The role of SMEs in promoting formal learning opportunities: English findings from European research

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Introduction
This paper develops the themes of the symposium at SCUTREA 2008, ‘Lifelong learning after the Leitch Report: education throughout life or training for skills?’ (Weedon, Holford, Ahlgren & Tett), by presenting a range of empirical findings on learning in Small and Medium Size Enterprises (SMEs). These have been generated under the project, Towards a Lifelong Learning Society in Europe: The Contribution of the Education System (LLL2010: http.lll2010.tlu.ee) whose initial findings on policy were discussed at that conference. Whilst the work on SMEs was introduced at that conference, this paper will present empirical findings from the research. In contributing to the SCUTREA theme ‘The relationship between policy, practice and research’, the paper adds substantial empirical findings to the body of literature on learning in the workplace, challenging some of the broader aims and objectives of the lifelong learning policy agenda.

Background
Recent European (CEC, 2000), UK (HM Treasury, 2006) and English (DfEE, 1998; 1999; 2003; 2005) reports have emphasised lifelong learning in the promotion of active citizenship, social inclusion and personal development as means to develop a sustainable economy based on the knowledge society. In European policy, there has been a dominant emphasis on the investment in human capital and creating a more flexible and adaptable workforce to help shape ‘the most dynamic and competitive knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion’ (CEC 2000). This is related to initiatives to expand and improve workplace learning and formal education for employees.

In the English system, the Green and White Papers of 1998 and 1999 signalled the intentions of the Labour Government on lifelong learning, and have set the framework for much that has followed since. These initiatives have been steered most recently in England by the recommendations laid out in the Leitch Review, which brought attention to the role of employers in increasing the adult skills base in order to create a more globally-competitive UK, in which rates of productivity and employment rise and levels of poverty
fall. In this way, responsibility for workplace training is to be shared by all stakeholders including government, employers and employees. There were a number of specific recommendations made in the *Leitch Review*, including increasing adults’ skills across all levels, (including amongst lower skilled adults), increasing employer engagement and investment in skills, and establishing a view of learning as something people undertake at all levels and ages in the work-force throughout their working lives (HM Treasury, 2006).

In this view put forward, companies maintain a critical role in this area, particularly in the financing of, and subsequently in participation in, lifelong learning. Consequently, measures to increase participation in lifelong learning have to be addressed to companies, especially to SMEs, which employ the major part of the European workforce. This paper will use empirical findings to comment on the existing body of literature (e.g., Fuller and Unwin 2004).

This paper draws on six case studies of individual SMEs in England, conducted as part of the LLL2010 project. The LLL2010 project is funded under the European Union Sixth Framework Programme, which is a five-year project involving 13 countries across Europe, including Norway and Russia. The case studies examine the role that formal education plays in developing the skills and education of the workforce. The key research questions explored include:

1. How do enterprises benefit from formal adult education compared to other forms of learning?
2. In which ways do enterprises support formal adult education of their employees?
3. How are efforts and benefits distributed between employer and employees?
4. What encourages SMEs to increase their support for formal adult education of their employees?

**Methods**

A qualitative, case study approach was used. Each case study focused on an individual SME (defined as having between 10 and 249 employees). Each participating country in the LLL2010 project completed 6-8 case studies of SMEs. Certain criteria were used to select SMEs. First, SMEs in different sectors were targeted, focusing either on production (machinery/electronics, metals, vehicles, paper/chemical industries/printing) or service (business-to-business, whole trade sales). Each of the SMEs selected had to have at least one employee who was participating in formal education, or had participated in the past 12 months. The interest was in employees with a range of different educational backgrounds and geographical areas. The recruitment and selection process of SMEs involved a range of techniques, including contacts with individual SMEs, attending and presenting a call for participants at
business club events, contacts with Chambers of Commerce, Further Education (FE) colleges, training organizations such as Skills Solutions, and non-profit training agencies.

Semi-structured interviews and background documentary research, including company websites, published course material and official statistical information were undertaken. In each SME, semi-structured interviews were conducted with one or more representatives of the company (owner, manager, HR manager), one or more line managers and at least one employee participating in formal adult education (or who had been engaged in formal education in the past 12 months). The main criterion for the selection of employees participating in this study was that they were undertaking some form of formal learning. The interviews explored the general characteristics of the enterprises in terms of business and market strategy and their HRM, HRD and training policy and significant training activities. The interviews were also geared towards the companies’ experiences with formal education, regulations on and support for formal education. In all case studies, the interviews were conducted individually on the premises of each company. Each interview lasted roughly one hour and were audio-recorded. The interviews were transcribed and the transcripts were analysed thematically.

Findings
Themes emerging from the findings in England relate to the ways in which general institutional characteristics, such as appraisals, appear to hinder or promote how employees engage in formal learning, and companies’ and employees’ experiences in formal learning.

Institutional characteristics
Most of the companies had an appraisals system in place, during which it was typical to discuss the employee’s individual training needs. This varied a great deal between SMEs in England. From these different approaches, it appeared that the different appraisal systems in place in SMEs have implications for who gets trained, how and when. As an example, in one SME, a food manufacturing company, an informal appraisal system for the factory staff was institutionalised. In this particular company, roughly 50% of factory staff was unqualified and only a few employees had NVQ qualifications. The majority of the factory staff consisted of migrant workers representing 24 different nationalities, many of whom were non-native English speakers. Although the enterprise utilized government funding to support NVQs and ESOL training, the informal appraisal system did not always allow for effective communication between the factory and HR staff. Therefore, formal training tended to be organized on a fairly ad-hoc basis. Irregular staff appraisals meant employees had fewer opportunities to find information about or express interest in further training.

This appears different in another SME, a machinery and electronics manufacturing company, in which staff participated in regular appraisal
interviews aimed at identifying the needs of employees, their current role and their future. The company also held meetings every six months to track the development of the enterprise, in which all employees were involved. There were regular team briefings and directors reported visiting the factory at least twice each day. With regular communication and formal appraisals with every employee, many of the company’s employees were engaged in formal education. In the last two years, 35% of the factory staff had participated in accredited training through the *Train to Gain* scheme, which provided training for individuals doing NVQs and management training. This company managed, with the aid of tight communication between management and employees and by successfully utilizing government funding and training schemes, to involve an increasing number of employees in formal education.

The organisation and arrangements for enrolment and funding for formal learning for employees varied across companies. In some companies, employees were charged with organizing formal educational opportunities on their own. The chosen education and training opportunities were more often aligned more with the interests of the employee. In companies where the employer initiated the training, it appeared to be geared more towards the specific training needs of the firm rather than the long-term benefit of the employee or their portable knowledge.

Some, but not all SMEs had made arrangements with employees to pay back part of the course fee were employees to leave within a certain period after completion of the course. In England, this occurred most often in SMEs in the service sector, which have experienced recent rapid growth in staff numbers, high economic turnover and medium-to-high staff turnover. Companies utilized a range of techniques, from having the employee draft her own contract for paying back the company if she was to leave to another company’s detailed pay-back agreement for each year the employee was to stay after completing formal education.

*Companies’ and employees’ experiences*

Managers in England reflected on the positive benefits of training such as increased soft skills. In a metal powder manufacturer in the north of England, the HR manager stated that training was important for broadening the skills base of factory workers, enhancing their confidence and functioning as something that ‘gives [the employees] the feeling that they’re valued’ (HR Manager, company K, male). Employers also found that with employees who had been engaged in formal education, they were most likely to express satisfaction in their position and more likely to want to stay on. For some SMEs, it was important for employees to hold relevant qualifications, as these were seen to be important for customer relations and the overall reputation of the SME.
Training opportunities offered to employees were often linked to whether or not upper management supported different kinds of formal learning. In many of the SMEs, the representatives of the enterprise discussed the cost of training. For example, in a medium-size manufacturer of metals and metal powders in Northern England, upper management discussed the cost of employee day release for training, which meant providing cover through temporary work from an agency, which was an additional cost to providing the course.

High level managers also discussed the time managers spent organizing and managing HRD opportunities with providers. The managing director of a commercial cleaning company in which an employee was on an Apprenticeship scheme to achieve an NVQ2 explained:

They often come in and have to have things, document things, further information about this, that, health and safety. I mean the course that she took, I had to have a meeting with health and safety people last week which probably took a full hour of my time, basically ticking boxes and getting copies of certificates of this and risk assessments of that. (Managing Director, company G, female)

High level managers who were most resistant were critical of the gap between the individual employee’s current job role and their training. As an example, in a commercial cleaning service, there was concern that training was not necessary for the employee’s current role. An employee reflected on the managing director’s lack of support for her training:

I suppose he thinks that it’s possibly not necessary that I do [the training] because I’m already competent in doing [my job] already...he would rather have me in the office more than to have the day off [for training purposes]. (Employee, company G, female)

All companies emphasized in-house training and/or some sort of job rotation, which was considered the most useful way of providing training suitable for the job and the development of the company, as well shaping the employee to the needs of the organization.

Some companies, such as manufacturing companies, had introduced job rotation to ensure that staff were multi-skilled, could cover any position in case of illness, holiday or day release, when individuals were new to the business and to reduce boredom. One general manager explained:

We want five people to be fully competent in that particular job. So the team leader will then rotate people around...if they’ve got no experience at this job then they will start giving them experience at that job. (General manager, company J, male)
Although the preference for in-house training was motivated differently in the various companies, it was generally seen as better aligned with the needs of the company and the specific job descriptions of employees.

Overall employees engaged in formal education, even those who felt a lack of support by the company and upper management, stated that they were satisfied with their current position and felt a sense of value to the company as a result of their experiences in formal learning. Across the case studies, it appeared that highly educated employees were more likely to participate in formal learning and to initiate training. For these employees, the training courses appeared to form a well integrated part of their career plans and employees stated that they were hoping to move on after completion of the training course. Yet, the data also showed that employees from non-traditional learning backgrounds, with the right support from management, training institutions and colleagues, showed an increased interest in and enjoyed learning. An employee at a metal manufacturing company stated that his experiences in formal learning had given him the confidence to pursue further qualifications: ‘I know I can do more now. More confidence, I’ve got my qualifications, plus I didn’t think I could do it but I know I can now’ (Employee, company J, male).

However, some of the case studies highlighted a tension between the learning interests of the employees and the training supported by the employers. It was often emphasised by upper management that the learning must not impinge on the main activity of the business. This tension appeared even greater in some companies, in which the employers focused on job-specific training courses, while the employees appreciated the well-rounded understanding of their job provided by the more general external training courses.

**Discussion**

There are a number of conclusions that we might be able to draw from these emerging themes. First, across the case studies, upper management appeared less inclined to support wider workforce development and see training as drawing attention away from the main enterprise activity, whereas employees typically valued the formal training. This tended to reinforce their value to the company and improved their satisfaction. Employers valued informal learning or in-house training more as it was considered more related to the skills needs of the firm. This is related to the work of Solomon (1999), who argued that favouring in-house learning at the expense of off-the-job provision denies employees the opportunity to stand back and reflect critically on their practice. The workplace learning is rather mainly concerned with socializing employees to become certain kinds of workers and learners.

Overall, SMEs have the potential to play an important role in facilitating, funding, and supporting lifelong learning, both in the light of increased
economic competitiveness and social cohesion. However, in the light of research in SMEs, it is important to ask to what extent the current policy focus on workplace learning and human capital is overshadowing the long-term professional development of employees and wider benefits of lifelong learning?

References

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