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Ghanaian Family Firms and HRM Practices

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Abstract:
Professional HRM practice is increasingly significant in the modern knowledge-based economies, and its presence in every firm is of great importance. Family firms in Ghana are predominantly small and simple in nature. Recent research urge that small family firms make less use of professional HRM practices than their larger counterparts. In addition, family firms have HR problems however; depending on their sizes have either principal-agent problems, altruism problems or both. The main intentions of this study include the exploration of the characteristics and types of family firms in Ghana, their different levels of professional HRM practices and the HR problems faced by these family firms. In conjunction with stratified, purposive and convenient sample techniques, questionnaire inquiries and interview and interview guide were employed for primary data acquisition from the owners, top managers and employees of family firms. Literature were reviewed on the definitions, characteristics and importance of family firms, the basis for their existence, professional HRM practices and the basis for less use of professional HRM practices in family firms. In the frameworks of the principal-agent theory and resourced-based theory, this thesis was related to other existing research works to specify the research questions, a methodological approach, data collection techniques and to consider other alternatives available. Tables, graphs and percentages were used to establish the meanings of the responses and their implications pertaining to the objectives and research problem of this study. In the light of the results, discussion and conclusion of this work, there is the need for massive education on importance of professional HRM practices for family firms in the country. This will call for the establishment of resource centres close and made accessible to family firms, especially the owners

Keywords: *HRM practices, Family firms, Principal-agent & Altruism problems, resource-based theory*

1. Background of the Study

Human resource management (HRM) can be denoted as the process of linking people-related activities to organizational missions, objectives and strategies. The increasingly significance of HRM practices in recent, dynamic and information era is explicit. As a result, the usage and shortage of highly skilled labour, particularly in small to medium sized firms constitute the challenges faced by these firms (De Kok et al, 2006).Generally, confirmation from empirical research portrays less utilization of professional HRM practices in small firms than in larger counterparts. Specifically, small business organizations make less use of formalized recruitment practices and provide less training for workers (*ibid*). Also, small firms are less likely or seldom use formalized performance appraisals (De Kok et al., 2006; Cyr et al., 2000; Fiener et al., 1996). In addition, differences in family ownership and management could give meaning to the differential practices of HRM within the small to medium sized firms. Little is known about families in this wise in organizational research, and this is buttressed by Dyer (2003) and Schulze, Lubatkin, and Dino (2003). The importance of family in all spheres of Sub-Saharan Africa communities cannot be under-estimated. In other words, the value of extended family in developing countries in general and in particular in Ghana is well known, with its impacts to some degree on many economic transactions and institutions (Frazer, 2001). Recent researches (like De Kok et al., 2006; Cyr et al., 2000; Fiener et al., 1996; Dyer, 2003; and Schulze, Lubatkin, and Dino 2003 give mixed bases for less use of HRM practices among family firms, according to Growth theory, Resource-based theory, and Agency theory among others.The resource-based theory holds that sustained competitive advantage is generated by the unique bundle of resources at the core of the firm (Conner and Prahalad, 1996). In other words the Resource-based view holds an assumption that, the fundamental heterogeneity in firms productive potential is as a result of their physical, organizational, and human resource differences. Growth theory has a proponent that as firm size increases, its complexity increases as well as change in its management style. The growth normally comes with time. This view has a strong connotation with the Resource-based theory (De Kok et al, 2006) Agency theory explains social relations involving a delegation of authority. Principal-agent problems are circumstances whereby one party (the principal) relies on another (the agent) to do work or give services on his or her behalf. The agent gets greater motivation to trail his or her interest rather the principal's when his or her actions are hard to monitor. The principal-agent approach has wide application in analysing hierarchical relationships organizations (Milgron and Robert, 1992). Family firms can be defined as enterprises owned or/and managed by a family unit. They are relatively rife in both developed and developing world and, conservative approximations put the share of all worldwide business enterprises that are owned or managed by families between 65% and 80% (Gersick et al, 1997). Even though the enormous bulk of these are small and medium sized privately held firms, there are a lot that are amongst the largest business in the world (ibid). The search for productivity, quality, and speed has generated an outstanding number of management tools and techniques of which professional HRM practices form part. Yet, not all firms utilize professional HRM practices as portrayed above. Moreover, research relating to professional HRM practices and family firms, especially, appears to be scanty particularly in Africa. In this sense, we deem it necessary to undertake this study in an African country like Ghana.

2. Theoretical Issues

2.1. Family Firms: Definition

There are many definitions for a family firm (Chrisman et al 2005; Westhead and Cowling 1998). Litz (1995) pose his definition as a business firm with its ownership and management concentrated within a family unit and its members strive to maintain their involvement in the firm. This definition is pertinent as it considers family involvement and its strive to maintain such involvement. In addition, this definition is in line with that of Nauman (2005) as enterprises characterized by ownership and management by family unit Nauman continues that, they are quite prevalent in both developed and developing countries as crucial vehicles for economic development and also, they serve as organizational solution to agency problem. Nauman´s work considers agency cost and labour market imperfections particularly in a surgical industry, unlike this thesis, that considered agency problems in many industries in Accra-Ghana, the research questions have under-pinning from Nauman´s work. Methodologically Nauman investigated one industry through longer period of time however, this thesis consider many industries for a very short time. Again Nauman looked at all the problems facing that industry but this thesis study only HR related problems facing many industries. Also, Danny Miller and lsabelle LeBreton-Miller (2005) in their book `Lessons from Family Firms about Managing for the Long Run` define it as family controlled businesses to include companies, private or public, in which a family controls the largest block of shares or votes with one or more of its members in top management position. This definition is again in tune with those already given but is very broad in scope to include both private and public held businesses. This definition is useful for this study, as it explores family firms as its focal study area. The Millers work was a four- year study of 40 enduring family-run firms in the U.S. in contrast, this thesis study almost same sample size in Africa. Furthermore, family firms are viewed as a contextual hybrid, thus a unique combination of two sets of rules, values and expectations for family and business. It is emphasized that, family firms share certain features that make them outstanding in the spheres of ownership, governance and succession.(Naldi el al., 2007). The study of Naldi el al used a sample from Swedish SMEs comparing risk taking and entrepreneurial orientation in family and non family firms of which this thesis does not consider. Again Naldi´s work utilized stratified sampling based on 4 industrial sectors however, this thesis has stratified sampling technique that was firm size based because family firms in Accra-Ghana are difficult to define according to their industrial sectors. It is interesting to note that, both studies considered employment size (form size) and used telephone and e-mails, whereas Naldi targeted CEOs, this thesis had owners, top management and employees as its respondents. In addition, Naldi´s work form size was grouped into two whiles this work's firm size are in four groups.It is worthy to note that, researchers have suggested the use of set of conditions to distinguish family firms from non-family firms. Among these conditions that are frequently used include family ownership and management (Upton, Teal, and Felan 2001; Litz 1995), family influence in decision-making (Sharma, Chrisman and Chua 1997), family members as employees (Department of Employment, Work Relation and Small Business, Australia, 1998) and the intent to transfer the family firm to the next generation(Stewart, 2003).In my opinion, the definition by Litz is very important for this work because, in Ghana, majority of the family firms have a dominant ownership and significant involvement in management by family units and are seldom public held companies. This is enough to enhance the vision of the family to be shaped and pursued by the firms.

2.2. Characteristics and Importance

Family firms are in many forms (small or big, young or old and private or public firms). However, they are predominantly private and small and medium scale enterprises (SMEs). Family firms form the majority of all businesses in countries around the world (Nauman, 2005; Astrachan and Shanker, 2003). They have significant economics positions within most of these countries.In the developed world, family control is common among publicly traded firm (Burkiart et al., 2003). For instance, a third of the US S&P 500 firms are classified as family controlled (Anderson and Reeb 2003) and in Western Europe, the majority of the publicly held firms are family controlled (Faccio and Lang, 2002).Family firms typify organizations that have dominant group thus family, from which its members have different positions as employees, managers or members of board of directors (Gersick et al., 1997). This implies that, most family firms have at least two social groups thus, the family and non-family employees, which serve as potential for conflict.Craig and Moores (2006) describe family firms as entrepreneurial firms with characterized commitment to innovation. They continued that, through this the growth of family firms are enhanced and, importantly, such growth come almost regardless of the condition of the larger economy. This work used a 10-year longitudinal investigation through both previous studies and a nationwide questionnaire distribution. Firm age was considered among the pertinent characteristics of family firms and this thesis considers firm ages, previous works and uses descriptive statistics likewise but has only short time horizon investigation unlike Craig's and Moores´s. It is pertinent to touch on how behaviour of family firms differs from non-family counterparts, which pose unique challenge to scholars. It is until recently, most business scholars ignored family firms. In this sense, Carney (2005) uncovered three characteristics of family firms' governance as parsimony, personalism and particularism. Carney described parsimony as the propensity of family firms to carefully husband resources, stemming from the fact that the family owns those resources. The combination of both ownership and control held within a family yields personalism. Such concentration of power makes family firms unaccountable to their actions to any other organ, which gives them the discretion to act as they see fit. Particularism is the product of this discretion. Family firms have the power to utilize idiosyncratic criteria and set goals that deviates from the typical profit-maximization concerns of non-family firms (Chrisman, Chua and Litz, 2004). Carney punctuated that these three features of governance of family firms give them advantageous in terms of efficiency, social capital and opportunistic investment. Chrisman, Chua and Litz´s piece of work is very important to my work in terms of characteristics of family firms that throws more on the identification of the research questions and it give a wider choice for methodological techniques. However, only secondary sources were utilized in their work but the data sources of this thesis are both primary and secondary.In addition, successful family firms are characterized by strategies that pursue four distinct priorities, which Danny Miller and Isabelle Le Breton-Miller coined as `the 4 Cs`, namely continuity (pursue a lasting mission of substance), community (nurture a caring collective), connectivity (secure generous relationships with outsiders) and command (act as an unfettered steward). They further assert that, each of these priorities give rise to a set of practices that defy modern management thinking, nevertheless, aid to ensure a company's long term competitive advantage. In brief, all the above mentioned studies are important to this thesis as they serve as conceptual frameworks and also, aid in the construction of questionnaire and interview guide. More importantly, they help in the identification of research question; what are the types, sizes, ages and the sizes of family members of the selected family firms in Accra-Ghana?

2.3. The Existence of family Firms: Theoretical Basis

Generally, economists have considered family firms as the organizational solution to agency problems in the labour market for mangers and institutional underdevelopment. In accordance with agency theory, there are incentives of hired or non-family manager as an agent, that are not aligned with those of the owner or shareholders as principals, and as such the hired managers will be in a position to expropriate the owners, hence bring cost to the firms (Jansen and Mecking, 1976). In this wise, to reduce the cost of monitoring agents, there is need for increase levels of ownership in management. Agency problem is predominant in environment where institutions (such legal systems and shareholder protection agency) are underdeveloped. In such situations, family firms turn out to be the persistent phenomenon. The surveys of La Porta and others, in 27 wealthy economies buttress this fact where, family owned and controlled firms were uncovered as the dominant ownership pattern in countries with inefficient share protection. This is also supported by Kali's general equilibrium model (Kali, 1999). Family firm is discovered as an efficient response to agency and institutional setbacks. All these empirical findings are of immerse significance to this thesis, but none of them have so far been conducted on Ghana, which necessitate for this work to use as a region of study.

2.4. Practices of Professional HRM

Human resource management HRM is denoted as the ´process of attracting, developing and maintaining a talented and energetic workforce to support organizational mission, objectives and strategies as stated by De Kok, Ublaner and Thurik (2006).There is no distinct lay down of policies or practices that entail universal accepted and superior techniques to manage human. However, best practices and high commitment theories hold that universally, there are certain HRM practices when utilized separately or in combination with others result in improved organizational performance. They urge that, higher productivity gains and lower unit cost is generated in the presence of well-paid, well-motivated workers, and working in an atmosphere of mutuality and trust. In this context, HRM practices have been termed ´high performance practices, best practices or high commitment workplace systems (De Kok and Ublaner 2006). This work continued that empirical research such as Huselid (1995) support this view. Huselid employed comprehensive employee recruitment and selection procedures, extensive employee involvement and training, and formal performance appraisal approaches linked with incentives and which produce lower employee turnover, higher productivity, and improved corporate financial performance (De Kok and Ublaner 2006) In contrast, this same work of De Kok and Ublaner (2006) stressed that other researches point out that, a contingency approach is more likely to create superior performance and empirical work of Cappelli and Crocker-Hefter (1996); Meyer, Tsui, and Hining 1993; and Lewler and Jenkins, 1992 were given as examples which are in line with this perspective. There is also another research which neither go for contingency nor higher performance views. There is however limited research in terms of ´best practices or ´high performance´ to date. It is therefore pertinent to avoid the use of high performance or best practices as defined sets of HRM practices until substantial researches are completed because, doing so turn it premature. Also, the use of the term ´formal linked with HRM practices has many meanings as its pit-fall (De Kok and Ublaner 2006).The most suitable term for this study, is ´professional´ and this was adopted from the work of De Kok and Ublaner (2006). This is derived by experts in area of HRM with both legal requirement and professional standard conformity with bodies, such as the Society for Human Resource Management in the US. In this study, the term ´professional´ seem most appropriate for a defined set of HRM practices. This is line with the study of De Kok, Uhlaner and Thurik (2006).

2.5. Family Firms and Professional HRM Practices: Theoretical Perspectives

Confirmation from past research reveals that, family firms and professional HRM practices have negative relation (De Kok and Ublaner, 2006).This is supported by the research of Aldrich and Langton (1997), and Reid and Adams (2003). Particularly in this section, theoretical explanations for less professionalism of HRM in family firms than in non-family firms are given in the perspectives of principal-agent theory and firm's resource-based, which is line with the work of (De Kok and Ublaner

(2006).These perspectives are of great importance to this study stemming from the fact, they throw more light on the problem of this study.

The work of De Kok and Ublaner, 2006 form the hall mark of this thesis as it significantly influenced the identification of the research questions; do the firms use professional HRM practices? What are the levels of professional HRM practices and firm sizes among these firms? What are the HR problems of these firms? According to firm size, which firm has HR problems which are more agencies, altruism or both related problems? Methodologically, their work used a sample of about 700 small to medium-sized family firms to study both the direct and indirect negative impacts of ownership and management of these firms on the employment of professional HRM practices. This thesis used questionnaire in only Accra-Ghana whereas their work used questionnaire in developed countries such as Germany and Australia. Again, this work used stratified sample method based on firm size, however, De Kok and Ublaner´s stratified sample plan was drawn based on6industrial sectors. Their work made professional HRM practices scale from a subset of questionnaire items on recruitment practices, selection methods and procedures, compensation, training, and development and appraisal. In this wise, this thesis used the presence or the absence of HR department/manager due to time and other logistic constrains.

2.6. Principal-Agent Theory Perspective

Agency theory explains social relations involving a delegation of authority. Principal-agent problems are conditions whereby one party (the principal) relies on another (the agent) to do work or give services on his or her behalf. The agent gets greater motivation to pursue his or her interest rather the principal's when his or her actions are hard to monitor. The principal-agent approach has wide application in analysing hierarchical relationships organizations (Milgron and Robert, 1992). As described earlier on, agency theory is used to study the relationship between principals as owners and agents as managers, normally of organizations. Currently, this theory has been utilized to examine family firms, particularly, in situations where owner and manager come from the same family unit, coordination between them, for instance, through contracts and monitoring should be more efficient and cost effective. In other words, if the two are one and from the same from family makes monitoring even unnecessary and therefore reducing more agency costs (De Kok et al., 2006).Significantly, this theory is also relevant in studying HRM practices at the relationship between managers and employees. Here, if employees and managers/owners belong to same family unit, suggest less utilization of professional HRM practices to link the interests of both parties. To some extent, there is the possibility that, family firms will be able to form an organizational culture in which all employees (both family and non-family members) will feel that they belong to the same family (ibid, 2006).On the other hand, the picture is not always the same as depicted above that employees have family loyalty and, therefore do well. In relation to non performance of family member employees, generate as situation termed as altruism problem. This is use to describe conditions where managers/owners unconsciously and/or indirectly enhance family members to shirk their duties, in attempt to help these family members (Gomez-Mejia, Nunez-Nickel, and Gutierrez, 2001). From the above mentioned views, it is deduced that, family firms make or need less use of monitor agents more particularly when employees and mangers/owners are from the same family. In terms of family employee's appraisal, there is the possibility of not using only performance as yardstick for appraisal which render professional compensation systems irrelevant. In addition, it is well noted among smaller firms that, usually recruitment is done in favour of family members at the expense of non-family members. This is because the interest of the family has much impact on the choice of HRM policy, and as a result, small family firms are likely to have less use of professional HRM practices. This opinion is in accordance with those of De Kok, Uhlaner and Thurik. The principal-agent framework is not only of interest for understanding the relation between various parties in family firms but is also useful for understanding why many family firms usually have less use of professional HRM practices and expertise. However, none of these researches were conducted on Ghana, and this heightening the significance of the thesis.

2.7. Resource-Based Perspective

The perspective of resource-based of firms grounds an alternative explanation for the relationship between family ownership and management and professional HRM practice. Resource-based view holds an assumption that, the fundamental heterogeneity in firms productive potential is as a result of their physical, organizational, and human resource differences. Simon and Hitt (2003) assert, only does it serves as one of the primary theoretical views of HRM research, it is currently utilized to give explanation to the relationship between family ownership and management and other organizational features.It is said that lack of resource of family firms which are predominantly small in size throw light on their inability to adopt HRM practices. Many research show that there is lack of money and time among small firms (Bacon et al., 1996; Wagar 1998; Duberley and Walley 1995). In addition, lack of management expertise is given by Hill and Steward (2000), Westhead and Storey (1997) and Chandler (1988) in Timothy Bartram´s work (2005), Small firm, big ideas: The adoption of HRM in Australian small firms. Chandler went further to express that management of small firms have inadequate training for HRM. Chandlers point wealth noted for the objectives of this work. Reid and Adams (2001) uncovered that many family firms employ less professional HRM practices and their explanation offered is that, such firms have more limited organizational capabilities. Furthermore De Kok, Uhlaner and Thurik (2006) give a developed version of Reid and Adam and urge that there is the possibility of using resource-based view to give an indirect effect of family ownership and management on professional HRM practices. They continued that, among SMEs in particular, as a result of resource limitation family ownership and management and professional HRM practices may be negatively related in family firms. With these resource hindrances, further explanation was given in terms of relatively smaller sizes and reduced complexity of many family firms. The relationship between firm size and professional HRM practices is well established which is supported by the resource-based view. Theories on company growth also throw more light on this relation between firm size and professional HRM practices. Company growth theories hold that as the sizes of firms increase and get complex they turn to use more professional HRM practices. This is buttressed by many findings in which larger firms demand for human resources and therefore higher demand for professional HRM practices and expertise. Particularly, it is noted that using of formal training and development increase with size of firms (Mabey and Thomson 2001; Loan-Clarke et al 1999; Westhead and Storey, 1997 and Jennings and Beaver 1997).However, in my point of view, these findings are from studies out of Africa and in particular they are not findings from Ghana. Also most finding were from studies comparing family firms with non-family ones but this study explores the levels of professional HRM practices and problems among Ghanaian small, medium and large scale family firm.

3. Research Approach

3.1. Research Design

The respondents, consisting of owners, top managers and other employees of family firms, is heterogeneous in nature. To select respondents who typified the general population in Accra-Ghana, the heterogeneity was considered. So, 30 family firms were selected based on explicitly known criteria, which included the size and location. This sampling size was chosen due to financial, time and other logistic constraints.The geographical region for this work was Accra, where family firms typify many establishments in the country. In other words, the family firms in Accra are representatives of most family firms in Ghana. They are more or less similar to majority of firms in the country. Moreover these firms were in a better position to give necessary information regarding the problem of this thesis stemming from their diverse labour caliber they have employed.

3.2. Sample Type

Multi-sampling approach, (stratified, purposive and convenient sample types) was employed in the selection of both firms and respondents: Adhering to the objectives and the nature of this study, respondents who are capable of answering the research questions were selected using both purposive and convenient sampling methods. Such respondents were selected because of their accessibility to firms' information. Also this is intended to ensure that respondents, who are automatically liable to thesis questions, are made to give response. Based on stratified sampling, family firms were classified into 3 categories using size as a criterion. This multi-sampling technique was appropriate as it ensures flexibility and to give quick insight in HRM practices, characteristics and agency and altruism and other HR problems of family firms in Accra-Ghana.

3.3. Primary Data Acquisition

Both telephone and e-mail interviews formed the most important methods of collecting information for this work. These interviews were conducted in two forms namely open-ended interview and focused interview in April and May, 2007. Top management and employees were interviewed using open-ended interview technique in which respondents were asked about facts of matters and to provide their opinions about such events. A focused interview was utilized, where respondents were interviewed for a short period following a certain set of questions. This was also deployed in collecting data from both top management and employees and to gain an understanding of the problem of this thesis in Accra. Interview questions were formulated based on literature review and theories on family firms and HRM practices and they deemed fit and relevant to answer the research questions of this work. Interviews are important since they provide opportunity for creating a broad view and in-depth understanding of characteristics, types, HRM practices and HR challenges of family firms. The aim is to synthesize information for general representations of the study region (Accra-Ghana) and subject areas (family firms, professional HRM practices, and HR problems).An interview guide, in which questions on specific issues was prepared for top management and employees (as interviewees) were also administered. Questions in the interview guide were designed to capture information on broad issues of the HRM in family firms. To ensure validity of information all interviews were conducted by me. The information arising from the discussion was recorded as the interview was in progress. The same sets of questions in the interview guide were used for both top management and employees to ensure consistency in data analysis. In the course of conducting interviews some problems were encountered. The most obvious one were related to time and money wasted in waiting for interviews to take place on phone. In most cases the interviews were disrupted as interviewees were busy attending to various issues. The third method of data acquisition was in the form of structured questionnaires for owners of family firms as respondents through emails and phones. Qualitative information was collected using this survey instrument with both closed-ended and open-ended questions. The objective was to capture factual information on HRM practices and problems and to ensure time effectiveness. The structured nature of this method was considered appropriate for this study as it enable one to obtain elaborate answers to open-end questions from respondents and also to yield respondents´ opinions. However, the questionnaires administered through emails had problems of delay for respondents' response and in some cases; respondents prolong interviews on phones causing waste of money, as an opportunity to air their grievance with respect to extended family problems. However, all these problems did not outweigh the importance of the information collected for the study, because cross- check was done on some information that were not clear or that presumably interviewees did not answer very clearly.

3.4. Use of Secondary Data

Other already existing works such as literature, documentation, and data related to this research problem were consulted; this is to set conceptual framework for analysis and discussion of results. In other words, secondary sources such as library text books, journals, articles and annual reports were used.The utilization of these secondary sources was based on their authenticities, connection in time, dependencies and partialities to ensure their validity and reliability.

3.5. Data Analysis, Discussion and Recommendations
First, the recorded interviews in the forms of notes were analysed by sorting out in order to put together information from each interviewee linked to the various questions and firms type. The grouped data were interpreted to ensure meanings of the answers to the listed questions in the interview guide. Also, data covering mainly qualitative evidence obtained through questionnaire inquiry were analysed. All questionnaires were checked to ensure that required answers are obtained as a preparation for analysis. These answers were sorted and categorised in accordance with their meaning. Both data analysis outputs were predominantly descriptive in which tables and percentages were used to establish the meanings of the responses and their implications pertaining to the objectives and research problem of this study. The meaning of these data was instrumental in understanding family firms and their uses of HRM practices and problems in Accra-Ghana. In terms of discussion, findings were be related to the research problem, delimitation, theoretical framework and methodological approach. Conclusion, possible recommendations and future research were considered. Tentatively, the result of this study is an explorative one and was disseminated in the form of research report, electronic publishing and online presentation.

4. Results and Discussion
In this section, the results or findings of this work are presented. This covers the characteristics and types, HRM practices and HR problems of the selected family firms in the Greater Accra Region. Generally, this section is in two folds, the first part entails the findings from the top management/employees interviews and the second part presents the response of owners.

4.1. Top Management and Employees Interviews
In total, 60 respondents from 30 firms were interviewed, two for each firm of which one represented the top management and the other one as an employee. These 30 firms were categorized into small, medium and large firms and each category had 10 firms selected for this study. Respondents were asked if they were family members and Table 1 depicts the number of them who were family members in percentages.

Firm Type	Small	Medium	Large
Top management	90%	70%	10%
Employee	80%	50%	-

Table 1: Family membership
Source: Author, 2007

This table is graphically represented by Figure 1.

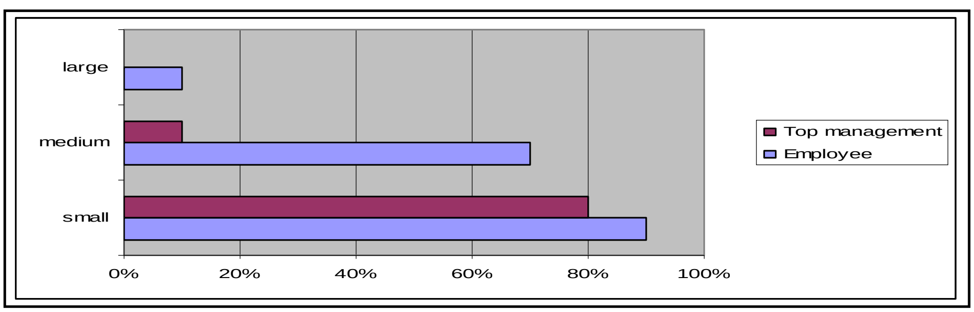

Figure 1: Family membership

The respondents' years of working with the firms are represented in Table 2

Years	Small	Medium	Large
Less than 2	10%	20%	70%
2-5	50%	20%	30%
Over 5	40%	60%	-

Table 2: Number of working years
Source: Author, 2007

In addition, all the respondents in the small family firms gained their job through family members, friends or both, 70% of respondents from medium family firms had their job through family membership, 20% of them from friends and 10% through advertisement and recruitment agencies, whereas, 80% of the respondents form large family firms got theirs through advertisement, 10% for recruitment agencies and 10% through family inheritance.
Concerning the main problems of recruitment, it was revealed that

`In this firm employment avenues are preserved for family members and closest friends, and the truth of this is that, these family members and friends are most uneducated, lack basic skills, not ready to learn and unproductive` (Non- family employee urged)

The small firms had lack of skill labour, financial constrains and absence of recruitment policies as their main recruitment problems, whereas the medium ones faced the same problems as the small ones in addition to family favouritism and ineffective recruitment policies. However, the large firm had recruitment problems as the medium firms with the exception of family favouritism. In terms of training and development for workers, all the small firms had no formalized training for their employees and no development policies for them, 40% of the medium firm had formalized training and development while all the large firms had formalized training and development schemes for their employees. Particularly, on-the-job training method was used by all the small and medium firms. Whereas informal, irregular, apprenticeship, and selection based on family proposal described the training and development policies and schemes in medium firms, those of the large firms were by formal, regular within the first 6 months, regular upgrading through short courses in universities and other educational and training institutions, conferences, workshops and, selection by merits based on firms objectives.
Financial setback in small firms was the main problem for training and development and they assert that training and development are risky (because trained employees normally quit the position), not necessary for them and waste of time.
´Management and owners do not want to spend money in training us mainly because they think after the training many will quit this job and go for better one, aside they usually say they don't have enough money for it ` (Employee expressed)

Employees´ training and development problems in medium firms included financial constrains, policy unavailability and inefficiency and frequent family influence and interferences. Financial problems and undeveloped labour market in Ghana are main problems faced large firms. It was uncovered by this study that, appraisals of employee performance in small firms are invested with family influences and based on subjective and relational criteria, and majority of those by medium firms (60%) are based on performance, and 40% of the medium firm argue that, there are based on both performance and family factors. However, all the large firms had appraisals of their workers performance based on performance and objective criteria. Appraisal of performance of employees is common in Ghana but what differs among firms is the timing. All the small firms and 80% of the medium firms do appraisals once in year while the remaining 20% of the medium and all the large firms have it twice per annum. All the firms described end of year parties and bonuses for workers as major means of motivating workers.
80% of the small firms said there is no need for monitory agents and they are self monitored opposed to 100% for yes for the need for monitory agents in both the medium and large firms.
In terms of specialization, 80% of the respondents had no specific task assigned to them to perform without particular of area of specialization and they do all tasks dairy in the small firms while all respondents in both medium and large firms have their specific tasks assigned to them, where they practice division of labour and specialization as a General manager of a large family firm expressed.:
`..., we practice division of labour and specialization in this place, where we have different departments with different tasks with different set of workers`

Respondents were asked, if they have ever witness family favouritism against non family employees and 10% of the respondents in small firm said yes with 90% no, 60% yes in the medium firm as opposed to 40% no, however, non of the respondents in the large firms have ever experienced or witnessed family favouritism. Reported incident of family favouritism is depicted in table 3 and by figure 2:

Small Firms	Medium Firms	Large Firms
10%	60%	nill

Table 3: Incident of Family Favouritism
Source: Author, 2007

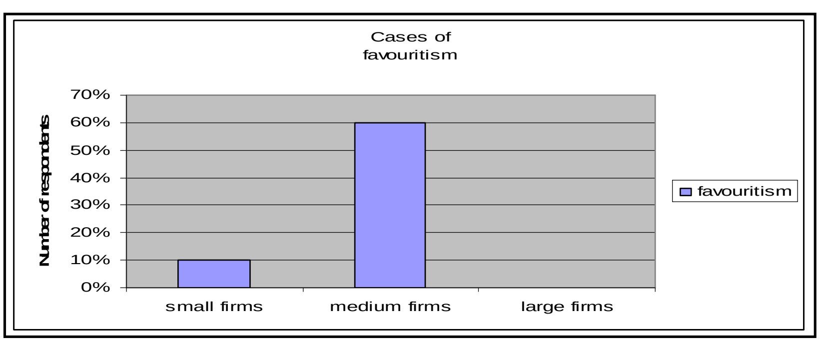

Figure 2: Incident of Family Favourites
Source: Author, 2007

Respondents in small firms described such family favouritism which were in favour of sons/daughters against nephew/ nice (in other words immediate family workers against related family workers) and those in medium firms described theirs in connection with promotion and leadership in favour of immediate family against non family workers. However, the large firms reported no incident of family favouritism.
All the respondents (100%) in the small firms expressed that non family workers feel welcomed, so do all respondents from large firms reported, however, 70% of the medium firms respondents also said that non family employees feel welcomed in their firms. However, the opposing view was clear in the qualitative comments of non-family respondents, For example:
`..., the work is more like a family property of which if you´ren´t part of the family you do not enjoy and most of the time you feel neglected. We're not recognized and appreciated by the family. The family niche is so strong that we (the non-family employees) do not feel welcomed` (View of a non-family employee)

Respondents from the small firm saw the following as the most significant HR problems; financial, lack of skilled labour, rampant family interference, underperformance of family workers, sibling rivalry and conflicts, lack of formal training and insufficient knowledge of management techniques, owners' fear of losing control, and belief that professionals are not relevant and also expensive overheads. In addition, those from medium firms had the following as the significant HR problems; family interference, shortage of skilled workers, financial problems, poor HR policies, insufficient HR manager or skilled personnel, weak monitory systems, many self-centred workers or less employee's commitment, bad incentives (expressed as overworked but underpaid), external family workers as incompetent and unproductive, owners unwillingness to delegate power and owners strategically conservative. Owners-management conflicts in terms of HR and other policies, high cost of monitory, poor labour market with limited skilled labour and financial setback were the significant HR problems expressed by respondents in the large firms. Generally, unattractive payment for employees was also expressed as one of the major HR problem among all the firms.

4.2. Owners Response
In this survey the owners of all the 10 small firms and 10 owners of the medium firms responded while as 7 out of the 10 large firms owners responded. In all 27 owners responded to the questionnaire.
In terms of the characteristics of firms contacted, table 4 elicits the number of firm types and their ages.

Age	No. of Small Firms	No. of Medium Firms	No. of Large Frms
Less than 5 years	6	4	-
5-10 years	3	2	-
Over 10 years	1	4	7

Table 4: Age of various firms
Source: Author, 2007

The industrial sectors of the firms contacted are depicted in table 5 below;

Sector	No. of Small Firms	No. of Medium Firms	No. of Large Frms
Service	2	2	1
Manufacturing	1	6	5
Trade	7	2	1

Table 5: Industrial characteristics of firms
Source: Author, 2007

In addition, it was discovered that, all the small firms in the service sector had 2 branches each in Accra, whereas the 4 out of 7 in the trading sector had 3 branches and the remaining 3 had 2 branches but the one in the manufacturing sector had no branches. The number of branches per sector of both medium and large firms contacted is summarized by tables 6 and 7 in the next page:

Sector	No branch	2 branches	3 branches	4 branches
Service	-	1	1	-
Manufacturing	2	2	1	1
Trade	-	1	1	-

Table 6: Branches of medium firms
Source: Author, 2007

Sector	No branch	2 branches	3 branches	4 branches
Service	-	-	1	-
Manufacturing		-	3	2
Trade	-	-	1	-

Table 7: Branches of large firms
Source: Author, 2007

The number of employees in each was studied and this is depicted in the next table

No. of workers	Small firms	Medium firms	Large firms
Less than 5	4	-	-
5-19	6	-	-
20-49	-	6	-
50-99	-	4	-
100 and above	-		7

Table 8: Size of workers
Source: Author, 2007

The number of family members in the firms were also studied and it was revealed that, in the small firms, 9 out of 10 had more than 50% of their workers were family members, where only one had less 50% of its workers as family members. In the case of the medium firms 6 out of 10 had more than 50% of their workers as family members while the remaining 4, less than 50% of their worker are family members. Among all the large firms, less than 10% of employees were family members, of which all were part of management teams of these firms.
9 out of 10 small firms had no HR manager or department and the only one that had a HR manager, and the respondent said;
´the HR manager is my son, because of the nature of this work as a recruitment agency, l sponsored him to pursue his masters in HRM in England` (Owner of a small firm).

The remaining owners expressed that the small and simple nature of their businesses as the reasons for not having HR managers or departments. In the medium firms only 3 out of 10 had HR managers compared with all the 7 large firms having HR mangers. Respondents in the medium firms expressed outsourcing, financial problems, simple and small number of workers as the reasons for not having HR managers or departments but those with HR managers and departments expressed the significance of HR management and its related personnel in the growth of their firms as the main reason for having HR managers or departments. The large firms urged that, HR manager and their departments have positive impact on firms' performance, and yield comparative advantages. Also, they bring about increase in labour skills in these firms. It was also expressed that, firms utilized HR managers and departments to aid strategies to beat their rivals. With the exception of only one small firm having a HR manager as a family member, none of the HR managers in both medium and large firms were family members.
Recruitment of workers in all the small firms and 7 out of the 10 medium firms contacted were described as informal, irregular without any specified recruitment policies, and they are done mainly by owners with the family members or friends´ recommendations. In contrast, all the large firms and 3 of the medium firms had formal recruitment procedures and policies, which are done when there is a vacancy. They use advertisement, interviews and selection based on merits, recruitment agents, and outsourced professionals. Among all the small firms except one and almost all of the medium firms (70%), performance appraisals done based on owners assessment. But in all the large firms and 30% of the medium firms use other systems apart from owners´ assessments. Of these, majority use assessments from head of department and supervisors. In addition, in some cases, 2-way systems where peer and management committee are utilized were identified. In all (of these large firms and the 30% of the medium firms) HR mangers are responsible for employee's performance appraisals. Also among the medium and large firms extra time and night jobs have higher rates. Outstanding employees are awarded ranging from money, bicycles, motor bikes, free accommodation, saloon car and other bonuses.
One spectacular finding from small firms is that, one of the owners have sponsored his son to further his education in HRM programme at the master's level, mainly for his firm. Apart from this, all the small firms do not have any formalized training and development policies. They rely on learn on-the-job technique. 40% of the medium firms also no training and development policies and characterized as the small firms. 60% of the medium firms and all the large firms have training and development policies and these policies were more geared toward top managers than middle level managers. This is in form of orientation for new workers, and seminars, local and international conferences, and upgrading courses for the top management. Timing is normally regular, participation and selection are based on merits and objectives and needs of firms.
Among all, the small firm HR were managed by owners, family and in one particular HR manger who is the son of the owner. 3 of the medium firms´ HR was managed by HR managers, 4 others were managed by owners and family and the remaining 3, were under the management of team leaders. All the large firms have HR mangers or personnel or departments.
Respondents were asked if their firms have management and ownership separated and Table 9 depicts the answers as

Answers	Small firms	Medium firms	Large firms
Yes	10%	60%	100%
No	90%	40%	-

Table 9: Separation of ownership and management
Source: Author, 2007

In addition, 5 out of 10 of the small firms have no management team, aside all the firms have management teams. The presence of family members in the management teams was studied and it was found out that, all the management team members in the small firms were family members. The figures for medium firms are shown in table 10 in next page.

The main HR problems of the small firms were listed as a financial ones, lack of skilled larbour, family problems in the form of family pressure, under-performance and unnecessary conflicts among family members, siblings´ rivalry, conflict between family and non-family workers, poor retention rate of non-family skilled employees . In addition, lack of HR policies on promotion, pay, incentives and monitory problems were identified.
For the medium firms, the main HR problems included poor performance management systems (linked with questions of fairness, management judgement, reward values and demotivation), rampant appraisal controversy, financial difficulties, conflicts (such as owners-management,

Percentage of family members	Firms with 20-49 employeees	Firms with 50-99 employeees
Less than 25%		1
25-50%		2
51%-99%	3	
100%	4	

Table 10: Family membership in management team for medium firms
Source: Author, 2007

nepotism, management-family worker types), short of skilled employees due to the country's high rate of brain drain, risk of training and developing employees and one owner put it in this way:
´It has become very risky to train and develop employees especially the non-family ones, ... the fact of the matter is that, they usually quit and go elsewhere...and my firm will lose a lot in terms of money and time`

The following came out as the main HR problems for the large firms; Ghana's underdeveloped labour market and its short of skilled labour especially middle level management, frequent owner-management disagreement concerning HR policies, high overheads for training, developing and monitoring employees, poor retention rates of skilled employees /professionals. Owner of a large firm wondered and emphasized that:
´I can't pin-point what the source is, emphatically... nowadays, this firm is experiencing poor staff morale, more sick days, poor productive rate and most of the managers are underperforming´.

5. Conclusion

5.1. Findings of the Study
This work combined both primary and secondary sources as its main data sources, and its primary data acquisition techniques included phone and email interviews, interview guides and questionnaire distribution based on multi-sampling approach, and literature review.
With these methodological instruments and the analysis of the results of this work support the assertion that, small family firms use less professional HRM practices than their large counterparts. Firm type, size, age and the proportion of family member employees explain why small family firms practice less professional HRM than large ones. Also, in study, industrial type of a firm was uncovered as an importantly determinant of the level of professional HRM practice. Financial setbacks, underdeveloped labour market and other related institutions were the primary HR problems. Whereas, principal-agent problems were common among the large firms and altruism problems were small firms´ but both problems were familiar to the medium firms.

6. Recommendations
In the light of the results, discussion and conclusion of this work, there is the need for massive education on importance of professional HRM practices for family firms in the country. This will call for the establishment of resource centres close and made accessible to family firms, especially the owners. Here, the importance of professional procedures of developing, training, recruiting employees and appraisals of employees´ performance must be made part and parcel of management styles of every family firm in Ghana. Development or upgrading of institutions in the country must encourage and safe guide the interest of family firms and their employees. The state must put financial institutions in place or encourage these institutions to establish professional HRM oriented funds available for family firms. The labour market must be developed to make available all kinds of labour needed by firms like family businesses. Effective and proactive family firms associations must be established Ghana, in which ways of overcoming common challenges like management issues and HR problems. Such organs will help champion the attainment of family firms´ needs and aspirations. This can breed synergy effect within these firms. Outside or non-family professionals are pertinent for the growth and better performance in family firms which will over-ride their associated agency costs. Massive use of professionals by family firms will be encouraged if effective labour market and other related institutions such the effective court and family business oriented banks and public educational systems is put in place by the state. Aside, non-family managers particularly in the large firms with many agency problems should be encourage to be part of the ownership as a mean to reduce hidden behaviour and agency costs. This will serve as an incentive for such managers to ally their interests with the firms´. Financial institutions and other lending agencies in Ghana must be encouraged to tailor financial resources to family firms. Financing instrument like venture capital could be enhanced and geared toward family firms in the country.

7. References

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