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## On-line training for SMEs: final report

Beth Walker

Beverley Webster

Sue Stoney

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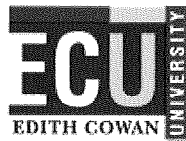
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**On-line Training for SMEs**  
Final Report

December 2005

Small and  
Medium  
Enterprise  
Research  
Centre



Small & Medium Enterprise Research Centre  
Edith Cowan University

For the  
Western Australian  
Department of Education and Training

Dr Beth Walker  
Dr Beverley Webster  
Dr Sue Stoney

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## **EXECUTIVE SUMMARY**

This research aimed to explore the appropriateness of on-line training delivery methods for small business owner/managers.

It is widely recognised that training and education are effective ways to reduce small business failure.<sup>1,2,3</sup> In Australia, small business accounts for 96 percent of Australian private sector, non-agricultural businesses and they employ 47 percent of the private sector, non-agricultural workforce.<sup>4</sup> Not surprisingly then, encouraging the development of the skills of the workforce has emerged as a major priority for government policy. However, what is also recognised is that many small business owner/managers (SBOs) have limited e-competencies.<sup>5,6</sup>

Results of this research confirmed this and also demonstrated that SBOs have a poor understanding of the concept of on-line training. It would appear, therefore, that many SBOs first need to acquire the technical skills to enable them to undertake on-line training and they also need a better understanding of what is possible through this method of training delivery.

This research also identified strong resistance to on-line training methods because of a stated preference for the more familiar 'face to face' method of training. This method was seen as more effective than on-line training and also more desirable because of the social interaction possible. SBOs' responses made it clear that they view on-line training as something that happens in isolation with little or no assistance or feedback if required. These findings reiterate the need for a better understanding amongst SBOs of what is possible through on-line training.

As well as a preference for face to face training, the other overwhelming response was that SBOs identify as time poor. Lack of time appeared frequently as a reason for not taking part in training. These responses also confirm earlier research that suggests SBOs do not see training and business skills development as a central part of their business. In other words, training is something they do not have to find time for. They often view training as something that happens out of necessity and not as part of a continual skills development process.<sup>7,8,9</sup> Such an attitude presents a potential barrier to training providers. However, it also points to the fact that one of the potential strengths and indeed 'selling points' of on-line training is a

more flexible and time efficient method of delivery that can address the concerns of the time poor SBOs.

In addition to a stated lack of time, a perceived lack of relevant training courses appeared as a reason for not taking part in training. This response highlights the need for training providers to know their audience better in order to deliver more tailored training that leads to recognizable business outcomes and solutions. Small businesses are not scaled down versions of big businesses. SBOs need a more 'instant' or hands on approach to learning and one which will satisfy their immediate needs.<sup>10</sup>

The delivery of relevant and tailored on-line training is possible through the innovative use of technology, including mobile technology. This is discussed further in the Future Directions section of this report.

This perceived lack of relevant courses highlights a further barrier to training providers. While the requirement of relevant training is still valid, what is also evident in the responses is a lack of engagement on the part of SBOs. Small business owner/managers need to take more responsibility when it comes to accessing and participating in training, rather than continually placing the onus onto government to be the promoters of the need for business skills development and training. Seeking out the relevant training needs to become a central part of SBOs' overall business strategy.

The survey results also indicate that there remain instances where on-line training delivery will not be a relevant or appropriate method for some SBOs. Not everyone has the capability or the desire to become e-enabled. Some survey participants expressed a strong resistance to any kind of computer-based work, and some did not even own a computer or intend to buy one for use in their business.

Also, the issue of on-line training availability in regional and remote Australia remains a challenge, given that much of the technology required does not exist in some of these areas. However, the roll out of new technology, such as broadband satellite, should offer further skills development possibilities for people living in these areas.

In conclusion, delivering training and skills development on-line can be an effective and appropriate method for SBOs if it is accepted that, firstly, SBOs may need to be enthused and educated about on-line training and secondly, more use is made of innovative technology in the design and delivery of such training. SBOs require training that is tailored to requirements, available in compact modules and flexible in delivery.

Further research is required to explore the optimum e-learning options for training delivery.



## KEY FINDINGS

- Both Government and training providers need to recognise that many SBOs do not see training and skills development as an essential part of business operations. The best e-learning package is of no use or value if the business owner does not believe they or their business will benefit from engaging with it.
- It needs to be recognised that many SBOs will need assistance *before* they can tackle e-learning technology as for some this will be a whole new world of business activity. Some SBOs will first need to gain the technical skills and confidence required to engage in e-learning. They will also need a much better understanding of just what e-learning means and what is involved in this form of training delivery.
- Government and training providers also need to accept that there remains a business cohort unwilling to engage in any form of e-commerce, let alone e-learning. Even though they are already in business, some SBOs in this survey expressed a strong resistance to any kind of computer-based work, and some did not even own a computer or intend to buy one for use in their business.
- Many SBOs are resistant to e-learning methods as they perceive these to be less desirable and efficient than the more familiar face to face method. Also, SBOs identified strongly in this survey as time poor and often gave this as a reason for not participating in training. Flexible and innovative e-learning programs delivering smaller modules of information – byte/bite sized – are needed to help address this resistance and also the issue of being time poor.
- There is a need to understand the audience better. Training providers need to deliver e-learning material that is tailored, relevant and carefully targeted. This material also needs to be well marketed in order to address the SBO perception of a lack of relevant training courses. It is, however, also up to the individual SBO to take responsibility for accessing relevant training courses and to do this as an integral part of their overall business strategy.

- Further research is required to explore current communications technology and how best it can be utilised in innovative on-line training delivery methods for SBOs.

## **Future Directions**

Discussions about on-line training and e-learning delivery are taking place in an environment of rapid change in communications technology. Third generation (3G) technology is upon us. We can now transmit data at high speeds through, among other things, our mobile phones. The 3G network allows us to receive regularly updated content such as sport and music videos, plus news. Networks can deliver live streams from TV programs, and other possibilities include video-link. In other words, real time video-conferencing via your mobile phone.

PDAs (Personal Digital Assistants) now come with email, voice and web browsing capabilities. They can play back slide shows and videos, download photos, lock on to the web using WiFi (Wireless Fidelity) or Bluetooth™ technology, and view and edit Office™ files. The fifth generation MP3 Player from Apple (iPod™) can now play back videos as well as music and third party software can also be downloaded. Although no TV content is available yet in Australia for download, animated shorts are downloadable, plus music videos.

Net phone or Voice Over Internet Protocol (VoIP) - making telephone calls from personal computers - is in use and becoming increasingly popular due to reduced call costs, even though there are still some security issues. Podcasting and vodcasting are also commonplace delivery methods. The ABC radio site, for example, offers podcast downloads and the *Sydney Morning Herald* offers vodcast downloads featuring reviews of the latest technology consumable. Through podcasting, an audio event is captured and fed into a web site and disseminated to listeners via any portable, digital audio device or computer. Vodcasting is identical but enables videos, photos and slide shows (PowerPoint™) to be downloaded.

Similarly, new software is being developed hand in hand with new technology. *The Australian* newspaper<sup>11</sup> reported on November 8, 2005, that a Sydney company is making its database correlation tool available on-line. According to the article, the database contains more than 5700 statistical data sets, enabling users to find relationships between large ranges

of phenomena. While not directly applicable to e-learning applications, it demonstrates the scope and depth of on-line resources readily available to consumers.

The technology discussed here requires high speed or broadband access. However not even all major Australian cities have 3G broadband cover. The promise is that satellite broadband will eventually be rolled out to fill in the gaps. In terms of e-learning delivery, therefore, challenges still confront areas outside broadband coverage, such as much of regional and remote Australia.

In summary, new communications technology needs to be examined further by training providers as it offers many possibilities for innovative on-line training delivery. SBOs in this survey strongly identified as time poor and said they needed training that was both tailored and relevant to their needs. Earlier research shows that SBOs want 'just in time' learning to solve problems and are less interested in formal qualifications. They tend to focus on the informal transfer of work skills and knowledge between individual employees.<sup>12</sup>

One possibility, therefore, for innovative on-line training delivery is to formalise this informal transfer of skills and knowledge by getting individual SBOs involved in the design and delivery of their own in-house on-line training. Both the software and hardware already exists that would allow this to happen. A vodcast program delivered on workplace computers or even PDAs is a simple example of in-house training delivery. This form of training delivery could address several different areas of concern expressed by SBOs. Time poor SBOs are saving time - their time and staff's - by not having to leave the workplace, and the training is tailored and relevant to the workplace as it has been designed and delivered in the workplace. And finally, the training is face to face because workers' skill levels are being raised alongside their colleagues, rather than in isolation.

Concurrent with SBO-designed in-house training, traditional training providers could supply a menu of small or byte/bite sized on-line training programs for SBOs to select from. Again, new technology means these can be reasonably inexpensive, easy to deliver and tailored to requirements. Such a delivery system addresses the 'just in time', task specific nature of training and skills development operating in small businesses.

## BACKGROUND

There has been some recognition of the importance and value of small business to the economy and some new skill initiatives have been aimed at SBOs.<sup>13</sup> The problem is there has been little evaluation of the impact or success of these, or whether SBOs really are interested in life-long learning - or even training in general - and in particular, learning on-line.<sup>14</sup> It is known that SBOs tend to focus on the informal transfer of work skills and knowledge between individual employees, whilst large businesses tend to engage in externally-provided training which leads to formal qualifications.<sup>12</sup> This 'formalised' learning is often not appropriate or suited to SBOs.<sup>15</sup> They need a more 'instant' or hands-on approach to learning and one which will satisfy their immediate needs.<sup>10</sup> They also need training that is accompanied with support and advice that is affordable and readily available and that leads to recognisable business outcomes and solutions.

Unfortunately, SBOs often view training as something that happens out of necessity and not as part of a continuous skills development process.<sup>7,8,9</sup> SBOs are more willing to participate in training on the job and /or to undertake more formal training where the direct link between cost and benefit is more visible, as they often see training as a cost not an investment.<sup>6</sup> There are some well identified barriers to participating in formal training by SBOs and these include: resource constraints, especially time and money;<sup>16</sup> lack of general management skills, including technology, which has not been embraced by all SBOs;<sup>17,16,18,19</sup> SBOs seldom engage in future planning and are therefore usually unable to anticipate future skill needs<sup>20,21</sup>.

Whereas some of the barriers are consistent with the difficulties of business ownership in general, the issue of technical and managerial skills is changing, due to the changing work environment and the growth in technology in general business practice. In order to stay competitive, SBOs need to keep up with current trends, which make the participation in training a necessity rather than a requirement. The challenge is to marry the needs of the small business owner/manager with the current supply of available training in a way that is mutually beneficial and satisfying for both parties.<sup>10</sup> An option is using technology to assist in skills development, and whereas this is beginning to be adopted in other countries,

Australia - and especially Western Australia - has been slow to embrace virtual or on-line training.<sup>6</sup>

## **METHODOLOGY**

The collection of data took place in two stages. The first stage involved the distribution of a self-administered survey to approximately 2,500 small business owner/managers in the second half of 2004. There were 884 completed surveys, a response rate of 35.3%.

The survey was used to collect:

- background information about the business and the business owner/manager,
- work and business experience of the business owner/manager,
- what the business owner/manager initially understands on-line training to be,
- training participation (formal, informal and technology),
- attitudes to training (barriers and facilitator).

In the second stage, the respondents were asked if they wanted to take part in a further survey to examine in more detail what they understood on-line training to be, what their attitudes were towards it and, if they had taken part in training, what their experiences had been. A total of 260 indicated they would take part in a follow-up survey.

An in-depth telephone interview was conducted with 78 respondents from the group of 260 and forms the basis of this research. The interviews lasted between 20 – 30 minutes. Respondents came from both metropolitan and regional Western Australia and were representative of a wide range of industry categories including business services, retail, construction, agriculture, manufacturing, accommodation services, hospitality and personal services.

The highest percentage of respondents (40%) was in the 41 to 50 age bracket. This was followed by 29% in the 51 to 60 bracket, 23% was in the 31 to 40 bracket, and only 4% in both the under 30 and the over 60 ranges. One response was blank. Males accounted for 57% of the survey group (44) and females 43 % (33). One response was blank.

In terms of education standards, 28% (22 respondents) said they held a university degree, 24% a diploma, 22% had completed Year 10, 13% had completed Year 12 and 13% had completed an apprenticeship.

## RESULTS

Responses in this survey confirm earlier research that suggests many SBOs do not see training and business skills improvement as important to their business. Sixty four out of 78 respondents (82%) said they had previously not done any on-line training. When asked: “What would make you resistant to participating in training delivered on-line?” there were only 10 clear responses indicating that they had no resistance. One response was that they had no resistance, “as long as the staff member did it out of business hours”. Other responses included, they want face to face teaching (15), they had no time (10), it wasn’t relevant to their work (2), they were ‘sceptical of courses like this’ (1), and a lack of discipline to complete the training (3).

In another question: “Would you be interested in doing on-line training?” 25 (32%) answered no. Typical responses from this group to the follow up question: “Is there anything that would encourage you to participate in training delivered in some form of on-line?” included: they prefer face to face (8), not interested (4), on-line not relevant (2), done enough training (1), ‘depends if it’s useful’ (1). To the question, “Have you done any training in the last 12 months?”, 35 (44%) said no, and when asked why they hadn’t been involved, typical responses were too busy (22), there was no relevant course (15), not interested (3), don’t need any more training (3), and “staff does my admin/bookkeeping.”(2)

These responses demonstrate the lack of overall interest in training and skills development and the just-in-time reactionary nature of small business. They also reveal a lack of strategic thinking by SBOs about their businesses. Not one person mentioned the fact that the business environment is changing, and there may be a need to engage in life long learning to deal with this. Nor did anyone mention the need for long-term thinking about changing business models, changing legal rights and responsibilities, supply chain management, customer relationship management, the new versus the old economy, business-to-business, business-to-government, business-to-consumer, staff retention, intellectual capital and knowledge management.

Therefore, training providers face a challenge in getting many SBOs to first realise that training and skills development is an essential part of their business.

Having stated that 25 (32%) said no to on-line training on a more positive response, 53 respondents (68%) did answer yes to the question. However even amongst this group, there was a poor understanding of what good quality on-line training can offer. When asked: "What do you think would be involved in participating in this type of training?" five said they weren't sure or had no idea. In two other responses it was clear even basic computer skills were lacking. Other responses included: "getting an experienced person to teach me a unit", "someone to teach me how to do it via a computer", "form of lecture seminar type training", and "course work with other people done on the internet chat line."

Not surprisingly then, the responses of the 64 people who said they had not done any previous on-line training were no better informed. Four said they had no idea or weren't sure what on-line training involved, and four answers contain no reference to a computer or on-line. All other responses referred to a computer, on-line, the internet or a web page but the content was sometimes unclear. For example: "backwards and forwards with a computer", "a questionnaire – assignments given on a computer similar to an email", "not sure – put a program in the computer and learn from it" and "just being given things to look up on the internet".

Some of the comments from this same cohort when asked: "What would make you resistant to participating in training delivered on-line?" were particularly revealing. "I don't like sitting in front of a computer."(2), "I don't understand computers."(2), "I don't have a computer."(1), "Computers drive me nuts."(1). While the level of resistance isn't statistically high in this cohort – the main concerns were a lack of time and a preference for face to face contact – it reveals that some respondents are not comfortable using a computer and some do not even own one.

Therefore, resistance amongst SBOs is a serious challenge for training providers. It would appear some SBOs will need education and training *before* they are prepared to engage with e-learning technology.

As is already evident in these previous examples, an overwhelming response was that SBOs wanted face to face teaching methods and the social interaction of a traditional classroom situation. This perceived lack of interaction is a stumbling block for training providers. Well designed on-line programs offer a great deal of interaction but this is lost on SBOs who have little knowledge of on-line training methods. Of the 25 who answered no, they would not be interested in doing on-line training, there were ten responses giving the lack of face to face contact as a reason for not wanting to participate. Being too busy (7 responses) rated next.

Even when not specifically asked what kind of training they wanted, as in the question: “Can you think of any disadvantages in participating in on-line training?” respondents managed to work their ‘face to face’ preference into answers. Of the 64 respondents who had not done any on-line training before, 29 responses indicated a preference for face to face or a “personal approach” to teaching. The next highest rated response was “you can’t get assistance if stuck” (11) and “you can’t ask questions” (10).

The same cohort was asked: “What do you think the benefits to you would be by doing on-line training?” there were 17 responses saying “it’s time flexible” and 12 saying “it’s self-paced”. Others responses included “reduced travel time” (7), “it’s convenient” (5), “you can do it from home” (3), and “you don’t have to leave the office” (2).

Another overwhelming response in the surveys was that SBO’s identify as time poor. For example, of the 35 respondents who said they hadn’t done any training in the past 12 months, there were 22 responses citing lack of time as a reason. Of the 64 who had not done any previous on-line training, there were 10 responses citing a lack of time as a factor in making them resistant to training. This point – identifying as time poor but in another part of the survey articulating the ability of on-line training methods to partly address this concern – presents another challenge to training providers. Perhaps a stated lack of time is an excuse for failing to treat training as an integral part of business operations.

Finally, relevance in training also appeared in responses as an important issue. Earlier research shows that SBOs need a more ‘instant’ or hands-on approach to learning and one which will satisfy their immediate needs. They want reactive, just in time training to solve problems and they are less interested in formal qualifications.<sup>12,15</sup> Out of the group of 35 who hadn’t done any training in the last 12 months, there were 15 responses saying the reason



why they hadn't was a lack of relevant courses. This could be a perceived rather than an actual lack. However, the point remains that relevance is critical – particularly in a time poor environment.

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