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The Incubator

# Little things that count: A call for organizational research on microbusinesses

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**Summary** The purpose of this *Incubator* is to encourage organizational researchers to attend to the most common type of business in the United States—the microbusiness. After defining and describing these businesses, we propose research questions on defining and managing performance, organizational citizenship, and work–family conflict in this novel business setting. Copyright © 2017 John Wiley & Sons, Ltd.

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*[Our employee's] car broke down and he needed a battery. We bought him a battery to go in his car. ... Corporations don't have that like/hate relationship with employees, they're just an employee, they're a number, they're digits.* - Microbusiness manager

While microbusinesses are individually very small (usually employing nine or fewer workers), these businesses account for 12 million private sector workers and 75 percent of all private businesses (Bureau of Labor Statistics, 2015). This means that three out of every four businesses in the USA are microbusinesses! Despite their prevalence and importance in both the USA and in developing countries (e.g., Frese, 2000), organizational researchers rarely study microbusinesses. The purpose of our *Incubator* is to encourage readers to expand our research to these very small, but very common, businesses.

Although "microbusiness" was coined in finance through the work of Muhammad Yunus and Grameen Bank to describe microloan recipients, today the term also describes businesses with very few employees. What counts as "very few" varies. For example, US advocacy groups (e.g., the Small Business Administration and the National Association for the Self-Employed) and some researchers (e.g., Kotey & Slade, 2005) define microbusinesses as having four or fewer employees. In other cases, advocacy organizations (e.g., Small Business Administration, Headd, 2015) and researchers (e.g., Honig, 1998) use a definition of one to nine employees. By any of these definitions, though, microbusinesses are much smaller than "small" businesses, which may have 500 or more employees in manufacturing and mining industries and $7.5 million or more in annual receipts for nonmanufacturing industries (United States Small Business Administration, 2016). Having 10 employees may be an important tipping point for particular research questions because businesses beyond this size may more typically have middle managers, fewer direct interactions between employees and managers, or other more formal management systems in place. In one example, this size cutoff moderated the effectiveness of two management strategies—creating personalized work environments and tailoring communications to individual employees—for business outcomes such as employee retention (Brawley, 2016). Researchers should consider microbusiness characteristics relevant to their research questions—such as having managers, or not—in addition to number of employees.

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As noted above, microbusinesses likely face several unique circumstances that will shift our research findings from larger businesses. Generally speaking, employees in small businesses are interpersonally close, and work environments are more informal. Like the manager quoted earlier who addressed employees' non-work needs personally, microbusinesses may rely more heavily on informal, psychological—as opposed to formal and written—contracts (Nadin & Cassell, 2007). Manager–employee interactions are also much more frequent (e.g., daily) than in larger businesses (Kotey & Slade, 2005). Notably, too, federal employment laws generally do not cover microbusinesses. For example, Title VII of the Civil Rights Act, which prohibits employment discrimination on the basis of sex, race, color, religion, and national origin, only covers businesses with 15 or more employees. Similarly, Affordable Care Act noncompliance penalties apply only to businesses of 50 or more employees. Although employers with 25 or fewer employees can receive tax credits to help cover employee health insurance costs and providing benefits could be a competitive advantage, over half of businesses with zero to five employees and one quarter of businesses with six to nine employees did not provide health-related benefits to employees in 2015 (National Small Business Association, 2015). If benefits are not provided to microbusiness employees, the pool of people who can work in these businesses may be limited to those who do not need health insurance or other benefits through their employer, such as people who can rely on spousal insurance or afford private healthcare. With all of these differences in mind, we propose that, like cross-cultural research, what we know about larger businesses might not translate to the relatively lean, informal, and personalized setting of microbusinesses. The remainder of this *Incubator* discusses several ways to expand two major areas of organizational research—on job performance and work–family conflict (WFC)—to the microbusiness setting.

## Defining Jobs and Managing Performance

Starting at the core of organizational research, defining job roles is especially difficult in microbusinesses, because these employees most likely fill multiple roles that are not clearly defined and vary considerably over time (Nadin & Cassell, 2007). Consider the job of Laura, a hypothetical salesperson for a large chain department store. It is clear what behaviors—such as selling shoes or coats, depending on her department—fall within Laura's role. However, a job may change hourly for a microbusiness employee: suppose Mike works as a salesperson for an independently owned clothing shop with one other employee and his manager. Mike's job might be described at any given moment as sales representative (including all shoes and coats on the sales floor, unlike Laura), HR specialist, accountant, tech support, marketing manager, or janitor. Despite having the same job title as Laura, drawing a boundary around Mike's job in the microbusiness—and therefore, having a stable and clear understanding of his role—will be more difficult.

In addition to defining job roles, it will be challenging to label organizational citizenship behaviors (OCBs) in these businesses. If we do not have clearly determined job roles in the first place, how can we identify behaviors that go beyond the role? If Laura cleans up a spill in the entrance to her department store, that might be an OCB. If Mike cleans up a spill in the entrance to his shop, that is just expected. While OCBs can be considered in-role behaviors by some employees even in large organizations (Morrison, 1994), the nature of working in a microbusiness likely makes some behaviors less "voluntary." Consider the case of Mike working overtime to ship out a large order from his shop on time. Mike's expectation that the other two employees will stay late to help—presumably an extra-role behavior for someone like Laura in the department store—is likely stronger than it would be in a larger business. Mike will undoubtedly know whether the second and third employees do this "OCB" and may even explicitly expect them to do so. Does this expectation imply that this behavior falls within the microbusiness employees' roles? Maybe OCBs in microbusinesses occur less frequently according to our current definitions, or perhaps they are more extreme, as employees have to perform behaviors outside of broader, vaguer job roles to qualify as an OCB. The OCB construct seems like a promising area for research in microbusinesses.



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Defining job roles and OCBs will lay a foundation for other research areas in microbusinesses, including performance management (PM) and performance appraisal (PA). Like current trends in many larger companies (e.g., Pulakos, Mueller-Hanson, Arada, & Moyea, 2015), overly formal and scheduled PM/PA could also be a poor fit for microbusinesses. This poses two major opportunities for extending organizational research. First, considering their close interpersonal relationships and informal working environments, PM/PA may look very different in microbusinesses. For example, Laura may be required to meet one-on-one with her boss once a year to discuss ratings of her sales performance. A similar meeting scheduled by Mike's manager may feel unnecessary and strange for both Mike and his manager when they work side-by-side in the store every day and could just discuss issues as they come up. Because circumstances and practices may be considerably different, organizational researchers need to first understand how PM/PA works in microbusinesses, and compare findings to traditional and more recent trends in larger businesses. As a second opportunity, perhaps there are some novel PM/PA practices in these very small businesses that could "scale up" and inform ongoing trends to improve PM/PA in larger businesses.

## Work–Family Conflict

Another major construct that may be important but different in some ways in microbusinesses is WFC. We suggest that basic bidirectional (i.e., work-to-family, family-to-work), bivalent (i.e., enrichment/interference) WFC conceptualization could fit microbusinesses, but research so far suggests that WFC sources would function differently for microbusiness employees. For example, family social ties can interfere with employee communication or help grow the business, and the business can impact family affairs, or vice versa (Arregle, Hitt, Sirmon, & Very, 2007). However, two sources of WFC—time and strain—are less strongly correlated among couples sharing a workplace and/or occupation (Halbesleben, Wheeler, & Rossi, 2012), both of which may be true in microbusinesses. Perhaps time can be divided across work and family roles in microbusinesses in ways that do not increase strain between roles. For example, if Mike works with two of his family members, discussing family vacation plans on a slow day in the store would likely not be seen as interfering with business. In fact, integration like this may be crucial for work–family balance when work and family cannot be physically separated, like in the case of in-home bed-and-breakfasts (Li, Miao, Zhao, & Lehto, 2013). While there is considerable WFC research, it does not necessarily include microbusinesses. One exception is Beehr, Drexler, and Faulkner's (1997) study of WFC in family versus non-family small businesses, which included some microbusinesses. These authors found more benefits—including higher satisfaction and commitment—and no inflated levels of interpersonal or WFCs for family employees. Although we have a well-developed and researched model of WFC, examining this phenomenon in microbusinesses may yield surprising findings.

Like defining microbusinesses in general, one challenge in studying family microbusinesses is defining them: there are many different ways to define a family business, including ownership, management, and/or multi-generational involvement by the family (Chua, Chrisman, & Sharma, 1999). And these definitions do not necessarily account for business size: both "mom-and-pop" shops and Walmart are family businesses.

## Summary

Microbusinesses pose a wide range of opportunities for organizational researchers, as well as potential for insights that can be "scaled up" for research on larger businesses. Although we suggested several prospects, this *Incubator* is only an initial attempt to detail the possibilities presented by microbusinesses. We encourage readers to pause here and reflect on your own research areas: How could these topics look or work differently in microbusinesses? How would you expect them to be the same? For example, the perceived safety factors and risks of challenging up in a



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microbusiness may be amplified: as outlined above, a more flexible and personalized work environment could offer greater openness to employee voice but fewer options should the challenge be met with disapproval.

Considering their majority presence and importance for the economy in many countries, we need to take on microbusinesses to make sure that organizational research is truly relevant to the world of work.

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