Human resource management adaptation among family firms operating in Western Australia: An exploratory study

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Abstract

Purpose – The purpose of this study is to draw on the experiences of family owned firms, and explore how contemporary human resource management and allied developments shape their business practices.

Design/methodology/approach – Interviews were conducted with eight family businesses involved in several industries in Western Australia.

Findings – Significant strengths emerged relevant to ‘formalised HRM processes’ and ‘familiness’. However, challenges were simultaneously experienced or interpreted as negatively affecting family firm performance. In addition, there was a relationship between challenges and external environmental factors. These challenges are categorised as ‘labour costs and supply’ and ‘formalising HRM practices’. Further, participants discussed emerging opportunities, and how they were strategically considering the relationship between organisation finance, innovation, future growth, operations, and HRM.

Originality/value – From a practical standpoint, the research addresses the complexities of managing contemporary human resource management developments in ways that contribute to improved family firm performance. From a theoretical perspective, key insights of the resource-based view of the firm and strategic human resource management theory are considered to gain a deeper understanding of family firms’ adaptive managerial activities.

Keywords: Family businesses, strategic human resources, adapting, transforming, familiness.

1. Introduction

Scholars point to the significant contribution family enterprises make to countries’ economies (e.g., Astrachan and Shanker, 2003; Duran, Kammerlander, van Essen, and Zellweger, 2016; Murphy, 2005). Emphasising this contribution, at least 60% of firms in different regions of the world are family firms (Daspit et al., 2017). In the Australian context, 70% of all businesses are family-owned (Australian Government 2019a), clearly underlining the economic and social significance of family firms to the Australian economy, especially considering the human resources (HRs) they employ.

Given the economic and social significance of family firms, scholarly interest in their activities continues to expand (e.g., Hoon, Hack, and Kellermanns, 2019; Ramadani and Hoy 2015). Correspondingly, definitional debates and complexities concerning family firm characteristics have emerged. Chua, Chrisman, and Sharma (1999), for instance, conceptualise family firms as those “held by a dominant coalition controlled by members of the same family…in a manner that is potentially sustainable across generations…” (p. 25). Through this definition, the significance of the ‘family managerial model’ is illuminated, where family entrepreneurs and relatives take up managerial commitments, including managing human resources (Bannò and Sgobbi, 2016). Other definitional approaches emphasise family firms’ “entrepreneurial spirit—the desire for growth and wealth creation” (Sirmon and Hitt, 2003, p. 341). In addition, while family firms tend to rely less on professional human resource management (HRM) practices (De Kok, Uhlaner, and Thurik, 2006), the importance of socioemotional wealth has been proposed as a factor influencing their HR-related activities (Cruz, Firfiray, and Gomez-Mejia, 2011).

While ownership and control, potentially across generations (Chua, Chrisman, and Sharma, 1999; Sirmon and Hitt, 2003) are key characteristics of family firms, not all are controlled by individuals with an entrepreneurial approach that charts a path supportive of innovation (Chirico, Ireland, and Sirmon, 2011). In drawing a like differentiation, Singer and Donoho (1992) addressed this issue by characterising two distinctive types of family firms. Singer and Donoho (1992) refer to the family-centred business and business-centred, where the enterprise is conceived of as a way of life, and a means of livelihood, respectively.

Family firms are a unique context for entrepreneurial activity (Casillas and Moreno, 2010). In turn, entrepreneurship addresses the activities and processes drawn on to realise and leverage new business opportunities, renew current activities or bring about new products or processes (Irava and Moores, 2010). Entrepreneurial dimensions (innovativeness, risk-taking, proactiveness, competitive aggressiveness, and autonomy) and their relationship with the performance of family firms are complex. Through an investigation of nearly 450 Spanish firms, family involvement was found to strengthen the influence of innovativeness and competitive aggressiveness on company growth significantly. However, paradoxically, and in relation to firm growth, family involvement reduced the influence of risk-taking, proactiveness and autonomy (Casillas and Moreno, 2010).

1.1 Knowledge gaps and the study's objectives

Despite the persistent interest in family firms, research knowledge gaps remain. One of these gaps relates to existing human resource management (HRM) scholarship (Combs et al., 2018). More precisely, while researchers have made progress understanding HRM in family firms, the importance of exploring the interplay between family firm, specifically HRM and its strategic implementation and outcomes, remains under researched and relevant (Hoon et al., 2019).

Drawing on qualitative research findings, the present research unpacks some of the contemporary HRM developments shaping the practices and performance of Western Australian family firms. Moreover, the present research is principally concerned with exploring how contemporary HRM challenges and opportunities are shaping the practices and planned strategic growth of family firms, and will examine the following key aspects:

The family business's HRM approach(es),
HRM-related challenges and
HRM-related opportunities.

The study therefore addresses a persistent literature gap regarding family firms HRM strategic planning and contemporary practices (e.g., Hoon et al., 2019; Combs et al., 2018). Further, the study's focus on HRM among family firms partly addresses Chrisman et al.'s (2016) assertion that "currently … we know little about how family firm decisions are made and the processes by which family firms plan and execute" (p. 719).

Added knowledge regarding the above themes can provide valuable theoretical and practical insights. For instance, practitioners could identify methodologies, including potential strengths and weaknesses stemming from HRM approaches, as well as gain awareness concerning participants' highlighted opportunities and challenges in this domain. From a theoretical perspective, the findings could enhance conceptual understandings of HRM practices, including awareness and recognition of key resources that are needed to operationalise these practices successfully.

2. Literature Review

2.1 Family firms, 'familiness', and HRM related issues

Through its value and influence, human capital underpins the notion of the family firm, and it is expressed through the literature as "familiness" of the firm. Habbershon, Williams, and MacMillan (2003) conceptualise this construct as the aggregate of capabilities and resources of a particular (family) firm. Moreover, this distinctive bundle of capabilities and resources constitutes a potentially vital differentiator, and can explain a family firm's performance outcomes (Habbershon et al., 2003). In the context of human resources (HRs), Irava and Moores (2010) suggest that familiness is comprised of reputation and experience, organisational resources such as decision-making, learning, relationships, and networks. Significantly, Irava and Moores (2010) problematise the paradoxical nature of these resource dimensions, and their positive and negative implications for organisational performance.

Contributing to understanding how family ownership shapes business success, Zellweger, Eddleston, and Kellermanns (2010) isolate organizational identity as a fundamental component of familiness. More specifically, the dimension of familiness relates to how the family defines and views the firm, which can enable performance advantages. For Zellwegger et al. (2010), this dimension in combination with involvement is concerned with factors relevant to family ownership and control.

In considering the resource-based view (RBV) of the firm, Chirico et al. (2011) assert that familiness is an intangible resource and a source of "competitive advantage, which is present among family firms, but not among nonfamily firms" (p. 487). Family firms differ according to their resource endowments, and that resource heterogeneity and complementarity shape differential performance. In turn, these bundles of tangible and intangible resources that are valuable, rare, inimitable, and non–substitutable sources of value creation (e.g., Barney, Wright, and Ketchen, 2001) can enable superior performance and competitive advantage.

One of the main assumptions of a RVB is an internal resource perspective. Indeed, the characteristics and potential of a firm's internal resources and their practice in unique ways enables the construction and maintenance of competitive advantage (Barney et al., 2001). Bridoux (2004) refers to the work of Priem and Buttler (2001a, 2001b) to contend that scholars need to understand the central connections between resources and the environment: "While resources represent what can be done, the competitive environment represents what must be done to compete effectively" (p. 4).

The present research extends this view, and considers the intersections within and between internal HRM needs and external factors such as governmental policy, which shape labour market supply and other employment and allied conditions. Furthermore, based upon the above notions, the following proposition is explored:

Proposition 1: How familiness is shared/fostered within the family firm, namely, through their human resources, represents a significant source of competitive advantage.

2.2 Strategic HRM and family firms

Strategic management is a useful organizing framework in family business research (Chrisman, Chua, and Sharma, 2005; Habbershon and Williams 1999). In particular, family business owners must be skilled in managing financial and other resources effectively in order to compete in today's increasingly dynamic markets (Hoon, Hack and Kellermanns, 2019; Pounder, 2015). Given the inferred links between firm resources and performance (Barney et al., 2001), and the under researched area of enquiry relevant to family firms and strategic human resource management (SHRM), the present research extends this framework.

The idea of SHRM sits within a robustly debated literature relevant to the differences between HR and personnel management. Notwithstanding scepticism about these differences, there is a persistent acknowledgement that people are a fundamentally important resource and so their selection, deployment, and management is central to strategic planning, execution and the achievement of broader business imperatives (Truss and Gratton, 1994). According to Wright, Dunford, and Snell (2001), the subfield of SHRM is concerned with understanding "HR's role in supporting business strategy, provided one avenue for demonstrating its value to the firm" (p. 701). Understood from this perspective, SHRM enables organisations from an internal perspective to pivot and adapt more effectively to changes in their competitive environment by aligning HRM policies, practices, and business strategies (Barrett and Mayson, 2007).

Becker and Huselid (1999) drew on the idea of an "internally coherent system" (p. 289) to characterise the strategic alignment of HR systems and business objectives. This approach gives rise to the understanding that market value is not simply limited to tangible assets. Rather, from this alternate perspective HR functions on transactional practice, whereby compliance and costs are instead suggested as part of an organisation's strategic infrastructure and an investment rather than a cost (Gavino, Wayne, and Erdogan, 2012). In this way, convergence between an RBV of the firm and SHRM theory provides an accessible, rich and at present underutilised context in which to discuss how HRs and allied developments shape the practices and performance of family firms, especially those looking toward innovations and future strategic orientated growth. This discourse supports the consideration of the following proposition:

Proposition 2: The juxtaposition between strategic planning and human resources can generate benefits for family firms, including through growth and long-term survival.

2.3 Formalisation and its effects

In context to HRM, formalisation has characteristically been associated with the documentation and standardisation of practices in areas relevant to HR recruitment, selection, promotion, and retention. Scholars such as Bartram (2005) further conceptualise the idea of formalisation through their questioning of the "broad brush" (p. 141) applied to categorising HRM (in)formality. Accordingly, formalisation can refer to personnel functions and/or people management is defined as the documentation and standardization of rules, procedures, and instructions (Kim and Gao, 2010). Further, the consistent application of these protocols, the development and adherence to professional standards and considered practices aimed at "stimulating employee commitment and competence" (Kim and Gao, 2010, p. 2098) characterise movements toward formalised HRM. Within this formalisation context, and apart from such HRM vehicles as training and development or performance appraisals, incentive compensation, particularly through cash compensation, was favoured among fast growth family firms (Carlson, Upton, and Seaman, 2006).

While research asserts the link between HRM formalisation and organisational performance, the factors driving the standardisation and documentation of HR practices in small to medium organisations is often relevant to regulatory compliance as distinct from innovation and profit maximisation (Bartram, 2005). Together, these points support the consideration of the following proposition:

Proposition 3: *Family firms' formalisation of HRM policies-practices can result in positive outcomes, including innovation.*

Further, recent scholarship (Madison et al., 2018) conceptualises the links between the appointment of non-family members and movements toward formalised HRM suggesting how these approaches significantly contribute to enhanced family firm performance. Although a fuller investigation of these drivers is beyond the scope of this study, their significance is acknowledged, particularly given that the family firms who participated in the study addressed issues associated with innovation, adaptability and sustainability as fundamentally important to their current and future successful operations.

3 Methodology

The geographic context for conducting the research was in part related to where the research team was based at the time of the study. Further, Western Australian family firms were selected as a relatively limited number of studies have been conducted on family firms in this state, and fewer have specifically addressed issues relevant to SHRM. An inductive approach was selected for this study. In this approach, findings emerge from the "frequent, dominant or significant themes inherent in raw data" (Thomas, 2006, p. 238), and can result in the development of a theoretical model (Figure 1).

The owners and managers of 17 family firms were contacted between June and August 2015 and invited to participate in the study. The mentioned organisations were identified through online resources, namely, business associations and individual company websites. In line with conceptualisation of family firms (e.g., Chua et al., 1999; Sirmon and Hitt, 1999) key criteria in selecting these family firms was based upon:

- Family involvement: the family or family members fully owned, or held most control of the company.
- Age of the firm: the firm had been operating for at least one decade.
- Potential for long-term sustainability: The existence of members of the family firm that could continue owning or maintaining most control.
- Potential for further growth (critical mass, employees, expansion).

Thus, the family enterprises were already established, model family firms. These characteristics were perceived as fundamental in eliciting information from 'information-rich' cases, which form the basis of purposive sampling (Patton, 2015).

Based on their availability in part made challenging because Western Australia is a large, predominately rural state, the owners/co-owners of seven and the manager of one of the initial family business contacted were interviewed. In six cases, semi-structured, face-to-face interviews were conducted on-site, while in two cases, telephone interviews were undertaken with these participants. Thus, eight individuals were interviewed. Notwithstanding time and geographical distance issues, face-to-face interviews were the preferred approach as the research team could observe the organisations' daily operations and practices. Five of the face-to-face interviews provided the research team with a behind-the-scenes look at their operations. In doing so, a member of the research team was able to speak informally with employees/managers and take field notes relevant to organisational policies and practices. Typically, these contexts are not open to public scrutiny and provided further nuanced and valuable insights. Interviewees also provided the research team with printed company information that was not necessarily available in the public domain.

The interviews, lasting an hour and 15 minutes on average, were further complemented in the months ahead. Accordingly, respondents were contacted so that updates or news on recent developments occurring at their businesses could be discussed. In five cases, participants were contacted in the following three years to elicit potential major changes or operational updates. These complementary discussions were especially relevant to four of the organisations, as their strategic business plans were contingent on human resourcing. In light of increased HR and allied costs other organisations were exploring automation and allied developments

The organisations' inception, recent history, together with the diverse professional background and expertise, was also explored through introductory discussions. Based on a review of the literature, and to design the areas of enquiry, various academic contributions were accessed (e.g., Chrisman et al., 2005; Irava and Moores, 2010; Pounder, 2015; Sirmon and Hitt, 2003; Stewart and Hitt, 2010). One particular area of enquiry was concerned with understanding the current policies and practices underpinning the family business approach to HRM. As part of this enquiry, contemporary challenges and limitations, together with opportunities and future prospects were illuminated and explored as follows:

- How is familiness shared/fostered among non-family employees?

This question was examined by asking participants to reflect upon existing networks-relationships, knowledge building (learning), and how they went about making business decisions (e.g., as a family, individually). A second area sought to clarify how participants were addressing current operational and specifically HR issues, and leveraging opportunities, and in doing so, building adaptive and transformation strengths. This area was represented through the following questions:

- What internal and external trends shape strategic human resource management among the participating family firms?
- How does the strategic management of human resources affect family firm performance?

To facilitate consistency and transparency, the research team was actively involved in transcription and cross-checking of the collected data. The data were subsequently analysed through qualitative content analysis. To further assist with the analysis of the qualitative data, NVivo 11 (data management software), was used. The software provided the research team with a platform for grouping and clustering themes that emerged through the research.

3.1 Participant profiles and business characteristics

All but one of the participants were owners or co-owners of the family firm, and while there was industry diversity, the majority were involved in food and agriculture production (Table 1). All participating businesses had operated for at least 12 years, and six had been in existence for over 4 decades. Reflecting this aspect, most participants were part of the second, third, and fourth generation of the family firm. In accordance with definitions of business sizes in Australia (Australian Bureau of Statistics, ABS 2001), two firms are considered large (200 or more staff), five medium-size (between 20-199 staff), and one micro firm (less than 5 staff).

Table 1 Here

4 Findings and Discussion

4.1 Familiness and HRs

Among the studied family firms, familiness remained an important source of competitive advantage. The interactions between the family, its individual members, and the business (Irava and Moores, 2010) remained an influential intangible resource.

While professionalism and more independent management structures are increasingly associated with improved organisational performance respondents discussed the importance of maintaining a balance between family ties and the recruitment and retention of non-family employees. For instance, R4 observed how: *"The strength of this business is the family … the feel of the company, which has a family feel. There are many families within the company. …Our sales manager has been here forty-five years."* Consequently, while familiness was a key source of competitive advantage formalised management structures and associated HRM frameworks were identified as contributing to an environment where owners and non-family employees were positioned and functioned as partners. Positioning HR in this way can contribute to improved performance and can be linked with the notion of stewardship (Madison et al 2016).

Family owners often demonstrate unique stewardship characteristics because they are highly concerned with their firms' reputation and future. However, stewardship can also be fostered and manifest through nurturing a community of non-family employees (Miller, Le Breton-Miller, and Scholnick, 2008). For instance, R3 recognised: "*All the managers are empowered to make all the decisions… it's important that managers have the same ethos … as the owners. They [non-family employees] love and respect the people they work with … the customers and the business."*

R3's and R4's experiences and interpretations demonstrate how familiness and kinship is a powerful resource for family firm performance that should be conceived of in less orthodox ways. Familiness in the traditional sense has been theorised as constituting two key dimensions in the form of involvement and the essence of this involvement (Chrisman et al., 2005). Respondents' discussions of 'family feel' and non-family employee retention demonstrate how through fostering stewardship and agency competitive advantage accumulated through familiness is maintained and indeed strengthened among the studied family firms.

In agreement with research by scholars (Eddleston and Kellermanns, 2007; Miller et al., 2008), non-family members can be similarly developed as influential stewards among family owned firms. Through occupying this stewardship role and engaging in supportive and innovative behaviours that benefit the organisation more broadly, familiness from a resource-based logic is extended. Furthermore, in citing various authors (e.g., Habbershon et al., 2003), Irava and Moores (2010) posit that the bundle of resources and capabilities an organisation possesses significantly depends upon the systemic interaction between firm, individual family members, and the family as a whole. In the case of this research, interaction was demonstrated through how stewardship is purposefully fostered: *"We have a lot of long-term employees. Loyalty is part of it [organisation's success]" (R8).*

The above findings support a more nuanced theorising of familiness, as proposed by Zellweger et al. (2010) when they identified the significance of organisational identity concerning familiness. Organisational identity relates to how a shared understanding of daily workings are constructed, and how this understanding affects employee behaviour, strategy, and change. For R1, while family day-to-day involvement in the business remained strong, the respondent recognised that members needed to look outside of the family in order to grow the business and operationalise innovative ideas.

Prior research similarly notes how the appointment of non-family talent is characteristically required in knowledge intense environments and where innovation is a key organisational driver (Neckebrouck, Schulze, and Zellweger, 2018; Zahra, Hayton, and Salvato, 2004). R1 discussed needing to employ *"science graduates,"* while *"they [family] were pretty cluey"*, they did not have the degree qualifications or expertise in food product development. Product innovations were an important component of continued firm growth, hence the strategic recruitment of staff with this expertise.

For R3, family ownership was associated with *"passion and determination."* However, in connection with the themes 'formalisation' and 'familiness', family businesses needed to ground their operations in *"logic and vision."* R3 remarked: *"…you need to have that vision … you need to be able to express it to your team and bring them along with you on the journey."* Thus, it can be postulated that the formalisation of HRM processes and practices, in part through the appointment of specialist staff that purposefully values and enables participative decision-making can strengthen rather than reduce familiness.

For Pittino et al. (2016), family firms' opportunity enhancing HRM practices aimed at empowering employees and providing them with a valued voice in decision-making can lead to an increase in company identification. In fact, and associated with R3's interpretations, scholars such as Ueda (2004) have found that high performance family firms, often conceived of as entrepreneurial family firms (Sirmon and Hitt 2003), characteristically encourage non family member employee participation in developing long term strategic goals. Participative strategies of this kind have been labelled the "secret sauce" for creating a competitive advantage in family firms (Davis, Allen and Hayes, 2010, p. 1110), helping family firms avoid groupthink and promote strategic renewal (Sirmon et al. 2008), which can contribute to firm longevity and in turn strengthen family succession. Accordingly, Proposition 1 is confirmed.

4.2 Strategic HRM and family firms

When queried about the developments and organisational priorities shaping strategic human resource plans and practices the findings revealed four distinct themes; these will be discussed as follows:

4.2.1 Labour costs and supply

For all participant firms, labour costs were an ever-present HR dilemma. Moreover, among respondents there was an identified relationship between employee costs and the nature of the family business. Indeed, the organisations who experienced greatest difficulty managing labour costs were those family firms whose primary activity was in agriculture and food enterprise. The cost of labour in Australia and competition with developing countries meant that the viability of some aspects of their businesses was questionable: *"It all comes down to labour costs. We're competing against first world countries with much lower labour costs"* (R4). In the case of R2, while core to the firm's operations they had ceased growing and distributing produce: *"A lot of growers have gone out of [produce name], because they're in the same situation as what we are… you're paying twenty-one dollars an hour for labour…So we're just in a spiral."*

Issues among respondents were also identified in relation to labour supply, including the skills, knowledge and expertise family firms required to meet operational needs and future growth, as supply sat interstate and outside of Australia. This finding agrees with Li and Daspit (2016), and Fahd-Sreih and El-Kassar (2018), when they discuss how innovation in family firms is often contingent on how external knowledge resources are obtained. Accordingly, R1 discussed strategically head hunting one prospective employee, a Melbourne-based Masters graduate who reached out to the organisation by showcasing a project she had worked on. R1 discussed being impressed by the applicant's enthusiasm and entrepreneurialism that impressed senior management: *"… if someone writes you a letter to say "look, this is what I've done and I want to be a part of your team" we want to make that happen, because then for her it's not just about a job."*

In stark contrast with this finding, other participants discussed difficulties recruiting motivated and reliable employees. These difficulties were pronounced because of *"labour intensities in the food production sector"* and the nature of this work, factory process level work. R2 remarked that while there was pressure to employ local people, *"they don't want to work in a factory."* Further reflecting on this challenge, R2 discussed the difficulties other local family firms were experiencing: *"I've got friends that have farms … that need 50, 60, 80 people working there or have to go out to that farm to pick'. Local people don't want to work. We are a bit more fortunate. We can still get people relatively easy… Geographic isolation is a weakness. Finding quality staff is a constant problem, especially if it's remote."*

In combination, legislative changes exacerbated labour supply challenges. For instance, R8 discussed changes to migrant work visas and impacts on his and other businesses. In addition, a relationship was revealed between labour supply and legislative changes (e.g., Australian Government, 2019b), which further underpin how external developments affect SHRM: *"… for the majority of the mundane jobs we use 417 visas, backpacker visas, but the* *government's making it harder and harder. 457s [visa type] are getting harder. If we didn't have the 457s, we just wouldn't attract anyone'.*

In response to these labour supply challenges, R6 discussed needing to be flexible with employee contracts, especially with respect to hours of work and practices associated practices relevant to employee development/retention. While not necessarily adopted by other local firms, for R6 there was significant value and importance of such practices as employee diversity (e.g., recruiting staff from different nationalities and genders) and flexible employment contracts: *"We have people that work three hours a day… four or five hours… six hours a day. But if they can slot in and do the job, that's all very good for me… why not do that?... we have a lot of women in charge as well, and we encourage everybody to increase their knowledge. So we'll send them off to courses…"*

While the identified difficulties are not necessarily unique to family firms, they highlight the importance of formalised and SHRM to firm growth and indeed family firms' survival.

4.2.2 Cost orientation: recruitment, training, and retention

For R8, cost pressures meant that the hiring and development of HRs were part of strategic and cost orientated decisions, especially where profit margins were low: *"…we have to be very careful about the decisions we make for things like that [new staff], like adding costs, and labour is not something we'd do lightly'.* In connection with reduced labour costs, R3 discussed how they were working to retain high performing staff. Investment of this kind in non-family employee training is not typical of family firms. However, its importance is supported by an earlier finding (Kotey and Folker, 2007) highlighting how family firms who fail to invest in employee development experience slower growth and are more likely to be challenged by informal management and resource constraints. As R3 also posited: *"We have training all the way through. We want people to stay with our company. Every year there's always thirty or forty service award recipients … people really have a career at [organisation name] … we encourage people to move through the business."*

In light of difficulties sourcing appropriately skilled labour, R4 discussed the organisation's strategic response to expertise gaps. R7 explained: *"We picked up that the business was changing … we decided to partner with an RTO [registered training organisation] and deliver our own apprenticeships…I tried to involve all the local and regional businesses… and its working really well."* R7's remarks and the firm's strategic investment in developing innovative approaches to upskill and retain their workforce is aligned with Fahd-Sreih and El-Kassar's (2018). These authors emphasise the need for family businesses to focus on the strategic selection and training of non-family members, with benefits though enhancing firms' innovative capacity and performance.

4.2.3 Technological innovations and HRs

The study's findings also revealed how firms were reducing HR needs all together. For instance, R3 discussed how the organisation was looking at technological interventions as a way to reduce staff numbers. Ninety-five people were currently working across their warehouse and these HR needs were unsustainable: *'With labour rates being high … we needed to look at something that would streamline our cost'.* Accordingly, management looked at iPad technologies as a way to reduce the number of staff required as well as a means to streamline their growing operations. Other family firms were considering more sophisticated technological innovations such as the feasibility of electronic systems replacing workers. R8 remarked: *"We've got some opportunity [sic] with looking at some electronic grading systems … As sad as it is, that's probably going to knock a hundred people out of jobs."*

Further, R6 was considering robotics as a means to reduce HR costs. Consistent with the prior discussion, there was a further relationship between this innovation and difficulties emerging from visa changes and labour supply challenges (R6): *'We're at the stage now where we could duplicate what we have and also it would reduce our staff numbers… so if we could automate… that would reduce our wage level and also then we could have machinery..."*

Participants considering technological innovations, in some instances connected to reduce HR needs, is again associated with a recent investigation of HRM and innovative capabilities of family firms (Fahd-Sreih and El-Kassar, 2018). Indeed, their research highlighted how strategic planning was shown to strengthen the positive effects of HR policies on family business performance. These activities also align with perceived limitations of the RBV of the firm, with Bridoux (2004) conceptualising how an inward focus on resources means that changes in areas relevant to technology, competitor behaviour, or buyer needs could be overlooked. Overall, these findings lend support to Proposition 2.

4.3 Formalising HRM practices

Concerning the last theme under examination, or how the organisation was/had formalised their business processes and HRM practices, R4 discussed how the two families who own the organisation *"which is sixty-six years old … still sit on the board."* While family remained involved in the firms' strategic activities, *"the family withdrew from operations in 1994;"* R4 acknowledged *"early on"* how firm growth was contingent on professionalised operations and managerial structures. Accordingly, R4 further remarked: *"they [family] put a management structure in, like a board, and we've got two independent directors, one of whom is the chairman, so it's completely professional."* Similarly, and in relation to the appointment of managerial staff, R6 commented: *"We've been in business nearly fifty years … and now we have managers. We delegate the load."* This finding agrees with Madison et al. (2018) hypothesising how formalised HRM policies and the equal application of these protocols to family and non-family employees "enhance the positive relationship between HR professionalization and family firm performance" (p. 330).

In reference to employee recruitment and diversity, R6 further reflected on how the business has fostered important cultural values through formalised and strategic recruitment. While improved productivity and performance were important, the alignment between these formalised HRM processes and organisational values was similarly compelling: *"… we have six people on disability services. Everybody's not the same but … everybody needs to feel … wanted. And so, we participated with our local school, and we had a young girl come in on a work experience program… She now has completed ten years of work."*

These findings in part agree with Stewart and Hitt's (2012) investigation of the nuanced factors driving or inhibit family firm professionalization. Citing the work of Sirmon et al. (2008), they argue that family influence (e.g., R4, R3), where family members are willing to rescind operational control through the appointment of managerial staff and professionalised governance structures as distinct from family controlled firms, tends to achieve more positive outcomes. As Steward and Hitt (2012) explain, "the positive attributes of a family are enabled while the potential negative effects of family involvement are limited" (p. 74).

R7 discussed how a movement toward formalised recruitment and employee development was *"born out of need."* The absence of formalised and SHRM processes meant that staff losses were adversely affected his business: *"Commonly in regional WA so many businesses are small, to lose two people or even one person out of the business is bad enough."* For this reason, the organisation was looking toward formal and strategic employee development practices.

Among other participating family firms, staff losses were also problematic and were driving formalised and professionalised HR practices. For R3, the strategic recruitment of paid employees culminated with formalised HRM processes aimed at recognising and rewarding non-family employees brought with it financial and other benefits: *"We see inter-generational families working for us… that's a benefit. We have very low turnover of staff … We develop people and we develop those skills internally… it's about grooming the staff we have and succession."*

These formalised processes and outcomes, in the form of low staff turnover and inter-generational employment, agree with findings by Tsao et al. (2009), in that family firms benefit from the use of "in-house training and development, job enrichment, and employee empowerment" (p. 320). They also demonstrate how simultaneously professionalised HRM practices can be enabled and familiness strengthened in unorthodox ways.

In light of these findings, Proposition 3 is also validated.

Associated with the inductive approach (Thomas, 2006) undertaken in this research, Figure 1 proposes a model, which depicts relevant relationships and dimensions. Fundamentally, looking through the RBV lens, the amalgamation of familiness, strategic planning, HR practices, and the formalisation of HRM policies and practices constitute valuable resources that, together, can result in firms' competitive advantage and long-term survival.

Figure 1 Here

5 Limitations and future research

The present research has shed light on an under-researched area concerning family firm resources and performance. While the methodological approach sough to capture the specificity and complexities of HR developments and issues in Western Australian family businesses, it is acknowledged that the findings and conclusions are particular to the eight respondent firms. Further, it is noted that the participating firms were operating in one Australian state, mainly in food production, and that the size of the studied firms varied substantially. Accordingly, future research could encompass a greater variety as well as diversity of firms in other geographical regions of Australia, or across countries, which could result in insightful comparisons.

In addition, future investigations could focus on larger numbers of different sizes of family firms, which could contribute to insightful comparisons as to ways in which they manage their HRs. Along these lines, future studies could consider similarities and differences relative to firms in other states and regions of Australia. Finally, it is recognised that, while subsequent more recent follow up contact was established, the substantive data collection for this study was undertaken five years ago; hence, future examinations could attempt to address this additional limitation, providing more up-to-date knowledge concerning the central themes of the present study. Given the significance of family firms to the Australian and global economy, enhanced understandings of firms' HR and entrepreneurial activities has significant value, including in contemporary increasingly fluid and dynamic labour and consumer markets.

6 Implications

Practical and theoretical implications highlighting the study's contributions are drawn from the findings. From a practical perspective, the study's findings illuminate the significant and complex HR related developments shaping family firms with a growth and entrepreneurial orientation. The complexity associated with these developments was exemplified through the intersections between internal strategic imperatives and external developments. For example, in order to grow their businesses, respondents acknowledged that characteristically family members did not hold the capacity, expertise, knowledge, and skills required to enhance their operations. Furthermore, for each of the participating family firms, human capital and its management was one-of if not the most- significant resourcing issue shaping their growth trajectory. These practical challenges also represent important considerations from a theory building perspective.

First, while contemporary scholarship asserts the value and influence of familiness (e.g., Habbershon et al., 2003), the present research's findings extend and illuminate how a family's unique bundle of resources is formed and fostered among innovation-orientated family firms. Further, familiness arising through structural family ownership models and family succession is one influential manifestation of family firm competitive advantage. At the same time, there are other intangible resources and effects requiring further conceptualisation. In the case of the studied firms, and against the backdrop of organisational growth requiring the appointment of non-family members, familiness can further manifest as an intangible form of competitive advantage if strategically and purposefully fostered among non-family employees. The uniqueness, rarity, and non-substitutable sources of value creation (Barney, Wright, and Ketchen, 2001) can be maintained and indeed enhanced by fostering a familial organisational identity among non-family employees.

Accordingly, while a challenge facing growing entrepreneurial family firms is their size, which can constrain the extent of effective family control. The present study's findings demonstrate how owners might effectively negotiate their entrepreneurial spirit, that is, the aspiration to grow and create wealth (Sirmon and Hitt, 2003), while maintaining member control sustainably across generations (Chua et al., 1999). To this end, in the study firms' HRM mechanisms and practices underpinned by stewardship principles fostered an alignment of interests and behaviours between family owners and non-family employees.

Second, strategic investment in HRs, through targeted external recruitment, training and accreditation processes exemplified how adaptive and transformation strengths can be realised. A perceptive focus on external developments such as labour shortages, in part arising through governmental visa changes enabled the studied family firms to modify their operations and re-evaluate their strategic growth. Likewise, what this movement further suggests is how appropriation of a sufficient bundle of resources alone is not sufficient to achieve a competitive advantage. Rather, the study's findings illuminate how family firms must manage resources, in the case of this research, HRs effectively in order to compete in increasingly dynamic and complex markets (Sirmon and Hitt, 2003).

Third, while the management of non-family resources is fundamental to the respondent firms' performance, their formalised approaches to managing these challenges represent a further significant finding and contributes to current conceptualisations. For example, referencing Combs et al.'s (2018) work, Hoon et al. (2019) asserts how HRM research in family firms is a "black box" (p. 147). Through revealing relationships between family firms' formalisation of HRM policies-practices and positive organisational results, including innovations, which may reduce the need for HRs altogether, and value of formalised SHRM practices among family firms is further underscored.

7 Conclusions

Drawing from data gathered through interviews among family firms operating in Western Australia, the present study examined how, in light of contemporary HRM issues, these firms are shaped, and what strategies they implement as a response. Furthermore, the study explored familiness and adaptation to contemporary HR challenges faced by family firms operating in Western Australia. In doing so, the study addresses a knowledge gap identified in recent studies (e.g., Combs et al., 2018; Hoon et al., 2019).

By identifying and examining connections between resources, namely HRs and the environment, the present research also strengthens notions that the RBV of the firm is a valuable way to locate and understand sources of sustainable competitive advantage among family firms.

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