

Kansas State University Libraries

New Prairie Press

Adult Education Research Conference

2000 Conference Proceedings (Vancouver, BC,
Canada)

Factors Influencing Active Learning in Small Enterprises

Geof Hawke

University of Technology, Australia

Follow this and additional works at: <https://newprairiepress.org/aerc>



Part of the [Adult and Continuing Education Administration Commons](#)



This work is licensed under a [Creative Commons Attribution-Noncommercial 4.0 License](#)

Recommended Citation

Hawke, Geof (2000). "Factors Influencing Active Learning in Small Enterprises," *Adult Education Research Conference*. <https://newprairiepress.org/aerc/2000/papers/30>

This is brought to you for free and open access by the Conferences at New Prairie Press. It has been accepted for inclusion in Adult Education Research Conference by an authorized administrator of New Prairie Press. For more information, please contact cads@k-state.edu.

Factors Influencing Active Learning in Small Enterprises

Geof Hawke

University of Technology, Australia

Abstract: *Small enterprises are not large users of structured training. However, they are often actively engaged in learning. Is there a framework that identifies the sorts of learning they engage in and can this be useful to guide government support? This paper proposes a possible model.*

In the last decade education and training systems in Australia and most other western developed economies have undergone significant changes that aimed to reform and restructure their provision of vocationally relevant education and training. These reforms have often been driven by the principle that they should be “industry-led” in response to the impression that pre-existing arrangements were insufficiently responsive to industry’s needs.

In Australia, despite extensive changes in content, delivery and the range of providers, small businesses remain small users of the training provided through the formal systems. Education and training authorities have explored a range of means to address what they have characterised as a “supply-side failure,” (i.e., they believe the providers have not been offering the appropriate “products” and correcting this would resolve the problem”. This has not been a successful strategy.

This study builds upon a number of earlier Australian studies in an attempt to provide a framework that might inform the relationship between education systems and small enterprises.

During 1995-6, a major Australian study investigated the factors which influence enterprises when they make decisions about training. A significant outcome of that work was the finding that size of enterprise was a critical factor governing the kind and amount of training undertaken (see Hayton et al, 1996). Indeed, the effects of size and industry overwhelmed any other differentiating factor. The study identified a range of other factors that were also influential and suggested that different patterns existed in small enterprises than operated in larger firms.

To explore the nature of those different patterns, Field (1998) examined the extensive literature that looks at small business involvement in learning. He argues that systematic differences among small businesses influence how, and to what extent, they value and encourage learning among their employees. Field’s analysis drew on a range of earlier work, especially that of Hamel & Prahalad (1994) and Hendry, Arthur & Jones (1995) but also on a number of case studies that he had conducted. Field reported that:

- The emphasis on learning varied considerably between small businesses. In some, staff are expected to be familiar with systems and technology, and to keep up to date with a wide range of products across the enterprise’s various departments. Often in such cases the main basis for competition includes customer service (and involves extensive product knowledge).
- In others, there is very little change in work practices and no technological change at all. Price, location and fast service are often seen as the keys to success. To keep costs low and work arrangements flexible, casual employees and relatives working on a part-time basis do much of the work. In these firms, there is little encouragement of learning beyond doing one’s basic job.
- It is possible to make sense of the different emphases on learning by looking at, e.g., the basis for competition, reliance on knowledge, whether staff are permanent or casual, who (in the firm) has the knowledge which contributes to business success, and a range of other factors.

- A range of learning activities may be glossed over if one adopts a narrow “training delivery” approach. At the level of the individual employee, these include discussions with product representatives; supplier-run seminars; and working in other job areas. At the level of the firm, they include knowledge introduced by staff recruited from competitors or from customers; and new approaches learnt from previous business allies.

This work has been the starting point for our own exploration. We recognise that it is not useful to regard small businesses as homogeneous and that there appear to be clear patterns that differentiate the extent to which new and continuous learning is valued by enterprises and the kinds of learning that are appropriate to them. This is not to say that all enterprises can be neatly described, rather it is to suggest that broad and useful patterns appear to be operating that can guide education providers and governments – and of course enterprises – in identifying services that can assist small businesses to become and remain effective.

Learning and Training by and in Small Enterprises

We know that, typically, employees in small businesses receive less “training” than is the case of those in larger businesses. For example, Australian Bureau of Statistics (1996) data indicates that only 18% of small (<19 employees) provide training, against 98% of those with more than 100 employees. However, when businesses do engage in training, small businesses invest more. Small employers typically offered twice as many hours of training as large employers.

A survey of Australian small business (Coopers & Lybrand, 1994) found that the two preferred methods of learning are “learn as you go” and “learn from peers, other owners or managers.” According to the authors, the basis for judgement here seems to be the extent to which a method or program is industry-specific, relevant, practical/hands-on, quick, easy and part of the job.

They found that the main reason that small business managers do not value external training is that it is viewed as “irrelevant” or “theoretical rather

than practical.” Few small business managers (less than 10%) think of skills as being important to growth & success or as helping them deal with problems and issues. Factors such as employee’s attitudes, cash flow control and economic conditions are perceived as much more important (Coopers & Lybrand, 1994).

However, these findings have to be tempered by the often restricted understanding of the meaning of “training.” In a North American study of HRD in small and medium-sized enterprises, Rowden (1995) points out how narrow the concept of HRD and training can be: “For people in these companies, HRD means a planned learning situation where participants sit in a classroom and are taught something. They simply do not view all the coaching, mentoring, OHT, informal learning and development that they do as forms of HRD.” (p 369)

Small businesses, in fact, can have advantages over larger enterprises in being the locus of learning. For example, Ghobadian & Gallear, 1996 suggest these include: the managing director is usually highly visible, and is therefore better placed to remind people of the benefits of a learning orientation; learning projects and teams find it easier to make an impact and involve people; because there are fewer specialists and fewer layers of staff, multi-skilling occurs more readily; and closer personal contacts creates an environment where critical questioning and suggestions are likely to be heard. Ackroyd (1995) sees potential opportunities in the lack of orthodox structures, the indeterminate organisational boundaries and because organisation strategy and design reflects staff competences and interests.

However, small businesses also face constraints on the extent to which learning is valued. For example, approximately 50% of small business managers had no prior small business management experience when they started the job; and approx. 50% have no post-school formal education (Coopers & Lybrand, 1994). In the small and medium-sized enterprises (SMEs) studied by Hendry et al (1995), management learning was typically ad hoc. Management learning was consistent with the philosophy of “self-made.”

As well being concerned with the learning of individual within the enterprise it is useful to consider the learning of the organisation as an entity. Some

of the central learning issues for small businesses relate to survival, adaptation and growth over a period of time. For example, learning and knowledge transfer associated with an individual over time as (s)he moves from company to company or the learning by an organisation as it passes through different stages of development.

The Nature of Small Enterprises

Small enterprises operate in almost every sector of the economy and vary widely in their needs as a consequence. Some industry sectors, for example,

have a substantial history of formal training either prior to or in conjunction with the initial stages of employment (e.g., apprenticeship). Others have no history of formal training and, indeed, value independence and individual excellence above formal qualifications. The industry cultures that include these training histories are powerful forces in shaping the nature of the enterprise. Hendry, Arthur & Jones (1995) provide a useful way of conceptualising differences between firms through the seven distinct patterns of skill structures and the supply of skills (Table 1).

Table 1 Labour market segments

<i>Skill/Labour Market</i>	<i>Characteristics</i>
Specialised skill	All employees have high level technical skills
Technical process	Two-tiered skill structure (e.g. prof & technical vs. operators & office-workers)
Flexible service	High-commitment & personal investment, strong customer focus
Unskilled mass	Large proportion low skilled, internal labour market
Professional market	Highly stratified, little or no career path, industry-recognised credentials
Flexible casual	Core + high % casual employees
Unstable labour market	Continual high turnover; job design to minimise skill requirements

Importantly, too, family and friends play an important part in the social networks of many small businesses, but this can greatly limit learning. In many businesses, it is important to move beyond these immediate contacts and establish sources of independent information and advice – for example, bank managers, accountants, consultants, and industry groups. According to Callus (1994), accountants are the single most influential source of information and ideas for small business.

A Proposed Framework

We have drawn upon this body of knowledge and our own experience in working with enterprises to propose a possible framework that might guide further research but also the points at which, and the manner in which, governments and providers might seek to interact with small businesses. Importantly, this framework is yet to receive empirical verification.

The framework is built around two key questions. Firstly, “what motivates an enterprise and its staff to seek new or further learning?” And, “what factors shape the kind of learning, its content and

processes, that are valued or required?” For each, we suggest some possible implications.

What Motivates Learning?

New employees. New employees require orientation to, and familiarisation with, the enterprise and its products, services and culture. They also bring with them new ideas and new knowledge that can challenge the knowledge base of the existing staff.

Positive indication. For the new employees, the majority of learning will be enterprise-specific and not amenable to being provided by generic training programs. Rather, enterprises need assistance with effective techniques for efficiently transferring “know how.” However, in organisations where turnover is high and continuous, more formal training programs, offered on a regular basis, might be possible.

Critical incidents. These situations arise unpredictably and typically require a rapid, problem-focused response. Information gathering and analysis skills are important to effective learning in these situations. Small organisations, being more vulnerable to minor disturbances, experience crises more

acutely (and more often) than would be the case in a large organisation.

Positive indication. This suggests that the forms of assistance most suitable to small enterprises would involve preparing them to deal with critical incidents when they arise rather than seeking to assist learning at the time. However, small organisations are typically reactive rather than proactive and rapid response assistance (e.g., help lines) might be a more feasible approach.

Knowledge or Skill-Intensive Products or Services

The nature of some small businesses is such that a high level of knowledge or skill is essential to business success. For example, many professionals operating their own practices depend almost entirely on their own expertise. Customer expectations are important in assessing how important knowledge is to success.

Positive indication. In this case the need to maintain current knowledge or skill implies continuous learning must occur. For such circumstances, regular, short, courses offer an efficient means of assisting learning when the needs involve significant groups of people with similar needs. In other circumstances, effective means of accessing the current body of knowledge could be provided, possibly supplemented by individualised support where required.

Negative indication. Where knowledge is not an important element of business success, then other factors such as speed of service, employee attitude or cost are likely to dominate. In these circumstances, a learning focus is likely to be of less value than strategies such as process re-engineering or improved selection processes.

Rapid Changes in the Knowledge/Skill Underpinning of the Industry Sector

For many sectors, the knowledge base has undergone (or is undergoing) substantial and rapid change. Occupations, products and services have disappeared or been significantly restructured.

Positive indication. In such enterprises, there is once more a need for a continuing process of re-learning and updating. In these circumstances simi-

lar responses to that of the preceding paragraph seem appropriate.

Operations That Involve Danger or Liability

The importance of having staff who are fully aware of safety precautions and safe-working practices is obvious. Moreover, the increasingly litigious inclination of society now means that staff need to be formally certified as to their knowledge of, and competency in, operations and processes that involve danger to themselves or others.

Positive indication. In these circumstances, it is usually required that externally-provided courses must be completed and, often, that formal assessment and certification is involved.

Learning Orientedness of Partners and Allies

When other closely related enterprises actively engage in learning, this has spin-off impacts on their partners. In some cases, powerful customers are requiring that their suppliers join in their training arrangements and/or require that they achieve certain levels of quality management or other certifications. These, too, demand new learning.

Positive indication. The kinds of learning involved here will vary according to the extent to which the influence is formal or informal.

Changes in the Political, Legal or Cultural Context of the Enterprise

Such changes can be one-off occurrences (e.g. the introduction of new licensing requirements) or more evolutionary such as changing attitudes to environmental sustainability.

Positive indication. One-off occurrences may be best satisfied by centralised, specific training programs, materials or public education approaches. Alternatively, methods including pre-service programs or continuing support for internal learning arrangements could be considered.

Scope to Develop/Acquire New Knowledge

Enterprises vary greatly in the degree to which the acquisition of new knowledge is facilitated. Sometimes attitudinal factors are operating and sometimes the structure or processes of the operation are involved, e.g. in a café with rapid turnover of casual staff, little opportunity exists for staff to develop.

Positive indication. Likely to be responsive to availability of a range of support, including short, tailored courses and public programs leading to qualifications.

Negative indication. Probably little interest in external provision unless other factors operate.

What Structures Learning?

Scope to share knowledge within the organisation. Many enterprises operate around a set of structural barriers to knowledge sharing. In small businesses, the owner/manager often holds all the corporate knowledge. Other enterprises demonstrate formal knowledge-sharing systems, e.g. case conferences.

Positive indication. Learning within the organisation will be valued and the extent to which external support may be required will be dependent on the extent to which useful knowledge exists (and is recognised as existing) outside the organisation.

The Quantity and Characteristics of the Knowledge Used by the Enterprise

The two central features here are the extent to which the knowledge is enterprise-specific versus generic and the extent to which the volume of relevant knowledge is manageable by the organisation. The more the knowledge is generic, or the greater the volume, the greater the contribution that can be made by external training.

The Educational Level of Employees

The prior educational experience of employees can constrain or enhance the range of learning approaches that may be appropriate. In particular, the extent to which autonomous learning is feasible will be affected. Where significant changes to the core knowledge are required but prior educational experience is low, basic educational support may be required from external agencies.

The Availability of Learning Programs

In some industry or occupational sectors, extensive learning programs have been available and are readily accessible. In such cases, it is likely that they will be utilised by small enterprises. However, in other areas, no such provision exists and a culture of

“do-it-yourself” or disdain for formal learning may have developed. In these cases, changes in attitude are unlikely to occur rapidly and simply providing appropriate programs is unlikely to succeed.

The Learning Infrastructure Available to the Enterprise

Beyond the availability of programs, some sectors have an established learning infrastructure – the use of pharmaceutical representatives to bring new knowledge about products and processes to doctors and pharmacies, for example. Where these are well established, it may be best to enhance and build upon these rather than to challenge them. Where they are not, it could be useful to explore how support might assist the creation of such systems.

Owner/manager’s Attitudes

This appears to be a crucial determinant of the extent and nature of learning in small enterprises, especially. In particular, the owner/manager’s attitude towards formal learning and qualifications will shape the enterprise’s stance toward any form of structured learning. As well, the owner/ manager’s attitudes towards governments will shape the organisation’s response to any attempt by government-supported agencies or programs to provide support or otherwise intervene.

Implications for Research

The fourteen factors identified above have been identified on the basis of, both, an examination of the literature, and our experience in working with enterprises. However, there is yet no explicit empirical support for our supposition that they represent the key factors in differentiating the learning needs of small enterprises. Moreover, some of these appear to be equally relevant to large enterprises and may play a more generic role in setting the learning needs of enterprises.

In addition, there is a further need to explore the links between each of these factors and the learning process in small enterprises in more detail. To date, the majority of research examining learning and training in small enterprises has involved either case studies or large-scale surveys. These frequently do not come to grips with the interaction between the characteristics of organisations and the nature of

learning within them. A more rigorous but broadly-based understanding of these details now needs to be developed.

References

- Australian Bureau of Statistics (1996). *Education and Training in Australia*. Canberra: Australian Bureau of Statistics (ABS).
- Ackroyd, S. (1995). On the structure and dynamics of some small, UK-based information technology firms. *Journal of Management*, 32(2), 141-161.
- Callus, R. (1994). *Research priorities for small business*. In *Research priorities in Vocational Education and Training: A discussion*. Brisbane: ANTA.
- Coopers & Lybrand. (1994). *Training practices and preferences of small business in Australia: A report for vocational education and training providers*. (Report commissioned by ANTA).
- Field, L. (1998) Shifting the focus from “training” to “learning”: The case of Australian Small Business. *Australian Journal of Vocational Education Research*. 6(1), 49-68.
- Ghobadian, A., & Gallea, D. (1996). Total quality management in SME's. *Omega: The International Journal of Management Science*, 24(1), 83-106.
- Hamel, G., & Prahalad, C. (1994). *Competing for the future*. Boston, Mass: Harvard Business School Press.
- Hayton, G., McIntyre, J., Sweet, R., & McDonald, R. (1996). *Enterprise training in Australia: Final Report*. Melbourne: Office of Training and Further Education.
- Hendry, C., Arthur, M., & Jones, A. (1995). *Strategy through people: Adaptation and learning in the small-medium enterprise*. London: Routledge.
- Rowden, R. (1995). The role of human resource development in successful small to mid-sized manufacturing businesses. *Human Resource Development Quarterly*, 6(4).