

**LACK OF SKILLS OR LACK OF PROVISION:  
FORMULATING A STRATEGY ON NEW FORMS OF SME TRAINING DELIVERY**

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## Abstract

In our previous papers (Mukhtar and Redman 2000, 2001), we focused on Small and Medium Sized Enterprises' (SMEs) owner/managers' attitudes to the provision of training for SMEs and their employees' qualifications. The findings show a low acceptance of formal training provision, mainly because such provision is often perceived by these owner/managers to be supply rather than demand led (Mukhtar and Redman, 2000). When the level of informal, or 'on-the-job' training and the reported level of actual employee skills was assessed, a significant level of 'unrecognised' employee skills in the SME community was highlighted (Mukhtar and Redman, 2001). It was concluded that SMEs and training providers should seek to design more informal customised training programmes for SME employees if these businesses cannot afford a more formal training programme. This paper builds on these findings. It reports on the preliminary findings from a pilot project that aims to address some of the discrepancies, and perceived shortcomings, in SME training provision. This should lead to formulating a strategy for policy deliverers that supports informal learning and training to enhance SME involvement.

## Research Background

A major focus of at least half of all UK SMEs is now almost exclusively on the acquisition of skills related to the job, without recourse to 'formal' training initiatives, whether occupationally- or academically-based. However, The dilemma facing many SME owner/managers is that they recognise that training produces results, and there must be proactive involvement by the business management, but the time and cost involved in producing any formal training strategy is often inhibitive. In addition, much external training provision was perceived to be badly timed, too costly, beyond their understanding; or the owner/manager did not 'trust', and had no faith in, the training initiative being undertaken. When training was instituted, principally in an *ad hoc* manner, the largest proportion of businesses preferred it to be delivered either internally (34.5%) or through a mixture of internal and external provisions – a 'mix' of both (46%), that overwhelmingly suggests that poor uptake of formal training among SMEs is due to the inherent perception of small business owners (and managers) that 'external' training provision does not meet their needs<sup>1</sup>.

However, it must be said that the reasons for this perception are less well understood. Our earlier findings show that SME owners and managers preferred to solve their training needs internally ('sitting by Nellie') and were uncomfortable with the idea of an external review or external advice, with an overwhelming majority (63.1%) rejecting such a suggestion completely. At least for micro businesses, informal training is an integral part of their policy. Of the 36.9% who had used external assistance in the past, 78.5% had tended to opt for independent consultants, and 81.3% for government agencies (Mukhtar and Redman, 2001)

These results are consistent with other research that has since emphasised the need to acknowledge the function of training and learning in SMEs, and to evaluate the reality of much of the research on this issue. The Small Business Council Report 2002 comments: 'It's a myth that small businesses do not train – there are many reports looking to measure the

training provided by small businesses. A possibility is that much of this research records training that results in a formal qualification – whereas much of the training provided in small businesses is informal. Almost all employers provide some training. In addition to basic skills provided to trainees/apprentices, firms usually provide an induction process, training in regulated areas, extension of current skills and introduction to new services, processes, machinery, etc. Much of this occurs simply because businesses have to change and evolve in order to survive. But much of this training will not result in a formal qualification.’ (SBC Annual Report 2002).

Our findings are further supported by the Small Firms Enterprise Development Initiative (SFEDI). The report ‘Small Businesses: Skills Assessment 2002’ defines nearly 30 criteria that set out the specific challenges for the development of a small business-friendly policy on SME training, that must be overcome and met if a meaningful dialogue is to continue. These can be summarised as follows:

- Any SME learning, training and development agenda must be transparently relevant to the business. It must be integrated with the daily activities of the business and pertinent to the issues that confront it.
- It must take real account of the significantly shorter planning times in SMEs. The smaller the business the less formal the management of the business and the less time is available for planning.
- It must recognise that SME learning, training and development are relatively low priorities in the business. Small businesses do not make their greatest investment in learning developing management and leadership skills.
- The greater the participation of an owner-manager in the day-to-day operation of their business the more impractical it is for them to participate in training activities during working hours. Time off work for learning by owner-managers or key workers is an even greater constraint. Training and development opportunities therefore need to be available in the evening and at weekends.
- Learning activities need to be available in ‘bite-size’ units of about 15 minutes in order to be appropriate to owner-managers.
- Business start-up, Investors in People and similar programmes will not be considered unless highly subsidised or free at the beginning. But businesses that experience the benefits of learning, training and development in terms of improved employee motivation, staff retention, etc., are more likely to be willing to pay for such activities. Engagement will be greater if small businesses are encouraged to identify the benefits that they can derive from these activities rather than the discussion of benefits being restricted solely to immediate financial performance
- Engagement of small business with learning, training and development activities should follow the ‘natural contours of their business world’. It may occur via individual advisors or organisations but must recognise that many small businesses can learn from each other. Bringing small businesses into learning clusters is an effective means of increasing learning between small businesses. A preferred learning method for owner-managers is from the experience of other small businesses.

- The effectiveness of learning, training and development material for use in the small business environment will be more effective the more they replicate the informal, experimental learning styles that small business personnel prefer, and the more they are based on active learning. An action learning approach is more effective than more passive alternatives. Experimental forms of learning are preferred by owner-managers to formal, 'chalk and talk' training. More effective learning occurs in start-up and small businesses if the learning is directed at solving problems for the business.
- The mentor is a more important influence than the mentoring materials on the effectiveness of small business mentoring. Learning materials are more effective if they are in plain English.
- Owner-managers in new businesses are relatively computer literate when they have completed a business start-up programme, and the next generation of small businesses will be able to utilise e-based learning.
- Small businesses enjoy recognition but do not engage in programmes and other development activities for that reason, and owner-managers will seek help from those they know and trust. (SFEDI 2002)

All the findings highlight one key message - it appears that there is still conflict in the minds of the majority of SME owners and managers as to what the benefits of external training provision are in comparison to their own on-the-job training, and perhaps more importantly, how such training should be co-ordinated and resourced.

In their attempt to address these issues, through the implementation of new methods of training, particularly for the micro business, the UK Government, in contrast to many European Union States, does not necessarily recognise SMEs through the more formal 'Social Dialogue'<sup>1</sup> process that consists of employer and employee representation. Whilst small business representative organisations were consulted, the UK consultation process has been led primarily by the CBI and the TUC. For example, in the CBI/TUC Submission to the Productivity Initiative (October 2001) the four key areas of Investment; Skills; Technology and Innovation; Best Practice, were identified. In each case a Working Group was established, chaired by either TUC or CBI, with representatives from both organisations, and from the Regional Development Agencies, the Learning and Skills Council, Small Business Service, Council for Excellence in Management and Leadership, National Training Organisation National Council and the academic world.

The conclusions of the report on Skills, that 'the priorities are to tackle the basic skills problems of individuals; increase the proportion of adults with level 2 qualifications and increase the take up of Investors in People by small organisations' (CBI/TUC, 2002), suggests

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<sup>1</sup> The European Commission approved a 3-year Project to examine SME Training under the title of 'Futurisme' in 1998. The 'full participation' in the Social Dialogue is at the heart of the European Commission's Objectives for the 'Futurisme' series of Conferences that now run over the period 1998 – 2003. The Final 'Futurisme' Conference in Brussels in May 2001 provided an opportunity for both small firms' employers and trade unions (through UEAPME and ETUC) to suggest recommendations to Pillar III of the programme 'Anticipating Changes in the Labour Market: Preparing for New Contents and Forms of Training'.

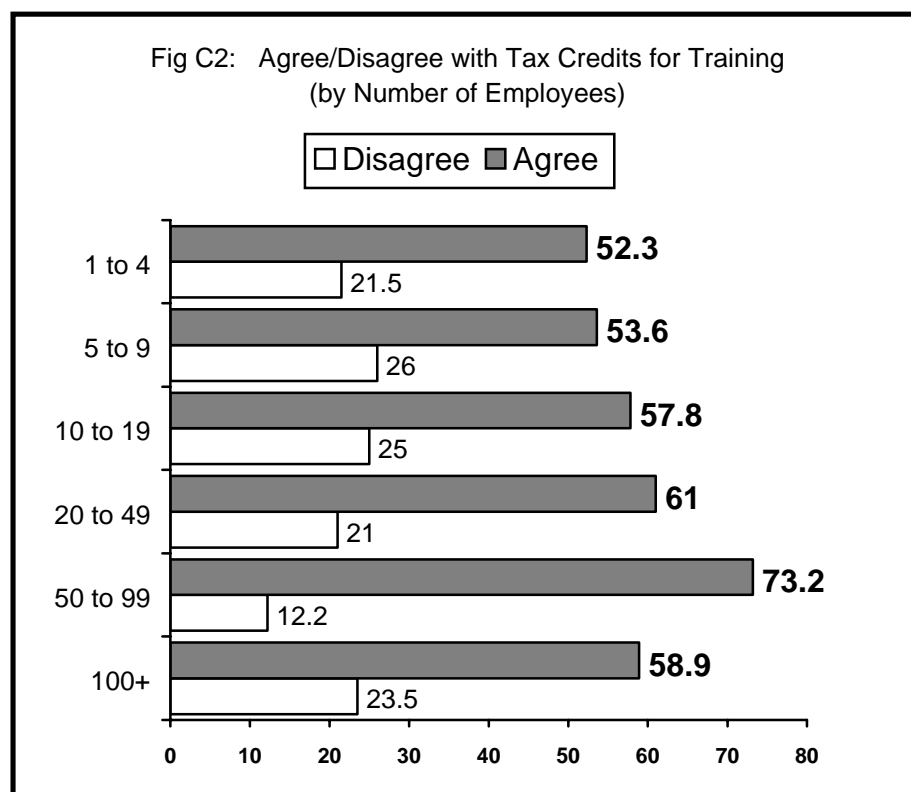
significant emphasis on the ‘formal’ processes of training that we have shown in our previous research are not necessarily suitable for SMEs, especially those in the micro business sector. The ‘Framework of Actions for the Lifelong Development of Competencies and Qualifications’ produced by the consortium of the European Trade Union Confederation (ETUC), the Union of Industrial and Employers’ Confederations of Europe (UNICE/UEAPME), the European Centre of Enterprises with Public Participation and Enterprises of General Economic Interest (CEEP), sets out the criteria for success, in addition to the Social Dialogue, as:

- each enterprise making the development of its employees’ competencies crucial for its success;
- each employee making her/his own competencies development crucial for the management of her/his working life;
- the State and local communities fostering learning opportunities in the interest of competitiveness and social cohesion.

What these criteria do not suggest is a formal measurement of informal learning inherent to SMEs. The need to achieve ‘level 2 qualifications’ can only be through formal process.

The recommendations of the CBI/TUC report that for employees, with low or no qualifications, there should be tax credits for employers involved in basic skills education and for employers providing support for employees to achieve their first level 2 qualification, as well as a tax credit for small organisations to obtain the Investors in People Standard, again suggests that fiscal solutions are perceived as the incentive to greater SME employer ‘engagement’. However, the Forum of Private Business Quarterly Report for Q1/2002 suggests that this is not perceived to be entirely acceptable. In this survey respondents were asked if they agreed or disagreed with the introduction of tax credits to be allowed against their expenditure on employee training by external providers.

The aggregation of the degrees of ‘agreement’ and ‘disagreement’ (extracting ‘neutral’ responses) shows the variation in support for the introduction of ‘training’ tax credits between the different sizes of business. Generally, the larger the business, the greater the agreement with the principle of tax credits. The greatest support comes from the medium range of small and medium sized enterprises (50 to 99 employees). It may well be that for the smallest businesses the perception of return is low, and the prospect of possible additional bureaucracy is a significant barrier to acceptance. However, it must be said that overall there is only 56.6% support for the concept of tax incentives for employee training.



Source: The Forum of Private Business

Our concern therefore with the role of the Social Dialogue in the formulating of decisions on policy, particularly for SMEs, is very germane to this discussion on learning and training in SMEs. If small businesses themselves are to be considered, it is vital that they are an integral part of the process, and it is only through their recognition as Social Partners in their own right that their very different needs will be pro-actively evaluated.

The ideology of the CBI/TUC suggests that their recommendations must be taken forward in the UK through action by 'Government, employers, Trade Unions and other stakeholders' (CBI/TUC, 2002). The evidence shown later in this paper suggests that micro businesses have little confidence in Trade Union understanding of small businesses, and by and large they have little contact with the CBI, which is often regarded as more representative of big businesses. Recognition of small businesses' representation as Social Partners has been accepted by the European Commission through the inclusion of UEAPME (the pan-European Association of SMEs) in the Social Dialogue, and the cause of small businesses can only be advanced by similar inclusion in the UK process.

## **Objectives of the Study**

The Merseyside pilot project was envisaged as a response to the findings from our previous research on SME employee skills (Mukhtar and Redman 2000, 2001) as well as a progression from the initiatives outlined by the Department for Education and Skills in the Employment Bill 2002. This created statutory Trade Union Learning Representatives (ULRs), and the pilot conceived the principle of the 'engagement' of SME employers, specifically in 'micro' businesses (less than 10 employees) through the development of peripatetic activity of ULRs. The concept of Trade Unions working directly with SMEs is an unfamiliar one for both groups, as micro business employers traditionally have little contact with Trade Unions and vice versa.

The pilot project was introduced by setting up a dedicated Focus Group of SME owner/managers, who set the parameters of the project content, and defined the objectives of the ULRs. The fundamental need for micro businesses was to complement their own 'on-the-job' training with structured support in a place, and at a time, convenient to the business in the workplace itself.

The discussion centred upon how the stakeholders might initiate funding applications, the development of interactive research methodology, including practical diagnostic procedures for training assessment and evaluation. At the conclusion of the participation of each micro business in the project, employers will be asked to evaluate the effectiveness of the 'peripatetic' ULRs, and their relevance to the individual business. This will be analysed and reported back to restructure project development where necessary. Advice on individual employee training needs should be monitored to ensure conformity to the recently established Matrix Information and Guidance standard.

It is hoped that the final results from the pilot will contribute to discussion on an alternative methods for SME 'in-house' training assessment, and training provision that will take advantage of emerging co-operative guidance, developed with the help of both SME employer (FPB) and employee organisations (TUC). This model would strengthen the role of SMEs in future Social Dialogue discussion.

## **Methodology**

In order to address the SME training issues alluded to above through a pilot study, and to determine the basis of the pilot, a partnership was set up between the Forum of Private Business, Greater Merseyside Enterprise and the Trades Union Congress (Merseyside). It was agreed to initiate a 'workshop' discussion with both providers and micro-business owners on the development of the Project objectives and content under the title of 'Micro Business Learning and Training'.

The 2-hour workshop comprised representatives from 16 micro businesses; from the FPB, GME and TUC Learning Services, as well as from Learning North West, Manchester Metropolitan University, Wirral Metropolitan College and the North West Universities

Association. This workshop set parameters for further research work in the Project that would develop face-to-face interviews with a series of Merseyside micro businesses, and determine their reaction to the proposals confirmed by the workshop. What follows are initial findings from these workshops and interviews.

Given that 90% of respondents employ less than 50, with 47.7% employing less than 10 people, it was decided to focus the research on the micro business sector, and to consider a limited local pilot group (Merseyside) in order to provide the opportunity to gather qualitative responses, rather than the predominantly quantitative evidence as examined in our previous 2 papers.

### **Initial Findings**

Delegates suggested that there is a fundamental issue in the definition of ‘training’, as opposed to ‘learning’, within the micro-business where informal or ‘on-the-job’ training prevails. Addressing the skills problem has inevitably been seen as a function of training with a measurable improvement of performance most frequently accompanied by qualification. The role of informed personal learning is difficult to identify and provision of support for this process must of necessity be individual rather than generic – the ‘demand’ driven rather than the ‘supply’ driven process as outlined in FPB research.

The role of ‘learning’ needs to be explored in relation to possible provision of support to micro business employers and employees. This principle relates to the Government and European Commission’s work on ‘Lifelong Learning’ and ‘Workforce Development’.

There was agreement from participants in both verbal and written form with the findings expressed earlier in this paper that many small businesses did not have a defined ‘formal’ training policy (66% of those responding to the question did not have such a policy) although some micro-businesses did have a defined induction process for new employees. In one instance, a training matrix had been developed to track individual progression, and this concept would certainly be worth further exploration. There was an essential need for micro businesses to motivate their employees by providing the basis for progress and ambition. However, it was also recognised that such ambition would by definition, have to be personal, rather than career orientated, as any career path in a micro business would be very limited. Employee motivation is more likely to relate to greater interest and involvement in the success of the business itself.

An open management style and familiar employer/employee relationships were essential for these businesses and there was an expressed need for the business to be a ‘learning organisation’. Training was seen to be only a part of the effective management process, and mention was made of a revised route to IIP that would offer a ‘stepped’ process suitable for micro businesses. There was a feeling that inability to participate in the full IIP process created the impression of being a ‘pariah’, but at the same time most micro businesses did not have the resources to compete for the full procedure.

Recruitment policies ranged from employing known candidates, to a reluctance to take on young people because of the need to implement more comprehensive training. However responsibility for learning development was seen to rest firmly with the individual employee. Management could facilitate and encourage and offer a form of 'mentoring' or life-coaching but the importance of self-learning was emphasised. The establishment of a network of micro business coaches/mentors was suggested and this concept could well be pursued. There would be a need to identify suitable 'mentors' and provide a resource to enable the network process to be established.

The problems associated with formal training provision emphasised the findings in our previous research (Mukhtar and Redman 2000, 2001) that suggested training courses were not always relevant and were costly in time and resources. Management problems also included the difficulties in keeping up with new provision developments, as well as compliance with new practices introduced particularly by employment legislation. There was continued emphasis on the confusion created by the overabundance of formal provision, not only in the content, but in the identification of a responsibilities of the various Agencies, for example, Learning & Skills Councils, Basic Skills Agency, Trade Union Learning Representatives, Business Link Advisers, Enterprise Agencies, Local Authority support and others.

The possibility of a form of 'peripatetic' training adviser was seen as a positive move to assist in the identification of 'real, affordable and practical' support, although there was considerable reservation about the role that Trade Union Learning Representative could play in developing this form of support. Only 20% suggested that Trade Unions might play an intermediary role for SME employees, and 40% felt that, although there was a possibility in this suggestion, they did not know how it could be implemented.

The concept of the participation of Trade Union Learning Representatives with micro businesses had not been considered, principally because the image of Trade Unions appeared to have little relevance to SMEs, and it was admitted, the functional involvement and co-operation of both parties had not been seriously contemplated. This is certainly an area for consideration, given Trade Union expertise in workforce development, but there are substantial policy positions and traditional perceptions to be overcome if this possibility has even a minimal chance of getting off the ground.

When the funding of training was considered, concern was expressed by delegates that evidence suggests that some 93% of SMEs had not claimed funding entitlement that could be available for their formal training provision. There was an urgent need to publicise the availability of funding, as well as the type of training needed, Above all, there was no identified funding for the informal training so prevalent in micro businesses. The complexity of schemes within the remit of the delivery providers added to the confusion for micro businesses, and a significant plea was made for the simplification of scheme or course information. The attraction of a 'network' support function was again emphasised and the introduction of this development was widely supported, irrespective of whether the administrative/management base was provided by the local LSC, Enterprise Agency or Trade Union.

On assessment procedures, there seemed to be significant consensus that such diagnostic processes were essential to the development of the business, with comments on their role such as: 'Assessment vital through the requirement of the various company tasks and their suitability to meet their tasks'; 'Updated training needs analysis as IIP'; 'Job evaluation/training needs analysis': 'Appraisals internal and external through customer QA review and equality of opportunity', although, again, the view that employees could be more self-motivated came with: 'Self-identification. Obvious need (e.g. new products).'

When external training provision was discussed, it was interesting that the bulk of delegates felt that such provision would meet their needs (80% agreed that the training needed is available from external providers), although this was very much qualified by the view that it would depend on specific technical skills requirements and a real relevance to the job.

Conclusions from the workshop were that:

- The implications of 'learning' or 'training' for micro business 'on-the-job' workforce development should be better understood.
- Consideration of a training matrix model to assist diagnosis of training needs.
- Introduction of a 'stepped' or staged process for IIP for micro businesses.
- Development of mentoring for employees' lifelong learning.
- Creation of networks of micro businesses to promote mentoring.
- Develop use of 'peripatetic' trainers.
- Publicise more effectively the training funding opportunities for micro businesses.
- Provide information on learning/training support available from Trade Unions.

### **Implications for Policy**

These findings show that there does seem to be an opportunity here, particularly in the light of Trade Unions' expertise in the training programmes of employees, and in their focus on employee development. The Council for Excellence in Management and Leadership again seems to confirm this possibility in their recommendation for 'sign-posting' by a competent 'mentor': 'Entrepreneurs are very 'time poor' – having stimulated initial interest and enthusiasm, it will be crucial to capitalise on this effectively and immediately. A sign-posting system will enable the entrepreneur – with a self-chosen individual, if they wish – to identify development opportunities, including informal options.' (CEML, 2002)

The Council's suggested blueprint would:

- Be accessible through multiple points of contact.
- Include informal as well as formal development opportunities.
- Be available in different ways, including on the Internet.
- Be free to entrepreneurs, providers and others.
- Include non-qualification opportunities as well as qualification courses.
- Be qualitative so that entrepreneurs could make informed decisions.
- Describe learning opportunities in laymen's 'outcome' terms.

The need to re-evaluate the relationship of Trade Unions to SMEs was seriously considered by the European Trade Union Confederation in the report 'ETUC's Activities on SMEs' that states: 'The first aim which trade unions have to set themselves is that of making trade unions more widely known, and of raising awareness of trade union action and its benefits among workers in small and medium enterprises. This aim is all the more important in that these workers often harbour prejudices or fears of trade unions, and see no place for them in their lives. In many European countries, trade unionism, which often arose in large enterprises and is always mainly active in companies of this type, often struggles to understand the situation of workers in SMEs. Furthermore, the language, organisation and practices of trade unionism are not always well understood by these employees.' (Blassel 2001).

However, it could be that the diagnostic tool developed by the Council for Excellence in Management and Learning – BITE (the Business Improvement Tool for Entrepreneurs) - could take away some of the SME suspicion of the hidden agenda for Trade Union Learning Representatives. CEML describes the effect of BITE as working well 'where advisers, mentors and intermediaries accepted BITE for what it was, an informal tool to help the entrepreneur identify their development needs, which mimicked the world of the entrepreneur. Where it didn't work well was where advisers were seeking to over professionalise it and trying to view it as a whole business diagnostic.' The impact of BITE could be that by 'focusing on the personal development needs of the entrepreneur it had the potential to take the adviser out of their personal comfort zone. Dealing with 'business issues' allows advisers to depersonalise the discussion, or at the very least reflect issues for improvement on employees other than the owner manager.' (Davis, 2002). In this way, the concern becomes one for enhancement of business profitability, rather than apprehension of 'unionisation' of the workforce.

A recent survey on the function of the local Learning and Skills Councils by the British Chambers of Commerce and the CBI emphasised the importance of the delivery of improvement to basic skills, especially literacy and numeracy, to ensure young people were fit for employment. The CBI survey showed that 24% of employers were dissatisfied with the key skills of school leavers and 21% were dissatisfied with their attitudes. Government statistics show that 19% of 16-25 year old have poor literacy and numeracy skills (BCC, 2002). The BCC continue: 'Our survey had an unusually low response rate (4%) and we are concerned that this indicates a lack of employer engagement with LSCs. While 73% of respondents had had some form of contact with an LSC, 81% indicated that the LSC had added little or no value to their organisation...Information, advice and guidance services for businesses need to be managed and integrated across LSCs, the Small Business Service, Sector Skills Councils and Regional Development Agencies.' (BCC, 2002)

This shortcoming may account for the fact that when the training of young people was considered, as might expected from the workshop delegates, there were a wide range of training methods used, from the explicit attempt to avoid the necessity of the development of training for young people by recruiting mature people, to full staff appraisals. Comments from delegates included: 'no young people employed. New staff generally mature having gained skills at previous employer. Do have induction and review procedures', and: 'regular

experienced staff only employed at present using specialist skills gained over many years. Should we have occasion to take on younger employees we have training procedures in place as an integral part of our health and safety training procedures' to the careful assessment of young employees: 'for young people a training evaluation and skills needs analysis training plan' and: 'new staff are introduced through basic induction, containing development plans. Appraisals and CPD'. Continuing training was again based on assessment: 'through TNA (training needs analysis), appraisals' and: 'Look at skills/knowledge required for full functionality and increase skill base. Talk to staff about their need and future aspirations'. The speciality needs were also considered: 'ongoing training plan for new methods of working. Ongoing H & S Environmental training', as well as the motivation for employees to take on their own responsibility for learning: 'by encouraging them to self-teach'.

In a recent SFEDI workshop, it was suggested that it may be that we simply have to live with diversity and accept that small businesses cannot be fully classified. 'Rather, we could classify what we are talking about when we are going in there or what we are writing about. Let people understand what specifics we are addressing. There is then, though, a problem with diversity if this conflicts with using common methodologies that can allow us to generalise from what we learn. A lot of research is about owner-managers and entrepreneurs. When we go to talk to a small business are we talking to the owner-manager and assuming that equals the business? What are the views of employees in the business and do we really understand what employees need in small businesses?' (Paul Hannon, Leicester Business School, SFEDI Workshop 2002).

### **Recommendations from the Merseyside Project**

Much of the evidence outlined above was confirmed, in a series of face-to-face interviews with micro business owners, as part of the Merseyside Project research. These interviews are still being conducted and final recommendations will contribute to the future progress of the Project.

The interviews already held have demonstrated unequivocally that training in micro businesses is 'in-house' and directly related to the job. Most induction training was provided by the owner/managers themselves or a senior employee. The overwhelming view was that micro business employers are seeking multi-skills rather than a single qualification – 'a degree in welding would not necessarily mean the job was done properly (Marine Engineering Company). Breadth of personality was more important than technical skills: - 'I need innovative and creative thinking more than artistic ability (Media Company).

The loss of the established apprenticeship schemes was regretted: 'apprentices had the opportunity to experience different trades, and they were given a thorough grounding in workplace practices. We cannot always do that when we only have time to train them for the job itself.' (Automotive Repair Company). A real, and supported, link between school and workplace was frequently advocated.

The role of Trade Unions was less clear-cut. Whilst not dismissing the suggestion of ‘peripatetic’ advisers, most micro business owners found it difficult to envisage that any training support could be of benefit to their business. There was a deep suspicion that Trade Union ULRs would ‘act as agents for the Unions and attempt to unionise my workforce’ (Shop Fitting Company). However, assistance in negotiating the minefield of training schemes and funding support would be substantially welcomed.

## **Conclusions**

Our previous papers emphasised the importance to SMEs of the informal learning process, and the problems in accrediting the competences gained with recognised qualifications – ‘more than half of SME employers believe that 36.5% of their workforces have acquired skills for which there are no ‘official’ qualifications.’ Extrapolating this by national characteristics suggests that over 10% of the SME workforce (or some 934,000 employees) are ‘qualified’ according to their employers, but not officially recognized. This is significant as it indicates that a way forward must be found to provide recognition of ‘informal’ skills for a high percentage of the UK workforce. (Mukhtar and Redman, 2001)

There are 2 significant elements that will contribute to the solution of this difficulty – effective knowledge of the opportunities to achieve it, and the provision of appropriate resources, both from within and without the business.

The SBC Report comments: ‘The provision of quality training will only succeed if people know about it. Companies and individual need to be able to easily identify the different course and type of training that exist. This should include formal and informal training...The information needs to set out what will be delivered, whom it is suitable for and perhaps include feedback...updated regularly and available from a number of outlets.’ (SBC, 2002)

The Merseyside Project has so far demonstrated that ‘peripatetic’ advisers may be appreciated, in the micro business community, as a valuable source of this information; as ‘mentors’ who can assess individual training needs, and as ‘advisers’ on the routes to qualification or the development of a business ‘training passport’<sup>2</sup>. This may well meet employees’ requirement for the ongoing recognition of ‘informal’ learning and training. The formation of a linkage with the European initiatives can only serve to strengthen such a development, and the inclusion of SMEs directly in the Social Dialogue will ensure that their diverse requirements are better understood. This is confirmed in the European approach – for example, the Austrian SME organisation (WKO) suggests that the EU Social Dialogue can be an effective policy process for SMEs. In relation to fiscal measures it is suggested that in effect, ‘action would only be possible in a EU-coordinated way. Governments, SMEs and

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<sup>2</sup> The ‘European pathway for training’ and ‘Europass’ Training’ are the two interrelated core concepts of the European Commission’s ‘Decision on the Promotion of European Pathways for Work-linked Training, including Apprenticeship. European pathways for training, refer to any period of vocational training completed by a person undergoing work-linked training as part of their training in another Member State, complying with a number of quality criteria. This involves, in particular, forming a partnership between the establishment where the person completes his training and the host body abroad.

employees are natural allies, the EU-Social Dialogue could be the most relevant platform of discussions.’ (Teufelsbauer, 2002).

The European perspective on Learning and Training confirms much of what has already been said from the UK point of view. The problems and suggested solutions are much the same, and emphasise much more radical action from both national Governments and the EU. Confartigianato (the SME organisation in Italy) comments: ‘For SMEs and artisans this means making training offers adequate and coherent for the needs of companies. The knowledge and reality of entrepreneurial and employee work of artisans and of all its economical, productive and organizational characteristics and dynamics leads you to believe that no form of training in micro-enterprises, either (for) the owner, his (colleagues) or employees, is (liable) to success if it is not accompanied by a full understanding and knowledge by the entrepreneur himself as to its necessity and effect on the qualifications and development of the company.’ (De Lucia, 2002)

Our previous paper reported that the Learning and Skills Council found, in their survey, that 95% of companies were in favour of training, saying it is essential for success, with three in four (73%) strongly in favour. However, despite this overwhelming support, only just over half (51%) had increased their training budget and only one in five had training goals set out for staff (LSC 2001).

The Council for Excellence in Management and Learning has made 4 recommendations to improve the training in SMEs:

1. Stimulate latent demand. Raise awareness of need and provoke curiosity to find out more.
2. Enable entrepreneurs to assess priority development needs: make widely available through intermediaries the Business Improvement Tool for Entrepreneurs (BITE) and other comparable self-assessment diagnostic tools.
3. Sign-post entrepreneurs to potential solutions: develop a qualitative sign-posting system, available on-line and through other media.
4. Make it happen:
  - Recruit a network of intermediaries from the public and private sector.
  - Provide funds for widespread marketing campaign
  - Incentives and stimulate informal learning opportunities.
  - Set up accountability, governance and monitoring framework. (CEML 2002)

Small businesses may not recognise or perceive their learning needs as policy makers and policy deliverers recognise them. Equally, they may not be aware of what learning support and opportunities are available. SMEs must be assisted to identify their learning needs and then offered explanations of what is available to address those needs.

‘What small businesses want is somebody to go in and understand the business and then take it from there in terms of advice. There is a need to learn the language of micro-businesses in

order to understand and work effectively with them. Most small businesses do not want to be told what to do. One approach to this that can enhance understanding needs and opportunities is to use a mentoring process, working through the whole range of networks that small businesses may be involved with.’ (SFEDI 2002).

The Merseyside Project may well demonstrate that a further resource could be added to the intermediaries’ support to SMEs – especially micro businesses – and that feedback from this activity could contribute significantly to the Social Dialogue.

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<sup>i</sup> See Mukhtar and Redman (2000) for a detailed review of these studies.