thought that being a small company communication would be a lot easier...even at director level you ask where the MD is today and nobody knows and you ring him and he is on holiday. I'm sure it happens in every company?' (Sales Manager, Bearing Co).

Similarly, in Cable Co, it transpired that whilst budgetary responsibility had been delegated to the management team, quality issues became distorted:

'we try not to put too much pressure on anybody here…we have customers come in who wanted statistical process control and records… well he [ex production manager] said he did not have time to stop every 5 minutes and measure loads of stuff and write it down and report it; obviously it is not his brief so we tended to let it become an inspection operation' (Technical Director, Cable Co).

The difficulties of using upward communication, in relation to employee skills and knowledge, were also raised by managers in the case study companies; another potential explanation of their preference for informality of voice processes. The comments of the Sales Manager in Bearing Co illustrate this point:

'It is okay downwards, we can make decisions and make things happen. Sometimes it is difficult to guide upwards. They [directors] don't perhaps take on board exactly what needs to be done. If we have an issue we take it to the directors and they say leave it with us and we will discuss it and then sometimes they don't come back to us and tell us what they want to do so 9 times out of 10 we make the decision and go with it and worry about what they are going to say afterwards. They don't usually say anything'.

Paradoxically however, the limitations of upward communication in this case did indirectly result in increased autonomy over decision making for employees, yet left them susceptible to criticism if anything went wrong.

One particular issue within Kitchen Co and Cable Co through which employee involvement appeared to have increased was through the implementation of lean production practices. As the MD in Cable Co highlighted, he made a conscious decision to stand back and allow employees to progress manufacturing improvements: *'I took a very personal view a year ago*

that I am not getting involved and they go to the meetings and they do it [implement lean practices]'. This scenario was confirmed by both the Technical Director and employees within the company:

> *'...they [management] are always coming and asking us how things are going and what can we do to help you. We are having a complete restructure at the moment...I have actually designed the working area, so that it is easier to work here' (Production Operative 1, Cable Co)*

Despite a greater level of formal employee involvement in lean production in Cable Co, the MD was of the opinion that this approach had not yielded any overall improvements. It is important to recognise however, that the MD had little knowledge of lean production techniques, from which to make such judgments. A similar level of more formal employee involvement was identified in CCTV Co and Bearing Co. Employees in both companies confirmed that their views, opinions and feedback were obtained and taken on board via different mechanisms, and that they were actively encouraged to make suggestions for improvements.

> *'It's informal. If you have got an idea or you want to take a product that you feel could be good for the company; their [the directors] door is always open anyway, you just go and have a chat with them and if they feel it is okay then we run with it' (Purchasing Manager, Bearing Co).*

> *'We have quarterly meetings for the engineers, office staff, and we are all encouraged within that forum to put anything to a director' (Sales Manager, CCTV Co).*

Despite the soliciting of employee opinions and feedback, it is interesting to note that such initiatives are still highly dependent on management prerogative.

It is apparent from the data presented above on the theme of informality and embeddedness, that whilst communication and involvement in each of the four companies appeared to be effective on the surface, this was not necessarily the case in practice. Employee voice processes and practices were uniformly informal, infrequent and ad hoc across the four companies, with employees' ideas and feedback to management occurring on a casual basis. Several factors appear central to explaining this state of affairs in each of the companies: the absence of formal, written strategies; time pressures impeding management communication to employees; the infrequency of downward communication channels; and, a lack of involvement in strategic issues across all levels of employees. In some cases, these factors clearly resulted in inefficiency and uncertainty amongst employees in the performance of their roles.

(2) The Paradox of Informality and Employee Satisfaction

Despite the disparity between managers and employees experiences of voice, and the prevalence of informal and ad hoc involvement processes, employees across all four companies appeared to be highly satisfied and motivated. For example, employees reported close and collaborative relationships with other workers and managers, high levels of trust between management and employees, loyalty to the organisation and some level of task autonomy. High levels of satisfaction were reinforced by the fact that managers reported no problems with staff turnover or absenteeism, and employees reported increased job satisfaction over a three year period. Irrespective of the fact that management did not

perceive absenteeism and turnover to be problematic, some caution must be exercised given variation in reporting procedures across the companies.

High levels of employee satisfaction with workplace dynamics were also reinforced by employees' reasons for working at the respective companies. Across all four companies, team spirit with colleagues and managers and the quality of working conditions were core reasons for this; as evidenced by the following comments:

> *'Personally it is a good company to work for, Richard (MD) is friendly, the conditions are good, beats other places where I have worked' (Production Operative 2, Kitchen Co)*

> *'Firstly it's close to home. You're treated as an individual, not as a number, that is what I found working for a national, here you are part of a team. If anything goes wrong we all feel part of it, if it goes right, again you feel apart of it, your not lost, you can't hide away' (Purchasing Manager, Bearing Co)*

> *'Being a small business; the availability to communicate at director level and have your voice heard is a key thing for me' (Sales Manager, Bearing Co)*

In addition to the common sentiments of employees across the four companies, there were a diverse range of motivations for working in their respective companies. These included: small organisation size, work-life balance and financial incentives, as illustrated within the following quotes:

'That's the positive side, its very hands on, in the sense everybody does know everyone…the clients come back…we get referrals. I have a lot of responsibility and a lot of the job satisfaction, I like being a large fish in a small pond, I have to be absolutely honest I'd like to keep it like that' (Office Manager, Kitchen Co)

'I would say it [pay rate] is an incentive to work hard…there are other reasons for staying with the company, that (pay rate) is not the priority. This includes the geographical location, the job flexibility, and the fact that it is a nice company to work for' (Sales Manager, CCTV Co)

Notwithstanding high levels of employee satisfaction and contentment, employees did report limited opportunities for career advancement or promotion, yet seemed to accept that this was a function of organisational size.

Considered alongside the prevalence of informality and a lack of embeddedness of formal voice, these results highlight a paradox: that is, an acceptance of the former, concomitant with recognition that voice processes can be improved, versus high levels of employee satisfaction and contentment within all four workplaces. The high level of employee satisfaction with workplace dynamics irrespective of voice channels is consistent with a large body of literature which identifies the importance of workplace social relations in SMEs. However, it must also be noted that employee satisfaction existed against a background of successful organisational performance within the four companies.

(3) External and Internal Factors

Consistent with the SME literature, it is apparent that external and internal factors have played a central role in determining the nature of workplace relations within the four case study companies. These external and internal factors have subsequently impacted on voice processes, and thus are integral in an explanation of the results. External factors including: market decline (Bearing Co); the loss of a key customer (CCTV Co); poor management and financial planning (Kitchen Co); and, a market downturn and financial loss (Cable Co) represented crisis points for each company and were the catalyst for subsequent internal changes. The two common internal factors driving change were poor management and financial planning, resulting in a preoccupation with the short-term, day-to-day operation of the company, and, a lack of managerial experience and qualifications.

Two changes consistent across all four companies in response to external and internal crises were the development of a sales and marketing focus, and, the introduction of a formal management structure. Other internal responses common across three of the four companies (CCTV Co, Cable Co and Bearing Co) were internal and external recruitment, particularly at management level, and formal development of a business strategy. As a corollary of these internal changes, common outcomes included: task delegation (Kitchen Co); regular management meetings (Kitchen Co, CCTV Co and Cable Co); the implementation of teams aligned with supplier processes (Bearing Co); and increased emphasis on individual employee initiatives: that is, work autonomy, IiP and communication.

Discussion and Conclusion

We highlighted in the literature above that voice mechanisms have been integrally linked to theories of HRM as a key element contributing to organisational performance. We argued that

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the various elements of voice are underpinned by an assumption that employees have ideas, information and opinions which will result in improved performance (Van Dyne *et* al., 2003; McCabe & Lewin, 1992). Furthermore, there is also a general assumption that they possess sufficient skill, knowledge and interest to participate in business decisions (McCabe & Lewin 1992). These potential outcomes are even more pronounced in SMEs, given that these organisations have been targeted on a number of levels to assist with improvements in job creation, innovation and productivity to enhance national economic performance (Bacon & Hoque, 2005). However, as noted, SMEs have a preference for informality and an over-reliance on mimetic practices (Wilkinson *et al,* 2007).

Our data highlights a disparity between theory and practice requiring an explanation. Recently HPWS, strategy and RBV have been combined in a more complex model labelled Contextually Based Human Resource Theory (CBHRT). This theory utilises notions of embeddedness and institutions to provide a more definitive diagnostic between HRM and performance (Paauwe, 2004). CBHRT examines the role of strategy, structure, actors and management's choice and is also able to address concepts such as 'interests and power' and 'conflict and contestation' (DiMaggio & Powell, 1991: 27, 28). However, even in this more progressive model, key elements remain unexplained.

The role of people and their skills are seen as key, supported by the integration of Supportive Employment Practices (SEP) and Management Operational Competences (MOC). Combining these raises the introduction of a number of strategically integrated HPWS practices with information, consultation and involvement of employees at all levels being key (Paauwe, 2004). Involvement at work and employee commitment also involves the need to improve skills and encourage innovation (Bryson, Forth & Kirby, 2005). It is also suggested that social

networks influence innovation diffusion (Angelis & Thompson, 2007; Blasi & Kruse, 2006) and entail informing and consulting externally as well as internally. Evidence shows that it is the use of comprehensive systems of work practices in firms that is the true key to higher productivity and stronger financial performance (Denton, 2006), by transforming employees from merely being workers, into partners with employers, to realise organisational objectives (Caspersz, 2006). The survey and case study results highlight a distinct absence of the above factors.

The success of HPWS in SMEs is supposedly based on them being more innovative, informal, flexible, and in touch with their employees, compared with their larger counterparts; yet this assumption presents a number of problems. First, the theories are primarily derived from research carried out in large firms. Secondly, studies have recognised that whilst SMEs face a number of external barriers to growth, it is more often the internal factors, such as the strategic choice(s) of the owner-manager and the organisation's ability to make structural adaptations as it grows, that determine growth (Arthur Anderson and Binder Hamlyn Pulse Survey, 1996). Our data highlighted a preference for top down, direct voice arrangements, supported by a preference for the safeguarding of managerial prerogative and decision making with minimal consultation. Yet, the results also highlighted that SMEs did not like to impose decisions on employees without first discussing them. Where employees were involved, involvement was predominantly task-related, with a clear lack of employee involvement in either planning or change, within the organisations; although this did not preclude employees being satisfied.

Further investigation of voice within the case studies highlighted the predominance of informality and the embedded and mimetic nature of voice arrangements, particularly with

regard to the two dominant forms of voice: team briefings and use of the management chain. Arrangements revolving around teams and team briefings were informal, ad hoc and piecemeal, involving little substance by way of voice or performance improvements. In fact, team briefings were little more than infrequent meetings of groups of managers. We also found that whilst each company was in various stages of introducing a formal management structure, informality still dominated, even at this level. Any formal arrangements seemed to quickly disintegrate, suffering from a number of related problems. First, there was little structure or process to voice arrangements due to their functional bias. Second, and related, employees saw little purpose in them, given the close proximity of labour to management, which meant it was easier to discuss the issues raised outside of the formal arrangements. Third, as a result of both the above, any performance enhancing features were lost due to a lack of understanding among managers as to why and how voice mechanisms are supposed to be utilised. As a consequence, performance issues are individual and task-related, with business awareness following a similar pattern. Despite these findings, employees did not see their organisations as 'bleak house', and in contrast, satisfaction, morale and trust appeared relatively high.

Our findings do seem to confirm that managers are limited in their ability to understand the sources of sustained competitive advantage (Lado, Boyd, Wright & Kroll, 2006) and that little is known about how organisations can successfully promote and manage individual and organisational creativity (Chandler, Keller & Lyon, 2000). Chandler *et al*. (2000) found that there are significant differences among organisations with respect to the degree of support for such practices and argue that managerial systems seeking to control employees actually reduce opportunities for innovation, creativity and individual contribution. Furthermore, Paauwe (2004) argues that in certain national employment relations systems, such as in the

US and UK, initiatives for employee participation and commitment, outside of union settings, are driven by management, and hence, are only accepted within a framework of managerial prerogative. This means that the success or continuation of such initiatives is reliant on management whim. Compare this with the fact that most users of the term HPWS are referring to a significant amount of behavioural change at the workplace level (Angelis & Thompson, 2007; Blasi & Kruse, 2006). Few question the effect of HPWS on the balance of power within the firm (Osterman, 2006), whereas real workplace change challenges the existing distribution of power, prestige and rewards in social organizations (Blasi & Kruse, 2006). Whilst a number of studies argue that there is a link between HPWS and performance, Goddard (2004) suggests that the problems of these systems may run deeper than proponents assume. Most studies have been unable to show a consistency in the strong effects from all outcome variables between HR practices and performance (DeMenezes & Wood, 2006).

What this study highlights is a dual paradox. First, no formal democratic voice arrangements in existence, yet, high levels of employee morale and satisfaction; and second, the absence of high-performance work systems underpinned by formal voice arrangements, yet, SMEs with high growth performance. These paradoxes raise a number of important questions regarding the relationship between voice and organisational performance. First, do SMEs need to use HPWS in order to improve their performance? Second, does the absence of HPWS mean that SMEs are relatively underperforming or alternatively, perform better using more informal arrangements? These issues are further complicated by resource poverty within SMEs in terms of whether they have adequate knowledge, skills and finances to implement HPWS.

The recent obsession with performance has been a distraction from the task of understanding more fundamentally how firms behave. As Paauwe (2004: 55) argues, there is very little

research that 'peels back the onion' and describes the processes through which HRM systems influence the principle intermediate variables that ultimately affect performance. March (2000: 55) also remarks that what is important in management research 'is not the numerous studies attempting to relate performance to one thing or another' but rather more fundamental issues of how organizations respond to the environment, develop strategies, and deal with 'conflict of interest'. The complex ways in which productivity is identified, the contested definitions of the process, and the ways in which organizations manage the pursuit of performance need to be central themes (Gilman & Edwards, 2008). This study goes some way to peeling back the onion to reveal core questions for future research.

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Table 1: Key Characteristics of the Case Study Companies

	Cable Co	Kitchen Co	CCTV Co	Bearing Co
Activity	Cable marking manufacturer	Kitchen manufacturer	CCTV installer	Bearing distributor
Sector (SIC)	Manufacturing (32)	Manufacturing (36)	Construction (45)	Distribution (51)
Sales turnover (£million)	1.4	1.5	1.4	2.95
Sales turnover growth over 5 years (%)	8	10	16	2
No. of Employees	27	27	15	16
Employment growth over 5 years (%)	-2	7	23	2
Age (Yrs)	74	12	19	18
Legal status	Limited	Limited	Limited	Limited
Ownership	Partly family	Family	Family	Partly family
Nature of competition	International	Local	National	National
Intensity of competition	Few	Few	Many	Few
Business market	Mature	Growing	Mature	Mature
Interviews	6	6	6	5
Employee coverage (%)	22	22	40	31

Table 2: Incidence of Employee Voice Practices

Voice Practices	Study 1 (%)	Study 2 (%)
Downward Communication		
Team briefings	68	76
Email/Intranet	47	59
Management chain	61	49
Notice boards	51	37
Newsletters	19	37
Upward Problem Solving		
Suggestion schemes	16	16
Attitude surveys	6	13
Financial Participation		
Performance-related pay	33	39
Profit-related pay	27	37
Share schemes	8	7
Representative Participation		
Joint consultative committees	6	29
Unions	2	11

Base: All organisations with 10 or more employees. (Study 1 survey: N=217, Study 2 survey: N=70). Multi-item response.

Table 3: **Types of Employee Voice Arrangements**

Structure	Study 1 (%)	Study 2 (%)
Direct only	74	56
Direct and indirect	5	23
Direct and union	2	4
Direct, indirect and union	0.5	4
Union only	0	3
Indirect only	0.5	2
Indirect and union voice	0	0
None	18	9

Base: All organisations with 10 or more employees. (Study 1 survey: N=217, Study 2 survey: N=70).

Table 4: **Managerial Attitudes to Voice**

Attitudinal Statements	%
Those at the top are best placed to make decisions:	
Agree	83
Neutral	10
Disagree	7
Most decisions are made without consulting employees:	
Agree	42
Neutral	22
Disagree	36
Change not introduced without first discussing implications with employees:	
Agree	46
Neutral	41
Disagree	13
Consultation tends to only happen in the event of crisis:	
Agree	17
Neutral	19
Disagree	64
Would rather consult directly with employees than unions:	
Agree	92
Neutral	6
Strongly disagree	1

Base: All organisations with 10 or more employees. (Study 2: N=69). Note: A 5-point Likert scale was used to measure attitudes. This was collapsed to simplify responses along a three-point scale: 'agree', 'neutral', 'disagree'.

Table 5: Organisational Rationales for Voice

Reasons	%
Improving organisational performance	83
Improve staff morale	80
Enhance business awareness	76
Enhance employee commitment	70
Develop open culture	63
Reduce staff turnover	51
Enhance organisational decision-making	49
Employee voice	40
Comply with ICE regulations	9
External sector pressures	6
Union avoidance	4

Base: All organisations with 10 or more employees. (Study 2: N=70) Multi-item response.

Table 6: Incidence of Employee Voice Practices in Case Study Companies

	Kitchen Co	CCTV Co	Cable Co	Bearing Co
Voice practices				
Downward Communication				
Workforce meetings	✓	x	x	x
Team briefings	✓	✓	✓	✓
Email/Intranet	x	✓	✓	✓
Management chain	✓	✓	✓	✓
Notice boards	x	✓	✓	✓
Newsletters	x	x	x	x
Upward Problem Solving				
Suggestion schemes	✓	x	x	✓
Attitude surveys	x	x	x	x
Financial Participation				
Performance-related pay	x	✓	x	✓
Profit-related pay	x	x	x	x
Share schemes	x	x	x	x
Representative Participation				
Joint consultative committees	x	x	x	x
Unions	x	x	x	x
Totals	4	5	4	6

Note: ✓ = presence of practice   x = absence of practice

Endnotes

i Commission Recommendation 2003/361/EU concerning the definition of micro (0-9 employees), small (10-49 employees) and medium-sized enterprises (50-249 employees).

ii European Union funded research project titled 'Sustainable Business and Productivity Growth for SMEs' undertaken by the Centre for Employment, Competitiveness and Growth (ECG) at Kent Business School, University of Kent.

iii SMEs were classified in accordance with the Standard Industrial Classification (SIC) 2003 two-point system.

iv An Economic and Social Research Council (ESRC) funded project titled 'Entering the New ICE Age: Exploring the Impact of the Information and Consultation for Employees Regulations in SMEs'

v A key issue in transposing the Information and Consultation Directive in the UK was the level at which the regulations would apply. Member States were afforded discretion to determine whether the regulations applied to establishments with 20 or more employees or undertakings with 50 or more employees.