Understanding the practice of strategy communication and implementation between family and non-family members: A study of family-owned restaurants in New Zealand

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Attestation of Authorship

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning.

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This research has received approval from the Auckland University of Technology, ethics committee 12 October 2010. AUTEC reference number 10/207.

Confidential Material

The restaurant sample that participated in this research has retained the right to have its identity kept confidential. To maintain anonymity, names and locations that may identify the restaurants have been removed from this document. Additionally, all references to family owner/managers and non-family employees have been replaced by pseudonyms.

Abstract

The increasing growth of family-owned restaurant businesses in New Zealand and the high uncertainty in the hospitality business environment have suggested the need for family-owned business owner/managers to develop appropriate strategies that can help enhance the business competitiveness and sustain long-term profitability. Researchers in business studies agree that communication is critical to the success of strategy implementation. However, communicating strategy in family-owned organisations can be problematic, due to the complexity of family in the organisations.

Considering that there has been little research exploring strategy communication in the field of family-owned hospitality businesses, this study sought to investigate the practice of strategy communication. Specifically, it provided an exploratory study of how family business owner/managers communicate their strategies to non-family employees, how the employees interpreted the strategies communicated, what advantages to communication are provided by the family-owned business structure, and what barriers to communication, if any, are encountered during the implementation of strategy.

To understand the issues concerning the practice of strategy communication, a qualitative research methodology was adopted in this study. Data were collected from semi-structured interviews with five business owner/managers and five non-family employees who worked in different family-owned restaurants and who were selected using a snowball sampling technique. Data were then coded and analysed based on identified themes using a grounded theory strategy.

The research concluded that the communication of strategies in NZ family-owned restaurants was not ideal. Results reveal that there was apparent absence of strategy development in the participating restaurants. Strategies tended to be communicated merely as tactics or spontaneous actions. Many employees were also found to view strategies as instructions rather than defined action plans. In their attempt of achieving a shared understanding of strategies, owner/managers adopted various

formal and informal tools when communicating the strategic messages, while non-family employees mainly relied on clarification, verification, and feedback seeking strategies. However, despite the findings that family business structure allowed the flexibility of strategic decision making, less formalised work relationships between the owners and employees, and frequent interactions among members to occur and therefore, supported the activities of strategy communication, many participants encountered issues relating to the failure in achieving a mutual understanding of the strategies. Factors such as inconsistent information provided by family owner/managers, the perceptual differences between the owner/managers and the employees on how to deal with strategic issues, and language problems were identified in this study.

This study recommends that family-business owner/managers need to improve their skills and knowledge in strategic management and collaborate with strategic experts or forum discussion to share knowledge with other business practitioners, so that the issues of strategy communication can be eliminated and the need for careful strategy formulation in relation to business' long-term sustainability can be acknowledged. In addition, it is also recommended that the owner/managers improve the use of socialisation tools and establish culture to support the achievement of desired strategic outcomes.

1 Introduction

1.1 Research Background

In the past few decades, the role of strategies in supporting business success has received growing attention from scholars and business practitioners (Porter, 2008). Strategies, as a series of action plans based on long-term business objectives, serve as essential tools that help firms adapt to the changing business environment (Hill, Jones, Galvin, & Haidar, 2007). According to Chathoth and Olsen (2007), there is a close relationship between the profitability of a business and its ability to respond effectively to changes by minimising arising threats and maximising opportunities. Thompson, Strickland, and Gamble (2010) also state that well crafted strategies play a vital role in providing an organisation with a sense of direction. Organisational members who have a good understanding of strategies in their particular domain are likely to make better decisions and to coordinate their activities with others more effectively and efficiently (Huff, Floyd, Sherman, & Terjesen, 2009).

In the context of the commercial food service industry, restaurants aim not merely at providing quality meals and service for customers in a way that makes the customers feel well-catered, welcome, and secure (O'Gorman, 2009), but also at generating a favourable profit for the owners (Gupta, McLaughlin, & Gomez, 2007). The realisation of these aims can be complex, due to the uncertainty of the business environment and the diversity of restaurant types and their products. The product diversity and fragmented industry ensure that customers are provided with many dining alternatives but permit the customers to easily switch preferences. In this respect, retaining the loyalty of customers can be exacerbated by business pressures from rivals, new entrants, suppliers, and substitutes. Therefore, in order to remain competitive, it is important for restaurateurs to ensure that the delivery of products and services consistently reflect the values, vision, and mission of the business, and that appropriate strategies are developed at all levels of organisation to support the attainment of a sustainable competitive advantage (Porter, 1996).

Despite the recognition that strategies are crucially needed in restaurant businesses (Okumus, Altinay, & Chathoth, 2010), many researchers find the implementation of strategies difficult. Communication is one of the factors that contribute to this difficulty. Alexander (1985) reveals that over 66 percent of firms fail to coordinate strategic activities because of poor strategy communication, which is often caused by managers' inability to communicate strategies in a meaningful manner to other organisational members (Heide, Grønhaug, & Johannessen, 2002).

Quirke (1996) also found that many strategic managers lack an understanding of the meaning and role of strategy communication. Similarly, employees often feel confident about their job performance but, in fact, they have no idea what their organisation actually wants to accomplish (Quirke, 1996). This may suggest that the practice of strategy communication in business organisations is not ideal compared with the concept of strategy communication described in the literature.

In the past, literature in business studies has firmly stated that good communication of strategy can lead to a successful strategy implementation (Miniace & Falter, 1993). Communication facilitates good coordination of the strategies since it clarifies what needs to be done and who needs to perform the tasks to be done (Atkinson, 2006). However, there seems to be little research that explores strategy communication specifically in the field of family-owned hospitality businesses (Astrachan, 2010; Dyer, 2003; Harris, Martinez, & Ward, 1994; Hoy, 2003).

1.2 Research Problem Statement and Objectives

In the New Zealand (NZ) hospitality industry, family-owned businesses are the fastest growing sector. Recent statistics show that approximately 60 percent of all NZ businesses are family-owned (Nicholson, Shepherd, & Woods, 2009), a proportion that further increased in 2010 to 90 percent (Ministry of Economic Development, 2010). With the predominance of small to medium sized family-owned businesses in NZ (Lord, Shanahan, & Robb, 2003; Westhead, Cowling, Storey, & Howorth, 2002), it is likely that family-owned business owner/managers also engage in activities to communicate their business and competitive strategies.

While there are clear theoretical approaches to strategic planning and implementation in business literature (Israeli, 2007; West & Olsen, 1990), little research of strategy communication practice has been conducted within the field of family-owned restaurants (Astrachan, 2010; Dyer, 2003; Harris et al., 1994; Hoy, 2003). It is thus important to highlight the first objective of this research:

> To understand how family-business owner/managers communicate their strategies to non-family employees.

As most family-business owners are also managers directly involved in the business, there can be problems when they incorporate personal values into organisational strategies (Kotey & Meredith, 1997) and when they fail to develop a shared understanding with their employees concerning the strategies (Quirke, 1996). These issues suggest the need for achieving the second objective of this research:

> To investigate and analyse methods that are used by non-family employees during the strategy interpretation process and how the employees ensure that they have understood the strategies communicated by business owner/managers.

Previous researchers, for instance, Zeithaml, Berry, and Parasuraman (1988), suggest that relationships among individuals within an organisation, particularly between managers and employees, can contribute to the difficulty of strategy communication. Factors such as lack of teamwork and poor organisational commitment can be one of the contributors to employees failing to perform to the standard expected by managers. In family organisations, however, this case might not be prevalent considering the strong family culture and relationships among members (Mustakallio, Autio, & Zahra, 2002). Therefore, to address the significance of this issue, the third research objective is:

> To identify the advantages that family business structure provides to strategy communication.

This research also opens an opportunity to investigate the experiences of the owner/managers and non-family employees regarding the difficulty of strategy communication in their organisations. Understanding the barriers to strategy communication can help restaurateurs to better overcome the barriers and seek ways to improve their current communication practice. Therefore, the fourth important objective of this research is:

> To identify and understand any barriers to the communication encountered during strategy implementation.

1.3 Research Questions

To address the research objectives described earlier, the research questions for this thesis are:

1. How do family business owner/managers communicate strategies to non-family employees?

2. How do non-family business members interpret strategies that the family business owner/managers have communicated?

3. What advantages to communication are provided by the family-owned/managed business structure?

4. Are there any barriers to the communication encountered during strategy implementation? If so, what are the barriers?

To seek answers to these research questions, a qualitative grounded theory approach is adopted. In this approach, the nature of the study is interpretive and explorative. Data are obtained through semi-structured interviews with participants selected using a snowballing-sampling technique (i.e., a technique for recruiting participants based on referrals). Data from interviews provide an understanding of the perceptions of family owner/managers and non-family employees on the phenomenon of strategy communication in their organisations. The grounded theory approach allows theories to be developed based on the themes that emerge from the data. This research approach will be discussed in details in Chapter Three.

1.4 Overview of the Thesis

This thesis is comprised of six chapters. Following this chapter, which introduces the background of the study and the rationale for conducting the research, Chapter Two will review research relevant to the phenomenon of strategy communication. The primary focus of this review is on the importance of strategy in the restaurant business environment, the growth and characteristics of family-owned restaurants in New Zealand, and the concept of strategy communication in family businesses.

Chapter Three explains the research methodology used to explore the perception of participants concerning the practice of strategy communication in their organisations. Information regarding strategy communication practice is obtained from semi-structured interviews with five owner/managers and five non-family staff members selected using a snowball sampling technique. Collected data are further analysed qualitatively using a grounded theory strategy, in which participants' responses are reviewed intensively and coded according to arising themes from the interview data.

Chapter Four summarises the research findings. It presents the demographic profiles of participants interviewed and explores their perceptions of their organisational goals (i.e., vision and missions), their understanding of strategies, and their descriptions of activities during strategy communication in their organisation. Four themes identified are strategy communication, strategy interpretation, family structure and communication, and barriers to strategy communication.

Chapter Five provides an analysis of the findings and answers the research questions. Responses from the participants are examined to show the communication of strategies between family-business owners and non-family employees, the interpretation of strategies by the non-family employees, the advantage of family business structure to strategy communication, and the barriers to strategy communication in family-owned organisations. Connections between the interview responses and literature from previous research are established to identify areas of differences between the theoretical concept of strategy communication suggested in the literature and the empirical evidence found in this study.

Chapter Six concludes the answers of the research questions, based on the analysis of the interview data and previous studies presented in the literature review chapter. The summary of overall results shows that strategy communication practice in participating family-owned restaurants is not ideal, providing an implication that the understanding of the term ‘strategy’ needs to be mutually achieved by both owner/managers and non-family employees for strategy communication to be effective. Several limitations of the study are, however, highlighted in this chapter, suggesting some recommendation for future research.

1.5 Terms

For ease of communication, the terms ‘family-owned’ and ‘family business’ are used interchangeably throughout this study, which is consistent with common practice in family organisational studies (see Goffee, 1996; Harris & Reid, 2008; Lussier & Sonfield, 2007; Schulze, Lubatkin, & Dino, 2002).

2 Literature Review

2.1 Introduction

Discussions on the topic of strategy communication are often related to the role of communication during the implementation of business strategies (see, for example, Atkinson, 2006; Quirke, 1996). Some researchers point out that managers need to constantly communicate business strategies and inform their employees about strategic changes in order to maintain business competitiveness (Hu, Horng, & Sun, 2009; Peng, 2001). Several authors examine the practice of strategy communication in a more specific context. For example, Johnson, Donohue, Atkin, and Johnson (1994) show the mechanisms of formal and informal strategy communication. Bambacas and Patrickson (2008) look into the relationships between managers and subordinates during the strategy communication, while Grice, Gallois, Jones, Pausen, and Callan (2006) explore the impact of strategy communication on organisational team work. Despite the growing number of studies in strategy communication, little attention seems to be given to the topic of strategy communication in the field of family-owned organisations.

The practice of communication in family organisations is recognised in the family business literature but not in the context of strategy. Brownell (1993), for example, acknowledges the prevalence of informal communication in family firms. Harris and Reid (2008) find that family business managers are less likely to engage in face-to-face (or direct) communication, information sharing, and consultation with their subordinates. Nevertheless, some authors believe that family dynamics, which include the relationship patterns of family members, family values and norms, affect the implementation process of the organisations' goals and strategies (Brunninge, Nordqvist, & Wiklund, 2007).

Drawing on the large amount of family and non-family organisational studies, this chapter presents the concept of strategy communication in general and discusses how the distinct characteristics of family systems may influence the strategy communication within the family firms, particularly in a restaurant business. An

overview of various types of restaurant businesses is provided in the first section to show that restaurant businesses are various and complex. The discussion continues by showing that the restaurant business environment is highly uncertain. For this purpose, multiple driving factors in the environment are explained to support the argument that the development of strategies in restaurants is important. Section 2.4 clarifies the meaning of strategy by highlighting some challenges in defining the strategy that are often faced by restaurateurs. The section proceeds by outlining the context of strategy in restaurants. It further shows the forms of strategy on which this study aims to focus.

As family-owned restaurants are the primary concern of this study, Section 2.6 describes the growth of family restaurants in New Zealand. Additionally, since family businesses can be described in numerous ways, defining the concept of family-owned business for this study is crucial and, therefore, it is presented in Section 2.7. Following this section is an overview of the characteristics of family-owned business structure, which helps provide a background of how family structure can influence the process of strategy communication. The next section (2.9) explores the concept of strategy communication, showing the important role of business owners' vision and goals in a family business. Three important activities of strategy communication are further explained, involving the activities of creating strategy awareness, controlling strategy activities, and creating culture that support the strategy implementation. Section 2.10 further explains the general concept of interpretation and shows its relevance in the context of strategy communication. Section 2.11 outlines several barriers to strategy communication that are likely to occur in business organisations. The discussion then moves to the conclusion (Section 2.12) which outlines that the strategy communication practices in family businesses can be challenging since they are influenced not just by the complexity and uncertainty of the restaurant business environment, but also by the complexity of family factors embedded in the organisations.

2.2 Restaurant Businesses

A restaurant is a commercial segment in the hospitality industry whose primary function is to provide food and beverages to customers (Ninemeier, 2010). Apart from the clear purpose of providing meals, describing the scope of restaurant businesses in a precise manner is difficult because restaurants evolve continuously as they deal with changing customer demands. They constantly make improvements on their products and services, increase the variety of menus, offer more reasonable prices for their products, create more unique dining atmospheres, and apply better approaches to improve values for customers. All these activities have consequently broadened the scope of restaurant businesses.

Based on the types of meals, service, and price offered to customers, restaurants can be classified into six categories: fine-dining restaurants, casual restaurants, fast-food restaurants, cafés, bars, and clubs (Cooper, Floody, & McNeil, 2000). A fine-dining restaurant operates to provide superior food and beverage presented in a sophisticated and luxurious way. A casual restaurant provides meals for middle-class and/or family markets in a relaxed service atmosphere. Under this sub-category are ethnic restaurants, in which meals are provided based on a specific food style or culture (e.g., Italian or Mexican), and specialty restaurants, which focus on a particular element of a food specialty (e.g., seafood, pasta, or sandwich restaurants). A fast food restaurant provides food and beverages that is based on a quick-service concept whereby meals are served in a relatively simple and inexpensive manner. Cafés cater to customers looking for light meals and refreshments served in an informal setting with limited service. Bars are licensed premises where alcoholic drinks are sold and club houses are venues where meals are served in conjunction with social activities available only for club members.

Restaurants also vary in terms of size and ownership (Kotas & Jayawardena, 1994) and may operate as independent, privately-owned restaurants or large, publicly-held restaurants (e.g., multi-unit restaurant chains and franchised restaurants). The various types of restaurants available suggest that whether it is a fast-food, ethnic, fine-dining and whether it is based on a franchised or multi-unit operation, each restaurant represents a different concept of operations. Each concept principally

conveys the strategic direction of the firm and influences the strategic decision of how the business should be managed according to the owners' vision (James & Baldwin, 2003).

However, effective strategic decision making requires a careful evaluation of the business environment and, as restaurants operate in an environment that evolves continuously, the environment is generally uncertain. Understanding various kinds of driving forces that make up the restaurant industry environment can help restaurateurs realise the significance of strategic thinking and acting in a business environment.

2.3 Environmental Uncertainty in the Restaurant Industry

Environmental uncertainty is an important variable in the development of a firm's strategy. According to Harrington (2001), managers who understand the driving forces in their business environment are more likely to be aware of the need for scanning and monitoring the environment continuously, which consequently allows them to respond better to unforeseen changes.

As noted, the restaurant business environment is generally uncertain. In the macro environmental context, the conditions of driving forces that are external to restaurant organisations (i.e., economy, politics, socio-culture, and technology) change constantly (Okumus et al., 2010). Economic variables include interest rates, inflation rate, gross domestic product growth rate, credit availability, and unemployment rates. The political variables include government's policies and regulations which influence labour management, sustainability practices, new technology, and customer spending. Socio-cultural variables include customers' demographic characteristics (e.g., age, gender, education, and lifestyle), the effects of multiculturalism, and even birth or death rates. Technological variables include the introduction of new technology applications.

Changes in these variables will influence the way restaurateurs manage their businesses and develop strategies to achieve their objectives (Okumus et al., 2010). For example, during an economic downturn, the effect of economic factors can force

restaurateurs to alter their strategic decision making by reducing their selling prices to stimulate demand and fill capacity. Similarly, changes in the customers' lifestyles and preferences can influence the need for product innovation and service improvements (Mill, 1998).

In addition to these variable changes, industry competition is also an environmental driving force that has impacts on how restaurateurs manage their businesses and meet their firms' objectives (Gregoire, 2010). Chathoth and Olsen (2007) agree that the restaurant industry is highly competitive. The fact that operating a restaurant business requires a relatively low initial investment provides new entrants with easy access to start or take over a business and enhance the level of competition (Harrington, 2001). Therefore, the ability of a firm to develop appropriate strategies that respond well to the changing level of competition determines the firm's success in sustaining the business.

However, Jones (2008) points out that failure to respond to the environment is often caused by organisational members' lack of understanding of strategy. Providing clarity on the meaning of strategy in the restaurant industry can therefore help to eliminate this issue.

2.4 Definition of Strategy

The development of strategy in business organisations is therefore viewed as important. Olson, Slater, and Hult (2005) point out that a strategy is an organisational tool that can be used effectively to adapt to the changing environment. Hambrick (1980) also explains that strategies not only provide guidance for organisational members to make decisions about working within a particular environment, but also affect the internal process and performance of an organisation.

Central to an organisation, a strategy is a set of action plans to be carried out to achieve the organisation's long-term goal (Porter, 2008). Specifically, strategies are defined as "the competitive moves and business approaches that managers are employing to grow the business, attract, and please customers, compete successfully,

conduct operations, and achieve the targeted levels of organisational performance" (Thompson et al., 2010, p. 6).

However, defining the meaning of a strategy in such a precise manner is difficult, as strategies can be interpreted from various perspectives. One of the perceptual issues relates to the confusion between a strategy and a tactic. Clampitt, DeKoch, and Cashman (2000) point out that a strategy is different from a tactic. While strategies are static and need to be planned in advance, tactics require no planning but rather, they are spontaneous actions which can be altered in response to changing environment.

Despite this operational difference, strategies and tactics are interrelated in their function and, according to West and Olsen (1990), tactics support the implementation of the strategies. A restaurant which bases its strategy on cost leadership (in which the principle is to produce meals and services at minimum costs compared to competitors) may adopt cost reduction or competitive pricing through coupons or substantial discounts as tactics (Israeli, 2007; West & Olsen, 1990). From this example, it is clear that tactics importantly can serve as the building blocks of a strategy.

Even though the functions of strategies and tactics have been clearly defined, a further explanation on strategies in the context of restaurant organisations is needed. The understanding of these strategies can help restaurateurs improve their understanding of different strategic orientations in their business.

2.5 Context of Strategy in Restaurants

Defining the context of strategy in a restaurant business is important considering that strategies exist at three different levels of organisation: corporate, business, and functional. To avoid confusion, a brief description of each strategy is provided in the following discussion.

Corporate-level strategies involve the owner's decision to define the type of business the organisation involves in, its market, and strategies for business expansion through, for example, product diversification or business acquisition (Okumus et al.,

2010). Business-level strategies are concerned with how a firm should compete in an industry, relating to how the firm can increase its economic value in order to maintain its competitiveness over rivals (Enz, 2010). At the business level, a combination of generic strategic approaches can be adopted by a restaurant to secure competitive advantage: cost leadership, differentiation, or focus (Okumus et al., 2010). A restaurant can be either a cost leader, in which it aims to provide food and beverage service in a more efficient and productive manner than competitors, or a differentiator, in which it provides a meal service that is distinctive and superior. On the other hand, the application of cost leadership or differentiation that is concentrated on a specific market segment (e.g., a theme restaurant) indicates the adoption of focus strategies.

Functional-level strategies are developed to improve business operational performance (Okumus et al., 2010). Specifically, these strategies are directed towards achieving efficiency of human resources, marketing, information systems, food production, and other operational functions of the organisation to support the implementation of strategies at both corporate and business levels. Based on the foregoing explanation, it is clear that while corporate strategies indicate how a restaurant can conduct business effectively in the industry, both business and functional strategies indicate how operational strategies can be efficiently implemented to maintain business competitiveness.

Despite the hierarchical difference between corporate, business, and functional level strategies, researchers in strategic management (for example, Jones and Parker (2008)) have identified that small- and medium-sized restaurants are unlikely to engage in all three levels of strategic planning simultaneously. Jones and Parker argue that small firms tend to concentrate more on business and functional level strategies than corporate level strategies, unless the firms grow larger and begin to operate a number of units spread geographically. This argument is supported by Dobb and Hamilton (2007), who point out that a family-owned restaurant generally caters to small homogeneous markets and therefore it is unlikely to engage significantly in product diversification activities or business expansions. Taking both

arguments into consideration, this study, therefore, will emphasise the discussion on the context of business and functional level strategies.

Many small businesses in the restaurant industry are owned and operated by families (Dobbs & Hamilton, 2007; Getz & Carlsen, 2005). Recognising the prevalence of family owned restaurants in NZ can support the relevance of evaluating the strategy communication process in this study.

2.6 Growth of Family-owned Restaurant Business in NZ

In recent years, the number of family-owned restaurants in NZ has become increasingly high. A survey conducted by Lord, Shanahan, and Robb (2003) conducted in 2001, reveals that 58 percent of NZ business firms are family owned. This proportion remained constant in 2009 with approximately 60 percent of firms being family-owned (Nicholson et al., 2009) and reached 90 percent in 2010 (Ministry of Economic Development, 2010). The Ministry of Economic Development (2010) notes that the majority of these restaurants are small firms. Around 70 percent employ fewer than five employees and less than ten percent of these small firms employ 20 or more staff. This proportion is also found in Morrison's (1999) earlier study, which noted that over 76 percent of firms in the accommodation and restaurant sector in NZ are companies with fewer than 50 employees.

Getz and Carlsen (2005) believe that the restaurant industry provides many opportunities for family firms to grow. In addition to the low barriers to entry in the restaurant industry, other factors such as the small size of business activities, technology advancement, and the role of government in terms of economic restructuring and deregulation, have contributed to the growth of NZ family restaurants (Morrison, 1999). The rapid growth of family firms is principally enhanced by the family aspects that are embedded in the business. Several early studies mention contributing factors such as family loyalty and family commitment to the business sustainability (Davis, Allen, & Hayes, 2010), and also the long tenure and expertise of the family owner-managers (James, 1999).

For the purpose of this study, the influence of the family (i.e., the pattern of family ties and relationship) on strategy communication will be explained by examining the structure of the organisation. However, it is important to first define the meaning of family-owned business.

2.7 Definition of Family-owned Business

There has been no consensus about the definition for family-owned business (Astrachan, Klein, & Smyrnios, 2002; Chua, Chrisman, & Sharma, 1999; Litz, 1995; Nicholson et al., 2009). Researchers (for example, Getz and Carlsen (2000), and Litz (1995)) generally agree that family ownership and management are the most distinguishing characteristics of family-owned firms. In spite of this, Astrachan and Shanker (2006) argue that the owner's vision to sustain the business for future generations is also a crucial element in a family business and therefore should be included in the definition. Westhead and Cowling (1998) provide a similar argument by highlighting the importance of family successors' participation to be included in the business when defining a family firm.

According to Chua, Chrisman, and Sharma (1999), it is easy to operationalise family business definitions based on family involvement and the inclusion of family successors. However, these attributes are not strong indicators that family organisations should be different from the non-family firms. Chua et al. argue that many family organisations having the same degree of family ownership and management as other businesses do not see the business as family firms and therefore do not pursue goals that reflect family concerns (e.g., goals relating to family succession or family welfare). It is important that family firms are defined based on the judgement of the owner-managers of the business because the owners' perceptions can indicate the significance of the family focus within the business (Duh & Belak, 2009; Westhead et al., 2002).

Based on this argument, family-owned businesses in this study are defined as firms primarily owned by their family members and perceived by their senior managers in the firm as a family business. This definition sufficiently covers the essential

characteristics of family firm identified by Chua et al. (1999) and Westhead et al. (2002).

2.8 Characteristics of Family-owned Business Structure

As noted, exploring the structure of family-owned organisations can help to show the extent to which family can influence the practice of strategy communication. An analysis of the structure of a family firm helps to reveal the lines of authority (Tse & Olsen, 1988), the mechanism of decision making (Brenes & Madrigal, 2005), and the flows of communication or social interaction among members in the family organisations (Chen & Huang, 2007).

The degree of decision authority in family organisations can be examined by looking at the structure of ownership. Dyer (2003) shows that family firms are generally owned by a single family with one or more owners with significant roles in daily business operations. Their direct involvement as owners allows them to exercise a great deal of financial and managerial decision authority (Aronoff & Ward, 1995; Goffee, 1996). Because there is a dominant authority held by the family owners, family senior managers tend to be central decision makers in the organisation (Allio, 2004).

This centralised decision making system can create both positive and negative impacts on strategy communication. Centralisation helps to enhance the coordination among organisational members, because it provides clearly defined lines of communication and responsibility (Olson et al., 2005). Therefore, approval for strategic decisions can be sought relatively quickly, enhancing the frequency and flows of communication among organisational functions (Massey & Kyriazis, 2007). However, a high level of centralisation results in strategic decision making activities that are more hierarchical. As all information must go through the owners (Allio, 2004; de Vries, 1993) and be based on formalised procedures (Kelly, Athanassiou, & Crittenden, 2000), communication among members tends to be restricted, inflexible, and relatively slow (Chen & Huang, 2007; Kelly et al., 2000).

However, family organisations are less hierarchical and less formalised than others. The close relationship between the owners and employees, especially in the context of a small family organisation, allows both parties to engage in more informal and personal interactions, permitting more flexibility in rule setting and less sophisticated monitoring and reporting mechanism (Bergin-Seers, Breen, & Frew, 2008). With less formalised procedures, a more frequent exchange of knowledge can occur (Chen & Huang, 2007; Moss & Warnaby, 1998), organisational members have more freedom to decide how their work can be undertaken effectively. It also allows family members to engage in open discussion with others in their team to solve work-related issues (Chen & Huang, 2007). Less formalisation and more flexibility in decision making can, therefore, enhance strategic decision-making processes (Wilkinson, 1999).

Nevertheless, there is also an argument that a lack of formalised rules and standardised procedures can lead to staff confusion (Massey & Kyriazis, 2007) because there is no clear division of tasks (de Vries, 1993). As unwritten rules are most likely to change according to circumstances (Gilsdorf, 1998), employees tend to feel uncertain about managers' expectations of them (Massey & Kyriazis, 2007).

The degree of informality is also shaped by the familial relationship among members (Duh & Belak, 2009). This relationship is maintained through family culture, allowing members to conform to similar patterns of behaviours, language and identity that facilitate the coordination of organisational activities (Ainsworth & Cox, 2003; McCollom, 1998).

However, Ainsworth and Cox (2003) argue that strong family relationships can be a type of normative control that may limit productive communication during the strategy implementation. In this case, Casey (1999, p. 162) describes the family culture as 'paternalistic', 'hierarchical', and 'repressive' suggesting the notion that employers take care of employees according to the principle 'what is good for business is good for employees' and where the employers' close supervision over employees may reduce staff participation and involvement in the organisation (Harris, Reid, & McAdam, 2004, p. 1427).

Organisational structure can affect communication by shaping the pattern of social interactions among organisational members. The interaction and communication among organisational members is high within organisations with a lower degree of centralisation and formalisation, and a higher degree of integration (Chen & Huang, 2007). While structure can influence the relationship among organisational members, it is also important to understand how communication activities take place, particularly between family owners and non-family employees during the implementation of strategies.

2.9 Strategy Communication

As suggested by Peng (2001) and Rapert, Velliquette, and Garretson (2002), communication is a means for organisational managers to ensure that planned strategies are clearly understood, accepted and successfully carried out by all organisational members. A lack of alignment between managers' perception of strategies and employees' perception can result in the employees' misunderstanding about strategic priorities, which may lead to the failure of strategy implementation (Rapert et al., 2002).

Aaltonen & Ikävalko (2002) suggest that for strategy communication to be effective, it needs to be directed toward achieving the owners' vision of the organisation. A good organisational vision provides employees with a clear set of guidelines concerning what the business is about, what it wants to be, and what it aims to achieve in the future (Wilson, 1992). Moreover, because family values are incorporated in the business values, family firms tend to pursue vision and long-term goals that are different from non-family organisations. An understanding of the family owners' vision and goals can therefore help to explain the orientation of family business strategies.

2.9.1 Vision and goals of family business owners

Singer and Donahu (1992, as cited in Duh, Tominc, and Rebernik, 2009, p. 260, and Getz and Carlsen, 2000, p. 548) propose two classifications of family firm goals based on the owners' vision: 'a family-centred business' and 'a business-centred family'. Family-centred businesses are viewed as a way of life with a stronger focus

on the fulfilment of family needs and the pursuit of lifestyle and family values. In contrast, business-centred families are seen as a means of livelihood where the success of business is measured by business size, profitability and growth.

According to Getz and Carlsen (2000), profits are generally the main goals of businesses that involve a great amount of investment or in those that are in the early stage of development. To the contrary, in most small family-firms located in rural areas, family firms are likely to be family-centred, relating to the owners' desire to keep the family together, provide jobs for the family, support family interests, have the opportunity to share decisions with spouses, and make enough money to support the family. However, the pursuit of family goals is not always present in family-centred organisations. Hankinson (1989) interviewed 30 small hotel owners in the United Kingdom (UK) and found that many of the owners highlighted satisfactory profits and business survival as the goals for conducting their businesses, even though they viewed their businesses as family oriented rather than business-oriented.

The different approaches of owners to their businesses' future state influence the selection of their firms' strategies. Family firms that are more family-oriented tend to follow different functional strategies (i.e., operations, marketing or human resources strategies) to firms that are more business or profit driven (Singer & Donahu, 1992).

Communication supports the strategic process of an organisation by internalising the vision throughout the organisation (Farmer, Slater, & Wright, 1998; Hoy & Verser, 1994) and by facilitating the implementation of the strategy (Aaltonen & Ikävalko, 2002; Allen, Jimmieson, Bordia, & Irmer, 2007). As there is limited literature addressing strategy communication activities within family businesses, the following section explains several communication activities that generally exist in non-family organisations.

2.9.2 Strategy communication activities

The literature in business studies identifies three core activities of strategy communication within organisations. These include the activities of creating strategy awareness, controlling the implementation of strategies, and maintaining organisational culture that can support the strategy implementation process.

2.9.2.1 Creating strategy awareness

Kaplan and Norton (2001) emphasise that creating strategy awareness begins by managers' educating employees about strategies so the employees know how to make a contribution and enhance the firm's strategic performance. Aaltonen (2003) suggest a similar idea by highlighting the manager's approach to selling a strategy downwardly to subordinates and across the organisational units to achieve a mutual understanding and increase staff motivation during the execution of the strategies. Schnake, Dumler, Cochran, and Barnett (1990) further suggest several means for selling strategies, which include the use of incentives such as bonuses and reward systems for staff who successfully execute the strategies communicated.

The literature also highlights socialisation as a tool for supporting employees' awareness of strategies. As described by Anakwe and Greenhaus (1999), socialisation is the process of internalising organisational cultures, values and norms and of establishing a shared identity among organisational members. Gilsdorf (1998) believes that this internalisation can be achieved through the managers' initiatives to constantly communicate the company vision through verbal and non-verbal approaches (i.e., written policy or a statement of organisational vision and mission). The emphasis of internalisation during strategy implementation is important because internalisation is not merely about achieving in-group belongingness, but also about incorporating organisational cultures, values and norms as guiding principles for individuals (Ashforth & Mael, 1989; Yang, 2009). Consequently, socialisation helps individuals to learn about their roles and behaviours according to organisational expectations, and participate as organisational members (Yang, 2009).

In addition to creating strategy awareness, controlling the actions and behaviours of the employees during strategy implementation also supplements the managers' communication of strategy (Kaplan & Norton, 2001). Controlling has been identified by Brownell (1993) as important part of managerial communication.

2.9.2.2 Controlling activities during strategy implementation

Goodsir, Ryan, Lück, and Roberts (2008) suggest that the inability of managers to align staff goals with organisational goals can hamper staff cooperation during the implementation of strategies. To eliminate this problem, control plays an essential

role, as it provides staff with a set of directions toward achieving common goals and strategic objectives. According to Jaworski (1988), control can be exercised in two forms: formal and informal.

Formal control involves input, process, and output controls. Input controls are exercised through a set of written job descriptions, work procedures, staff trainings, and familiarisation programmes, with the aim of ensuring that staff behaviours are aligned with the firm's core values prior to strategy implementation. Process controls include managers' coaching and monitoring activities to ensure that employee behaviours are properly directed toward pre-determined organisational goals. Output controls allow managers to closely monitor, assess, and measure the outcomes of the employees' work performance.

On the other hand, informal control is an unwritten mechanism of control that can be developed for the purpose of guiding employees' behaviours through cultural control (i.e., organisational values, norms and beliefs), social control (i.e., a control imposed by a particular social group), and self-control (i.e., control exerted by the individuals themselves). Sisaye (2005) notes the importance of using rewards, rituals, organisational norms and peer reviews to support the informal control.

The application of various control systems in an organisation can both positively and negatively influence staff behaviours. A clear set of controls provides assurance for employees who perform well and consequently enhance their perceived feelings of trust (Sitkin, 1995). According to Connell, Ferres, and Travaglione (2003), a work climate that is based on respect and trust can increase staff loyalty and commitment toward achieving organisational objectives. On the other hand, Das and Teng (2001) argue that a strictly exercised control system can reduce feelings of empowerment and trust, resulting in staff feeling limited in their ability to decide what works best for the organisation.

The role of culture is central to the effectiveness of controlling activities and the creation of strategy awareness (Kaplan & Norton, 2001). The following section therefore explains the importance of creating culture for managers to maintain the effectiveness of strategy communication.

2.9.2.3 Creating culture that supports the strategy implementation

As part of informal control mechanisms, the role of culture in facilitating strategy communication is significant. Culture helps to maintain the consistency of employees' behaviours during the execution of strategies (Peljhan, 2007) and to reinforce organisational memory of the strategy (Clampitt et al., 2000). In addition, culture serves as a carrier of strategic knowledge in the organisation (Tucker, Meyer, & Westerman, 1996).

In *Managing Corporate Culture*, Davis (1984) suggests that creating organisational culture starts with the internalisation of the business owner's vision throughout the organisation. Vision guides organisational members during strategy implementation since it provides them with a set of organisational aspirations on which the strategies are based (Hoy & Verser, 1994).

Later, maintaining organisational culture can be based on the principle of a learning organisation, whereby managers value team work and knowledge sharing activities, encourage employees to learn new skills, and nurture staff participation during strategic processes (Birdthistle, 2008). Malina (2001) believes that a frequent sharing of knowledge among organisational members can enhance the effectiveness of communication since it maintains staff awareness of the progress of the strategy implementation.

The responsibility of senior management to maintain organisational culture that supports the implementation of strategies is frequently highlighted (Harvard Business Essentials, 2005). However, Quirke (1996) found that many managers tend to think of strategy communication as an event rather than a process. Once a strategy is introduced and action plans implemented, a business tends to revert to being operated as usual and communication about the strategy gradually declines, resulting in a failed strategy implementation. To eliminate implementation problems, it is therefore important that managers are committed to maintaining a strong culture which is appropriately aligned with strategy, and developing strategies that coherently reflect the organisation's culture (Harvard Business Essentials, 2005).

Communication is central to the development of culture and the implementation of strategies. However, communication will not be effective when the message being communicated is not correctly interpreted. Knowing the process of interpretation can help to understand how strategic messages are understood, including what channels of communication are used to enhance the understanding of the messages.

2.10 Strategy Interpretation

According to Allen and Griffeth (1997), the process of data interpretation begins when individuals collect information from their environment, give meaning to it, and then act in response to it. In the context of strategy communication, interpretation provides a basis for how people understand and react toward the strategies that have been communicated (Gilsdorf, 1998).

In developing a common understanding of strategies, however, employees often rely on feedback as their source of information (Postmes, Tanis, & de Wit, 2001). Feedback helps employees obtain a correct understanding of the strategic messages and determine which appropriate actions are required to meet the strategic goals (Daft, 2006).

Feedback can be sought by organisational members through inquiry (i.e., asking the managers for evaluation of actions taken) and monitoring activities (i.e., observing the reactions of the managers or co-workers to the action taken or comparing own actions to the co-workers' actions) (de Stobbeleir, Ashford, & Buyens, 2008). Even though making enquiries may be an effective clarification tool for employees, ambiguous or unclear information provided by managers can cause misunderstanding and confusion (de Stobbeleir et al., 2008). It is, therefore, often in their attempt to avoid miscommunication, that employees tend to deal with their task demands by observing the behaviours of others (Yang, 2009).

To obtain feedback, employees use several channels of communication (Jones, 2008), both formal and informal. The formal channels include the use of feedback systems, interdepartmental meetings, group discussions, and managers-employees meetings (Johnson et al., 1994). The use of electronic media (i.e., emails and

internet) and non-electronic media (e.g., documents, memoranda, and bulletin boards) can also support the sharing of strategic information with employees (de Ridder, 2004). On the other hand, the informal channel of communication involves verbal and face-to-face interactions between the managers and employees (Clampitt et al., 2000).

In the context of strategy communication, Whittaker, Frohlich, and Daly-Jones (1994) found that informal channels are more effective in supporting strategy communication in organisations in which interactions among members are intensive. The personal interactions between managers and employees also allow participants to evaluate both verbal messages and non-verbal gestures (Daft & Weick, 1984). Furthermore, the interactions provide the opportunity for managers to conduct on-the-spot dialogues in their search for explanation and clarification.

A failure of communication caused by managers' inability to communicate strategies and employees' inability to understand the strategic messages is believed to be the most common reason for strategic plans failing to meet expectations (Burns, 2000; DiFonzo & Bordia, 1998; Elving, 2005). An evaluation of factors that can prevent managers and employees from achieving a common understanding of strategies can therefore help restaurateurs to improve their communication.

2.11 Barriers to Strategy Communication

Several barriers to communication failure are acknowledged in the literature. These include the quantity and quality of information, the relationship between the managers and the subordinates, conflicts in perception, and language.

2.11.1 Insufficient information

Successful strategy implementation may not necessarily be achieved when those implementing the strategies perceive the strategic messages as insufficient (Allen et al., 2007), confusing (Clampitt et al., 2000), or not meaningful (Heide et al., 2002). Klein (1996) suggests that many managers blame their employees for not understanding tasks, whereas the problem is actually caused by the managers' poor provision of detailed information about these tasks (Klein, 1996). According to Allen

et al. (2007), when employees find that they are not sufficiently informed, they tend to seek information through other sources. Yang (2009) found that immediate supervisors and co-workers are information sources commonly perceived as reliable by employees searching for clarification. However, problems of misinterpretation may occur if these sources of information lack an understanding of the information required (Clampitt et al., 2000).

Lack of information sharing can also prevent effective strategy communication. Many managers share company-related information implicitly and provide their employees with only limited information on an unspecific basis (Clampitt et al., 2000). It is also evident that many family managers tend to withhold information and knowledge, especially to those external to the family (Zahra, Neubaum, & Larrañeta, 2007). Consequently, employees lack understanding about the managers' expectations of the strategies and organisational goals (Gilsdorf, 1998). Employees may also feel that they have done a good job but are often uninformed about where the organisation is heading and what it is trying to accomplish (Quirke, 1996).

2.11.2 Unclearly defined vision

As noted in Section 2.9, effective strategies are planned based on clear vision. A clear vision provides organisational members with a sense of direction, shared value, and expectations concerning the business (Kaplan & Norton, 2001). An organisation that has no clear vision is likely to guide its members away from achieving common objectives (Analoui & Karami, 2002).

Some managers lack organisational direction because they themselves do not have a clear understanding of their business' vision and goals (Tagiuri & Davis, 1992). In their study of 220 small firms in Washington, United States of America, Toftoy and Chartterjee (2004) found that 64 percent of the businesses in their study did not have a formal mission statement but relied on informal work ethics and philosophy, seven percent had a written mission statement but only accessible to the management level, and only 29 percent had communicated their mission statement to all organisational members.

Analoui and Karami (2002) pointed out that a clearly-defined mission statement is a vital element for developing and planning organisational strategies. The mission statement not only serves as a guiding principle for those implementing the strategies, but also helps to promote a sense of shared expectations and achieve a common understanding of strategic messages between managers and employees (David, 1989).

2.11.3 Lack of trust and credibility

A lack of interpersonal trust and credibility can reduce the quality of strategy communication between managers and the subordinates (Proctor & Doukakis, 2003). Willemyns, Gallois, and Callan (2003) relates the level of trust and credibility of managers with perceived group belongingness.

Trust is reflected in the way managers interact with employees, either verbally or non-verbally. The more intensely managers interact with their employees, the more employees feel connected to the same group as their managers (Jones, Watson, Gardner, & Gallois, 2004). In turn, more trust and credibility is given by the employees to their managers (Willemyns et al., 2003). The patterns of interactions between managers and employees can be seen from the managers' initiatives to provide feedback, align goals with other organisational members, and involve employees in decision making activities (Barker & Camarata, 1998).

Credibility is measured through the consistency of what people say and what they do (DiFonzo & Bordia, 1998; Gilsdorf, 1998) and the extent to which their behaviours reflect the organisational values communicated (Allen & Griffeth, 1997; Harshman & Harshman, 1999). Managers who are not consistent in their actions tend to be viewed by their subordinates as unreliable and incredible (DiFonzo & Bordia, 1998). Consequently, the absence of managers' credibility may result in the generation of ignorance, antagonistic behaviours, and resentment of staff, which will harm the quality and effectiveness of strategy communication (Harshman & Harshman, 1999).

The degree of power exercised by managers over employees also contributes to the ineffectiveness of strategy communication. According to Krone, Jablin, and Putnam (1987), managers who exert dominating control may find that their subordinates

participate less in decision making activities. Some dominating characteristics include the use of directives to communicate strategies (Willemyns et al., 2003) and the practice of one-way communication with no feedback (Harshman & Harshman, 1999).

2.11.4 Diversity in individual values

Individuals of different cultural backgrounds (i.e., ethnicity, nationality, geographical origin, gender, and race (Cox & Blake, 1991; Larkey, 1996)) generally possess different views, beliefs, and values which determine their behaviour (Lehman, Chiu, & Schaller, 2004). While this diversity promotes diverse perspectives and skill sets that may be included in strategic processes (Van Knippenberg & Schippers, 2007), it can also lead to communication difficulties, misunderstanding, and conflicts between individuals (Nam, Lyons, Hwang, & Kim, 2009).

2.11.5 Language

Another barrier to effective strategy communication relates to language. According to DeVito (2006), employees are likely to experience problems in interpreting messages due to language barriers, different use of jargon, and complex terms. Marschan, Welch, and Welch (1996) pointed out that communicating in a common language is one of the basic requirements for effective strategy communication. According to Marschan et al. (1996), insufficient language skills prevent organisational members, particularly those who do not speak the same language, from taking active participation in organisational activities and team work.

2.12 Summary

The rapid growth of family-owned restaurant businesses in New Zealand indicates that there is an increasing need for restaurateurs to develop strategies that can effectively enhance and sustain the competitiveness of businesses. This need for strategies is further enhanced because the business environment in the restaurant industry is complex and uncertain. Its complexity arises because of wide variances in type, size, and business ownerships. Furthermore, the volatility of macro-

environmental factors such as economic, politic, socio-cultural, and technological conditions which can influence the degree of environmental uncertainty in the industry, adds challenges to business sustainability.

In family organisations, the importance of aligning strategies with the business owners' vision is crucial, as vision determines the orientation of strategies. Strategies can be directed more towards achieving family objectives (i.e., the fulfilment of family needs, and the pursuit of family lifestyle or values) than toward achieving business objectives (i.e., the search of challenge or stimulus, business opportunities, or the desire for long term profitability). Because small family businesses tend to involve relatively small business operations and, therefore, have a lower degree of orientation in product diversification or business expansion, strategies in this study are limited to business and functional organisational levels. Strategies are defined as a set of competitive moves and business approaches to grow the business, retain customers, compete successfully, conduct operations, and achieve desired organisational performance, all of which activities are directed toward achieving business efficiency.

A review of the relevant literature reveals that well-developed strategies are unlikely to be successfully implemented if they are not communicated throughout the organisation. Effective communication of strategy requires that managers realise the importance of creating activities that enhance strategy awareness among organisational members, developing control during strategy implementation, and establishing an appropriate culture to support the implementation of strategies.

The characteristics of family organisational structure suggests that owners' centralised authority in decision making, informal culture, and strong kinship ties may contribute to the development of interaction and communication among organisational members, enhancing the activities of strategy communication.

Considering this structure, the effectiveness of communication is therefore influenced not only by the role of managers in creating organisational culture, but also by the ability of both managers and employees to achieve a common understanding of strategic messages, and by the effective use of communication

channels. Failure in establishing a shared understanding of strategies can be, however, caused by factors relating to insufficient information shared, unclearly defined vision, lack of trust among organisational members, diversity in individual values, and language.

The literature review has uncovered several interesting points relating to the scope of strategy and the practice of communication in family-owned organisations. These include the terminology of strategy that is often misunderstood by business practitioners, the influence of family, family culture, and business structure in the communication of strategy, and the activities of strategy communication between owners or managers and employees. A knowledge gap between the theoretical concept of strategy communication found in the literature and the empirical evidence found in this study is likely to exist. It is possible that an examination of strategy communication in family-owned hospitality organisations may show that family owner/managers understand the theoretical concept of strategy communication but in reality, they find it difficult to effectively conduct.

3 Research Methodology

3.1 Introduction

This chapter outlines and explains the research methodology of this study. It provides an overview of how the research was undertaken and how research problems were solved. The chapter begins by presenting the research paradigm and approach. It further explains the research strategies and procedures, sampling technique, data collection methods, and data analysis process.

The literature in business studies recognises the crucial role of communication in supporting well developed strategies to sustain competitiveness (Aaltonen & Ikävalko, 2002; Olson et al., 2005; Quirke, 1996). However, there seems to be little research in the family business literature that focuses on the practice of strategy communication between owner/managers and non-family employees.

The primary purpose of this study is to explore the practice of strategy communication in family-owned restaurants in NZ. This research seeks to address the following four research questions:

1. How do family business owner/managers communicate strategies to non-family employees?

2. How do non-family business members interpret strategies that the family business owner/managers have communicated?

3. What advantages to communication are provided by the family-owned/managed business structure?

4. Are there any barriers to the communication encountered during strategy implementation? If so, what are the barriers?

The understanding of the activities and issues of strategy communication in family-owned organisations is important, taking into consideration the significant growth of family-owned restaurants in NZ and the challenges that a family business environment may create for a business.

3.2 Research Paradigm

A paradigm is a set of fundamental beliefs and principles that influence how researchers view their world and construct their behaviours, and is a way of thinking (Guba & Lincoln, 1994). This study is based on an interpretive paradigm, which supports the view that people and organisations are the subject matters of social interaction (Bryman & Bell, 2007). Focusing on the subjective meaning of those engaged in the social interaction, an interpretivist researcher develops an understanding of what is happening and establishes different perspectives of a phenomenon so that participants' interpretations of phenomena can be understood (Altinay & Paraskevas, 2008). This study aims to understand the perceptions of family managers and non-family employees during the process of strategy communication. To achieve this, qualitative research and inductive reasoning approaches are used within this research paradigm.

3.2.1 Qualitative research

A qualitative research approach was selected for this study as it helps explore and understand the participants' perceptions and beliefs concerning phenomena. Compared to a quantitative study, in which statistics are used as a data measurement method to identify the relationships between variables, a qualitative researcher uses words as the approach to data analysis (Altinay & Paraskevas, 2008). The qualitative research approach allows researchers to explain the attitudes, beliefs, and experiences of research subjects in a more thorough manner (Altinay & Paraskevas, 2008). However, the results of qualitative research may lack objectivity and contain biases (Altinay & Paraskevas, 2008), as qualitative researchers position themselves as the subjects of their research in their attempts to understand the life experiences of their participants (Morrow, 2005).

3.2.2 Inductive reasoning

This research is constructed in an inductive manner, in which a researcher uses empirical data to explain the emergence of a phenomenon rather than rely on experiments and questionnaires to test the phenomenon (Bryman & Bell, 2007).

For the purpose of this study, an inductive approach helps provide an exploratory description of the strategy communication practice within family-owned businesses. The approach also improves the flexibility of data analysis, as the researcher is not restricted to specific outcomes but can be flexible enough to alter the focus of the research if emerging themes arise during the research process.

3.3 Research Strategy

Qualitative studies can be undertaken through a range of research strategies which vary from case studies, ethnography, grounded theory, and phenomenology (Creswell, Hanson, Plano, & Morales, 2007, p. 237). From these strategies, grounded theory has been chosen as the appropriate approach for this study.

Case studies were considered inappropriate for this research. Even though they help establish an in-depth understanding of the phenomenon within the study and provide answers to research questions, this approach does not allow a rigorous data analysis that is context-based and process-oriented (Strauss & Corbin, 1998).

Similarly, ethnography was not used because this study intends to examine the practice of strategy communication based on the perspective of internal organisational members (i.e., family-business owners and non-family employees) and does not require the involvement of the researcher within the actual setting to obtain empirical data (see Altinay & Paraskevas, 2008). Therefore, the principle of ethnography that allows researchers to immerse themselves in the social setting of organisations being investigated, whilst observing behaviours of others in the organisations for a prolonged period of time (Bryman & Bell, 2007), is not consistent with the aim of the study.

In grounded theory, data are collected, categorised and analysed simultaneously throughout the research process by referring back and forth between multiple series of data until data saturation point is reached and no other phenomena emerge (Bryman & Bell, 2007; Charmaz, 2006). There are several advantages of adopting grounded theory. In contrast to phenomenology, which focuses on establishing multiple understandings of a phenomenon from different respondents' perspectives,

grounded theory helps to understand the phenomenon by not only discovering participants' individual experiences but also by generating theories from the data. To accomplish this goal, grounded theorists look at the contrast and causal relationships between actual events and participants' interpretation of the events (Suddaby, 2006) and try to explain how these relationships construct the phenomenon.

3.4 Research Procedures

The following section provides information about the research procedures. These include sampling selection, data collection, and data analysis. Specifically, the use of the snowball sampling technique, semi-structured interviews, and the grounded theory strategy is outlined.

3.4.1 Sampling

Ten participants comprising of five family-owned restaurant owner/managers and five non-family employees were selected. Even though this small sample will not be representative of the wider population for investigating all family-owned restaurants in New Zealand, it is sufficient for a small exploratory study of this nature. The quality of qualitative research is determined more by the analytical competence of the researcher and the richness of information gathered, than the number of participants involved (Morrow, 2005).

This study included only Auckland-based, family-owned restaurants in which owners and managers regard their businesses as family-owned restaurants primarily owned and managed by family members. This criterion is based on the consideration that Auckland provides an extensive range of family businesses which were easily accessible.

Due to ethical reasons, it was also decided that employees chosen for this study were at least 20 years old and from different establishments to those of the owner/managers. In addition, only New Zealand permanent residents or citizens participated in the research, as it was considered that new migrants might be a vulnerable group.

3.4.1.1 Snowball sampling technique

Participant selection was based on the snowball sampling technique, which used referrals as the approaches to participant selection. In the search for participants, information about 25 family restaurants was collected from the internet. Telephone and personal contacts were used to contact the owner/managers or the non-family employees of these restaurants.

During the telephone contact, potential participants were advised of the scope of the research and their interest in participating in an interview was sought. They were then asked whether a meeting could be made for the purpose of explaining the study, and an information sheet was emailed to them. A follow up telephone contact was used to answer any questions and make meeting arrangements with those who agreed to be interviewed.

Out of the 25 owner/managers and seven non-family staff initially contacted, two owner/managers and five non-family staff agreed to participate. Participants were then asked to provide referrals and introductions to other potential restaurant owner/managers and information was further sought from colleagues who knew family restaurant owner/managers interested in participating in the study.

The snowball sampling technique was effective for identifying research candidates who might otherwise be hard to approach. In addition, contacting potential participants through referrals increased the numbers of respondents to the study. However, the snowball sampling approach can provide biased outcomes since the referral process can prevent the researchers from obtaining participants across various sections of the whole population (Altinay & Paraskevas, 2008).

3.4.2 Data collection

Face-to-face interviews were used to collect data for this study. Interviews are important qualitative channels through which researchers can explore participants' experiences (Marshall & Rossman, 1999) and understand the reality based on the participants' perspectives (Miller & Glassner, 2004). Semi-structured interviews with open-ended questions were used, to allow flexible responses from the participants supporting the exploratory nature of the research. In a semi structured

interview, interviewers develop an unstructured interview schedule by asking non-sequential follow-up questions to explore participant responses in more in-depth and pursue more specific information in response to any emerging phenomena (Bryman & Bell, 2007).

Prior to the interview, participants were introduced to the scope of research project being undertaken, the purpose of the interview, and an explanation of how the interview was to be conducted. This included the use of a digital recorder, assuring the participants' confidentiality and anonymity, the possibility of potential risk, and the participants' freedom to stop the interview and withdraw from the study without any adverse consequences. Participants were asked to sign a written consent form to obtain their agreement to participate in the study and serve as a guarantee of their privacy and safety. Equally important, participants were asked whether they wished to have a copy of the interview transcripts to make corrections or adjust their responses as appropriate. This approach also helped increase the credibility of the data collected.

An interview guide was used as a supporting tool to outline essential topics and the sequence of questions, ensuring that the main research questions were properly addressed (Kvale, 1996). The interview outline, including a questionnaire of the participants' demographic profile, can be seen in Appendix 1 (page 92). The questions were modified as the interview process developed until no further emerging phenomena could be found and subsequent responses repeated those given in earlier interviews. At this stage, data are considered to have reached saturation point, and the interview is complete.

The selection of interview location and time was made according to the participants' preferences and took into account their needs for confidentiality and comfort. The interviews were conducted in a public setting and, with the written consent of participants, digital recordings were made of each interview. The approximate duration of each interview was 30 minutes.

3.4.3 Data analysis

Interview data were then transcribed for analysis. Applying a constant comparative method as part of the grounded theory strategy (Glaser & Strauss, 1967), data were analysed in two stages: data familiarisation and data coding (Charmaz, 2006). In the data familiarisation phase, each of participants' responses was reviewed several times. During this stage, any themes that emerged during the interview were highlighted and given codes. According to Charmaz (2006), data coding has a significant role in the grounded theory approach and is the key to the data analysis process. Every word or line of the data collected, and each incident described by the participant interviewees, was initially named according to meanings, themes, and concepts identified during the analysis (Altinay & Paraskevas, 2008).

Links between each of the categories were further identified and explored based on cause-and-effect relationships. Explanation of any emerging categories was provided using theories from the literature. In addition, investigations to refine the categories were made by asking subsequent participants about experiences that had not been covered in the previous interview. These data collection and analysis processes were continuously repeated from the first to the tenth interview until the categories were saturated and no new theoretical insights could be found. The ongoing grounded theory processes of data collection and analysis is believed to enhance the credibility of the data as it allowed accurate description of the phenomena to be achieved (Elliott & Lazenbatt, 2005). However, it is acknowledged that due to the time constraint of writing a thesis and the small number of samples involved in the research, this study might not produce conclusions that represent all family businesses in New Zealand. It is therefore expected that future research may be undertaken to overcome the limitation associated with an exploratory study.

3.5 Ethical Considerations

Ethical approval was required as the study involved human participants. To ensure that the research caused no harm to research participants, a number of factors were taken into consideration.

Prior to interview, the participants were provided with a clear outline of the research process, informed about the aims and nature of the research, and provided with the names of parties responsible for the study. The participants were advised that data gathered from the interviews including the participants' profile (such as the name and address of participant restaurants and the names of interviewees) would be treated as confidential. Pseudonyms and symbols were used throughout data transcription, data analysis and data writing stages. Each participant was asked to sign a written consent form, which stated that they had been given full information about the research and had agreed voluntarily to participate in the study. The consent form served as a guarantee of their privacy and safety. Participants were also offered a copy of the resulting thesis so they could see the findings and conclusions of the research. Contact details of the researcher were also provided.

At the beginning of the interview, it was pointed out that due to the small sample size of the study and the use of referrals, there was a reasonable risk of participants' identity being discovered even though the confidentiality of their names was treated with great care at every stage of the research process. The participants were made aware that ten participants from different restaurant firms were involved in the study. Since some participants might feel uncomfortable about this risk, they were offered the opportunity to withdraw at any time up to the completion of data collection without penalty. This provision of advice was stated in the participant information sheets and consent forms.

Since the purpose of the research was primarily to investigate communication issues or problems which may involve the understanding of cultural aspects of a family business and the relationship between family owner/managers and non-family employees, the possibility of causing discomfort to participants involved was not considered significant. Thus, the risk of harm to the participants was considered minimal.

During the interviews, participants were free to ask questions and clarify answers at any time. Additionally, during data analysis, labels were used to ensure the anonymity of businesses studied. The interview transcripts and recorded materials

were given unique codes to protect from unauthorised access, while the signed consent forms were stored separately from collected data.

Neutrality to any participants' responses during the interview and data analysis processes was maintained throughout the research. In regards to data storage, interview transcripts, audio, and computer files were stored separately from the participants' consent forms in a secure environment with access given only to the researcher and two supervisors. After six years, the data will be destroyed using a confidential disposal service, and any soft copies of the documents (i.e., CD files) will be deleted. Ethical approval was granted by the AUT Ethics Committee (AUTEC) on 12 October 2010.

3.6 Summary

Consistent with the exploratory nature of this study, a qualitative research methodology with an inductive reasoning approach was selected. The induction approach allows the generation of conclusions based on empirical evidence. This study aims to explain the phenomenon rather than test it. Grounded theory was chosen as the most appropriate research strategy. In the grounded theory, the phenomenon was analysed in an extensive and iterative manner by referring back and forth between sets of data until no further phenomena could be identified. As a result, the conclusions were grounded in the participants' experience.

A snowball sampling technique was used for selecting participants. In this technique, family owner/managers and non-family employees were contacted by other participants who referred them to the researcher. Contacts with participants were initially by telephone and further established through personal meetings.

Data were collected through semi-structured and face-to-face interviews to permit the explorative investigation of the participants' experiences of strategy communication practice in their organisations. An audio recording was made of each interview and the data transcribed for analysis from which conclusions were further developed.

4 Results

4.1 Introduction

This chapter presents the results of the research. It aims to provide some insight into the communication practice between family-owned restaurant owner/managers and non-family employees in family-owned restaurants in Auckland. The first section describes the characteristics of participants involved in this study. Then, results are presented of interview data that were coded and categorised according to the themes relevant to the research questions.

4.2 Profiles of Participants

The profiles of the owners and employees are presented separately in Table 1 (Profile Descriptions of Family Owners) and Table 2 (Profile Descriptions of Non-family Employees) with pseudonyms used to protect the identity of the participants.

4.2.1 Family owners

Data in Table 1 (Profile Descriptions of Family Owners) indicate that family-business owners in this study were males aged 20-29 (one participant), 30-39 (two participants), and over 50 years old (two participants). Among the five owner-participants, three were New Zealand citizens and two were permanent residents.

Table 1: Profile Descriptions of Family Owners

	Leslie/Mark	Michael	Owen	William	Phillip
Gender	F/M	M	M	M	M
Age	50+	30-39	20-29	30-39	50+
Country of Origin	England	NZ	Indonesia	Vietnam	NZ
Status	PR	Citizen	PR	Citizen	Citizen
Qualification	National Qual./ Bachelor degree	National Qual.	Bachelor degree	Bachelor degree	High school
Type of Business	Restaurant	Restaurant/ Bar	Restaurant	Restaurant	Rest./ Café
Ownership	Husband + Wife	Husband + Wife	Brother + Sister	Husband + Wife	Family
Seat capacity	80	-	-	30	250
Age of Business (years)	3.5	0.08	0.33	1.5	8
Employment (years)	3.5	0.08	0.33	1.5	50
Role	Owner/manager	Owner/Manager	Owner/Manager	Owner/Manager	Owner
Total staff	24	12	7	11	23
PR = Permanent Resident					

The following are brief descriptions of the owners and their motivations for entering their businesses.

Leslie and Mark

Leslie and Mark are a husband and wife team who used to own and manage a restaurant for three and a half years before they had to close the business due to the economic downturn in NZ. They were hospitality professionals with nationally recognised qualifications and had operated several catering services prior to opening their own restaurant. The primary reasons they wanted to start a restaurant business were to have their own business and manage the business their own way:

> *Leslie: I wanted to prove that I could; I have managed a lot of places and I want to do that and be able to do it my way.*
>
> *Mark: I'm basically a chef ... chefs always want to run restaurants.*

As owners and managers of an 80-seat restaurant, Leslie and Mark established a good reputation for wedding functions, catering service, and outdoor dining. The

mission of the restaurant was to create a family dining experience focusing on good food and service for the family. When asked about their priority of business, they stated that profitability was not their primary goal:

> *It wasn't about the money. It was about creating a family effect, the good food, and good service.*

In managing the business, Leslie was responsible for front-of-house (i.e., customer service in the restaurant) operations, as well as finance and purchasing matters, staff rosters, and trainings, while Mark managed the kitchen area, payroll, and paid the GST (Goods and Service Tax).

The number of employees working for the restaurant was 24, mostly students and young people living locally. All non-family members worked as operational staff and none was a manager. Apart from their chefs, who were considered skilled labourers, all employees were casual part-time workers. Leslie and Mark's daughter and son also helped in the kitchen and pastry sections. However, as their children had no interest in inheriting the business, Leslie and Mark did not intend to pass the restaurant on to them.

Michael

Michael started his restaurant without any hospitality-related qualifications. He regarded the business as an opportunity to work together with his wife who had previous experience in the event industry.

As part of a club-house in a rural area of Auckland, the restaurant had been established for more than 40 years but Michael was the current leaseholder of the restaurant. The business had been solely owned by Michael and his wife for just over one month. Under their management, the couple aimed to rebuild the image of the restaurant by creating a family-friendly restaurant and bar with the quality of food and service kept to a superior standard.

> *A family-focused business that is out of community; we're people-people; we enjoy the crowds, the people, and the entertaining... A safe place where it's still a bar and bistro but it's known as a safe place where you can bring your kids, your family... You are not getting ripped off; you believe that the quality*

> *of food and service will be good... It's not the sort of place we want to encourage people to get drunk but rather, have a good social time.*

As stated by Michael, there was 'no great financial capital gain expected at the end of operation'. He pointed out that expecting a low level of profits did not mean a loss for the business.

> *We are on a two-by-two lease; we came in basically with this business. We came in with nothing and when it finishes, we go out with nothing. We are not building up a business like a restaurant and then selling the restaurant. We have the right to lease and run the interior and then once that's finished, that's it... but you know, you got to make money, you got to make it worth it all.*

The managerial responsibilities were shared solely between the couple. Michael was responsible for bar and front-of-house (i.e., restaurant operations) areas, while his wife looked after finance and back-of-house (i.e., kitchen operations) duties, including food production and kitchen management. Eight non-family members were recruited as part-time staff. No other family members except for the owners' two children helped around the restaurant. As the children were still teenagers and no other family members were interested in joining the business, the owners had no intention of keeping the business for the next generation.

Owen

Owen was a university graduate who started his family-owned restaurant in a food court in Auckland. The ownership of the restaurant was shared between himself and his sister who was insignificantly involved in the operational management. Since he had no previous industry experience, the main motive of opening the business was experience.

To manage his business, Owen worked with one non-family manager. While Owen was responsible for material purchasing, finance, and all decision making, the non-family manager looked after the kitchen operation, food preparation, and employees. The mission of the restaurant was to provide quality ethnic meals. Gaining experience and business expansion were mentioned as two primary reasons for establishing the business. However, no inter-generational business transition was

expected as there were no other family members living in New Zealand and the owners were still in their 20s.

> *I will grow the business bigger. Hopefully by next year I will open the restaurant or café... I will keep the business and maybe my sister will look after this one while I go for another one.*

The restaurant is small in its scope, recruiting only five non-family members working full time. All workers were from the same ethnic background (i.e., Indonesian) except for two operational staff members.

William

William had business qualifications but no hospitality-work experience prior to opening his family-owned restaurant. The restaurant had been operated for over 18 months and had seating capacity of 30 guests. The restaurant belonged to eight family members of multiple generations and the owner intended to keep the business for the family. The aim of his business was primarily to develop a market for Vietnamese cuisine and franchise the restaurant out. Having a chain of business that is sustainable for the family was the objective of his business:

> *That's what attracted me, because of the business potential repeaters, have a chain of — restaurant... [I plan to grow the business] for this generation and next.*

It was highlighted that profitability was the business' goal priority in order to support family:

> *The business needs to be profitable so I guess that takes precedence. It's very tough to balance the two (the family and the business) because you don't want to lose the family relationship but you also need the business to be profitable... At the end of the day, the family benefits from the business doing well.*

The operation of the business was managed by five family members. Among these managers, only William had a business background and, thus, was primarily responsible for the strategic managerial issues of the business. Eleven employees worked in this restaurant and were all family members but in its early years of

operations, two non-family members had been recruited to help manage and set up the restaurant.

Phillip

Phillip was the only participant with the tenure of 50 years in the hospitality industry. His family-owned restaurant and café was part of a winery business, which had been developed over several decades and across generations. The whole business, including the restaurant and café, was owned by Phillip, his wife, and his two children. However, due to the relatively large scope of the winery business, the management of the restaurant was taken care of by one family member external to the board of directors, and one non-family manager.

The vision of the restaurant was to create a hospitality destination distinguished by the family history. As Phillip pointed out:

> *I have always been interested in people... I like the idea of people being able to come here... We sell a story... The story is about our family, our heritage, what we do, where we came from... we are not just the restaurant or café, but we're a wine shop... and the winery.*

The capacity of the restaurant was 250 guests and 20 non-family employees were employed as operational staff. The restaurant and café itself had been operating for over eight years.

4.2.2 Non-family employees

Table 2 (Profile Descriptions of Non-family Employees) shows that the non-family employees interviewed were three women and two men. The most common age group was 20 to 29 years old. Only one participant held a bachelor degree, although the other three had nationally-recognised qualifications. The nationalities of the participants varied from Indonesian (two people), New Zealanders (two people), and Sri Lankan (one person). All participants were citizens or permanent residents of NZ. As noted in the previous chapter, the selection of employees with citizenship or permanent residency status aims for excluding new migrants, who might be vulnerable for this research.

Table 2: Profile Descriptions of Non-family Employees

	Diana	Sandra	Stacey	John	Alex
Gender	F	F	F	M	M
Age	20-29	20-29	20-29	30-39	20-29
Country of Origin	Indonesia	NZ	NZ	Sri Lanka	Indonesia
Status	PR	Citizen	Citizen	PR	PR
Qualification	Bachelor degree	National Qual.	National Qual.	National Qual.	National Qual.
Type of Business	Café	Café	Restaurant	Restaurant	Restaurant
Ownership	Husband + Wife	Husband + Wife	Husband + Wife + Family Relative	Sole ownership	Husband + Wife
Seat capacity	-	-	200	160	45
Age of Business (years)	5	10	11	12	15
Employment (years)	1.5	1.5	2	8	4
Role	Staff (Asst. Manager)	Waiting staff/Barista	Waiting staff	Staff (Head Chef)	Waiting staff/Barista
Total staff	7	6	24	27	9
PR = Permanent Resident					

These are the detailed descriptions of the employee participants:

Diana

Diana had been working full time as an assistant manager for 18 months in a small café in a shopping area in central Auckland. Her primary responsibility was to be in charge on behalf of the owner-managers during strategy execution, daily operations, and staff training. The café had been operating for five years under the ownership and management of a husband and wife, both from the same ethnic background as Diana. Prior to joining the company, Diana had no experience or educational background related to the hospitality industry.

Apart from Diana and the owner-managers, the café employed four other non-family members as part time workers. There were no other family members owning or managing the restaurant except for the couple. The mission of the café was to become the best café and patrons' favourite in that particular shopping area.

Sandra

Sandra was a university student who had been working as a part-time waitress and barista in a family-owned café for almost 18 months. Before joining the company, she had already had experience in the industry.

The café was in a centrally located food court in Newmarket, Auckland, and had been operating for 10 years. The informal mission of the café was to provide quality coffee and snacks for business patrons. The café was owned and managed solely by a husband and wife. No family members or children were involved in the business except for the owners themselves. The total number of non-family staff was four people. Among the non-family staff, only one had a similar cultural background with the owners.

Stacey

Stacey had been a part-time waitress in a buffet-style restaurant in Auckland suburb area for nearly two years. As a full-time student, her primary reason for working in the restaurant was to earn money. The restaurant was owned by a married couple and one sibling of the couple. Only the wife and the sibling were owners and managers of the restaurant, while the husband mainly looked after the kitchen operations. The majority of the other non-family workers came from a similar cultural background (i.e., Chinese) as the owner/managers whereas Stacey did not. With a capacity of 200 seats, the restaurant had been operating for 11 years and currently employed 24 operational staff working full-time and part-time. The mission of the firm was to expand its franchise business throughout the North Island and make its brand name a success.

John

John had been working as a full time head chef in a franchised fast-food restaurant in Auckland for over eight years. As head chef, his primary responsibilities included kitchen operations and menu planning.

The restaurant was owned by one person. The owner also managed the whole business operations with the assistance of his nephew, and one non-family member.

The mission of the restaurant was to produce superior and diverse food for family and business groups. The restaurant had been in the industry for more than 12 years with a seat capacity of 160 guests. There were 27 staff recruited, most of whom were employed part-time.

Alex

Alex worked as a part-time waiter and barista in a restaurant on the North Shore of Auckland. He had been working in the restaurant for almost four years.

The ownership of the restaurant belonged to a husband and wife who also shared managerial responsibilities. While the husband was responsible for the front-of-house area including staff training, the wife was in charge of the back-of-house including the kitchen. The restaurant had a seating capacity for 45 guests. The business had been established for more than 15 years and had a mission to ensure high quality of food and service. There were five non-family staff working as part-time employees and two family members occasionally helped in the kitchen in the week-ends.

4.3 Research Findings

Coding themes are used to show the relationship between research questions and the findings. As explained in chapter one, this research seeks to understand the communication process between family owner/managers and non-family employees in family hospitality restaurants. It seeks to answer the following research questions:

1. How do family business owner/managers communicate strategies to non-family employees?
2. How do non-family business members interpret strategies that the family business owner/managers have communicated?
3. What advantages to communication are provided by a family business structure?
4. Are there any barriers to the communication encountered during strategy implementation? If so, what are these barriers?

The four themes outlined in Table 3 (Research Questions, Themes and Categories Relationships) represent the phenomena that have emerged from the interview data. Each theme will be discussed in the following section.

Table 3: Research Questions, Themes and Categories Relationships

Research Question	Theme	Categories
1: How do family business owner/managers communicate strategies to non-family employees?	Strategy communication	Creating strategy awareness Controlling activities Creating culture
2: How do non-family business members interpret strategies that the family business owner/managers have communicated?	Strategy interpretation	Clarification Observation Feedback
3: What advantages to communication are provided by the family-owned business structure?	Family structure and communication	Decision making Pattern of interactions
4: Are there any barriers to communication encountered during strategy implementation? If so, what are these barriers?	Barriers to communication	Inconsistent information Diversity in individual value Language problems

4.3.1 Strategy communication

Three categories relating to strategy communication in the context of family businesses emerged from the interview data. The categories of creating strategy awareness, controlling, and creating culture are presented in this section.

4.3.1.1 Creating strategy awareness

The use of vision as a tool for managers to create staff awareness of strategies was evident in many employees' responses. One of the owners emphasised that communicating a strategy to staff is 'a matter of selling it', which was achieved through communicating vision, company history, and history.

> *Phillip: [Strategy communication] is a matter of selling it to them... a matter of saying 'we want to make our place different, we want to make people come here because of the difference and because of our background, and because of our history, because of our story, because of our food that's a little bit*

> *different and because we can sell our wine as well. We want people to come here so that you're a part of the business.*

Some interviewees explained that vision and goals were communicated verbally by their managers two or three times a week and were sometimes repeated on the same day. However, when employees were asked about the frequency of their managers' communicating strategies, they commented that managers communicated strategies once in a while (for example, changing a food price or promotional activity). One manager said that he formulated strategies in an ad-hoc manner and communicated these 'on the spot'. Time insufficiency was mentioned as a factor that prevented managers from planning strategies. However, William acknowledged that 'on-the-spot' communication was not an ideal approach:

> *At the moment it is kind of ad-hoc since I am doing everything I don't have a lot of time to sit down and write out every strategy and formulate it etc. I'm just tracking the strategies to be done so I do it and then I kind of see the result whether it works or not and then keep that in my head. I know I need to formulate it but I haven't had the time to do it all.*

The interview transcript revealed that written and formal channels of communication such as notes or emails are mostly utilised by the owners for informing or reminding staff about upcoming promotions or events. A number of family owners explained that the reason for not practising written communication was primarily because the work in the restaurant is not of high skill and thus 'teaching' staff face-to-face was considered as sufficient. One employee added that written instructions are not necessary due to the small scope of the business and the high intensity of face-to-face interactions between managers and employees at work. However, some family managers relied on memoranda to instruct staff, even though the non-family employees perceived that the memoranda work more effectively as reminders and checklists rather than as daily instructions.

Owner-managers recognised the importance of manuals and training programmes to support the implementation of strategies. Family business owner/managers argued that when communicating strategic plans, they made sure that employees understood fully about 'what has to be done', 'how things should be done', and 'when they need to be done'. In achieving a shared understanding with their employees, some

managers remind staff continuously about what needs to be done or ask the staff whether they needed some clarification concerning the strategic plans or not. The way managers communicated action plans was described by the participating employees, as 'really instructive and demanding', 'telling staff on the spot', and 'telling staff what to do and not to do'.

4.3.1.2 Controlling activities

Owner/managers use monitoring and control systems in order to ensure that non-family employees were executing the strategic plans according to the managers' expectation. A family owner described the monitoring activity as 'have an eye on everything' and 'correct mistakes on the spot and give staff direction'. External parties were hired regularly by the family owner/managers to monitor the execution of strategy as well as to ensure whether or not the strategies were well understood by the staff:

> *Phillip: We have a lady that comes in and does training every month. Every month we have training, so some area will be picked out [for] that. We find that we get better uptake on that, people are happy with that, the lady is very good and she will work out there and will watch for a while and then pick up on them, what people are doing that sort of stuff. We get mystery shoppers... and we get a report every month [of] what their finding was on it so we're always looking to see how we can improve.*

Controlling activities during the execution of strategies was also done through formal training. Most training was conducted by the family owner-managers themselves, unless assistance from external experts was required. For example, bank officers might be brought in to introduce new billing procedures. External trainers were also hired when a new set of standard operational procedures was introduced, such as implementing a new hygiene system. The interview transcript also showed that some owners asked senior employees to 'guide' and train junior or new staff on the owners' behalf.

Incentives in terms of bonus and financial rewards were used by the family business owner/managers, not only for ensuring that strategies were properly done but also for maintaining a desired level of staff performance during the implementation of strategies.

Phillip: People who do good in the mystery shopper thing will get a bonus accordingly and if they are not, don't do so good, they'll get a little talk [or feedback] from me.

Phillip: Here we have a structure. They get paid; it's just like a ladder, first step you get so much and if you achieve certain goals and move up the step, so your wages do accordingly, but if you don't move up, if you don't improve your system you just don't climb the ladder.

Leslie: I'd run a competition you know, average spend was $27 last Saturday night. Let's see if we could get it up to 30. Just means you're selling them another half glass of wine and there'd be movie tickets or most suppliers would give me vouchers to motivate them (the non-family staff) to sell.

However, in some family organisations incentives were not evident:

Diana: Our managers never give us any incentives but we can tell, if our cafe is more successful, they can give us more hours or pay. So, it has been set in our mind that if our cafe is busy, it can be open longer.

Owners understood that communicated strategies needed to be measured on a regular basis. The use of checklists and company manual books was viewed as necessary for ensuring that what needs to be completed is done, in addition to the use of regular meetings with staff as a managers' approach for obtaining feedback and evaluating strategic activities. Evaluation on the outcomes of strategies was also based on customer comments and word-of-mouth feedback. As one of the managers commented:

William: We didn't [conduct any evaluation on our staff performance after the strategies had been communicated]. We just kind of, a lot of [the evaluation] was word-of-mouth or through [feedback] from the back-of-house staff or from customers.

A non-family employee provided an example of how close monitoring and control are done by the family managers in the organisation:

Diana: Sometimes, [the family manager] check [our work] randomly. For example, they just suddenly came up to check the situation of the cafe. They also control; when there is a new staff and they want to know that the new staff can do the job well, they will try to check the cafe randomly by phone or asking every couple of hours about how the situation or the staff or the sales are.

One family owner confirmed this by saying:

> *Phillip: I guess I ask a million questions of people all the time what's going here what's going there. There is not a set structure that I would use, but I'm always talking to them, communicating with them, encouraging them to come forward with ideas, yes, it's not a set of structure... I am very fussy and so that everybody there is within the whole business [and], also the key areas in the restaurant. Restaurant manager, he has to ensure that everything out there, everything in the kitchen and the restaurant, is run a hundred percent.*

An interesting point was made by William, one of the business owners. He suggested that no control was necessary since family owners trusted the non-family members during the execution of strategies. The presence of social control and trust-based relationship in his organisation was described as follows:

> *William: I guess what I do was just everybody understood that I needed this done and it was done so there was an understanding – unwritten understanding – that you know, what we said went, so whatever instructions I gave them or tasks and once it was done, more or so that.*

> *Michael: They [the non-family employees] are free to do their own thing as long as they accomplish end result and the urgent things are done.*

4.3.1.3 Creating culture

Interviews revealed that the practice of open communication between managers and employees was prevalent. The following examples illustrate:

> *Leslie: I just kept saying to them, 'what can we do?' especially hospitality students that I knew, they have all degree and diploma, 'if this place was yours what would you be doing different to us?*

> *Phillip: Everybody has got to be thinking... I am not a dictator... I want employees to be sincere, I want them to tell me if I'm planning something that they think stupid, well tell me, but tell me in a nice way; I'm not going to call them stupid and I don't want them to call me stupid. But I want them to feel comfortable to be able to come and talk to me anytime about anything and in a friendly way... [I want my staff] to follow the instructions but if they can do it better; if they can give me an idea on how we can do it better, that benefits everybody concerned. We'll give them a shot.*

Managers acknowledged the importance of knowledge sharing activities and feedback giving in their organisation.

> *Owen: after the meeting finish, we start to get feedback. Sometimes I will ask them [staff], but sometimes they will talk [to me] straight away... I need their feedback actually. They usually give me a feedback. We then discuss together the details and everything related to the business here.*

The managers clearly associated these activities with team work and collaborative learning, as illustrated in the following extracts:

> *William: What we did at the start was we just ran the back-of-house like we thought what should be done but then we got feedback from the back-of-house staff on exactly you know, this is working, this isn't working and we kind of changed things to make it fit. So it was kind of a learn-as-you-go process... We just kind of worked together. It was more of collaboration... we were the same that we were just learning at the same time. If it wasn't like I was the boss and they followed, it was kind of 'I think we need to do this, what do you think?' and then kind of came in to a decision once I have got their feedback, you know, they might have a good idea or something like that. But now, I think, now if I would hire someone, toward staff it would be, 'this is what we're doing' and if they have some feedback they could voice it if they want.*

> *Michael: We all share skills, they'll do something one way and we'll do another way and we'll work out between us [my wife and I] either which is a better way or they have the technique that they want to share to us so we'll work together for the common good... There's no individual who's working for their own agenda. We all work together to make the place run smoothly and please the customers and give the place a good reputation.*

> *Michael: We all have our roles and we all do our roles as best we can... and they all also see that it's a learning process for us all between the selves... They can see us all growing in our own roles and trying new things – not being afraid of trying new things – or trying a different technique or alter a system, an existing system to make a work more efficiently and from that day, they feel free and easy to stick their hand up to say, 'hey, why don't you do this, why don't you do that' or 'do it this way or that way' they feel almost on an equal level but that with us still maintaining that leadership [control].*

Trust in management was also mentioned as an important variable to support strategy implementation. As one manager explained:

Phillip: Trust in the hospitality industry is vital. But you've got to earn trust by communication. All goes back to communication. If you are a dictator, if you were a dictatorial person that came out here and yelled and screamed... swears and curses people, well you are not get trusted; people will just turn off to that... We have to acknowledge the importance of their [non-family employees] roles; they are doing a good job, great job... so they are not pinching wine out the back door or steak going out the backdoor or wine going out the back door. So, building trust with them is so vital in the industry.

4.3.2 Strategy interpretation

The interpretation of strategy in this study is related to the process of how non-family employees make sense of the strategies and how a shared understanding is developed between family owner/managers and non-family employees.

4.3.2.1 Clarification

Employees tended to ask the family owner/managers directly to seek clarification of any strategies or instructions being communicated:

Alex: [To ensure I do as what my managers expect me to do] I normally just ask them back. I think that more straight-forward; It is clearer rather than asking other staff... Just like they give like a simple task to do and I just ended up not really fully understand what I should do and I ended up asking them again.

Diana: Usually I ask them (the managers) again. I ask them to give me some example and sometimes I ask them to give me some reasons regarding what may happen next, what I should do to fulfil their expectation. They will then give me advice before I go with the plans.

Some employees however preferred finding information from other staff to avoid further misunderstanding.

Stacey: Actually if I can't understand them (my managers), I'll ask another waitress or waiter "what did he want me to do again?" or "can you please ask him for me?". They (the waitress) might be a Chinese waitress or a Chinese lady to translate what he (the manager) said because sometimes I can't really understand what he (the manager) is saying.

Sandra: Well, I would try to find out from someone else. If I am still unclear then I will go to the boss. But hardly that happens because the other person usually knows more because they speak in the same language.

4.3.2.2 Observation

Observation was also used by non-family staff to enhance their understanding of strategies. By observing how their owner/managers behaved toward the strategies, the employees tried to develop a conceptual meaning of how the strategies should work:

Sandra: [Both managers] told me about the rules, one most over the other, and I guess I just picked up along as I went. I just learnt the rules. I observed other people doing the job, I observed what happened if they took it wrong and when I got things wrong, they told me off so I just learnt the rules... and if I was unclear about something I would ask.

4.3.2.3 Feedback

Feedback was also used by non-family employees to learn about and understand the strategies better. One of the non-family employees showed how a family owner/manager used feedback to guide staff's behaviour, provide clarifications on strategies, and find out what employees were expecting from their roles.

William: Since [strategy communication] is a verbal thing, you kind of have a bit of discussion about this needs to be done and they kind of [give] feedback, 'that's good, this is good', give their ideas about, I mean, we take them on board. If it's a better idea then we'll go with that but I always ask for feedback about, you know, what they think, that they don't always make the final mark because I'd probably have a better understanding than they do.

4.3.3 Family structure and strategy communication

Analysis of the impact of family business structure on strategy communication was undertaken by evaluating the lines of decision authority and the social interaction among members in family firms. These themes are discussed in the following sections based on the interview extracts.

4.3.3.1 Decision making authority

Leslie pointed out that non-family members were not involved in decision making. In her business, support was given by the managers to staff when the ideas contributed were considered good for the business.

> *Leslie: I did not [involve my staff in the decision making]... It was my husband and me really... [but] things like menus, I get the staff say, 'You come up with an idea, might play around with it a little bit but that's your idea and that's on the menu, you'll feel happy to cooking... I remember early on asking the kids for ideas that 'how can we get anybody to know that we are here?' and they said, 'well why don't we do flyers?' and I said, 'ok. let's look at what we need.' So we kind of sat down and we ended up with a copier and [a] quarter [pack of] A4 and I put them all on different coloured paper and the kids said, 'hey look, we'll leave all of these on our home from school.' So they all put their names on the back of them and they all went to different streets. They didn't even charge me. I said, 'ok, there'll be a price'. You know, each week for the person who's brought in however many people and they'd have a dinner for two'. That was their idea and they did it in their time after school. It was great.*

However, it was found that family owner/managers had ultimate power in decision making. Even though non-family managers were recruited in the business, the power of these managers was limited.

> *John (head chef): He (the owner/manager) gave me the whole right and freedom to make anything changed or whatever like that... he just gives like a whole freedom and everything in the kitchen to me. [However], before I want to make anything like change or to bring something new I have to talk to the boss because he gives the authority, like to do or not to do things, so I cannot actually just bring something new and just put on the menu or whatever, we need to talk to the boss first so he's the person who decides everything in the restaurant, whatever we do.*

Diana also had the same point of view. She further added the difficulty of giving feedback to the employers and developing a shared understanding.

> *Diana (assistant manager): [My managers] ask me suggestions or feedback, which idea is good or should be used. After I've given them feedback, they will make decisions by themselves... I am the one who has to distribute to all the staff who work in the cafe. Whether there is a plan, or something needs to be changed, I have to tell or train the staff... Every plan or suggestion that I make has to be discussed with them to check whether they are going to like it or not. If they like it, we are going to use that but if they don't like it, we are going to avoid it... If they cannot accept my idea, I think I'd rather not push them to use my idea because they are the owners. All decisions are thus still on their hand.*

Responses from some employees at non-managerial level also showed that family owner/managers involved the non-family members by getting suggestions or feedback from them. Final decisions were, nevertheless, made by the owner/managers.

> *Sandra: Most decisions are just made by themselves (owners/manager) but they do ask for our input like for example if they want a new product they would always get our opinions, like they would get the price in and we would try it if we liked it and we've thought it was nice stuff to sell then we would make a decision and they make the ultimate decision but we all contribute to the decision making.*

The majority of non-family staff agreed that their contribution to the organisation in terms of strategy making was minor. Some employees said that the authority given to them was limited to issues such as handling customer complaints or making the customers happy, as well as decisions related to 'stock-taking'. Several family owner/managers also justified:

> *Michael: We kind of asked [our employees] to get authority of us because... we had to make sure that the right things were being done. I mean they had the authority to rectify customers' complaints and stuff like that... like ordering stock, etc... but you know, strategic decisions whether we're going to change the menu or something like that, that has to be compromised because we needed the central control. If everybody started to change things, nobody would know what was going on so we needed that control – one central point – where all information came to so that we made sure everybody was on the same page.*

> *Owen: I give [the staff] the authority but still, I make the final decision. If they make any decision, they have to talk to me first and then I will think about it and I will say yes or no.*

4.3.3.2 Pattern of interactions

The value of family in the paternalistic culture was apparent in all participating restaurants. Attributes such as 'we are a big family', 'friends', and 'there is no us-and-them' were mentioned a number of times by the family owner/managers. Some participants' comments were:

> *Michael (owner/manager): We don't have an 'us-and-them' type mentality between us and our employees. People are working for us but we take them under our wings sort of thing you know... The culture here is fun. Pots and*

pans don't get thrown. There is a lot of laughter, there's a lot of people hassling each other; my son and his girlfriend who always work together, they're always hassling each other but even the non-members, he and another get it on it, we give them stick and they give us stick in a way.

Leslie (owner/manager): We were like a big family... I used to look on those kids (non-family staff). They would call me 'mother hen'. We've still got the phone calls; we still see a lot of them (the staff) pop in (after they have no longer worked for us).

Owen (owner/manager): We treat each other like a family. If we have a problem, we will solve it as soon as possible. We don't let the problems happen for a long period... I try to keep it like a family so you know, we get to know each other so we can work...easier for me and easier for them. Sometimes we play sport. It's really good; we can get to know each other.

Leslie: We very regularly go bowling, and take the kids (non family employees) out doing that. We had a function, we always set up for like the weddings the night before so come ten o'clock when everybody had gone, wait after give them a drink, lock the front of the door, turn the music on to their music... We tried to have better fun you know.

This pattern of relationships among family owners and non-family employees was similarly described by some of the employees:

John: Working in a family business is... you actually become a part of the family... pretty close to each other... in the restaurant we're like a one big family. We have the boss and the manager but we talk to each other very nicely, we communicate very well and then we share our [problems]... whatever problems I have sometimes.

Diana (staff/head chef): They are not bossy. They try to be friends to us, so the way they talk to us is like the way friends talk to friends. For example, they once complained about the way we served our customers. They told us like, 'can you smile more because you are prettier when you smile', something like that because they tried not to offend us, but they wanted us to know what is best for the customers.

One employee also pointed out that the manager' behaviour toward staff has an influence on staff responses toward strategy implementation.

John: [Our managers] explain to us what should be [done], how we keep the standard of the restaurant in a friendly way. [The approach that our managers use to communicate organisational goals] is very effective because

himself, he's such a nice guy, a boss, so, we always listen to him and we always try to follow what he says and actually, we, all of us, want the business to be better, so we just always follow [what he says].

Trust-based relationship was also pointed out by the majority of the employees.

Diana (staff/assistant manager): I feel close to them and actually I work with them every day so I meet them every day. Sometimes I can be involved in all conversation they have, like some problems or some perceptions, or some future planning... They really trust us actually. Sometimes they leave the café without supervising it. They don't work every day. They just work on weekdays not on week-end. I believe that if they don't trust us, they won't leave us working by ourselves.

Interestingly, one family-business owner provided evidence that working with non-family employees was less complicated than working with family members. When he was asked to describe his work relationship with family members, the following response was given:

William: Very tough. It's different working with your family and working with somebody else. The lines are blurred. You know, when work starts and family starts, you talk differently to your family than you would to an employee because with an employee that you hire, you set boundaries to what the relationship is all about but with family, that's blurred... That's the difficulty... Sometimes they don't listen but it's very hard to rectify that because it's family and you can't fire a family member. You can, but it's very difficult... You can choose who you work with but you can't choose who your family is.

4.3.4 Barriers to communication

When participants were asked about difficulties of strategy communication during the implementation of strategy, they identified three significant barriers relating to inconsistent information, diversity in individual values, and language problems.

4.3.4.1 Inconsistent information

Miscommunication and misunderstanding between family business owner/managers and non-family employees appeared to be the most common issues faced by both parties. There was evidence that non-family members were confused by their managers' inconsistency in giving information or instruction. One of the participating employees also mentioned that managers were often not complying

with their own rules, giving the employees an indication that there were no clear, reliable procedures to follow.

> *Sandra: It makes you understand [the strategies] less because they change their mind all the time; I have to always keep up with their decision making. It's not too much for us to bother unless a major change, but they just tend to change their minds about food prices and I guess, we all just have to adapt to that.*

One of the employees noted that the inconsistent behaviours of managers in communicating the vision and goals of the business contributed to the staff's feelings of loss in understanding what the managers were actually expecting in their strategies.

> *Stacey: I have been working for two years and I've always thought like that their main goal was to have excellent customer service but I am kind of thinking that they have forgotten about that and their main concern is getting as much money as they can.*

4.3.4.2 Diversity in individual values

The interview transcripts show that non-family members often found difficulty understanding their employers when they had different perceptions and beliefs about how things should work in the restaurant. Hence, they found it very hard to establish a shared understanding with their family owner/managers.

> *Sandra (waitress): There are some things that they don't realise about the nature of a cafe, about the nature of food; they don't understand what they are doing wrong and if I tell them what they're doing wrong because they don't get the concept or some concepts I am trying to explain to them.*

> *Diana (assistant manager): Somehow we have a problem [in strategy communication] because we don't have same perception about how to manage the cafe. For example, my managers think that everything is easy to implement but in the real practice, it's not quite easy. So we have to explain to them quite hard. After that they can understand, but it's going to be really hard to make them understand.*

Diana further added that giving feedback to the employers and developing a shared understanding is difficult.

Diana (assistant manager): [My managers] ask me suggestions or feedback, which idea is good or should be used. After I've given them feedback, they will make decisions by themselves... I am the one who has to distribute to all the staff who work in the cafe. Whether there is a plan, or something needs to be changed, I have to tell or train the staff... Every plan or suggestion that I make has to be discussed with them to check whether they are going to like it or not. If they like it, we are going to use that but if they don't like it, we are going to avoid it... If they cannot accept my idea, I think I'd rather not push them to use my idea because they are the owners. All decisions are thus still on their hands.

4.3.4.3 Language problems

Interestingly, while no communication issues were evident in the mono-cultural restaurants, the majority of family owner/managers and employees who came from different cultural backgrounds found language a barrier to communication. Miscommunication was often felt by employees who did not comprehend what their managers said due to the managers' limited English.

Alex: Even though we speak the same language I think because we come from different background, different perspectives. Even though we speak English, we still come from different countries.

Stacey: I actually if I can't understand them (my managers), I'll ask another waitress or waiter "what did he want me to do again?" or "can you please ask him for me...cause like they might be a Chinese waitress or a Chinese lady to translate what he said because sometimes I can't really understand what he is saying.

4.4 Conclusion

Based on the profiles of participants, it is apparent that restaurant businesses are diverse, adding to the complexity of the hospitality industry. Managers acknowledged the importance of communication during the implementation of strategy and understood that creating strategy awareness, controlling activities, and developing culture that supports the strategies, are necessary. Several activities of creating strategy awareness can be identified. They include the practice of selling strategy through organisational vision and goals and the use of formal and informal channels of communication including verbal instructions, face-to-face interactions, manuals, and training programmes. It is also evident that in achieving a share understanding of strategies, managers use a set of control tools and organisational

culture. The term ‘a learning based organisation’ was used by managers to describe the prevalence of nurturing a culture of team work and collaborative learning during the implementation of strategies.

Findings indicate that employees tend to rely on clarification, observation and feedback in their attempt to interpret strategic messages. Other findings show that family business structure seems to support the communication of strategy. The centralised decision authority allows employees to maintain close work relationships with managers and always seek consultation upon their decision making. The close relationship among family-organisational members and family allows open and trust-based communication and information sharing activities to occur. Finally, the findings suggest that family managers recognised particular barriers to communication such as inconsistent information, diversity in individual values, and language problems.

This current chapter summarises the results of data collection. In the next chapter, the results are examined in conjunction with relevant literature.

5 Discussion

5.1 Introduction

This chapter analyses the key factors presented in the results chapter. It aims to provide a basis for generating answers to the research questions and for providing direction for possible further research. The chapter starts by analysing the profiles of the participating respondents in the study. This analysis provides a useful background to the findings. It then continues to discuss the development of strategy by the participating restaurateurs. This further helps explain the strategy communication issues. Lastly, the chapter answers the four research questions raised in chapter one.

5.2 Profiles of Participants

Consistent with Morrison's (1999) findings that small businesses dominate the NZ hospitality industry, 60 percent of the participating restaurants recruited fewer than 20 staff, while 40 percent of the firms employed between 20 and 27 staff. The majority of these businesses were owned and managed by married couples directly involved in the day-to-day operations of their firms. This evidence supports the proposition presented by Getz and Carlsen (2000) and Litz (1995) which emphasises the dominating ownership and management as the main characteristics of family businesses. However, this study identified no significant involvement of the owners' children, family members, or family successors in the business, which is contradictory with Westhead and Cowling's (1998) idea that family participation needs to be considered in family business definition. It was found that many family owners in this study had no intention of keeping their business for their descendants. Many owners found it difficult to name potential successors to inherit the business because of factors such as the young age of potential successors and the lack of interest from other family members in inheriting the business and pursuing careers in hospitality. However, the small sampling of this study, which may not necessarily be representative of the NZ family-business population, may explain the variance of these findings with the literature.

There were mixed responses from the participants about the goals of their business. Three of five owners mentioned family or lifestyle goals (e.g., ‘to create a family effect’ in their business, ‘create a family-focused business that is out of community’, or maintain family history), whereas two of five owners mentioned profitability and business expansion as their primary goals. Although participants in this study were mostly family-oriented, the fact that the business has to be profit-centred to support the sustainability of the family was highlighted by the owners. This finding confirms Hankinson’s (1989) observation that not all family businesses are purely family oriented.

Revealing the extent of strategy can provide an important background that may further explain strategy communication issues. Several points relating to the development of strategy by the participating restaurateurs will be discussed in the following section.

5.3 Strategy Development

One of the interesting phenomena revealed involves the development of strategies in the participating restaurants. It appears that the majority of the owners viewed strategies merely as tactics or spontaneous actions, rather than as action plans that exist at organisational levels. In fact, only one of five owners acknowledged the existence of business and functional strategies and pointed out the need for careful development of strategies. The business of this participant was notably large in scope and has been handed down through several generations.

The formulation and communication of strategies was described by one manager as ‘ad-hoc’ and ‘on-the-spot’. Both terms represent the definition of tactics pointed out by Clampitt et al. (2000) that strategies were made as required, and in a spontaneous manner, to respond to a phenomenon emerging from the environment. Additionally, there was evidence that strategies in the participating restaurants were barely formulated. When owners were asked about their strategies, they provided a number of examples relating to tactical factors of functional-level strategies (i.e., mostly marketing and operational-related examples) instead of the strategies themselves. Some of these examples include tactics to improve sales (e.g., up-selling beverages,

altering prices, or distributing brochures) and tactics to improve work efficiency (e.g., introducing new billing procedures). Furthermore, none of the respondents discussed strategies in the business context (i.e., cost leadership or differentiator strategies).

The apparent absence of business strategy and functional strategy development in the participating restaurants can be explained. As family organisations in this study were small in the size and scope of their operations, the involvement of business owners in the businesses was significant. The owners were not just business shareholders, but also managers responsible for multiple areas of their organisations (i.e., marketing, human resources, purchasing, finance, and other departmental functions) and staff who work with other organisational members in day-to-day operations. These multiple roles of family business owners have also been recognised by Aronoff and Ward (1995) and Goffee (1996) and are likely to be a major contributing factor in the absence of formal strategy.

5.4 Answering the Research Questions

This section provides responses to the four research questions.

5.4.1 Strategy communication

"How do family business owner/managers communicate strategies to non-family employees?"

This study reveals that the 'ad-hoc' formulation of strategy contributes to the spontaneity and informality of strategy communication. The terms 'instructive', 'telling staff on the spot', and 'telling staff what to do and not to do', which many employees used to describe their owner-managers' approach of strategy communication show that strategies are communicated as instructions and in a spontaneous and direct manner, rather than action plans that are thoroughly developed. This is consistent with the observation made by Clampitt et al. (2000) that strategies are likely to be implemented as unplanned actions.

In giving instructions, managers were known by the participating employees as friendly. The act of being friendly and not being 'bossy' was acknowledged by all

participating managers to be important so as to obtain trust from the staff and maintain good work relationships with them. As Connell et al. (2003) pointed out, a work environment that is based on respect and trust can increase staff loyalty and commitment to organisations. The positive association between trust and communication was, however, noted by the managers and can be seen in one of the managers' responses (see Section 4.3.1).

In addition to instructions, the use of the owners' vision for communicating strategy is prevalent in this study. Many employees commented that owners frequently and constantly talked about the vision and mission of the business (see Section 4.3.1.1). Interestingly, employees indicated that the vision and mission of the company were communicated more frequently than the strategies themselves (see Section 4.3.1.1). On one hand, the frequent communication of vision suggests that family-business owners understood the importance of integrating vision into the organisation to support strategy communication. As noted by Wilson (1992), vision serves as a guideline for staff to understand what the firm values, what it aims to achieve in the long-run, and how the firm will be in the future. On the other hand, the less-frequent communication of strategies may confirm Quirke's (1996) finding that the communication of strategies tends to decline gradually when strategic managers view strategy communication as an event (i.e., based on the ad-hoc principle), rather than a process, once they strategies have been executed.

However, many organisational members, especially employees, seemed to lack understanding of their company's vision and mission. While owner/managers could describe the vision clearly and associate it with their business objectives when they were asked about their business vision (see Section 4.2.1), employees provided a broad description of organisational vision and mission. Some examples of their responses include, 'to be the best café', and 'to ensure quality food and service' (see Section 4.2.2).

According to Aaltonen and Ikävalko (2002), strategy communication needs to be directed toward achieving the owners' vision for it to be effective. When vision is not well incorporated into the organisation, achieving an effective implementation of strategy can be difficult. Without a clear vision, employees will be unaware of the

organisation values and the direction and goals of the business (Wilson, 1992). It is evident in this study that, in these restaurants, the effectiveness of strategy communication was not optimal. Even though owner/managers use various approaches to incorporate their vision into their organisation (e.g., through manuals and frequent interactions with staff), employees found managers' inconsistency of behaviours, and of messages communicated, as factors that hindered them from achieving a full understanding of the organisational vision and mission (see one of the participants' responses in Section 4.3.4.1).

Managers acknowledged that apart from the integration of the owners' vision into the strategy, a nurturing culture that supports the strategies being communicated is necessary. Culture in the participating organisations appears to be based more on the principle of a learning organisation (in which managers value team work and engage in collaborative learning and knowledge sharing activities with staff (Birdthistle, 2008)), than on paternalism (in which family managers look after employees under close supervision (Harris et al., 2004)). The results of this study suggest that even though family managers treat non-family employees as part of the family members (e.g., see the term 'mother hen' in an interview extract presented in Section 4.3.3.2.), they are found to loosely supervise the work performance of their staff. Some of the employees' comments mentioned that, "they (managers) really trust us actually", and "I believe that if they (managers) don't trust us, they won't leave us working by ourselves".

According to Jaworski (1988), trust-based culture is a form of informal control. When employees feel trusted and feel themselves as part of the family, they tend to control their own behaviours. A response of one employee indicates that when employees perceive the feeling of trust from their managers, they tend to work at their best for the benefit of the company (see Section 4.3.3.2).

Results also indicates that in addition to a trust-based culture as an informal tool to control the behaviours of the employees, family-business owner/managers also have formal control tools in place to support the communication of strategy. These include company's work manuals, training programmes, incentives, mentoring activities, and constant monitoring. It is thus apparent that managers understand that the various

control systems in their organisation can help ensure that employees' behaviours are directed toward achieving company goals.

In communicating strategies, informal communication through face-to-face discussions with staff seems more preferred by family owner/managers than written communication through e-mails or memoranda. Results in this study suggest that frequent informal communication with employees is used by managers to obtain feedback while they are monitoring and controlling the execution of strategies. The prevalence of informal strategy communication is therefore consistent with Bergin-Seers et al.'s (2008) and Brownell's (1993) findings. Furthermore, according to Chen and Huang (2007) and Moss and Warnaby (1998), interactive discussions with staff allow an exchange of feedback or the sharing of knowledge to occur, conforming to the principle of a learning-based culture discussed earlier in this section.

5.4.2 Strategy interpretation

"How do non-family business members interpret strategies that the family business owner/managers have communicated?"

Strategies can be effectively implemented when there is a shared understanding of strategy objectives between managers and employees (Clampitt et al., 2000; Quirke, 1996). The findings indicate that many employees in family-owned restaurants seek clarification and obtain feedback from their managers to ensure that they have understood correctly the strategic messages being communicated (see Section 4.3.2). When employees feel unsure about what needs to be done, they prefer consulting their managers directly to asking other colleagues. The practice of open communication between managers and employees seems to help employees feel free to talk with their managers concerning any strategic issues.

Responses from employees also signify that managers' initiatives to ensure employees understand the strategy help the employees to have a better interpretation of strategies. Daft and Weick (1984) clearly state that managers who conduct face-to-face dialogues or meetings with employees have a better opportunity to provide

further clarification and explanation about the strategy when the staff express their confusion about the strategic messages.

Consistent with de Stobbeleir et al. (2008) and Yang (2009), employees in this study tended to rely on their observation of others' behaviour, including managers and colleagues, in their attempt to understand the strategies (see Section 4.3.2.2). However, as noted in Section 5.4.1, they seemed to have a poor understanding of the term 'strategies'. The interview data reveal that employees interpret strategies as instructions based on 'to-do-and-not-to-do' orders or as particular rules to follow, rather than strategic actions plans of their managers (see Section 4.3.1.1). Therefore, this can explain the comment pointed out by one employee, that the understanding of strategies is achieved through 'learning-by-doing' principle, (i.e., through making mistakes and being corrected by managers or colleagues when strategies are not implemented as desired).

5.4.3 Advantages of family business structure to communication

"What advantages to communication are provided by the family-owned/managed business structure?"

The value of family in the paternalistic culture was apparent in all family-owned restaurants in this study. Comments such as 'we are a big family', 'friends', and 'not us-and-them' illustrate this point, indicating that family owner/managers treat non-family employees as part of the family and they look after the employees almost as parents and work with them as a team.

It is evident that the presence of family enhances the closeness of relationships between organisational members. As noted by participants, the gaps between managers and subordinates barely existed because of the high intensity of the interactions among the owners and the non-family staff participants. The small size of family firms and the direct involvement of the owners in day-to-day operations of the restaurants increased the frequency of contact between family managers and non-family employees. Consequently, frequent interactions promoted the sharing of strategic information among organisational members, enhancing the implementation of strategy (Malina, 2001).

There is also evidence that, in addition to the informality of family work environment, the practice of open communication and of social activity (e.g., sports) between the owners and employees can effectively nurture staff's feeling of belongingness to the family organisation. Consequently, the feeling of in-group belongingness enhances trust among members. According to Proctor and Doukakis (2003), trust leads to improved communication of strategies between managers and employees. In addition, employees tend to self monitor their own behaviours and performance toward meeting the objectives of organisations when owners show trust to the employees.

Interview data confirm findings by Allio (2004) that family-business owners are the central decision makers in family organisations. However, this study reveals that centralisation only applies for major decision making; for minor decision making, non-family employees are given the authority to make decision. Since employees have the flexibility in decision making, the argument that centralisation makes communication among members restricted, inflexible, and relatively slow (Chen & Huang, 2007; Kelly et al., 2000) is, therefore, irrelevant in this study.

5.4.4 Barriers to strategy communication

"Are there any communication-related issues encountered during strategy implementation? If so, what are the problems?"

The findings of this study indicate that managers do encounter communication-related issues when communicating with employees. Evidence shows that the most common problem relates to the failure of managers in achieving a common understanding of the strategies with the employees. This failure was found to be influenced by factors involving inconsistent information, diversity in individual values, and language problems.

It is clear that the inconsistency of strategy information which the managers were trying to communicate affects the effectiveness of communication severely, due to the confusion faced by the staff about the strategies. According to Rapert et al. (2002), a lack of understanding of strategies can cause misinterpretation and hamper successful implementation of strategy. Furthermore, the issue of misinterpretation is

made worse by the unavailability of a clear organisational vision and mission statement, making the staff more confused about the correct strategic direction of the company.

Interview data also reveal that employees had difficulty in aligning their values with the managers'. The major barriers seemed to involve the perceptual difference between the two parties on how to deal with strategic issues. This finding is consistent with Nam et al. (2009), who posit that diversity in individual perspectives leads to communication difficulties and misunderstanding.

The third barrier to communication expressed by the participants was language. This barrier is particularly evident in family-owned restaurants with a multi-ethnic environment. Employees laden with language problems, who do not understand strategies that their managers are trying to communicate, tend to feel reluctant to ask their managers to explain the strategies again, especially when the managers communicate a language that is difficult to understand. Consequently, a problem of strategy misinterpretation may arise (see Section 4.3.4.3).

5.5 Conclusion

The majority of the participating restaurants in this study were small businesses employing less than 27 staff and owned, operated, and managed by married couples. Many owners have no intention of passing their business on to their children or other family members. In addition, this study reveals that profitability and business expansion are not the main goals of the family businesses. Three out of five owners indicate family or lifestyle goals as their main goals, but they also acknowledge the importance of profitability of the business in order for them to be able to support their family.

In relation to the development of the business strategy, the study indicates that the majority of the owners view strategy as tactics or spontaneous action, with only one acknowledging the existence of business and functional strategies and understanding the need to carefully develop the strategies. The lack of understanding of the importance of business strategy and functional strategy development in the

participating restaurants is presumed to be the consequence of the significant roles of the owners as business shareholders, managers, and staff members in their own businesses.

The study indicates that business strategies are communicated informally through the use of spontaneous, direct and face-to face instructions rather than carefully developed action plans. The use of owners' vision to communicate strategies was prevalent, with many employees indicating that the vision and mission of the company were communicated more frequently than the strategies. However, many employees lack an understanding of the vision and mission of the business, hindering an effective strategy implementation. The study also finds that owners use a trust-based culture to support the communication of the strategies.

Due to the direct, face-to-face manner of strategy communications, employees seek clarification, make verification, and obtain feedback from their managers to ensure that they understood correctly the strategies being communicated. They also tend to rely on their observation of their colleagues' and managers' behaviours in attempting to interpret the strategies. However, as noted earlier, the employees seem to have a poor understanding of the term 'strategies'.

Since family businesses tend to be small in size and the business owners tend to have a direct involvement in day-to-day operation of the business, a close relationship between the organisational members of the family business seems to exist. This promotes the sharing of strategic information among the organisational members, enhancing the implementation of the strategies.

Lastly, this study confirms that communication-related issues hinder the success of strategy communication. Inconsistent information, diversity in individual values, and language problems seem to be the major factors causing the problems in communicating the strategies.

6 Conclusion

The primary purpose of this study was to provide an exploratory description of how strategy communication is practised in family-owned organisations. Specifically, it addresses four research questions: how family-business owner/managers communicate strategies to non-family employees, how non-family employees interpret the strategies that have been communicated by the managers, what advantage of family business structure to communication, and what barriers to communication are encountered during the implementation of strategies. These questions were proposed because, until now, there has been little research directed toward strategy communication in the context of hospitality organisations and particularly, in the restaurant business environment. By adopting a qualitative research methodology with an interpretive approach and a grounded theory strategy, the study attempted to understand the research problems from the perception of five family owners and five non-family employees.

Several major findings can be identified in this study. As advised in the discussion chapter, the majority of participating restaurants do not recognise strategies as action plans. Strategies in these organisations exist in the forms of tactics, which are developed unplanned, spontaneously, and based on circumstances. In fact, responses from restaurateurs and employees show that the tactics are communicated on-the-spot in forms of direct instructions based on to-do and not-to-do principles. This pattern of communication seems to be influenced by the structure of the family organisations. Family businesses are small in business scope and activities, allowing owners to play multiple roles in the organisations, including owners, managers, financial controller, marketing strategists, and human resource directors. As a consequence, a formal formulation of business- and functional-level strategies is not prevalent in small family organisations.

In communicating strategies, managers use both formal and informal channels of communication with a range of formal and informal control mechanisms. Informal, face-to-face interactions with staff are found to be more dominant channels than e-

mails, memoranda, or written instructions. This is due to the structure of family firms as small organisations, which allows frequent interactions between family managers and non-family employees in the workplace. The role of organisational vision and family culture in supporting the communication of strategy is also evident. In fact, family culture serves as an informal control tool that helps to align employees' behaviours toward achieving the strategic objectives of the organisations. Formal control tools that are used by managers to support the implementation of strategy involve company's work manuals, training programmes, incentives, and mentoring activities including frequent monitoring activities.

When interpreting strategies, non-family employees tend to ask for clarification and feedback from their managers when they feel unclear and confused about the strategic messages. Alternatively, when the message is unclear, employees tend to rely on their observation of manager' and colleagues' behaviours. Apart from language, however, many employees find the inconsistency of managers in communicating the strategies and diversity in individual values significant barriers to strategy communication.

6.1 Limitations of the Research

Several limitations of the research need to be highlighted. The conclusion drawn from this study may not be representative of all restaurant businesses in New Zealand, considering the small sample and the restriction to Auckland participants. Furthermore, restaurant businesses involved in this study were varied in scope, type, and age of establishments making it difficult to compare and contrast the findings. Difficulties in analysis were also enhanced by the fact that participating owners and employees did not belong to the same companies, as this was considered a privacy risk for respondents. As a consequence, it was not possible to compare a manager's perception of the organisation with an employee's perception of the firm because each restaurant reflected a different organisational structure and business environment.

Another limitation of this study is concerned with the data collection method and analysis. During the interview, the participants were not asked questions related to

the meaning of strategy and the effectiveness of strategy communication perceived by both managers and employees. Answers to these questions can help identify the scope of strategies that may be implemented in small family-owned organisations and measure the effectiveness of strategy communication practice being studied.

In addition, within this study the concept of grounded theory was loosely applied. Instead of a theoretical sampling technique, which is believed to be the principal attribute of grounded theory, the snowball sampling approach was chosen. According to Glaser and Strauss (1967), theoretical sampling requires the researcher to make decisions about what data need to be further collected and where to find these data based on theoretical requirements that have been identified from data analysis.

6.2 Implication of the Research

The practical implications of this study are that the findings provide an interesting outlook of strategy communication practice in family-owned restaurants in NZ. It was evident that the existence of strategies in small family-owned organisations is negligible, considering that strategies are unlikely to be planned nor explicitly developed by strategic managers. As a consequence, employees tend to view strategy as instructions or spontaneous tactics that are solely based on circumstances. On one hand, when employees rely heavily on instructions, they might become passive in terms of their making contribution to the organisations and, therefore, might not sense the need for being actively involved in strategic decision making of their organisations. On the other hand, family owner/managers' lack of understanding concerning the need for careful formulation of strategies might, however, prevent them from maximising the profitability and growth of their family organisation and, importantly, maintaining their business' competitiveness in the long run. It is therefore recommended that managers improve their skills and knowledge in strategic management through, for example, collaboration with strategic experts or a forum discussion to share knowledge with other business practitioners.

It was also highlighted in the discussion that, despite the important role of organisational vision in supporting the communication of strategy, many family

organisations tend to have ambiguous vision and mission statements. The unclearly defined vision and missions have apparently led to employees' misinterpretation of the goals of the company. This evidence might result in employees' confusion about what their company actually wants to achieve. This confusion is further enhanced by the inconsistent behaviours of family owners in communicating the strategies of their businesses. Therefore, for strategy communication and implementation to be effective, a well-defined vision and mission statement needs to be provided to staff, and a shared understanding between owner/managers and employees about the purpose and long-term vision of the organisation also needs to be developed. Achieving a shared understanding, however, can be done through an effective use of socialisation tools (e.g., staff orientation, training, and frequent interactions with staff), monitoring, and controlling activities of employees' behaviours. It is also recommended that managers improve the use of these tools and establish culture that can effectively support the achievement of desired strategic outcomes.

6.3 Recommendations for Future Research

The findings of this study highlight some important issues which can be suggested for future investigations. As noted earlier, the existence of tactics as strategies in small family-owned organisations was found to be predominant. It would be interesting to investigate the types of tactics that are likely to be developed in these types of hospitality organisation and the significance of developing those tactics as managers' attempts to maintain their competitiveness in the industry.

Questions related to the participants' perceived meaning of strategy and the effectiveness of current strategy communication practice would also need to be included in future studies. As previously explained, the development of these questions may reveal business strategies that this study has not yet identified and may help indicate how effectively strategy communication is practiced in organisations.

In addition, further investigations need to be undertaken using a multiple number of organisations that are relatively similar in size and scope so that results can be compared among similar organisations in a more reliable manner. The research also

raises the need for exploring the perceptions of both family owner/managers and employees working in the same organisations, since investigating two participants in one organisation could produce results that are more accurate. However, in conducting such an investigation, a consideration of the ethics and of the potential risk of participants' safety needs to be first made.

Future research relating to how managers and employees overcome the barriers of strategy communication identified in this research might be useful, since little information was obtained about this. Lastly, it could also be beneficial to examine the practice of strategy communication within mono-cultural and multi-cultural organisations, since interesting issues other than what has been identified in this research that relate to barriers to communication might be identified.

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Appendix 1: Indicative Questions

Personal Information of Participants

Date:

Code:

Age: ☐ 20-29 ☐ 30-39 ☐ 40-49 ☐ 50+

Gender: ☐ Female ☐ Male

Position in the Business: ☐ Owner ☐ Employee (please specify).....

☐ Manager ☐ Others.....

Length of Employment: ..... year(s)

Formal Qualification (if any): ☐ National Qualifications

☐ University certificate/ diploma/ bachelor degree

☐ Other (please specify).....

Family status: ☐ Family member ☐ Non-Family member

Residency Status in New Zealand: ☐ Permanent Resident ☐ Citizen

Country of Origin: .....

Name of Restaurant: .....

Numbers of Years of Establishment: .....

Number of Staff: Total Family Members .....

Total Non-family Members .....

Family Members at Management Level .....

Non-family Members at Management Level .....

Interview Outline

For Family-business Owner/Managers

Perception on Family Business

1. What attracted you to owning this business?
2. As an owner/a manager (or both), describe your role in the organisation.
3. Who has a stake in the business? Tell me about the management structure of the firm.
4. How do you see the business in the future?

Expectations on Non-family Members

1. What influences your decision to hire non-family members?
2. Can you describe your expectations on non-family members in the company?

Work Relationship with Non-family Employees

1. What is the organisational value?
2. Can you describe your work relationship with non-family members in your organisation?
3. How do you manage the behaviours of your non-family employees?

Strategy Communication with Non-family Employees

1. To what degree do you think communication in organisation is important?
2. How often do you talk about your business vision/goals to your non-family employees?
3. What tools do you use to you communicate your vision to the non-family members? (formal/informal way) How effectively do you think this works?
4. How do you formulate your strategy? Who are involved in the process?
5. How do you communicate strategies? Tell me about your interactions with your non-family employees when you communicate the strategies
    a. How do you want your non-family employees to see you as a leader?

b. How do you ensure that your non-family employees understand and execute the plans in the way you are wanting?

6. What kind of problems have you experienced with communicating and implementing the strategy? What do you think may cause these problems?

Interview Outline

For Non-family Employees

Perception on Family Business

1. What is it like to work in a family business?
2. Tell me about your role in the organisation.
3. Can you describe the ownership and management structure of the business?

Perceived Involvement in the family business

1. How are decisions made in the restaurant?
2. To what extent does your manager(s) involve you in the decision making process?

Perceived Expectations of Non-family Members

1. Do you think you know what your managers are expecting from you as an employee?
2. What do you do to make sure that you understand your managers' expectations on your work performance? Whom do you often consult or seek information from?

Organisational culture

1. Tell me about your work relationship with family members who work with you in the restaurant?

2. Can you describe the leadership of your managers/the business owners toward family members and non-family members? Is there any difference?

Strategy Communication and Interpretation

1. What does communication in organisation mean to you?
2. Has the owner /manager ever explained to you about the objectives or goals of the business?
    a. If yes, how have the business objectives been communicated (e.g., formal or informal)? How well did you think your manager communicate them?
    b. If not, how do you learn about the firm's objectives? Do you think it is important for employees to know what the business aims for? Why?
3. How does your manager(s) communicate strategies with you? What sort of communication styles do they have?
    a. How effective do you think your managers are in communicating their plans with you?
    b. How often do they change their mind?
4. Are there any family members that communicate the strategies?
    a. Is the information given consistent with the owner/manager?
    b. To what extent do they influence the way you execute the strategies?
5. What kind of problems have you experienced with communication with your managers? What do you think may cause these problems?
6. Do you think the current communication practice between the business owners/managers and non-family staff, needs improvement? If yes, in what areas?

Appendix 2: Employees Participant Information Sheet

Employees Participant Information Sheet

Date Information Sheet Produced:

27 September 2010

Project Title

Understanding the process of strategy communication and implementation between family and non-family members: A study of family-owned restaurant businesses in New Zealand

An Invitation

My name is Gita Rosalin. I am a student at AUT undertaking a research for my Master of International Hospitality Management degree. The purpose of my research is to seek information about how the family-business owner/manager in your organisation communicate strategies with you as a non-family employee in the restaurant and what communication issues you often encounter when executing the strategies.

I would like to invite you to participate in a brief face-to-face interview with me. Your valuable experience and expertise in the industry is very important to the research and it will contribute to both theory and practice. Your participation in the interview is however voluntary and you may withdraw from the study at any time prior to the completion of data collection without any adverse consequences.

What is the purpose of this research?

This study aims to explore how strategies are communicated between family-business owners/managers and non-family employees in New Zealand hospitality firms and how the owners/managers and non-family employees overcome any communication issues. This research may be published in academic journals and hospitality conference papers.

How was I identified and why am I being invited to participate in this research?

You have been recommended by another participant as an employee working in a family-owned restaurant. You are being invited to contribute to the research because your thoughts and knowledge as an experienced practitioner in the industry are very valuable and important to the research.

What will happen in this research?

This study involves a one-hour face-to-face interview at a time and place convenient to you. It will be recorded and transcribed for data analysis and you can see the transcript and make adjustments on it if you wish.

What are the discomforts and risks?

The information sought in this study involves your perceptions as a non-family employee working in a family-owned restaurant. While participation is voluntary, there is a possibility that you may feel uncomfortable sharing your opinions and experience about some of the communication practice within your organisation.

How will these discomforts and risks be alleviated?

The interview will only involve one person from each participant restaurant. The interview will be conducted at a time and place to suit you, preferably away from your workplace. Your confidentiality will be fully maintained at all times. Pseudonyms and codes will be used in any written materials, and any information that may identify you or your organisation will be removed from the data. All research material will also be stored separately from your consent

form, ensuring the protection of your safety and privacy. Nevertheless, due to the small sampling size of the research and the use of referrals, there is possibility that your identity might be identified. If you feel insecure about this, you may stop the interview or withdraw your interview answers, and withdraw from the study at any time with no adverse consequences.

What are the benefits?

The research will add knowledge about communication issues in New Zealand family-owned restaurant businesses. It is hoped that the knowledge gained will be useful for improving the communication practice in your organisation and giving valuable insights for other family-business hospitality practitioners about strategy communication. In addition, the research will help me complete my master's degree.

How will my privacy be protected?

I will keep and store all of the materials and documents that are related to you and your organisation securely and will destroy the data after six years. If you withdraw from the research, data related to you will be destroyed. Your privacy is highly protected; only my supervisors and I have access to the interview records and related documents.

What are the costs of participating in this research?

The interview will take approximately one hour of your time.

What opportunity do I have to consider this invitation?

Please take some time over the following seven days to consider your participation.

How do I agree to participate in this research?

If you would like to participate, please complete and signed the attached Consent Form and return the form using the provided envelope within seven days.

Will I receive feedback on the results of this research?

If you wish to have the summary of the research findings mailed to you, please tick the appropriate box on the consent form.

What do I do if I have concerns about this research?

Any concerns regarding the nature of this project should be notified in the first instance to the Project Supervisor, Warren Goodsir (e-mail: warren.goodsir@aut.ac.nz, or phone: 09 921 9999 ext 8374).

Concerns regarding the conduct of the research should be notified to the Executive Secretary, AUTEC, Madeline Banda (e-mail: madeline.banda@aut.ac.nz or phone: 09 921 9999 ext 8044).

Whom do I contact for further information about this research?

Researcher Contact Details:

Gita Rosalin
School of Hospitality and Tourism
Auckland University of Technology
Private Bag 92006
E-mail: gita_rosalin@yahoo.fr

Project Supervisor Contact Details:

Warren Goodsir, MIHM
Programme Leader
School of Hospitality and Tourism
Faculty of Applied Humanities
AUT University
Private Bag 92006
Phone: 09 921 9999 ext 8374
E-mail: warren.goodsir@aut.ac.nz

Approved by the Auckland University of Technology Ethics Committee on *12 October 2010,* AUTEC Reference number *10/207*

Appendix 3: Owner/managers Participant Information Sheet

Employees Participant Information Sheet

Date Information Sheet Produced:

27 September 2010

Project Title

Understanding the process of strategy communication and implementation between family and non-family members: A study of family-owned restaurant businesses in New Zealand

An Invitation

My name is Gita Rosalin. I am a student at AUT undertaking a research for my Master of International Hospitality Management degree. The purpose of my research is to seek information about how you, as a family-owned restaurant owner/manager, are communicating strategies specifically with non-family members in your organisation and what communication issues you often encounter when executing the strategies.

I would like to invite you to participate in a brief face-to-face interview with me. Your valuable experience and expertise in the industry are very important to the research and it will contribute to both theory and practice. Your participation in the interview is however voluntary and you may withdraw from the study at any time prior to the completion of data collection without any adverse consequences.

What is the purpose of this research?

This study aims to explore how strategies are communicated between family-business owners/managers and non-family employees in New Zealand hospitality firms and how the owners/managers and non-family employees overcome any communication issues. This research may be published in academic journals and hospitality conference papers.

How was I identified and why am I being invited to participate in this research?

Your organisation has been recommended by another participant that has identified you as a family-owned restaurant. You are being invited to contribute to the research because your thoughts and knowledge as an experienced practitioner in the industry are very valuable and important to the research.

What will happen in this research?

This study involves a one-hour face-to-face interview at a time and place convenient to you. It will be recorded and transcribed for data analysis and you can see the transcript and make adjustments on it if you wish.

What are the discomforts and risks?

The information sought in this study involves your perceptions as a family-business owner/manager. While participation is voluntary, there is a possibility that you may feel uncomfortable sharing your opinions and experience about some of the communication practice within your organisation.

How will these discomforts and risks be alleviated?

The interview will only involve one person from each participant restaurant. The interview will be conducted at a time and place to suit you, preferably away from your workplace. Your confidentiality will be fully maintained at all times. Pseudonyms and codes will be used in any written materials, and any information that may identify you or your organisation will be removed from the data. All research material will also be stored separately from your consent form, ensuring the protection of your safety and privacy. Nevertheless, due to

the small sampling size of the research and the use of referrals, there is possibility that your identity might be identified. If you feel insecure about this, you may stop the interview or withdraw your interview answers, and withdraw from the study at any time with no adverse consequences.

What are the benefits?

The research will add knowledge about communication issues in New Zealand family-owned restaurant businesses. It is hoped that the knowledge gained will be useful for improving the communication practice in your organisation and giving valuable insights for other family-business hospitality practitioners about strategy communication. In addition, the research will help me complete my master's degree.

How will my privacy be protected?

I will keep and store all of the materials and documents that are related to you and your organisation securely and will destroy the data after six years. If you withdraw from the research, data related to you will be destroyed. Your privacy is highly protected; only my supervisors and I have access to the interview records and related documents.

What are the costs of participating in this research?

The interview will take approximately one hour of your time.

What opportunity do I have to consider this invitation?

Please take some time over the following seven days to consider your participation.

How do I agree to participate in this research?

If you would like to participate, please complete and signed the attached Consent Form and return the form using the provided envelope within seven days.

Will I receive feedback on the results of this research?

If you wish to have the summary of the research findings mailed to you, please tick the appropriate box on the consent form.

What do I do if I have concerns about this research?

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Concerns regarding the conduct of the research should be notified to the Executive Secretary, AUTEC, Madeline Banda (e-mail: madeline.banda@aut.ac.nz or phone: 09 921 9999 ext 8044).

Whom do I contact for further information about this research?

Researcher Contact Details:

Gita Rosalin
School of Hospitality and Tourism
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Project Supervisor Contact Details:

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Approved by the Auckland University of Technology Ethics Committee on *12 October 2010*, AUTEC Reference number *10/207*

Appendix 4: Consent Form

Project title:

Understanding the process of strategy communication and implementation between family and non-family members: A study of family-owned restaurant businesses in New Zealand

Project Supervisor: Warren Goodsir

Researcher: ***Gita Rosalin***

- ○ I have read and understood the information provided about this research project in the Information Sheet dated 27 July 2010.
- ○ I have had an opportunity to ask questions and to have them answered.
- ○ I understand that notes will be taken during the interviews and that they will also be audio-taped and transcribed.
- ○ I understand that I may withdraw myself or any information that I have provided for this project at any time prior to completion of data collection, without being disadvantaged in any way.
- ○ If I withdraw, I understand that all relevant information including tapes and transcripts, or parts thereof, will be destroyed.
- ○ I agree to take part in this research.
- ○ I wish to receive a copy of the report from the research (please tick one): Yes○ No○

Participant's signature: …….....……

Participant's name: .....……

Participant's Contact Details (if appropriate):

……..

……..

……..

……..

Date:

Approved by the Auckland University of Technology Ethics Committee on 12 October 2010 AUTEC Reference number 10/207

Note: The Participant should retain a copy of this form.

Appendix 5: Ethics Approval

AUT UNIVERSITY
TE WĀNANGA ARONUI O TAMAKI MAKAU RAU

MEMORANDUM

Auckland University of Technology Ethics Committee (AUTEC)

To: Warren Goodsir
From: **Madeline Banda** Executive Secretary, AUTEC
Date: 18 October 2010
Subject: Ethics Application Number 10/207 **Understanding the process of strategy communication and implementation between family and non-family members: a study of family-owned restaurant businesses in New Zealand.**

Dear Warren

Thank you for providing written evidence as requested. I am pleased to advise that it satisfies the points raised by the Auckland University of Technology Ethics Committee (AUTEC) at their meeting on 13 September 2010 and that on 12 October 2010, I approved your ethics application. This delegated approval is made in accordance with section 5.3.2.3 of AUTEC's *Applying for Ethics Approval: Guidelines and Procedures* and is subject to endorsement at AUTEC's meeting on 8 November 2010.

Your ethics application is approved for a period of three years until 12 October 2013.

I advise that as part of the ethics approval process, you are required to submit the following to AUTEC:

- A brief annual progress report using form EA2, which is available online through http://www.aut.ac.nz/research/research-ethics/ethics. When necessary this form may also be used to request an extension of the approval at least one month prior to its expiry on 12 October 2013;
- A brief report on the status of the project using form EA3, which is available online through http://www.aut.ac.nz/research/research-ethics/ethics. This report is to be submitted either when the approval expires on 12 October 2013 or on completion of the project, whichever comes sooner;

It is a condition of approval that AUTEC is notified of any adverse events or if the research does not commence. AUTEC approval needs to be sought for any alteration to the research, including any alteration of or addition to any documents that are provided to participants. You are reminded that, as applicant, you are responsible for ensuring that research undertaken under this approval occurs within the parameters outlined in the approved application.

Please note that AUTEC grants ethical approval only. If you require management approval from an institution or organisation for your research, then you will need to make the arrangements necessary to obtain this.

When communicating with us about this application, we ask that you use the application number and study title to enable us to provide you with prompt service. Should you have any further enquiries regarding this matter, you are welcome to contact Charles Grinter, Ethics Coordinator, by email at ethics@aut.ac.nz or by telephone on 921 9999 at extension 8860.

On behalf of the AUTEC and myself, I wish you success with your research and look forward to reading about it in your reports.

Yours sincerely

Madeline Banda
Executive Secretary
Auckland University of Technology Ethics Committee

Cc: Gita Rosalin Mxj0300@aut.ac.nz

From the desk of …
Madeline Banda
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AUTEC

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