Open Research Online

The Open University's repository of research publications
and other research outputs

Face-to-face or distance training? Two different approaches to motivate SMEs to learn - an update

Journal Item

oro.open.ac.uk

Face-to-face or distance training?

Two different approaches to motivate SMEs to learn – an update

John Allan, Michele O'Dwyer, Naomi Lawless and Eamon Ryan

In the past, too many government-sponsored initiatives have presented learning resources that have been wasted because the target small business audience has failed to make use of them. This paper explores the issue of offering learning materials to small and medium-sized enterprises (SMEs) in a manner that recognizes their working environment, mode of operation and preferred learning methods. It then outlines methods currently being tested in the UK and Ireland, and indicates preliminary findings. The two methodologies are different in that the UK (LSSB – Learning Support for Small Businesses) programme is aimed at distance learning in primarily small businesses, whilst the Irish (University of Limerick and Limerick City Enterprise Board) programme is aimed at face-to-face learning primarily in micro-enterprises. Preliminary findings are presented.

John Allan and Naomi Lawless are Lecturers in Innovative SME Development, Open University Business School, Walton Hall, Milton Keynes MK7 6AA, UK. E-mail: j.s.allan@open.ac.uk; N.lawless@open.ac.uk. Michele O'Dwyer is in the Department of Marketing and Management, College of Business, University of Limerick, Limerick, Ireland. E-mail: michele.odwyer@ul.ie. Eamon Ryan is Chief Executive Officer, Limerick City Enterprise Board, Michael Street, Limerick. E-mail: ceo@limceb.ie.

Introduction

Rapidly changing global markets have led to unprecedented growth in small business sectors.[1] Firms that fall within the category of 'small and medium-sized enterprises' (SMEs) include micro-enterprises employing under 10 people, small enterprises of 11–50 people, and medium-sized enterprises of 51–250 people. This growth, combined with the prevalence of SMEs in the European Union (99% of organizations in the EU are SMEs, accounting for two-thirds of all EU jobs[2]) has attracted the EU policy makers with its promise of a focus for job creation. This notion is, however, misplaced since the majority of SMEs are micro-enterprises with under 10 employees – mainly single self-employed individuals. Most of these 'organizations' have little intention of growth, and therefore offer no real likelihood of taking on staff. Their main focus is on survival. However, those that do grow are the most likely to survive.[3]

Small firms are, nevertheless, seen as a remedy for the increasing levels of 'downsizing' in larger firms and the trend to subcontract work out of house. This has

increased the importance of micro-enterprises in the Irish economy.[4] The UK Small Business Research Trust (SBRT) surveys of 1991, 1996 and 1999[5] indicate that one-third of SMEs are interested in growth, one-third are hostile to growth, and one-third are ambivalent. These surveys are based primarily on SMEs that are not sole traders. SME growth potential is also linked to the educational and experience level of the founders.[6] Education and training should therefore increase growth potential.

LSSB project

In 1998, the European Social Fund set up the Learning Support for Small Businesses (LSSB) project as part of the ADAPT initiative. Aimed at providing learning to managers and employees in small businesses in the East Midlands region of the UK, approximately 150 small firms will participate in the project, incorporating up to 1,500 beneficiaries. The intention is to develop material using a variety of media and delivery mechanisms, to test which are the most suitable for use by SMEs. There are three delivery media: paper, online via the Internet and CD-ROM. These are used in varying combinations to establish which medium, or combination of media, is most appropriate for the target SME audience.

Limerick project

At around the same time as the LSSB project was established, the Marketing Centre for Small Business at the University of Limerick and the Limerick City Enterprise Board undertook an extensive survey of micro-enterprises in Limerick city in order to provide SME education in the form that would best suit the preferences of the participants, and they started a pilot delivery scheme based on the findings. A database of micro-enterprises was developed by desk research from directories and local publications, and a 'walking tour' of every street in Limerick city. Of the 1,691 identified enterprises, 300 were chosen using proportionate stratified sampling. Of these, 60 participated in focus groups and 240 were sent questionnaires. A 43% response rate was achieved (103 replies). The following discussion is based on the findings at both LSSB and in Limerick, and stems from research carried out under both initiatives.

Small business needs and wants

There would appear to be a gap between what SMEs need and what they want. This is borne out by studies in Limerick,[7] the LSSB project in the West Midlands and the SBRT findings.

Classically, any SME will need a business plan, a marketing plan and a cash flow. These are the tools required of an SME by banks and investors. In the survey of 300 micro-enterprises in Limerick, only 54% had a business plan at start-up. The SBRT survey of SMEs (from a database of 4,000 SMEs of which over 1,000 normally reply to questionnaires) showed that only 36% had a marketing plan. In the initial face-to-face survey of LSSB project SMEs by the facilitators, there was a marked requirement for specific technical information that would help SMEs on a day-to-day basis, aimed primarily at production problems. There was a lesser requirement for specific help for Internet access, marketing and finance.

The results of the Limerick survey are given in Table 1. (It should be noted that the questions used in this survey were aimed specifically at the requirements for a management development programme and therefore did not identify requirements for purely technical subjects.) Only one subject – marketing – was required by over 50% of the Limerick-based owner/managers. This correlates with evidence that entrepreneurs do not feel the need to obtain help for organizational problems, but are open to help on marketing and finance.[8] Initially, it seems surprising that many SMEs should fail to recognize what an outsider would perceive as weaknesses in marketing and finance. However, this failure may well stem from the character of the SME owner/managers. They tend to be extremely reluctant to accept external advice, preferring to do things their own way.[9] Their motivation for starting up a company is primarily to achieve autonomy.

In addition, SMEs have a very strong preference for activity-based learning, as opposed to knowledge-based learning.[10] This is borne out by the Limerick study.

Table 1. Preferred topics for a management development programme.

Topic	Respondents (%)
Marketing	60
Financial	48
Business planning	47
Monitoring cash flow	43
General management	37
Promotion	36
Book-keeping	35
Sales	35
IT	31
Product development	23
Personnel	18
Resource allocation	16
Supplier evaluation	16
Quality control	14
Production	12
Other	9

However, concentrating solely on activity-based learning is dangerous – *'action in the absence of reflection precludes learning'.*[11] It should be made clear that the majority of SME mangers do not want education/training, since only around 8% take up offers for it made through UK government schemes. Very few micro-firms are interested, and they form approximately 90% of SMEs.

We do not believe that SME managers are significantly different from managers undergoing education on schemes such as the UK's Open University Business School certificate, diploma and MBA, in that:

- they are pressed for time;
- they are primarily interested in learning that is immediately applicable;
- they are primarily interested in learning that is focused on performance rather than analysis or planning;
- they have difficulty in funding education/training (unless sponsored by a large corporation).[12]

SME managers are usually offered training through two distinct methods – that requiring use of a computer, and that requiring no computer use; and in two communication modes – face-to-face and distance education. These distinctions are incorporated into the differences between the LSSB and Limerick studies, as will be explained later.

Small business attitudes towards learning

Small business owner/managers play a key role in decision making in their organizations, exerting the main influence in management and training strategies.[13] Thus it is important to ensure that SME owner/managers are committed to any training innovations that are proposed. However, research has shown a lack of recognition of need for training.

One way to achieve this recognition is to ensure that the relevance of any training is clear. Athayde[14] emphasizes the need for relevance rather than qualifications as key motivations for owner/managers in selecting training for their employees.

There is also a clear link between the size of the organization and the amount of training provided for employees[15] with over 60% of micro-firms either failing to describe training provided or offering no formal training. This compares with 77% of firms with over 50 employees that offer at least one type of formal training, other than on-the-job instruction.

It is possible that this is related to a general lack of awareness of available training opportunities, particularly government-sponsored events. Recent research[16] into the awareness of the UK government's provision of training, and the interest and actual use of the training offered, shows disappointing results. Firms with fewer than 50 employees were, on the whole, very unaware of the available government-sponsored initiatives, and were particularly reluctant to take advantage of them. Firms with between 50 and 100 employees were far more aware and far more ready to embrace the opportunities. The most widely quoted reasons[17] why small businesses were less likely to demand or provide training for their employees were:

(1) 'Owners of small firms are overwhelmingly concerned with short-term survival issues, whereas many training benefits are long-term.'
(2) 'There is a high probability that trainees in the small firm will be poached by other (large) employers.'
(3) 'The absence of internal labour markets in small firms; and for managers, promotion (certainly to the top position within the business) is less likely in small firms where this post is likely to be occupied by the owner).'

A final point, unique to many owner/managers of SMEs, is the influence of their own self-belief (a necessary characteristic to carry them through the trials of starting up a business). Goffe and Scase[18] believe that this attitude creates an extreme reluctance to accept external advice, which has its roots in the SME owner's commitment to independence and 'I do it my way' attitude.

Just in time

It is generally accepted that small businesses are reactive, rather than proactive, and invariably fail to plan: particularly the smaller firms. This results in a crisis-driven approach to learning, in which an immediate need has to be satisfied, rather than a foreseen need being planned for and met in a structured fashion. Chaston *et al*[19] discovered that a large proportion of small firms 'do not accept that any real need exists for learning programmes designed to achieve an on-going, sustained, upgrading of organizational competences across all areas of management practice'.

A number of interesting findings were also published in the Teleman report,[20] which studied 1,000 small firms in European countries:

- The current priority areas for training are technology and management skills.
- Ninety per cent of firms do not use distance learning at all for training.
- One in five companies carries out no training at all,

and nearly one-third dedicate only 1–4 days of training per employee per year.
- Nearly half the companies used e-mail and the Internet, and a further 20% had intentions to use these in the future.
- Two-thirds perceived that distance learning supported by ICT could be a good opportunity for training.
- Ninety-three per cent preferred the option of trainer assistance (echoing other findings).
- Views were fairly evenly split over preference for training in or outside the workplace.
- Seventy per cent preferred training on-demand rather than scheduled training.

This last preference for 'just in time' training is an inevitable SME trait. One of the strengths of small firms is their flexibility and responsiveness in business. The downside of this method of working is a consistent failure to plan.

Just enough

The flexible, responsive manner in which SMEs operate means that managers do not feel able to spend long periods away from their work, but prefer short chunks of training: 'just enough'.

The two facets, 'just in time' and 'just enough', require a flexible approach to the delivery of courses,[21] in order to produce training better able to meet the needs of SMEs. The LSSB initiative makes use of group collaborative work, some self-tests, but no exams. With regard to tutor support, the Open University Business School (OUBS) has some experience of offering distance-learning materials to small businesses, specifically with its 'Building a Better Business' series, targeted at small firms. The topic areas were designed to meet the SME needs identified in the 1988 SBRT quarterly survey.

Subsequent feedback from SME customers on the self-study packs provided by OUBS revealed that their use was extremely uneven and that this type of training required a support structure to be effective. For this reason both the LSSB and Limerick projects use tutor support at varying levels.

Comparison of approaches

Both the face-to-face and distance learning approaches discussed here adopt the constructivist approach to learning; learners are encouraged to build their own knowledge through activities and the sharing of experiences. This is achieved through collaborative exercises, either online or in the classroom, with the intention of encouraging active learning.

Both approaches also adopt the use of reflection to enhance comprehension. By relating new learning to existing knowledge, through self-regulated exercises or discussion, the learner is able to gain a deeper understanding of the subject, which in turn should enhance retention. This echoes the view generally held by cognitive psychologists that, for information to be retained in the long-term memory, the learner must associate or link the new information with some related information already stored in the long-term memory.[22] Finally, both projects are producing courses covering broadly similar subject areas.

One of the main differences in approach relates to the size of targeted enterprises. In Limerick micro-enterprises with under 10 employees constitute the target audience, because such firms are very prevalent in Ireland. In the LSSB project, companies with over 50 employees are the focus, in order to gain sufficient beneficiaries to meet the project targets. These differences may well be reflected in the attitudes of the students, with micro-firms less likely to have undertaken any training in the past.

For LSSB, the distance-learning approach is designed to be flexible for the user, maximizing the availability of material. The online tutor support is also asynchronous, which offers the learner an opportunity to reflect on information received before giving a considered response. This is particularly useful for learners who are reluctant to expose themselves; for example, SME employees who have not studied for many years.

On the other hand, the disadvantage of this asynchronous approach is the lack of regular face-to-face support from peers and tutors at the workshop. The possibility of students starting at any time also poses problems for establishing themes for interaction and discussion, as well as synchronizing group activities.[23]

The Limerick-based weekly workshops will place logistical constraints on the learners; each week they will have to travel to attend the workshop. In contrast, the online groups will be able to 'meet' from the convenience of the work or home computer. This may not be such a critical issue for commuters in the relatively small area of Limerick, but will certainly be of significance to managers in the West Midlands region of England.

The Limerick-based research indicates that the SME preference is for one-to-one training. However, respondents expressed their understanding that resource constraints would mean that this would not be a viable option. Instead, they nominated their second preference of modified workshops, with a structure reflecting the views of managers. The pedagogical methods that are therefore adopted in this approach involve collaborative learning with some mentoring. The workshops are to be

held on a weekly basis in the evening, covering the more popular of the topics identified by the SMEs. There will also be an element of one-to-one tuition within the workshops.

To some extent, the distance approach used in the LSSB project is predetermined by the terms of the project itself: that is, delivery through the use of paper, CD-ROM and online via the Internet. However, the ways these communication methods are used have been determined with the specific needs of SMEs in mind.

The majority of the material is readily available online via the LSSB Website. Details of how to get CD-ROMs and any paper-based material are also given there. In addition, a regularly updated course guide is provided to all participating organizations, giving details of available courses and how to access them.

The learning material uses the Reflective Action Guide model[24] in which activities incorporated to involve the learner are designed to allow for reflection on the applicability of theory to his or her own environment. Within the given constraints, some LSSB courses will take advantage of the opportunity for group discussion and collaborative activity.

Meeting user needs

Although the majority of SMEs appear to be resistant to education and training, a small minority – mainly those pursuing growth – embrace training. Their requirements are twofold: an immediate menu of technical fixes for current problems, and training for longer-term needs, mainly for marketing and finance. Ideally, they would like one-to-one and face-to-face tuition. This is not feasible within the cost parameters of institutionally provided training.

The LSSB project hopes to satisfy some of the immediate technical requirements by means of a Website with links to other sites containing technical material. It aims to cater for the longer-term requirements through a series of mini-courses delivered on demand via different media and supported by tutors. In the Irish project, aimed at micro-businesses, the focus is on face-to-face delivery of a series of topics at a time and place suitable to the participants. In both cases, personal reflection and collaboration between participants are essential parts of the process.

Implementation and evaluation

The LSSB project has begun to implement the distance courses. Implementation will continue over the next year, with courses being added on a regular basis. Evaluation of the effect on the organization has been built in from the start, and findings will be disseminated regularly as implementation continues. The Limerick-based project is also in its implementation phase and the effectiveness of the approach is being evaluated. Preliminary results from both projects are expected within 12 months.

Comparison of the evaluations for the schemes should provide an insight into the success factors of the two different approaches to SME training provision.

Initial findings – Limerick

Prior to implementation the Limerick model was refined by the Limerick City Enterprise Board. It was decided to implement the programme for two groups separately, as the needs of each group were perceived to be slightly different. Manufacturing and service industries comprised one programme, and retail enterprises the other.

A target of 20 owner/managers for each programme was set for the effective dissemination of information. Selection of the 20 participants for the retail programme was based on a panel of 50 retail enterprises selected from a database of 812 in Limerick city. All 50 members of the panel participated in a selection process that required self-selection, the completion of a questionnaire and a successful selection interview. Once participants had been accepted, evaluation of their training needs was started, prior to the beginning of the programme.

Based on data gleaned from this evaluation process, the suggested model was refined to define the duration of the programme, the number of contact hours, the nature of that contact, and further detail regarding subject content. The programme was designed to run over 12 months, during which time participants completed 200 programme hours, 94 of which were contact hours and the remainder were individual projects/study. Application of the subject material was facilitated through field trips and on-site mentoring which focused on the individual independent retail businesses.

During the programme two interim evaluations were undertaken in order to appraise the progress of each participant and to measure participants' satisfaction with the programme. On completion, a post-programme evaluation was carried out. Tables 2–4 compare the findings of the pre- and post-programme evaluations in relation to:

- *The value of taking time out to think and plan (Table 2).* Most participants previously would not have taken time to plan formally for the future of their business. On the whole they now saw the benefits and value of doing this and felt it was an action they should continue.

Table 2. Perceived relevance of business planning.

Pre-programme evaluation	Post-programme evaluation
Critically important – 0%	Critically important – 58%
Very relevant – 67%	Very relevant – 42%
Somewhat relevant – 33%	Somewhat relevant – 0%
Not at all relevant – 0%	Not at all relevant – 0%

- *The value and benefits of formalized and systematic planning (Table 3).* Participants generally would not have used the full range of business planning tools, such as cash flow forecasts, marketing planning, etc. Having seen the results of using these tools, they were far more disposed to use them in their business.
- *Improvement in business planning competence (Table 4).* Having applied the planning processes, and completed marketing and business plans, the participants felt more knowledgeable and therefore indicated that they would continue to use the tools they had acquired.
- *Networking opportunities developed.* Participants particularly liked the networking element of the programme and have found it to be of great benefit and more important to their business than they had thought.

Table 3. Perceptions of subject relevance to business.

Subject	Pre-programme evaluation	Post-programme evaluation
Marketing planning	Critically important – 0% Very relevant – 61% Somewhat relevant – 22% Not at all relevant – 17%	Critically important – 31% Very relevant – 54% Somewhat relevant – 15% Not at all relevant – 0%
Financial planning	Critically important – 0% Very relevant – 72% Somewhat relevant – 22% Not at all relevant – 6%	Critically important – 75% Very relevant – 25% Somewhat relevant – 0% Not at all relevant – 0%
Financial control	Critically important – 0% Very relevant – 78% Somewhat relevant – 22% Not at all relevant – 0%	Critically important – 75% Very relevant – 25% Somewhat relevant – 0% Not at all relevant – 0%

Table 4. Participants' perceptions of their competence in key subjects.

Subject	Pre-programme evaluation	Post-programme evaluation
IT	33%	64%
Customer care	54%	74%
Human resources management	47%	63%
Business planning	44%	63%

Initial findings – LSSB

The presentation of courses to SMEs has just started, and evaluation will not take place until the last quarter of 2000. However some initial findings are:

- The participants like to have paper-based material; they feel 'secure' with it. However, they do not use it much and prefer the online versions.
- They prefer online to CD-ROM.
- They have time to access the courses while at work – the most regular participants access only while they are at work.

These findings are at odds with what was expected. It was anticipated that SMEs would prefer paper-based material, which would be easier to access and more portable than material online. It was also expected that SMEs would have little time to study at work and would prefer to study 'after hours'.

The full evaluation will determine the bases for these preferences.

The initial findings from Limerick and LSSB indicate that the final evaluations will shed new light on the attitudes of SMEs towards training and their approach to learning resources.

Notes and references

[1] H. Matlay, 'Vocational education and training in Britain: a small business perspective', *Education and Training*, Vol 41, No1, 1999, pp 6–13.
[2] ENSR, *The European Observatory for SMEs*, EIM Zoetermeer, Netherlands, 1997.
[3] B.D. Phillips and B.A. Kirchoff, *The Financial Affairs of Private Companies*, Tilney Fund Management, Liverpool, 1989.
[4] T.N. Garvan and B. Ó Cinnéide, 'Entrepreneurship education and training programmes: a review and evaluation', *Journal of European Industrial Training*, Vol 18, No 8, 1994, pp 3–12.
[5] *SBRT Quarterly Survey of Small Businesses in Britain (NatWest)*, Small Business Research Trust, Open University Business School, Vols 8,13 and 16, 1991, 1996 and 1999.
[6] J. Stanworth and C. Gray, eds, *Bolton 20 Years On,* Paul Chapman, London, 1991.
[7] M. O'Dwyer and E. Ryan, 'Management development for owner/managers of micro-enterprises in Ireland – a new

approach'*, paper presented at the 22nd ISBA National Small Firms Policy and Research Conference, Leeds, 1999.

[8]E. Flamholtz, *How to make the Transition from Entrepreneurship to a Professionally Managed Firm,* Jossey-Bass, London, 1986.

[9]G. Lightfoot, *Financial Management and Small Business Owners,* unpublished PhD thesis, Kingston University, Kingston upon Thames, 1998; R. Goffe and R. Scase, *Corporate Realities: the Dynamics of Large and Small Organisations,* London, Routledge, 1995.

[10]R. Choueke and R.Armstrong, 'The learning organisation in small and medium-sized enterprises'*, International Journal of Entrepreneurial Behaviour and Research*, Vol 4, No 2, 1999.

[11]Garvan and Ó Cinnéide, *op cit*, Ref 4.

[12]M.S. Freel, 'Where are the skills gaps in innovative small firms?', *International Journal of Entrepreneurial Behaviour and Research*, Vol 5, No 3, 1999, pp144–154.

[13]J. Curran, J. Kitching, B. Abbott and V. Mills, *Employment and Employment Relations in the Small Service Sector Enterprise – A Report,* Small Business Research Centre, Kingston University, Kingston upon Thames, 1993.

[14]R. Athayde and R. Blackburn, 'Learning to use the Internet: SME and business centre experiences', paper presented at the 22nd ISBA National and Small Firms Policy and Research Conference, Leeds, 1999.

[15]*SBRT Quarterly Survey of Small Businesses in Britain (NatWest)*, Small Business Research Trust, Open University Business School, Vols 1–16, 1984–99.

[16]Goffe and Scase, *op cit*, Ref 9.

[17]P.Westhead and D. Storey, 'Training provision and the development of small and medium sized enterprises: a critical review', *Scottish Journal of Adult and Continuing Education*, Vol 5, No 1, 1999.

[18]Goffe and Scase, *op cit*, Ref 9.

[19]I. Chaston, B. Badger and E. Sadler-Smith, 'Small firm organisational learning: comparing the perceptions of need and style among UK support service advisors and small firm managers', *Journal of European Industrial Training*, Vol 23, No 1, 1999.

[20]Teleman SME study, *Tele-Teaching and Training for Management of SMEs*, ET3104, Public Results Report, Teleman Project Consortium, 1998.

[21]J. Clarke and M. Gibson-Sweet, 'Enterprising futures: training and education for small businesses'*, Education and Training*, Vol 40, No 3, 1998, pp 102–108.

[22]R. Gagné and L. Briggs, *Principles of Instructional Design,* 4th edition, Harcourt, Brace, Jovanovich, New York, 1992.

[23]J. Hill, 'Distance learning environments via the World Wide Web', in B. Khan, ed, *Web-Based Instruction*, Educational Technology Publications, New Jersey, 1997, pp 75–80.

[24]D. Rowntree, *Exploring Open and Distance Learning*, Kogan Page, London, 1992.