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**Looking for 'the right stuff'
Human capital formation in SME's**

Lynn Martin, July 1999
Doctor of Philosophy in Continuing Education
at the University of Warwick

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Abstract

In 128 small companies in the West Midlands, the way staff are selected for development is explored, together with the characteristics of staff and selector. Finding that some staff are repeatedly selected for development, a comparison is made between the attributes of those being selected and of those carrying out selection. This is an attempt to define why some staff are identified as possessing 'the 'right stuff' while other similar staff are not. Variables such as gender, ethnic background, age and educational background are compared but relationships only found between the learning outlook of the CEO and that of his or her selected key worker(s). The learning outlook is described in terms of the preferred learning style and of the most preferred methods to learn. However, in some sectors very little selection of ethnic minority staff occurred.

Part of the research reviewed the selection process, relating this to business planning and identification of training needs. Little evidence was found of the use of formal planning or of specific processes to identify training needs, selection resting firmly with informal mechanism often under the narrow control of the CEO. Given the investment by government in this sector of the economy, it seems important for those providing resources to recognise this lack of formal planning and to work to ensure that opportunities for education and training are widened to include more of those employed by the company. Similarly, where CEO ambitions are explored, it is clear that most CEO's are not committed to growth but have other varied, personal aims. Investment in all companies assuming that growth is a key factor may

be an ineffective use of resources, which might be better specifically targeted rather than distributed uniformly across the whole sector

In addition, the incidence of 'bending the rules' is identified when companies apply for funding to meet regulatory bodies' criteria. Questions are raised concerning the validity of funding 'blanket' training measures without a more detailed understanding of the requirements of different sectors and different sizes within the 'small firms' banner

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Chapter 1

The pressures of globalisation, the resulting importance of small businesses and of human capital formation in these organisations

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Background

This study has been carried out entirely within the small firms sector in the West Midlands area of Great Britain, with an emphasis on the concept of human capital formation within these companies. The importance both of small and medium sized enterprises and human capital has been stressed in the UK and further afield, in the European Community and the USA. Due to the rapid changes in the world's economy over the last fifteen years, the development of Human Capital and the expansion of small and medium sized enterprise sector, have been described as vital for the progress of the United Kingdom and other advanced industrialised countries into the next century

The effects of Globalisation

"Today's reality is that all countries have to take part in a world-wide process of profound structural change. New technologies, especially information and communication technologies, have already significantly affected the way that economies are organised and operate. Globalisation is replacing internationalisation as the key characteristic of the world market" (Rasmussen, 1996). Companies which could once rely on trading in relatively sheltered markets with the protection of trade barriers and without vigorous international competitors, have seen this situation change dramatically. Global competition has resulted from the reduction in trade barriers and the emergence of 'new economies', i.e., the dynamic nations of Southeast Asia and the emerging market economies of Eastern Europe. The resulting access to new markets and new investment opportunities is accompanied by the challenge of

new competitors, often with highly skilled and inexpensive labour forces and the influence of global multinational corporations without specific national allegiance. The development of information technology and telecommunications media has also led to countries increasingly becoming linked, especially through international investments.

The interdependence of national economies is shown by factors such as the expansion of trade proportionate to GNP, the growth of trans-national associations, links between currency markets, and the importance of the World Bank and IMF in brokering solutions to economic problems through concerted initiatives involving a number of countries. A recent initiative, as reported in the Financial Times throughout August 1997, is the rescue package worth 16 billion US dollars put together by the IMF for Thailand, which includes a billion dollars from their main competitor, China. In the past this might have been unlikely. Now it is in China's interests to participate since Thailand is also a market for Chinese goods, similarly, Thailand has invested in China's poorer areas in the past.

The 1995 World Bank report *Global economic prospects and the developing countries*, comments that Globalisation is now so advanced that "sales of foreign affiliates of multinational corporations may now well exceed the world's total exports" and that world merchandise trade is projected to grow by more than 6% per year, faster than at any time since the 1960's. Trade in services is also expected to grow rapidly driven by advances in information and telecommunications technology. Globalisation has been described in various terms but it is usually

defined as the integration of world markets with a resulting rapid movement of capital. The force within the economy of all countries within the world - developing or industrialised - is the increasing integration of *world* trade and finance rather than national or even international trade and finance. (World Bank, 1997)

The report concludes that Globalisation offers developing countries significant opportunities to increase trade and investment, as their share of world imports is anticipated to grow from 24% in 1994 to 30% by 2010. However, it also suggests that major challenges exist for the private sector and government policy makers within these countries if these opportunities are to be realised. Options are increased for private firms and individuals but diminished for policy makers. Where nations have a tradition of closed government or where the president or PM has always retained absolute control over policy, exchange rates and interest rates, this is not consistent with participation in global markets. In Malaysia's case, for instance, when currency traders "did not like .. These policies... they cashed in their ringgits". The PM was then left without the funds needed for infrastructure projects. (Steizer 1997)

Where countries have very different practices, there must either be "a willingness to countenance the erosion of domestic structures or the acceptance of a degree of harmonisation or convergence" (Rafiq Hariri, 1997)

This opening up of the global economy has brought other problems to the newly industrialised group of "Asian Tiger" economies, including South Korea and Indonesia. The emergence of China as a major new

low cost competitor in Asia has forced down prices and caused the movements of money from one currency to another. The problems faced by these Asian economies are subsequently felt by the rest of the world through the interdependence of world currency markets. China itself, however, still has this same problem to face of allowing policy changes to be forced by economic shifts. To date, it has avoided this by keeping rigid controls over capital transfers and over its exchange rate, despite rising foreign exchange reserves which might have caused the currency to appreciate. Hariri concludes that China has taken the first steps to its place in the global economy but has not seen the effects of global trading.

The position of western advanced industrialised nations is similar, in that economic forces can also reduce the power of policy makers since - world trade "unleashes forces that undermine norms implicit in domestic policies" - and so here the integration of world markets is more often seen as a threat. The inevitable concern is that the progress of newly developing countries will be at the expense of these nations.. "Integration does after all carry transitional costs and will particularly affect those engaged in labour-intensive and low skilled industries". Masood Ahmed acknowledges that this force driving the progress of developing countries could be seen as a threat by industrial nations but also claims that "greater integration can be a win-win outcome" through the competitive spur offered to industrial countries to maintain comparative advantage (World Bank news, 1997) .

This maintenance of competitive or comparative advantage, is part of the problem the UK faces. From the 1989 CBI report calling for a skills revolution which proposed a set of 'World class targets, through the establishment of the National Advisory Council for Education and Training in 1993, to the current emphasis on individual commitment and learning (Individual Learning News 1997), the recurrent theme is the need for the UK "to maintain and improve competitiveness in the 21st century" (DfEE January 1998). This challenge is also faced by other developed nations within the rest of the EC and the USA. In each of these areas, human capital has been cited as the way to maintain this advantage, usually accompanied by an emphasis on the development and expansion of the small firms sector as an "engine for growth" (Edith Cresson; 1995). The idea of human capital, the "sum of existing or potential skills possessed by an individual, company, or nation" (G Becker 1993) has progressed since it was first described by Adam Smith in 1776 as the success of the firm depending in part on the "dexterity of the workers"

Historically industrialised countries passed through the process described by Adam Smith. In the case he described, the division of labour of pin makers increased their productivity "by a factor of hundreds", owing to "the increase of dexterity of the individual workman, the saving of time commonly lost in passing from one species of work to another, and to the invention of machines which enable one man to do the work of many"

Refinements of these organising principles translated them into business organisations run on Fordist lines with a reduction in the “dexterity of the worker”. He or she would install a single part in a prescribed manner as parts moved towards them on a moving assembly line. Sloan carried this further by applying Smith’s principles to the management function, creating smaller decentralised divisions, overseen by managers from a small corporate headquarters. In the same way that the more general skills of workers had changed to meet Ford’s vision of mass production, Sloan saw the manager’s role in terms of their financial expertise (Smith P R 1978). Task rationalisation then dominated the workplace, following Frederick Taylor’s scientific management strategies and processes of functional and task differentiation (Kern and Schumann 1993). In this way the work process was broken down into its component parts, separating manual and intellectual labour. The fragmentation of tasks and of functions again reduced the general skills acquired and used by both workforce and management

In the period between World War II and the mid 1960's, organisations grew more complex to meet increasing consumer demand. Firms supplied goods to an eager market quickly and in bulk, with a view to maximising output in the time available. “Rarely did the customer demand high quality and service. Any house, any car, any refrigerator, were infinitely better than none at all” (Hammer and Champy, 1993). During this period in the USA, for instance, there were very few external competitors for US corporations, seeking a share in internal or external

market for cars or other consumer goods. Goods were mass produced, in great numbers and of a uniform nature - the variety of specialisations available in smaller numbers seen in Japan did not feature in US or European manufacturing at this time.

However, from the 1960's to the 1990's industrialised countries began to evolve new post-Taylorist modernisation processes to adjust to the changing economic environment, albeit at different speeds and with different degrees of success. The catalyst for this modernisation process was the pressure to adapt to the changing economic climate. These economic changes resulted a number of factors, including the removal of trade barriers, the development of multi-national corporations and the wave of computer technological advances and applications affecting all functions from sales to process and production planning. These factors were coupled with the difficulties of oil crises in the 1970's and the emergence of Asian economies competing across trade barriers for the first time.

The removal of barriers to trade caused difficulty for traditional manufacturing industries since neither national nor international market share were protected or sustained. An example of this was the staged removal of European Economic Community trade barriers between 1986 and 1993, which had grave results for manufacturing industry across Germany, France, Italy and Spain. The German mechanical engineering industry, with 8% of the total workforce and exemplified by the machine-tool sub sector, saw its external market share plummet

during a decline in world exports and production in the late 1980's and early 1990's (Moldaschi and Schutz-Wild, 1994).

However, while France, Spain and Germany all lost ground, Japan increased its market share. Kohler and Woodard (1997) attributed the success of the Japanese mechanical engineering industry to its changing and developing Taylorism in advance of other countries. As a contrast, a 1990 report by the Commission on the Skills of the American Workforce found that "the organisation of America's workplace is largely modelled after the manufacturing system made famous by Henry Ford in the early 20th Century", since "95% of US companies"... "still cling to the old forms of work organisation" and although 35% of those with over 50 employees used flexible work organisation, these tended to be branches of larger organisations.

The uncertainties of the 1970's - the oil crises and the emergence of new customer demands for more variety and reliability of product and for better customer service - had different reactions across the world. In Japan horizontal flexibility between work stations and the predominance of group work, both aided problem solution and promoted quality with production, so that production lines provided a range of specialisations to meet a variety of customer needs. These products were then supported by flexible customer service. In Germany, manufacturers had focused on reliability and quality but even by the 1990's it was said to be "still following the Taylorist model of highly differentiated functions, weighty bureaucracy and limitation of individual problems-solving activities." (Hirsch-Kreinstein, 1994) This was not supported by all

observers, however. By the mid 1980's a series of cross-national comparisons found that Germany had adopted more flexible work practice in terms of production methods. Teams of highly skilled workers made goods in small numbers to accommodate specific customer requirements, whereas in the UK manufacturers still produced goods in large numbers without attempting to meet varying customer needs. Efficiency was still higher in the German plant (in which "twice as many garments per employee were produced ... despite the work being more demanding and a greater range of skills being required). (Steedman and Wagner 1989).

The emphasis in the latter study is on skills and knowledge which can be used flexibly and on the ability to work in groups. This is also commented upon in European studies where projects require "technical skills as well as relational and entrepreneurial skills i.e., human interaction and knowhow" (European Commission, 1998 2nd report on local development and employment initiatives; SEC (98) 25 : p 24). This particular set of skills is also described by Abramowitz and David (1996). Defining knowledge as 'tacit and codified,' codified knowledge is then described as "fundamentally altering the form and structure of labour and economic growth". This statement is justified by the citing evidence that increases in labour quality have overtaken improvements in goods to production of economic growth. Increasing labour quality requires investment, however. Mid 80's studies by Piore and Sabel (1984) confirmed the claim of Kern and Schumann (1984; pp 121-4) that the eclipse of Taylorism and "the dawn of a common trans-national

impetus towards organisational and technological restructuring” have “... consequent implications for investment in training needs in highly industrialised countries.”

Improving labour quality -“Human capital is our most precious asset.”

In the last five years speeches (such as Edith Cresson's 1995 keynote address to the Impact of Technology Conference quoted above), together with successive studies and policies have repeated the same recommendation. Due to market forces and the progress of technological change, the industrialised nations - and the UK in particular- need a 'highly motivated and well qualified workforce to compete internationally... Competing on costs of labour or raw materials is no longer an option, the UK business community has been forced to realise that the only basis on which we can realistically compete is the skills of our workforce” (Buse, 1995) This pattern is true for other industrialised countries, since Human capital is recognised as important in the response to economic and technical change, across the industrialised world. (OECD, Employment and growth in the knowledge-based economy, 1996) In a cross national analysis Yahr (1969) suggested that the stock of skill - generating power or of skills shapes the production pattern within manufacturing and therefore affects a nation's foreign trade whereas Krueger (1968) emphasised that a very large portion of most income differences can be attributed to measured differences in nations' stocks of Human Capital. The role of skills or knowledge in determining national comparative advantage and

therefore the structure of external trade is also emphasised by Kenen (1970), reviewing research by Kravis and Leontieff and identifying the substantial use of skills in defining and measuring Human capital

Drawing an analogy between the investment in physical and human capital, G. S. Becker (1993) defined Human Capital as the investment in training and development made by individuals themselves (or by others in these individuals), which increases the skills and possible future skills held by these individuals. Human beings “invest in themselves by means of education, training or other activities which raises their future incomes by increasing their lifetimes’ earnings”. Similarly Schultz (1961) analysed educational expenditure as a form of investment explaining that the reason why employers continue to prefer educated workers is that not only does the possession of an educational qualification indicate that an individual has certain abilities, aptitudes and attitudes but that the educational process helps to shape and develop these attributes. This seems to imply that education affects attitudes, motivation and other personal characteristics as well as providing knowledge and skills. Although other factors, notably the need for greater technological take-up by companies and the need for the greater development of the small business sector, are also cited as important, in some countries Human Capital formation is seen as “the most vital single factor to maintain national comparative advantage” (OECD, 1996, Towards a knowledge based economy). In the USA, White House directives and presidential speeches repeatedly emphasise the “current shortcomings of American Human capital” and the possible ways to measure and

reverse them, others affirm that human capital will be the “most important source of comparative advantage in the twenty-first century”. (Herschberg, 1996). Explaining how this might work, Hayes and associates (1996; foreword) comments that superior performance is ultimately based on the performance of individual companies and that the success of these companies “is ultimately based on the people in an organisation”. Although management principles, systems and procedures are essential, competitive advantage is expected to come from people, their “skills, discipline, motivation, problem-solving ability and learning capacity”. Schemes such as the Baldrige Award in the US to promote employee development cite the need for employees to be enabled to “exercise more discretion and decision-making, leading to greater flexibility and more rapid response to the changing requirements of the marketplace”

Similarly in Europe, the considerable efforts of the EEC both to form policies and to put them into action which promote human capital as a focus for maintenance of comparative advantage, placing the need to upgrade Vocational Education and Training at the heart of its project to enhance the EU’s competitiveness relative to its American and Asian rivals.

A 1990 European study found that skill shortages in terms of a lack of sufficiently qualified workers threaten future European technological and economic competitiveness as a result of rapid technological developments changing working practice and blurring of boundaries between jobs. (IRDAC, Industrial Research and Development Advisory

Committee, EEC 1990) These changes mean that the 1950's view of a manager as someone who thinks whereas a non-manager is someone who does (the manager 'thinks and leads' while the non-manager 'follows and does') has gone. Now the whole workforce is required not only to 'do' but also to think, recognise problems, suggest solutions and act on them (Jacobs and Steinberg 1995: Hay and Purves 1951, 1953).

Similar findings for the UK caused the CBI to call for a "quantum leap in Britain's education and training performance to maintain and improve Britain's position in an increasingly competitive world" which would require "nothing less than a skills revolution" (Towards a skills revolution, 1995)

This skills revolution resulted from the reaction to change required of business and ultimately of the workforce. Daly (1986) comments that in an average industry four unskilled workers produce the same amount as one skilled worker, while Worswick (1985) showed that lower skilled workers required more overhead labour in the form of quality controllers and production planners. The same 1990 IRDAC report quoted above found that whereas before the eighties, occupations had been sharply defined, these had become more flexible, being redefined to suit organisational need, (Industrial Research and Development Advisory Committee, IRDAC, 1990). The 'average skills level' required for any activity had increased, since production and monitoring tasks were now combined. Similarly, more importance was attached to transverse qualifications comprising key skills designed to heighten that person's long and short term flexibility in the workplace (European Commission

1998, The era of tailor-made jobs; 2nd report on local development and employment initiatives, SEC (98) January p 23-6)

Restructuring of the organisation often accompanied this process. In identifying the ways in which advanced industrialised nations can rise to this challenge across Europe, the successful countries, eg here Germany in the 1970's and early 1980's, are described having "high productivity- high wage" economies. Concluding that a high productivity-high wage strategy requires a qualified and flexible labour force with education and vocational training systems geared towards meeting those demands, OECD reports also stress the need for both individuals and enterprises to be encouraged to participate in a lifelong process of learning (in Lawrence, 1996: also OECD, 1996, Employment and growth in the knowledge-based economy)

Lifelong learning

More recently, the need for lifelong learning as a response to changes in workplace practice has been widened to embrace the idea of "forming whole human beings" (Jacques Delors 1996). The process would enable participants to develop awareness of themselves and of their environment so that the resulting individual played a full role in society, not only at work but also in the community. In the UK this same extended concept of lifelong learning is emphasised by DfEE reports throughout 1996 to the present (from 'Lifetime learning; a consultative document' in March 1996 to 'UFI' in March 1999). Here it is stated that the demands of the future would require that everyone leaves

compulsory education with a secure foundation for lifelong learning, work and *citizenship*. Learning has escaped from the narrow confines of traditional education and is a constant feature, throughout the working life and beyond.

The 1998 DfEE reports 'The Learning Age' and 'National targets for Education and training' also continue to stress 'employability.' To remain employable, an individual must "continue to develop their skills and knowledge throughout their lives". These 'transverse qualifications' would only represent an initial step on this road. The proportion of the types of skills developed and required would vary according to the field of activity but a person would need to possess all skills and be prepared to develop them as their career changed and developed. Here a varied career background and a degree of versatility are regarded as assets, whereas, in the past, a sound technical training might be all that would be required, now other skills would be needed with the technical training as a focal point for development (European Commission, Accomplishing Europe through education and training, Study group on Education and Training, January 1998, pp 23-25). The individual must be prepared to learn throughout life and in different ways. Similarly Evans (1996) calls for individuals to be 'multi-skilled' and to be prepared to regularly learn new competences throughout their working life.

The learning which an individual carried out might not always be job-related or qualification based, however. The development of Employee Development and Assistance Programs by companies such as Rover and Ford enabled employees to "learn something that

interests them.. In response to their own needs or pleasures". The hope underlying this is that once the "learning bug has been caught" many will then go on to more vocational training or qualifications. The DfEE consultation document ("Lifetime Learning: A Consultation Document, 1995) cites definite rewards from these programmes. "Experience suggests that these schemes bring business benefits and are very successful in promoting a culture of learning in employment, helping many non-learners to acquire a taste for learning, or to revive a dormant interest experience is showing that there is a significant payoff both for employers and employees. The learning encourages more thoughtful activity in the workplace. It allows a greater insight into what employees are capable of achieving. Most importantly, it gives them the confidence to do more, to innovate and to ask more informed questions."

Since Ford began its EDAP in 1989, the Department for Education and Employment estimated that the number of schemes increased from around 50 in 1993 to 450 by the end of 1995, and the number is still growing (DfEE, EDAPs, 1996). These schemes offer employees an opportunity to undertake a learning activity on a voluntary basis, normally in their own time but with financial help from the employer. Costs are in some cases shared jointly between individual employers and Training and Enterprise Councils (TECS) or Industry Training Organisations (ITO's). (DfEE, Meeting the national skills challenge 1996).

However, the rate at which this form of learning is adopted might also depend on potential learners' existing skills. Those with few warm

memories of school life are “less likely to participate and these are the very people we seek to attract”. DfEE reports also acknowledge that a balance of requirements are to be met in promoting lifetime learning “Our policies for lifetime learning must also secure that everyone has the basic skills of functional literacy and numeracy”, ... “which are necessary for living and working in today's complex and fast changing society”. (1996 December Lifetime Learning: A Consultation Document: 1998; The Learning Age)

This idea of ‘lifetime learning’ as a way to describe the regular updating and upgrading of skills across the whole workforce, appears in many reports both in the UK and across Europe, but despite support it has yet to be fully adopted. An opinion poll conducted throughout Europe (Cresson, 1995) showed that more than two thirds of Europeans accept the idea of lifelong training but the same number of respondents declare that they have not received any training over the next year. In the UK, the 1995 Skills Audit (DfEE) showed a similar pattern, with 35% of adults having done no learning since leaving further education and four fifths of these “unlikely to do so in future.” Finegold and Soskice (1988) also identified a lack of intermediate skills possessed by the British workforce and argued for emphasis to be given to enable all school leavers to attain what would now be equivalent to NVQ level 3. This echoes other reports comparing German and British workforces (Campbell and Warner 1989)s

Despite this, lifetime learning in some form has been a recurrent feature in many reports which have identified workforce improvements and in

reports on higher and further education, usually linked to the necessity of meeting industrial challenge through training and education. A 1985 report found that 85% of employers saw adult education as an 'essential investment', with another 88% confirming that education would be 'necessary to maximise productivity and profits' and another 95% recognising that 'changing needs mean that their workforce must be trained to update old skills and learn new ones.' (Industrial Facts Forecasting Research Limited, 1985) The UK was said to need 'more educated people in every walk of life', and there was an increasing emphasis on individuals taking greater responsibility for their own development and learning. The role of employers was to help and empower them to do this .. 'so that learning can be developed which meets the general needs of society and the practical requirements of the world of work'. Key skills were identified as essential to this process. These were behavioural, allowing for problem identification and solution, and ensuring information management and communication. (Metcalfe, Walling and Fogarty, 1994). Current government emphasis is on a shared approach by all agencies involved in promoting and carrying out this concept. Dr. Kim Howells commented in 1997 at a Learning to Work seminar (Individual Learning News, 2) "Learning has never been more important. People have never been more important." The Government's aim was "to create a learning culture in which all participate and from which all benefit. We must find ways of working together to develop the potential of everyone, not just the few."

As a 1996 report begins, "Our agenda to create a learning nation capable of meeting global challenges and equipping individuals for the world of work and to make a greater contribution to society" (Council for Industry and Higher education, November). Similarly the basis for the current Governmental emphasis on learning is that is "the key to prosperity" and that "investment in human capital will be the foundation of success in the knowledge-based global economy of the twenty-first century" (Blunkett, DfEE 1 March 1998; p1). In 1996-7 successive editions of DfEE 'Labour market and skills trends' stressed that "lifetime learning is increasingly important", commenting that training "had grown since 1994 to achieve the same levels seen in the late 1980's".

Skills and UK performance

Others have also commented on the UK's need to maximise human capital within the nation as a way to improve economic performance. Vocationalism in Great Britain is described as a response to the needs of the economy for skilled workers, technicians and managers... to meet the needs of employers requiring a competent workforce to stay in business (C Campbell and Peltry, 1993). This is a recurring theme for researchers. Even in 1964 the Industrial Training Act recognised the need for improvements in the nation's human capital, attributing weak economic performance to low level skills in the labour force and calling for measures "to ensure an adequate supply of competent workers for all sections of industry and commerce." These measures included 23

Industry training boards which were under the joint administration of members of companies, trade unions and the education establishment. Despite this however, individual companies still seek to identify ways to improve their competitive advantage through development of human capital, identifying that not only current skills but potential skills are important.

Whereas Kenen (1970) equates current skills directly with Human capital as a way to provide a scale of measure it, . “assuming that the unskilled labourer has no skills and therefore no human capital...”, different interpretations extend the idea of “human capital as possession of skills” to include not only existing but also potential skills. Recent reports in Germany highlight this new interpretation of skills as a flexible, potential quality rather than a measurable current fixed point, echoing Bundespraesident Roman Herzog’s comments that - “passive knowhow is not enough” “knowhow.. also requires creativity, teamwork, personal innovation and risk management and decision-making (Suddeutsche Zeitung, November 1997).

Knowhow was also investigated in an earlier survey by Fischer (1988), who defined it in terms of the quality of the labour force and of the enterprise itself. It has also been linked to the need for companies to operate in ‘learning mode’ rather than in ‘production’ mode. Rather than limiting the focus to job mastery through specific skills acquisition, the worker is encouraged to focus on learning, self improvement and the transfer of skills from one setting to another (Boyatzis and Kolb 1993; Sitkin 1992). The benefits of this approach are said to be that

organisations then become more successful in changing conditions by developing a range of approaches rather than relying on standard procedures.

Links between the talents and skills of the employees in a company and with their development through the company itself were also examined by Von Krogh and Roos (1995). In their review of competences in management theory. Having confirmed that the “firm’s competitive advantage represents its *raison d’être*,” they stress the links between this advantage and the human capital within the firm, identifying the importance of the further development of skills often through the interaction and communication between individuals within the company.

Here competitive advantage is described in resource-based terms. The skills and knowledge of the individual in the company are linked with the processes at work within the firm to enhance or diminish both existing and potential skills. The competitive position of a firm is defined in terms of the “bundle of unique resources and relationships” which make up the portfolio of inner, human resources.” They also comment that such resources should be imperfectly imitable, rare among competitors, without strategically equivalent substitutes and valuable, focusing on the those non-purchaseable, intangible, firm-specific and embedded types of resources. This group of resources are then defined in terms of the competence of key individuals or of the whole group of individuals working within the company (pp 58-74).

'Developing skills for a successful future' (DfEE; National Targets for Education and Training, January 1998)

Identifying 'the whole workforce as a resource to be maximised' has also led to companies adopting and developing human resource strategies, described by Gennard and Kelly (1997) as the integration of human resource policies and business strategy to achieve competitive advantage. The idea that "knowledge and skills may be used as a conduit for national and company success" recurs in many other studies and in other countries. A recent US article comments that "Companies are realising that brainpower is the only asset that gives them an edge." (Kelli 1996). Other studies have argued that human capital may have substantive impact on organisational performance in a competitive context. Boone and Witteloostuijn (1996) also split Human Capital into the subjective and objective, where 'subjective' is defined in terms of personality characteristics and the 'objective' HC is defined in terms of education and work experience.

Commentators frequently focus on objective Human Capital existing at a particular point, identifying grades of skills then present or lacking in the workforce. In one such study, a comparative study of the UK and Germany, Prais (1995) reviews reports commenting on the comparative lack of intermediate skills possessed by workers within the UK. In another report at a local level in the UK, Boone and Witteloostuijn (1996) found that the outputs from the local vocational education and training system both determine - and are determined by - the locality's stock of highly skilled workers. In turn, these highly skilled workers help

to determine the competitiveness and hence the economic performance of the local economy (reported by Bradley and Taylor, February 1996). Without the existence of these highly skilled workers as a resource within an area, it is suggested that both potential new resources and current economic performance will suffer a decline.

Previous initiatives led by the centralised system of Training and Enterprise Councils have run into difficulty in the small firms sector (and in other areas, according to recent reports (Oldfield and Lorenz, 1998, February 22) To counter this the Labour government has an alternative emphasis on the promotion of lifetime skills development (through the "University of Industry") and the tax incentive offered by individual learning accounts with credit offered for skills upgrading (Blunket, March 1998) .

It seems then, that there is great enthusiasm for lifetime learning and a growing recognition on skills development as the route to business and therefore national success (1995, Update of National Targets, DfEE).

However, it also seems that this enthusiasm is not always accompanied by direct action. Matlay (1996) found a general lack of take up of training opportunities in his study of 2000 UK small companies in the West Midlands. Hyland and Matlay (1997) further call for a Small Business White Paper to address urgent problems in this sphere due to this failure of the official VET policy for small firms and to "the past neglect of the specific needs of SME's" This lack of focus is shown by the most recent reports and proposals for National targets, which include a reference to businesses 'with between 10 and 49 employees'

for the first time. Whether these targets meet the needs of smaller companies is not examined, however. They are simply included as a target group for the Investors in People standard. This contrasts with the emphasis given to the role of this sector in future national success.

The importance of small businesses

In his comment that "In the future new jobs are more likely to come from a large number of small business than a small number of large businesses," Gordon Brown sums up the hopes of current and previous governments for the small business sector (July 1997). That this is not a new idea is demonstrated by a 1978 Expenditure Committee report which states confidently that if every small business would take on one more employee each, the unemployment problem would be solved (Hansard, 13th report). Other work on industrial studies and economic development has borne out this claim to a certain extent. Successive annual reports from the European Network for SME Research comment cautiously that SME's have a *relative* stability in job generation. Despite criticisms of Birch's 1979 study attributing two thirds of all new jobs to the small business sector (Storey 1994), the US Small Business Administration has now produced figures for the period 1976 - 1988 showing that small companies (i.e., those with less than 20 employees), provided 37% of all new jobs (US Small Business Administration, 1996). Commenting that SME's have accounted for the larger share of manufacturing employment in most nation, D J Storey (1988) attributes this to the greater spatial dispersion of small and medium sized

industries. This enables SME's to make a greater contribution to local and regional development, especially in hinterland regions, than larger industries which are usually found in major metropolitan areas. He also identifies a difference in work practice which leads to greater employment growth in the small business sector - SME's are also 'generally more labour intensive' and can therefore make a more significant contribution to both local and national employment. Similarly in other countries the role of the small business in industrial revival is also emphasised, Louart (1983) describing the founders and managers of SME's as 'catalysts of economic redeployment in a review of US industrial revival'.

It is interesting to note that small firms have been identified as a growth area even during extra pressures caused by economic change and globalisation, despite comments that the natural advantages of a small business are usually linked with this ability to react quickly to local changes. The Bolton report in 1971 commented that small firms necessarily... have close links with their localities which are important to their survival, by 1989 Rainme was drawing a picture of a network of small companies, able to serve local markets because of their ability to respond quickly to local demands because of local knowledge. These businesses would also be able to "exploit the economic advantages of being close to the local market" In fact, even the smallest businesses now expect to have markets overseas, according to the 1996 OECD report 'Employment and growth in the knowledge-based economy', citing Italy as an example of a country where SME's are seen as "the

comparative cutting edge of the economy". This role is often linked to their part in creating employment and wealth, in a comment typical of many such, Frankel (1988) described small firms as the "engine of job creation".

In the EEC, a 1991 report described 80% of all organisations as SME's, and these were seen as 'a priority for community action *given their importance* as a predominant element for economic growth' (European Commission, 1991, Education, Training, Youth, Task force). Similarly, those 1 in 4 of the 3.6 million businesses in the UK employing less than 100 people are seen as *crucial to job and wealth creation* (Corney, February 1997). Given the economic changes described already, small businesses are believed to have advantages over larger enterprises as they are believed to benefit from an entrepreneurial ability to understand market changes and to have a greater flexibility than larger firms to meet these new developments.

However, some researchers comment on the unreality of this vision of the small business sector. Matlay (1994) comments that .. "small businesses often lack the wide range of skills which are necessary not only to analyse the market place accurately but also to swiftly deploy their limited resources in order to maximise such advantages as speed and flexibility of output,".. where training initiatives do exist small businesses are often unlikely to participate. Perhaps not surprisingly, Hyland and Matlay (1996) also describe the role played by small firms in determining policies connected with VET in this sector as "bleak and disappointing". In addition, this emphasis on employment creation is

often disputed by small businesses themselves. SME's are cited by government reports as the "most likely growth area for graduate employment" - despite this however, SME's do not tend to recruit graduates. This has been attributed to a focus on short term business needs and also to the background of owner-managers themselves. Those entrepreneurs who have themselves not been through higher education tend to regard potential employees who are graduates as a 'high cost and a high risk' (Hawkes and Winter 1996)

In his review of the UK small business sector and its development since World War II, Matlay highlights the importance of the Bolton report, emphasising the report's use of international comparisons to place and assess the role of small business in the UK's economic development. The report charts the decline of the small business sector up to the early 1970's and sets a new agenda to try to develop these companies through various initiatives.

Whether or not the initiatives suggested in this report were successful, Matlay attributes the increase in the number of small firms in part to the economic policy-making and rhetoric of the (then) Conservative government. In a comparative study Fischer (1988) identified a 'substantial increase in the number of small firms since the 1970's not only in Great Britain but also in the Netherlands, and France. What is certain is that by 1983 Burks and Coyne were able to confirm that small firms were found in most sectors of the UK economy, not concentrated in the service sector but providing a high level of employment in manufacturing and distribution. Similarly Maillat (1998) comments on

the essential role played by SME's in the revival of production systems in industrial regions.

However, other studies support the 'interventionist' view of the effectiveness of using support measures to develop this sector. Storey (1988) comments on the measures taken to stimulate growth in what had previously been a neglected area. In this (and other works), the 'typical characteristics of smaller companies with greater competitive edge' which might represent a role model for other enterprises, were described and promoted. These characteristics typically focused on responsiveness (to customers' changing requirements, to a changing market place with different financial factors in play) through greater flexibility of work patterns. Similarly, these flexible work patterns depended in turn on the existence of a highly skilled workforce able to solve problems innovatively, work as a team supportively and develop new skills easily. The emphasis on 'labour market flexibility' recurs in many forms, most recently as one of the factors leading to Britain's economy ranking as 'seventh in the world' (Segall, 1997)

By 1996, this focus on change and innovation in work practice and to a growing recognition of the "key role of SME's in innovation" had led to a number of schemes being put into operation to promote this dimension. However, an evaluation of these support programmes showed that in the UK these schemes had variable success rates. A 1996 OECD report found that although 178 services were accessed for every 100 companies in TEC areas, only 8% of local small businesses accessed non- information services (from a range also including business

counselling and consultancy, business skills training, business diagnostics and innovation products and services- all identified in earlier OECD reports as vital for small business support and development) (OECD, 1996 ;Towards a knowledge-based economy). In commenting on the performance of small business in France, Finland, the UK, New Zealand and Japan, the report draws the conclusion that the performance of small businesses is strongly influenced by the human resources available to them since the 'soft factors' are the key influence upon whether the company survives or not and upon the extent to which it will prosper and grow. It also describes the 'people gap' suffered by smaller companies which may be unable to recruit and retain key staff, as overtaking the 'finance gap' often quoted in the past about this sector's failures in performance.

Meeting 'the people gap'

Human capital as demonstrated by the people gap above, is as important to the growth of a small business as is financial capital. A 1996 US Small Business Administration report emphasises that for most companies a key concern is 'ensuring that there is a sizeable and educated workforce' (First annual report December 1996). Despite this, there is considerable evidence that human capital may remain undeveloped in this sector. Training was described as a "very disparate and inadequate activity on the part of SME businesses" in a CEDEFOP report (Continued education and training and the labour market system, Market Synthesis Report, 1985). Similarly Handy (1988) commented

that “in no country, do small businesses take the long term view of development, nor are they prepared to spend time and money on any form of training which does not have an almost immediate payoff.” This is also supported in more recent reports that “one of the most critical obstacles for further development of SME’s is the lack of talented personnel,..., therefore support for SME’s must now be focused on personnel training.” (OECD Towards a Knowledge based economy, 1996)

Despite this emphasis on training, as Matlay’s 1994 study had concluded, SME’s are still slowest to take up training, even during periods of expansion. The DfEE Labour Market trends reports for 1996/7 also concluded that smaller employers were less likely to provide training - only 21% of the smallest companies with less than 5 employees provided off the job training, while 82% of those with 25 or more employees had done so. The lack of investment by companies with less than 25 staff, may be due to the difficulty of proving the benefits of human capital formation to small business management in terms of this protecting or developing competitive advantage. Smaller firms may identify quality as a source of this advantage but may not link the need for increased and continuous training with the provision of quality in products or service. (unattributed report for International Small Business Journal, 1997). “Competitive advantage in small firms is an elusive concept, It consists both of the actions and abilities of the principal role players and of their personal perception of satisfactory performance and business direction”.

Westhead (1996) has termed this the 'ignorance' argument for ignoring training needs. He also describes a 'market failure' argument suggesting that there are a number of supply and demand factors which inhibit the incidence of workforce training. This might be the higher fixed costs of organising formal training for smaller firm employees as a supply limitation, while the opportunity costs associated with employees taking work time to undertake training is a demand limitation.

However, despite Westhead's' emphasis on market forces as a cause of lower training in small firms, Curran and associates (1996) found that the most important reason cited in a survey of 751 small businesses was that the owner-managers did not perceive they had a 'problem'. Some owner- managers may not even identify 'know-how' as a real entity to be developed, as in the survey carried out by Fischer (1988), where one third of those questioned held that 'know-how did not exist.' Problems may also occur if company managers cannot identify with those providing the information and support services. In Monder Ram and Sparrow's 1992 review of support taken up by Asian businesses, 75% had neither used consultants nor engaged in any form of externally linked management training, only 6% had ever used an external trainer because of 'lack of relevance' to the firm as well as the extra expense entailed in releasing staff for training. The government however has provided substantial resources through various policy objectives, Skills for Small Businesses and the Skills Challenge being two of the most recent (DTI, 1995-6)

Learning organisations

Despite this, small firms are least likely to be learning organisations, working towards a 'single all-embracing, continuous and cumulative communication process' in which the individual's own knowledge is brought to the surface, linked with other knowledge and circulated (Boje and associates 1996). The levels of communication between staff often depend on the organisational culture, this in turn is determined by the chief executive. According to the OECD report 'Best practice policies for SME's' (1996), the performance of the company is directly linked to the owner-manager's capabilities as a manager, perhaps not surprisingly. Other reports have also commented that the human capital of the small firm seems to be inextricably bound up with that possessed by the founder.

Hall (1995) and Bates (1989) confirm a positive correlation between the volume of human capital embodied in the founder and any other senior management and the firm's probability of survival, where human capital is defined as 'encompassing all the capabilities of a person'. Similarly Preisendorfer and Voss (1990) comment that the performance of new firms increases with the Human Capital possessed by the founder in terms of his education and previous management experience (whether inside or outside the industry). Although most studies focus on the senior manager's education and experience, other studies have identified links between organisational success and the personality characteristics of the Chief executive (Miller and Toulouse 1995)

Successful Entrepreneurs have been described as having a more internal locus-of-control personality where internal locus-of-control is defined as belief by the CEO that he or she can control their fate by their own efforts and skill. Thomas and associates (1991) found that those with strong internal locus-of control personality to be more effective managers and Boone and Witteloostuijn (1996) supported this, concluding that firms currently headed by a CEO with an internal locus of control personality were associated with higher financial performance (pp 347-364). Another area which is thought to depend upon the human capital possessed by senior management is the early adoption of effective new technology. Here the adoption of new technology depends both on the endowment of human capital and on how much effort is expended on finding out about the new equipment. In a 1987 Journal of Human Resources report, the role of education, experience and information acquisition is analysed during the process of decision making whether or not to be an early adopter of new technology. Previous education and information gathering skills were found to reduce adoption costs and uncertainty thereby raising the likelihood of early adoption of new technology. (Thomas and associates 1991; Journal Human resource 2/4, 1992)

Human capital deficiencies in the senior management of small firms

Cooley and associates (1987), attempting to measure control by users over their computing needs, found a strong need for support in training, planning and application development in small firms and predicted that

financial constraints might prevent many small firms from increasing internal expertise levels. Whether the UK small business community has sufficient human capital in this area has been questioned in recent reports. Oldfield (June 1997), although commenting that businesses in Britain fare better than the European average, concludes that they are still slow to use the Internet to gain information or to use it to buy and sell. One measure put into place to remedy this is the Information Society initiative, which has a focus on small and medium sized enterprises providing Internet sites for programmes aimed at these companies, programme for Business or Trade UK. Recent reports identify a pattern of repeated use by a small number of companies of whom few are in the 'less than 50 employees' size group. (Business links update, DfEE website; April 1998)

This reluctance to use new technology is also attributable to lack of communication or trust between managers and staff. The importance of management attitudes is indicated by the 1997 European report, where small businesses are described as 'reluctant to install Internet technology' because they 'fear that staff may misuse it during company time.' (Grant Thornton). However, the lack of communication and adequate management control this suggests may hide another problem, related to the IT skills possessed by managers

Managers may themselves avoid IT skills development; even to access data which might help with coming problems. Across Europe, campaigns have sought to prepare all categories of business for the Euro. One feature of this is the provision of Internet information home

pages to help small companies (who may not have time to attend meetings to help prepare companies for its introduction), again with little take-up. In 1997, managers from British companies were “amongst the least aware of the IT implications of the Euro” according to the Grant Thornton. European Business Survey. Similar findings emerged from the 1998 Federation of Small Business survey which showed that despite 33% of the sample expecting the single currency to have a damaging effect on their business, only 18% have even considered preparing for the introduction of the Euro. If senior managers in SME’s lack IT skills required to access the Internet and avoid IT implications of the Euro, their business is predicted to suffer, not only by economists but by the small business community itself (Federation of Small Business, March 1998; Oldfield p26; April 26))

New targets for UK human capital formation - attitudes to change

The small business sector is seen as particularly resistant to change in terms of development of human capital formation strategies but even with other sizes of companies, progress could be said to be relatively slow. In 1998 the DfEE identified 22% of firms with 200 or more employees and 10% of firms with 50-199 employees as being “recognised as Investors in people”, while only 514 organisations with over 200 employees had achieved the award (National Targets for education and training, January 1998).

The importance of the Investors in people award, according to these reports, is that it represents a “standard to measure how well employers are developing the skills of their employees”. Firms with less than 50

employees have not been part of this initiative but the new proposed target rolled forward to 2002, is expected to cover companies with 10-49 employees since they are "liable to play an increasingly important role in the economy". At this stage 35% of those firms should be "recognised as Investors in people" The measures taken to encourage small business involvement include the full range of options for larger companies, the emphasis on individual responsibility in personal development and sector specific schemes such as the Skills for Small Business programme. Other new developments within the UK include the setting up of a network of National training organisations whose stated role is to "identify skills shortages and training needs within an occupational sector, .. develop standards, advise on training and communicate effectively with their employer base" (January 1999, Promoting sector skills).

In Europe, success is reported for "resource centres" or service platforms which provide information, training, technical advice and sometimes project aid for micro-enterprises through test centres in Italy, Finland, France and Germany. (European Commission, January 1998 p28, SEC (98) 25). The same report also emphasises the need for managers to change their role in order to guide employees through a changing work experience. Managers would now act as "educational pilots". In the local development initiatives described by this report, small businesses had responded to the new approach and had overcome the constraints of a small-scale base by forming networks to organise their training on a regional or national scale so that workers

were able to equip themselves with the necessary skills and also able to build on these skills. These initiatives were instigated in Spain and Italy. In the UK however, new ideas had also been introduced to try to meet a range of perceived problems.

Despite hopes that these new concepts would meet the needs of the small business sector, take up both of advice and training provision, is often slow. Innovations such as National Vocational Qualifications, the range of qualifications intended to meet employer needs and measure skills and competences, - have also been less well adopted in the small business sector. In this case however, NVQ's have already caused separate controversy.

The Beaumont report (reported by Ward, January 1996) found that National vocational qualifications have not proved successful in meeting employers' expectations since they have "too narrow a focus which does not provide for the broader skills necessary to meet changing needs." This system is expected to be adapted to meet these criticisms. Other, different, changes include the move away from the centralised training system (put into place by the previous Conservative government through the network of Training and Enterprise Councils) to an emphasis on the individual through the University for Industry and Individual Learning Accounts. The targeting of a proportion of the first one million publicly funded Individual Learning Accounts is designed to help "low-skilled workers, people employed in small firms and others" and is seen as a "key mechanism for widening participation" (DfEE: Further Education for the new millennium p16): However, given the

track record of human resource development initiatives designed to meet the needs of SME's and the research done so far to identify barriers to training and development within these companies, a dramatic increase still seems unlikely.

However, whether or not the take-up of human capital opportunities improves within SME's remains to be seen, since underlying success depends on a change in attitude. In terms of lifetime learning this has been acknowledged as a problem and identified as a desired outcome by policy makers. "Lifetime learning is not a Government programme", ... "nor is it the property of one institution. It is a shared goal relating to the attitudes and behaviour of many employers, individuals and organisations. Government has a part to play but governments alone cannot achieve the cultural changes involved in making a reality of lifetime learning" (Policy review meetings August 1997, based on Lifetime Learning: A Consultation Document (DfEE, 1996)). Changing attitudes within the small business sector may not be a simple or easy process as other commentators have noted (Storey, 1988, also Storey and associates, 1989). Similarly, without specific measures designed to address the needs of these companies as advocated by Hyland and Matlay (1997), success may not be achieved.

Chapter 2

Exploring the nature of the sample to be studied

and the content of the study

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Defining the group to study

Having established the need to study the small business sector and human capital formation, it became necessary to define the range of the research. In the last chapter, the importance of SME's to national economic performance was examined and can be summarised by Maillat's (1988; foreword) comment that SME's would meet 'current national economic needs' ... and 'solve current and future economic problems.' Whether or not this view can be supported, in reviewing human capital formation in these companies, the first step was to identify a suitable group for study. Since this was to be a study with repeated visits to the same companies and interviews with more than one member of staff, it would not provide large scale results. The task then was to establish which part of the "small business" world to focus upon, particularly since other research had emphasised the diversity of these organisations.

Many commentators have stressed the importance of understanding how varied the small business sector can be, emphasising the need to differentiate between groups within it (Penrose 1959). Hawkins (1995, 1996) cautioned that because of their diversity, SME's cannot be regarded as a single sector; Chittenden and associates (1993) call for specialised targeting to recognise the more specialised requirements of established small businesses; Hyland and Matlay (1997) called for further studies of the sector in order to identify specific needs within it. Curran and associates (April, 1991) also sound a warning against using

a single size criterion and expecting to obtain a similar sample as owner-managers frequently may have little or nothing in common in terms of problems encountered or business relations engaged. Casson (1996) supports this, emphasising the differences in management style between companies of similar size but within different business sectors.

How big is a small company?

The actual size to be included in the survey, was the first consideration. Most studies which look at 'small' firms also consider the relative size of those organisations under review and justify their choice. Bannock (1981) commented on the difficulty of defining 'small' firms, especially since these may vary in size from one country to another. Successive OECD reports focus on 'less than 500' as the measure of a small and medium size company (1995, 6, 7) A different strategy was adopted by Hall (1995), who ignored the issue of how 'small' should be defined, in order to include a range of work across size categories.

Within the UK, the size variation included in other studies differed widely. Older studies tended to look at 500 as a measure of 'smallness' whereas newer research identified 25 or 50 as a suitable upper limit. Further, other reports emphasised the need for different upper limits for companies from varying business sectors. The Bolton Report (1971) suggested a cut-off point of 200 or less for small firms in the manufacturing sector while identifying that a lower cut-off point would be appropriate for other industries. Paper, printing, publishing, leather, timber and furniture had 100 suggested as the cut-off point; whereas food and drink had 500 suggested as the maximum. Stanworth and

Gray also use 500 as the upper cut-off point for some of the analysis presented in their review of progress 20 years after the Bolton report (1991, p2) but expressed reservations about this since “on a common-sense basis 500 is a high threshold definition, especially in non-manufacturing.” More recently, Hales and associates (1996) used 50 as an upper limit in their study of NVQ take up among small businesses in the hotel and catering sector, distinguishing between those with more and less than 25 employees as having different characteristics.

International comparison also showed the same confusion due both to the variety of recording and categorising systems in different countries and also to the existence of country-specific needs. Some studies looked at much smaller companies Neitzert (1996) focused on those with five or fewer workers in an African study whereas another African study, Parker and associates (1995), distinguished between SSE's (small scale enterprises with 6 to 49 workers) and MSE's (micro-enterprises with 1 to 5 workers). Dramatic size differences across countries are also illustrated by the situation in the United States. The 1982 and 1985 annual reports of the US Small Business Administration identified 500 or less as the employee size and usually with a sole proprietor (76% of all cases), while a 1990 report by Brown and associates also includes companies employing less than 500 employees in their categories of 'small' business

Similar patterns emerge in European studies. In Burns and Myers' 1994 survey of eight thousand small and medium sized enterprises across

Europe (UK, France, Germany, Italy and Spain), conducted in the second half of 1993, the divisions chosen were larger than normally accepted in the UK. Three groups, - up to 50, 51-200 and 200+ employees - were surveyed to identify which sectors were "winning" or losing" in terms of growth and to identify concurrent characteristics. From country to country 'small' is defined in terms of different numbers of employees, with an EU average of 7.9, and 98% employing less than 10 people according to a 1990 OECD study reviewing enterprise formation in the Netherlands. Dutch firms were significantly larger in terms of the number of their employees than the EU average (where 91% of all companies employ less than 10 people, less than 1% of all companies employ more than 100 people).

The difficulties involved in comparing data are also discussed in Clements' (1994) study, carried out to determine the relationship between German SME's and their banks. Here 250 is chosen as the maximum number of employees but caution is expressed about comparing this data with that gathered in other countries due to the different ways of recording a business as independent or not, small or not, craft -based or not in different countries. In an attempt to counter this, Ganguly (1985) differentiated between 'Establishments' with 20-199 employees and 'Enterprises' with 10-19 employees in an attempt to compare international data on SME's. The (smaller) Establishment is seen as a unit at a single physical location or as one with separate accounting whereas an Enterprise encompasses one or more establishments, defined legally in terms of common ownership.

Another approach in differentiating between companies in this sector was made by the Institute of Chartered Accountants 1995 study of SME's which described 'large' 'small' and 'very small' companies all within the small business sector. Here 'very small' SME's had less than 20 employees, 'small' SME's were between 20-50 employees while 'large' SME's encompassed 21-499 employees. Other attempts to distinguish between these is shown by the European Commission's use of 'micro-enterprises' as a term to describe those with 10 or less employees.

More recently, commentators have focused on the 50 employee mark as an upper limit for the small business. Leif Mills (1995), arguing for an uptake in Investors in people as a standard, identified the 50 employee mark as an important category of companies which had so far not taken part in the initiative and argued for their participation to be targeted since by the year 2000 "60% of organisations with more than 50 people employed should become Investors in People."

The fifty employee mark was also identified one of three size separators by researchers at Leeds Metro Policy Unit (1994 study cited in Dawson 1996), examining some of the development characteristics of a segment of SME's. Here there is differentiation between those with 10-25, those with 26-50 and those with 51-100 employees. As with many other studies, those with less than 10 were not part of the research process, despite their comment that the "typical small firm employs 7.9 employees" These smallest companies were dubbed 'micro-enterprises' in the 1996 Institute of Chartered Accountants survey

identifying barriers to growth perceived by SME's within the UK.. Micro-enterprises employed 1-10 employees as opposed to small enterprises (11-100 employees) and medium sized enterprises (101-500 employees).

The emphasis on '50 weekly employees' as a maximum size mark for small firms in the 1981 Companies Act is continued in current government literature (which is currently setting new targets for this group for the first time as part of National Education and Training Targets). This, together with the opportunities being offered to companies with 50 or less employees, led to the selection of 50 as an upper size limit for the study. One such focus for small business development was the Skills for Small business programme (SSB), designed "to help small companies to grow by enabling them to carry out key development". This key development was the formation of a business plan (if one did not already exist) which included the need for training in order to achieve the stated goals. The most important training would be for one or two key members of staff whose own development would trigger company development.

The lower limit needed to include the 'typical' smaller firm but to exclude newly started companies since succession etc. would not be an immediate issue for these companies. The average firm had been described by EEC studies as employing 'less than 10' (OECD 1990). Similarly the Institute of Chartered Accountants 1996 survey defined the UK 'average firm' as employing an average 7.9 employees, while other studies in the West Midlands commented on the high proportion of

smaller companies. Hyland and Matlay (1997) found 78% of micro-enterprises within a sample of 1,986 firms. Companies with less than 10 employees therefore needed to be included.

Those with less than 4 employees, however, seemed to fall into a different category since they were, according to the same study, generally newly formed companies or established companies which were 'one man bands.' These latter organisations include those described in the Bolton report (1971: p 146) as 'craftsmen' a segment of the small business population defined as 'self-employed, small-scale producers of articles of high quality.' These types of organisations would not be appropriate for this study since there might not be enough workers for a 'Keyworker' to be selected other than the owner-manager and there could be little history of training and developing staff if few staff were actually employed. Similarly, despite their role in quality production of specific services or products, they do not however have a part to play in expansion of the economy through development of employment opportunities (Stanworth and Gray, 1991). Companies selected for the study were therefore limited to those employing between 4 and 50 employees.

Company locations

However, even having identified a suitable size range, other factors also needed to be considered. The average size of small businesses has been shown to vary in different parts of the country and in different locations, i.e., between urban and rural sites. The Small Business Research centre (1994; p70-74) distinguishing between firms by size in

terms of employment, found variations in typical firm size in different parts of the United Kingdom. The average firm in this research employed more employees than in other work but southern firms were found to be "generally appreciably smaller than northern firms, with median sizes of 20 and 32 employees respectively.." This is attributed to the relative newness of firms in the south compared with those in the north and with the greater proportion of service sector firms in the south. Similarly, rural SME's were larger and more rapidly growing than those in large conurbations.

Limiting firm size might have different implications in different parts of the country, particularly since SME's training provision has already been found to vary between north and south and in urban and rural districts (Westhead, 1996). Similarly, rural entrepreneurs have been shown to have higher educational attainment levels than urban entrepreneurs, when younger and female entrepreneurs are compared (Townroep and Mallaieu 1993; Storey and Curran 1993). The Small Business Research Study (1996) also found considerable differences in skills make-up between north and south and between urban and rural locations with accompanying differences in skills shortages and training required (pp 70- 73). For these reasons, companies in this sample were selected from city, town and country areas across the West Midlands to take part in the study. Wherever possible this would give the same proportions of business sectors .

Data would be analysed to test whether there were differences between country, city and town locations for existence of a business plan, for

companies to have training aims or provision, for existence of training in the previous 18 months. It would also be collected about the expressed attitude of the chief executive to training or to qualifications, the educational background of the chief executive and the role of the person chosen as a Keyworker

Independence

The other governmental requirement of the SSB programme as defined by TEC's throughout the region, was the need for this company to be independent. This is not a new development. Independence was seen to be important by both the Bolton committee and later the Wilson Committee (1978). They distinguished between a statistical and an economic definition in order to separate "the creation of entirely new firms from the spawning of subsidiaries." Here it was important to establish that companies were not sub-divisions, franchisees or commercially linked to other companies, i.e., that links with other companies were only those naturally occurring with a supplier or a customer.

This requirement was also included for companies taking part in the study. Firms would need to employ between 4 and 50 employees, to be located in one of three locations in equal proportions from business sectors and to be independent.

Family firms and non-family firms

A further distinction within companies concerned ownership and involvement of owners. In earlier research stress had been placed on one set of active owners - those whose enterprises were family owned

and run. Gold and associates (1996) comment on the importance of the both the founder or owner-manager and of the rest of the family to company development - identifying that SME's also reflect not only the character and enthusiasms of the founder but also those of *his or her family members* (pp 26-33). Other commentators have echoed these findings but identify that this can be a mixed blessing and need not always be a positive factor for business success. Where aspirations and expectations of family members differ, it may be expected that the interests of the business will suffer (Argenti 1976).

According to UK and to US research, family influence in the small firm is of growing significance to the national economy. In the United States, 90% of businesses are family owned and controlled (Ibrahim and Ellis 1994). A family business has been described as one owned or managed by one or more family members (Handler 1989) or as companies where two or more extended family members influence the direction of the business through the exercise of kinship ties, management roles or ownership rights (Davis and Tagiuri 1982).

The revival of respect for the family firm in both the UK and the US follows a period of being undervalued, dismissed by economists as not central to the economy and simply 'Mom and Pop' businesses (Gallo 1994). This American research emphasises the importance and success of 'family values' since family firms are seen as offering the investor more through 'the mixture of sound values, strong loyalty and increased motivation to succeed in order to benefit the family.' In support of this, Gallo (1994) claims that the economic value provided by

family firms is enhanced by their tendency toward long term strategies rather than a need for quarterly returns, by their aversion to debt and by their practice of re-investing dividends. In the UK evidence is also emerging of the recognition of family firms as a potential market segment in the UK (Dunn 1998) although the emphasis on *family values* as a source of business success is so far lacking.

Family influence may be participative or it may be financial. Storey (1988) commented that "investment capital is usually obtained from family or partners" in smaller companies (p28). My study focused on those firms with participating family members rather than those solely with financial participation. The interest I had was in how family members were treated in comparison with non-family members and whether there were gender differences within this.

Some research suggests that participation is equal, although the sort of support may differ, Donckels and Meijer's 1986 European study found that married couples contribute significantly to each other's business and that although wives often make "an important or large contribution to the management of their husband's business" ... also husbands "commonly provide technical, marketing and planning skills." Other research shows gender differences in terms of status and roles even when held by family members who might be expected to gain from family membership. Ram and Holliday's study (1988) found that tasks usually undertaken by women were regarded as less skilled than those tasks usually done by men and that the status of core women was still lower than that of core men within small companies. Phizacklea (1990)

also found status differences, maintaining that women in small firms are often attributed roles simulating the gender division of labour within the traditional family which are rewarded accordingly: the male 'breadwinner' and the female actual or potential 'wife and mother' ideology.

The initial intention was to include 50% family-participating firms in the sample. These would then be divided into types of family firms, husband and wife, son or daughter running company following founder's retirement or semi-retirement. One issue which was not found discussed earlier was how to classify single sex couples, of which there were a number in both care and hospitality sectors. These were eventually classified as 'other' within the family firm category. The areas of interest would then be whether within family firms, preferences would be shown for family members when training was allocated. This might be demonstrated by family members being identified as the 'Keyworker' to develop or by family members receiving training in the past. Workers receiving preferential treatment might be family members or they might just be popular with the chief executive, long serving members of the company or perceived as having the right skills or attitude to deserve favour (Monder Ram and Ruth Halliday 1988).

It follows from this that the preferred person might also be seen as a possible successor to the chief executive. Given the literature in the United States as to the importance of succession planning in family firms and the anticipated expansion of female-owned businesses as a result of succession, I was also interested in whether firms (family or non-family) had succession plans and who had been identified for this

role. It seemed likely that this person might also be selected for training as part of the Keyworker programme. Data about the characteristics of this person would be collected to be compared with those of the chief executive. Other reports had already found that CEO's in the SME sector frequently seek their own attributes in those being selected. Zajac and Westphal (1996) commented that the characteristics of a selected successor might be very similar to those of the chief executive carrying out the selection, whether the successor was a family member or not

The other area of interest was the effects of working in a family firm on other members of staff who were non-family members, since family members may or may not receive preferential treatment. Would the non-family members have received the same amount of training and would training and development be planned for them? It seemed that family members might receive preferential treatment by being selected as Keyworkers and by receiving previous training and development.

Here then data would be collected and analysed to determine whether all firms would plan for succession (or whether there was a difference in family and non-family firms). Similarly, in family firms, further data would be collected to confirm whether family members would be selected as Keyworkers, and whether they would have received preferential treatment. This might either be by their having received training in the last 18 months or by their receiving more training than non family members. Where family members did benefit from succession, tests

would also be carried out to discover whether more men than women would be identified for succession roles.

Owners founders or managers?

In order to compare successors with their selectors, the nature of the chief executive in small businesses needed to be considered. There is considerable emphasis on the chief executive's role and traits in small business research. SME's have been described as 'the embodiment of their founder' by Gold and associates (1996) in their review of management in SME's. Similarly, Richardson and Hartshorn (1989 p1) comment that the founder or owner-manager may be "the single most important resource" possessed by the company and that "training that person may be the greatest investment in the business, with the greatest impact." Their study of new start-ups points to specific training required for success by the founder but they also extend their comment to other, more established organisations where the 'founder's' role may be performed by the chief executive or owner-manager.

The person setting up the firm, or the established manager whose personal style has maintained the company, sets the style of management for that organisation. Mezirow (1991) commented that to bring changes to SME's, associates must discover what is really valued and desired by key decision makers such as the owners, managing directors or senior management, otherwise they would not be successful.

The managers of these enterprises are frequently termed 'entrepreneurs' both in research and in governmental literature, whether

or not their efforts have resulted in the firm's set up. Other research also attempts to define further types within these categories. Collins, Moor and Unwalla (1964) distinguished between 'entrepreneurs' and 'hierarchs' where hierarchs were salaried.

Using the same sample, N R Smith (1967) distinguished between 'craftsmen' and 'opportunists' where 'Craftsmen' were characterised as having blue collar backgrounds, limited or narrow education, and hence as more limited managers, paternalistic and inflexible in strategy. Craftsmen also usually funded their business through their own savings or those of their friends and family, and usually marketed through personal relationships rather than by careful strategy. Opportunists or entrepreneurs were described as better managers with healthier businesses since they were more dynamic, more flexible and more likely to take informed decisions.

Much research focuses on the entrepreneur who are said to take risks and to stimulate the economy at a local level whereas the manager who maintains the company is seen in lesser terms to these entrepreneurs, who organise productive resources and become the catalyst of economic development (Louart 1983). Many studies identify the characteristics of an entrepreneur, his psychological profile, attitudes and motivations.

As Stanworth and Gray (1991) have already identified, there are problems in trying to identify those traits which identify the entrepreneur due to the lack of an agreed definition of the term 'entrepreneur' (Casrud and associates 1986), and to the unhelpful division of research into

small business and entrepreneurship (Wortman 1986, p11). The conflicting nature of results (Chell and Haworth 1990) and the problem of external validity also provide difficulties. Given these cautions, and given the need to identify a manageable range of individuals to target, and of data to collect, no attempt was made to parallel these distinctions between entrepreneurs and salaried managers. However there was differentiation between owners and managers. This took the form of examining reason for self development in each case (and identifying whether this related to the development of the business)

The survey was therefore not confined to one type of chief executive but included those described as salaried chief executives, owner-managers and some founders. Here, the chief executive would be studied in relation to his choice of staff for development, in an attempt to look for similarities between selector and those selected.

It was therefore necessary to limit the range of attributes studied in both CE and Keyworker groups. The range of this research included the age, sex, educational background, life experience and work experience of the owner/manager, plus their attitudes to education, training and qualifications for themselves and for their staff. If Curriculum vitae existed these would be used as a basis for discussion to elicit these facts, otherwise the basis would be personnel records or completion of a form (amended from one in current circulation by local Training and Enterprise Councils to collect such data).

Bias

Data was collected from companies about the ethnic mixture, sex and age of the workforce, with specific focus on whether these factors affected the choice of Keyworker. It seemed important to include ethnic minority participation in the selection process given earlier reports, including the study carried out by Sargant for NIACE (1993). Identifying that ethnic groups had a higher learning profile than the rest of the population but that they were less likely to receive training at work, she comments on the commitment of those from ethnic minorities to learn. This learning is overwhelmingly for vocational purposes, to improve career prospects whether employed or not.

More recent reports also identified problems suffered by workers from ethnic minorities in accessing training and development in companies. (Watson, p 3, 1995, found that access to training for "female workers, ethnic minority members, older and disabled staff still needs to be improved despite some progress since 1987)". In this study, discussions centred upon the opportunities offered to ethnic minority members and the reasons for any lack of training and development offered to this group. Not all companies employed members of an ethnic minority and the reasons for this were also explored.

Gender

The selection process would also be subjected to tests for possible bias on the basis of gender. Bielby & Baron (1984) found the most sex discrimination in the very large and very small firm Cooke (1991) found little evidence of change in his review of equal opportunities

improvements within companies and called for a major cultural change to occur to remove stereotypes of female occupations, echoing an earlier report calling for male and female training and development to be viewed by organisations in different ways.

Other earlier reports also showed that despite larger companies making progress towards male / female equality, few smaller firms had done so (Economist, 21 July 1990) while Green (1991) used 1984 Labour Force Survey data to show that women suffered discrimination over access to training. However, a Hansard report (1990) found that womens' access to senior positions had changed little between 1975 and 1988 despite their university attendance increasing from 35% to 42% over the same period, suggesting that access to educational opportunities alone is not enough.

From these and similar findings, it seems that employers invest less training women than they do training men (Jacobs Lukerss and Unseem 1994; Lynch 1991) Keyworkers might therefore be expected to be male and if female perhaps more qualified than their male counterparts. If female they might also be expected to have had fewer training opportunities and perhaps those training opportunities which did arise, might not have been appropriate to their needs or may have been subject to other constraints. Coats (1989) identified the need for those seeking to attract female learners to provide specific education and training relevant to womens' needs. McGivney and Bateson (1991) also identified the barriers to training faced by women, identifying the lack of child care provision as reinforcing other constraints to female access to

education and training. Questions were therefore asked to determine whether CEO's had preferred types and methods of training and if so whether it might be their practice to provide training opportunities in the ways that best suited them rather than the member of staff concerned. Since the existing literature suggested that this might provide more problems for female workers than for male workers, this was therefore important to include preferred training and learning methods as part of the discussion with Keyworkers and if possible with other staff. This then led to the inclusion of learning styles.

Learning styles

The existence of learning styles has been argued for some time. Pask (1964) argued that there are differences in individual approaches to learning: Skemp (1971) called for analysis of the learner and of the topic as an explanation of learning variance. The term "learning style" has been described as the similar set of strategies based on a person's attitudes and motives to deal with problems or situations, adopted across different tasks or settings (Schmeck 1988). Theories in this area have included work by Wallach and Kogan (1965) and by Hudson (1966) identifying 'convergence' and 'divergence' when exploring creativity in school children. Discussion of these ideas developed the concept further so that individual differences in learning or cognitive style were paralleled with personality differences (Entwistle, 1981). Kolb (i.e., Kolb and Fry 1975; Kolb 1984) developed the terms to include four

learning styles based on whether people prefer to deal with concrete or abstract information and how they process this, reflectively or actively.

Echoing earlier work by Marton and associates (1976), Biggs (1987) used information processing research ideas in describing three main ways to deal with information. These three strategies, - deep, achieving and surface - are described as 'approaches to learning.' Schmeck (1988) also described three possible styles, here 'deep, elaborative and shallow' based on work exploring memory functions and processing.

Earlier Witkin and associates (1977) developed tests for field dependence / independence which have been described by some commentators as useful in providing information relevant to learning especially in certain subject areas (Tennant 1988). However, field independence might be regarded as an ability which is part of general intelligence rather than providing information about preferences or modes of learning. Similarly, as has been summarised above, other research focused on deep / shallow learning or holist and serialist approaches or a combination of these in describing how an individual learns. (Pask 1964, Entwistle 1981). Given the range of theories developed in this area, one was selected in preference to other methods, the Honey and Mumford LSQ. (See Appendix G). Here learning style is determined through a review of managers everyday actions rather than by their Ideas as to how they learn or by spatial awareness tests.

There would be two stages in this, CEO attitudes would be studied through questions relating to their own most preferred form of learning

(for their own self development). They would also be asked how they thought the Keyworker would learn best. They would then complete Learning styles questionnaires as designed by Honey and Mumford (1992). Both CEO and Keyworkers would complete these. The LSQ was designed to follow on from the earlier work by Kolb described above, who suggested a four phase cycle of learning and four modes of learning, using the terms, 'activists, reflectors, theorist and pragmatists' to describe these four modes. Respondents may have a strong preference for one or more modes or weak preferences for one or more modes. In this way a profile results describing the person's approach to learning.

Learning styles have been described as useful in presenting profiles rather than simply ranking one facet of an individual (Squires, 1981). Here there would be no attempt to match the respondents with 'best fit' training since at this stage they were simply providing information on one aspect of their approach to life , (Messick 1976).

Identifying learning styles in the case of the CEO and the Keyworker provided a useful method to show a potential similarity or difference in approach between staff which may account for preference, where demonstrated. Since "where two people matched for age, intelligence and need, exposed to the same learning opportunity, react very differently" Honey attributes this divergence to "unspoken preferences about how to learn" (Honey and Mumford, 1992, p 1).

Other writers have called for caution in their use as a prelude to defining learning method. Skinner (1950) suggested that a focus on learning

styles might not be helpful; comparing available research also shows that definitions of learning or learning theory should be treated with caution, due to the inherent difficulties of doing so. Given these earlier counter reports, the use of the LSQ would only be as a tool to indicate a particular style in each case. The use of learning styles here would represent to attempt to identify any relationship between this particular feature of selector and selectee and no follow up training would result from the process..

As in earlier studies (Matlay 1996), their view of training for staff would also be compared with actual training done or potential training planned 18 months either side of the study. It had also been agreed that all replies would be verified through a review of available documentation wherever possible (see Appendix C for a list of such documentation).

Educational background

Earlier reports suggested that the educational background of some CEO's had great impact on the training carried out and the qualifications obtained by staff in their companies (Hyland and Matlay 1997). Some studies too, pointed to a generally low level of education among all business owners. Martin (1988) found that only 11% of female and 8.6% of male small business owners surveyed in the General Household Survey reported any further education qualifications. Others found a greater lack of education and training in small business owners. Stanworth and Gray (1991) commenting on the Bolton report's earlier findings found that "Owner-managers were less likely to have pursued a

formal education than were those holding managerial positions in large organisations" No comparison between large and small organisations was made in this study but the educational background of the chief executive and his or her chosen Keyworker was explored and contrasted.

The educational background seemed important in affecting the manager's range of choices, particularly with regards to training - if they had felt training to be useful themselves would they be more likely to encourage employees to participate in training? Other researchers have emphasised the importance of this. Hyland and Matlay (1997) maintained that by far the most important factor in the chief executive's attitude to training was his or her own previous experience of education and training.

The types of training or development which had occurred at the company in the last eighteen months before the study were compared with the manager's reasons for doing so (or for not doing so). Wherever possible, the replies were verified through review of available documentation (see Appendix C). CEO's qualification level would also be compared to their view of the importance of qualifications. To develop this further, they would also be asked about their plans to recruit staff and whether those possessing higher education awards would be a source for new recruits. This would also be compared to their views as to whether employing a graduate would be of benefit to their company plus reasons for or against. Hawkins (1996) comments on the challenges to both graduates and to small companies in fully

appreciating the benefits graduates could bring to their company. Questions would therefore also focus on whether benefits might accrue from graduate employment

Qualifications and attitudes to higher education: recruiting graduates

Despite the role of small firms being cited as vital in the employment of graduates and others, SME's do not recruit graduates, whom they regard as 'high cost and high risk.' This may be because the entrepreneurs tend to focus on short term needs and because many are themselves not graduates (Hawkins, 1995, 1996). Similarly Curran (1989) found that employers often stressed finding the 'right sort of person' to fit in with other staff, plus the right mixture of technical skills and work experience to do the job properly, i.e., qualifications as such were of secondary importance to the small company entrepreneurs in this sample.

However, graduate employment can have positive benefits according to Westhead (1996), who maintains that since those organisations in his study employing a graduate student during 1994 were more likely to provide formal training during 1995, the graduate training experience encourages the provision of formal job-related training. The previous employment of graduates was therefore also sought, together with previous participation in government schemes, to see if either was linked to participation in Skills for Small Business scheme or planned future training.

Managers were also asked about the importance of the Keyworker gaining a qualification to benefit the company. Replies were compared with managers' qualification level, educational background and with whether they had already had experience of employing graduates.

Owner-managers or chief executives were also asked whether employing a graduate would be of benefit to their company and their reasons for their response, whether favourable or not. They were also asked whether recruitment was planned externally since family firms might again rely on family members to fill recruitment gaps (Maguire 1988).

Responses of senior managers were collected and compared with those of their staff, Keyworkers and other staff, especially with respect to how much training had been carried out, and to the relative importance of qualifications and training. Similarly, documentation was sought and reviewed to check replies as before, (appendix C)

Training

Training in the small business sector has been described as 'weak' (Industrial facts Forecasting 1992) since only a small proportion of small businesses actually undertake any formal training (Stanworth and Gray 1991). Reasons for managers in small firms not approving training vary. Some are sceptical about the benefits of training (Wood 1988). Others include such factors as time and cost and the lack of any need for training (as seen in a study by Curran and associates 1996, where this was by far the most important reason offered for not carrying out

training). In this study, reasons for non-training were collected from chief executives in open questions without prompting through offering of alternatives.

Since training takes many forms, CEOs were asked what they meant by the terms 'training' and 'learning' and how they saw these taking place in their company, by which method(s). For instance, it seemed important to ensure that although there might not be formal organised training through external course attendance, some training might still be occurring. This might be through "hidden" training and/or training in-house (cited as a possibility in both international and UK studies - Burns (1989) and Harrison and Lord (1992)). Training or even learning may be solely equated with activities leading to a qualification. The National Advisory Group's first report (November 1997) advises caution in dealing with all data claiming to describe the state of lifelong learning due to the probable presence of 'hidden training' since many people "do not recognise or describe activities they engage in as learning even though an educator might see them as such" (2.25-2.27)

To try to identify which activities counted as training to the respondents, chief executives and their Keyworkers were both asked about how they preferred to learn in order to discover which types of training they favoured. Chief executives were also asked how training would be evaluated and how it had previously been evaluated. Options offered by these staff included course attendance, on-the-job training, a mixture of the two and open or distance learning. These were not offered as suggestions but were identified by the respondents themselves as ways

in which they had previously gained useful skills or learned new ideas. Chief executives were also asked which method might be better for their Keyworker or other staff to better enable them to learn new ideas or skills. The hypothesis here was that chief executives might project their own preferred learning style as most appropriate for staff, even when staff expressed different preferences. As part of the data collection, chief executives and staff completed learning styles questionnaires (Honey and Mumford, 1992) and the two sets of data were then compared to identify links or significant differences. The other possibility was that chief executives might select Keyworkers with similar learning styles to their own.

Planning and advice

The emphasis within the 'Skills for Small Business' scheme was for companies to have a comprehensive business plan which would include training as an expression of how aims and objectives in the business plan might be met. The business plan would identify main aims, subsidiary objectives and personnel needed to fulfill these. Training would then be identified as a natural part of this planning process to enable parts of the plan to be fulfilled through equipping all or some staff with vital new skills or ideas.

The importance of business planning has been stressed by many researchers. Ray and Hutchinson's (1983) view of supergrowth companies was that these successful organisations would plan carefully. There would be clearly focused objectives emphasising the importance

of forecasting for cash flow, profit and sales as opposed to the informal planning which occurred in companies which remained static. Dean and Sharfman (1996) comment on the more effective decisions made by those who collected information and used analytical techniques. Burns and Myers (1994) also suggest that those companies with clear objectives and defined plans tend to be 'winners' based on sales and profit. growth compared with others in their industry. Brock and Evans (1989) disagreed with this focus on planning, finding that there was only limited evidence to show clear links between these activities and the subsequent growth rate of the firm. Similarly, larger firms were encouraged in the early 1990's to shed their current style of careful planning and professional management in order to become more entrepreneurial. (Gibbs and Davies 1990)

However, current governmental strategy is based upon the importance of an organisational plan which sees company success through workforce development. Skills levels raised through enhanced individual competence with resulting organisational effectiveness and flexibility (DfEE IIP; NETTs, Robertson 1996). A recurrent theme of small business research, however, is that there is a general lack of planning within these enterprises.

Where external advisors have attempted to remedy this, other studies point to the owner-manager's resentment of what he or she sees as 'interfering'. This is especially true for smaller, newer companies:

"Having rejected 'the boss' " (to start up their own companies)

"respondents didn't want to suffer paternalism from Government or

anyone else for that matter..." (Bolton report, p 24, 1971). Within family firms, this might be more marked, since external input might be unwelcome and since decision-making might rely more often on one person (Maillat 1988) Blackburn and Jennings (1996) identified a split between 'strategic planners' and 'evolutionists.' Strategic planners were three times more likely to have healthy, growing concerns. They also had plans for at least three years ahead, while evolutionists felt that planning was a waste of time and preferred to focus informally on possibilities no more than twelve months in the future.

Data would be analysed to determine the proportion of companies with an existing business plan, and to establish whether differences existed within business sectors in possessing a business plan. In the literature quoted above, an ideal view shows the business plan being created by the chief executive and key staff with expert help, set up for strategic reasons to help future company development and used extensively as the organisation progressed. Information would therefore be collected and tested to establish the validity of this model within the companies in my study. Discussions, both with individual companies and with a focus group of representative organisations, further refined these ideas, as described in the next chapter. Other information was also assembled as a result about the existence of a training budget and the training policy within companies (in terms of stated training attitudes and employer's own views)

Why investigate planning and training policy within companies?

A 1994 study by Coventry & Warwickshire Business Partnership found that although training was regarded as important by all senior managers, less than half had a training and development budget, neither was there any sign of employers taking a pro-active approach to staff training, particularly on a long term basis. (Pp 24-26). This finding has been echoed by many other studies: the majority of enterprises in Curran's 1987 study had no formal training policy; Johnson and associates (1991) found that most firms which do undertake training, do so to meet short-term goals, as 'short-term fixes for immediate problems.' Ross (1993) also found that training was still very much an *ad hoc* activity with little real evidence of SME's assessing its success or otherwise; Hyland and Matlay (1997) comment on the "direct day-to-day involvement" of owner-managers with regard to training (pp 6-8). Lack of planning in the organisation of training is also demonstrated by the difficulties encountered in allowing participants time to train whether on or off-site and in understanding and allowing for the real costs of training (in terms of opportunity costs for training and for not doing so). This is also reported by many different studies; the European Business Survey (1994) with the European Observatory for SME's found that "60% .. (of chief executives) .. quoted time and 50% quoted cost as the main reasons given for limiting training."

Despite the apparent slowness by managers to follow their expressed enthusiasm for training with action to put this into place, the need to commit resources to training is emphasised in many studies, as has

been established earlier. If training were to occur, which forms of training would owners or managers feel to be appropriate and to whom would training be offered? Marshall and associates (1993) found that personal development is central to organisational development, and that training should be encouraged even if staff were enabled to leave eventually to find better jobs. This supports Ross's (1992) comment that some managers believe it is better to retain committed individuals whilst they undertake training and development even if they leave a year later, rather than thwart career aspirations at an early stage, when they would leave anyway.

Data was therefore collected to identify why chief executives trained their staff, whether evaluation occurred of training effectiveness and how chief executives valued 'soft' skills development and non work-related development. Tests were carried out to establish whether training which had taken place would have been evaluated, according to the aims in the business plan and as part of a long term process.

Learning organisations

Defining the level and types of training and development within an organisation naturally led to the discussion of the term "learning organisations". Barham and associates (1988; 1991) define these as having training and development as an integral part of the organisation, where learning is a continuous process rather than a bolted-on activity at various points in an individual's career. On the job training and learning was a focus for discussion with CEO's, since it was seen as a natural part of any individual's working life and part of the process of

'learning about learning' which is key to the idea of a learning organisation.

Defining how on-the-job training and learning occurred - establishing the process for learning within these organisations - was the main focus for discussion in this area. This related to findings in other studies about the importance of information flow in the learning process. Garratt (1987) emphasised the role of information flow in the learning organisation but later modified this to focus on 'learning leaders' who chart the company's strategic learning and change processes. During the face-to-face interviews, CE's were asked how learning needs, solutions and ideas were generated and passed on. The answers were then compared with written materials where available. These might take the form of personal development plans and CI logs or of other written back up materials which helped to provide a picture of information flow at each company taking part in the study. How training was identified and how training solutions were found to meet individual or company needs was also further explored. The model detailing this process described by the CEO, was presented to the keyworkers and other staff as a possible route to leaning (without being identified as the CEO's view). Their views on its validity then collected and where applicable, an alternative model formed.

Jones and Hendry (p 11; 1992) also distinguished between companies on the basis of whether learning was helped or hindered by the lines of communication, commenting that "consideration must be given to organisational style and how lines of power and authority are created

and organised” This was also said to relate to “communication and who owns it and manages it within the organisation”..

Edmonstone (1990) summarised various writers on this theme to identify that learning organisations have general organisational strategies related to learning, i.e., since they have structures which enable learning to take place to facilitate organisational objectives. The questions on business planning and strategy and how training fitted in with this, also helped to define whether the company could be seen as a ‘learning organisation’.

The future - ambitions to fulfill

The idea that the only ambition for a small firm is to grow into a large one is common throughout much of the research, although some commentators go further: “..it is the failure of UK small enterprises to grow into large enterprises that may be at the heart of the country’s long term poor economic performance”, judged Barber and associates (1989; p 159). Despite this Kinsell and associates (1993; p 158) commented that fast growing forms were a tiny percentage of all small firms since “most firms, even in ‘ideal’ macro economic circumstances, do not wish to grow.” This is supported by Curran’s (1987) comment that most entrepreneurs in his study did not wish their firm to grow even if this would create more jobs.

Other studies have suggested that women entrepreneurs and managers perform less well in small companies than their male counterparts and this is often attributed to their having different goals. Amongst numerous studies, Brush and associates (1992) comment on poorer

performance where female CEO's run a company, Longstreuth Stafford and Mauldin (1988) review motivation and values of self employed women. Brush also suggests using criteria other than simply financial measures when gauging whether women have 'succeeded' or not in their roles as small business managers, calling for the use of "other measures such as employee satisfaction, social contributions, goal achievement, and effectiveness" (1992, pp 21-22).

However, this is not confirmed by Shane et al (1991) reviewing US small businesses and their chief executives, who found that males were most motivated by the need to improve the position in society of both themselves and their family while females were most motivated by the need for achievement. Similarly, Jacobs and Steinberg (1995) found that although wage differentials between men and women were often cited as based on their differences in aspirations (men placed a greater emphasis on making money while women placed a higher emphasis on working in pleasant conditions) survey data suggested that women rank income as highly as men on a list of factors for choosing a job. Similarly, Reskin and Padavic (1994) argued that those working in historically female sectors do not choose to work for lower wages but are constrained to accept jobs with a gendered wage structure which devalues the feminine.

Chief executives were asked about their personal goals because much of the literature focuses on this as a key to organisational target setting and business growth. Kuratko and associates, 1997, suggested that entrepreneurs possess personally relevant goals and through the

achievement of these , entrepreneurs are motivated to sustain ownership. These aims might be extrinsic (for example, to acquire personal wealth or to increase personal income) or intrinsic (for example, to gain recognition, to seek new challenges, to accomplish growth, for the excitement experienced in establishing a company), as well as the more obvious aims of personal autonomy and ensuring security for the family. Porter and Lawler (1968) suggested that individuals are motivated by both intrinsic and extrinsic aims but Langan-Fox and Roth (1995) found differences between male and female entrepreneurs' goals in that female owner-managers were more often motivated by extrinsic aims in order to earn more money and to pass on these benefits to their children.

Whether the chief executives in my study had personal or organisational goals, interest lay in identifying whether they existed and to then examine the role of training and education in their fulfilment. If small business is to fulfill the role given to it in solving economic problems through employment provision and organisational growth then there should theoretically be a need for education and training to achieve this. Chief executives were therefore asked whether they had personal learning targets. They were also asked whether they saw themselves receiving further training or gaining qualifications. In each case they were asked which types of training, and which qualifications might be achieved. Their aims for the business itself were also discussed and again chief executives were asked how this would be achieved and

whether training, education and qualifications were part of the process envisaged by the chief executive.

Lifetime learning

Initial discussions with the focus group also showed that some CEO's had two distinct sets of learning targets which they did not see as being related. They saw personal growth as quite separate from company development, despite the current emphasis given to this in the Lifetime Learning literature. The last area for discussion with CEO's was therefore the idea of Lifelong / Lifetime Learning. Senior managers were asked whether they were familiar with this idea and how it would fit in with their organisation, in terms of their own development and those of their staff. They were also asked to identify how or whether their own company might benefit from this approach.

Hypotheses to be tested

Selection

To determine whether links existed between the traits of the chief executive and the Keyworker(s) selected for development, the hypotheses would be that CEO's would select those keyworkers similar to themselves. To establish which traits would be shared by CEO's and keyworkers, this would imply testing individually for CEO's selecting Keyworkers with the same age or sex, or those with the same educational background and qualification level, as themselves. Similarly to tests would be needed to establish whether the Keyworker would be selected preferentially in terms of sex, membership of ethnic

minority group, membership of religious group to mirror the CE's background.

Since other studies had commented on the selection of those with similar attitudes, the 'learning outlook of both CEO and Keyworker would be compared. This would involve testing whether CEO's would select those with similar learning styles as themselves and whether they would also select the same training preference for others which they themselves expressed. Given the literature on planning in small companies commented upon earlier and comments made by focus group members, hypotheses would also be tested to confirm whether selection of Keyworker would be in accordance with a structural plan or deliberate strategy or would rather depend on other factors.

Self selection

This presupposed that a Keyworker would be selected for development other than the CEO. Hypotheses would therefore establish whether in some companies the chief executive would select him or herself to be the main person for development. It was thought that this would occur in smaller, newer companies across all business sectors and locations, particularly in companies with a clear strategy or business plan to achieve planned objectives

The impact of succession planning and family ownership on choice of staff to develop

Hypotheses would also identify whether succession planning would be more evident in family owned and run firms than in non-family owned and run firms. This would also imply testing to identify whether training

would be organised to fulfill succession planning requirements as part of a planned strategy. It was also anticipated that family firms would show clear preference for development of family members through previous training, future plans and work conditions, even where family members might have less basis for training or might plan other careers outside the firm.

Qualifications

In addition to identifying links between qualifications and incidence of training, data would be tested to determine whether Chief executives would require a graduate to help company development and whether the CEO's reason for doing so would be strategic or not.

Learning organisations

Hypotheses would identify the existence of Learning organisations in all sectors and locations. (These would be companies fulfilling the criteria for 'learning organisations' given their commitment to "facilitate the learning of all members of staff" and that the company as a whole would "continually transform itself" as described by Pedler, Boydell, Burgoyne 1991.

Lifelong learning

Hypotheses would test the awareness of Lifelong learning. It was anticipated that CEO's in all organisations would be aware of Lifelong learning, with no difference between locations or business sectors, or size group. It was also expected that Chief executives from companies across all business sectors and in all locations would *understand* the idea of lifetime learning. and that therefore as a result companies would

be found across all sectors and locations where lifetime learning had been taken on board as part of organisational training and development. Additionally, Lifetime learning would be seen as a valuable idea by CEOs for their own development and by CEOs for staff development

Chapter 3

Methods of data collection and problems associated: ethical difficulties in interviewing managers and 'bending the rules'

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Defining methods approach and content through focus group discussions

Having reviewed available literature, identified areas of study which were of interest and defined a possible sample group, the next task was to identify preferred methods of data collection. To enable decisions on suitable methods and to refine the subject area to be studied, focus groups were formed and met on two occasions. Merton, Fiske and Kendall (1956) advised the use of focus groups to define previously researched topics. Blumer (1969; p 41) cautioned that the selection of the right participants was a key to effective group action, the best participants would be "acute observers and well-informed." The members of this focus group were drawn from organisations in two business sectors, Hospitality and Catering and Manufacturing and Engineering.

Thirty people were invited to participate but these met as three groups of ten, each with a careful mixture of participants. These participants were all senior managers, and comprised owner managers, second generation managers and paid managers. Wherever possible these were homogeneous as has been recommended in the literature. Those taking part were all from independent organisations which employed less than fifty people. The attendees were the chief executives from these companies (accompanied in some cases by another member of staff, e.g. administrator, family member). They were already known to me as individuals (as were their companies' structure, function and markets) since I had worked with their companies in the past in some

capacity (providing advice, enabling the formation of a trade organisation, devising and establishing training programmes).

At this stage, there was no initial need to establish rapport since this already existed before the exercise; similarly there was no role for me to establish (Spradley 1979). - the participants knew perfectly well who I was in terms of personal details and professional mien. There was little risk of the 'deference' or the 'expert' effect identified as a potential problem to data collection by Bernard (1994) and Collins (1998). The new feature here was that in my role as a college employee, I needed their input to design better research tools and structure for a survey I wished to conduct. However, they clarified my motives first for carrying out the survey.

Having established that this was partly for my own benefit and partly for the college's in terms of raising its profile and gaining greater understanding of the small business sector and its needs, most seemed ready to move onto the actual survey. They seemed to see this as a new facet of an existing relationship rather than as a new relationship.

This was a change in role they wished to explore but having done so professed themselves "happy to help" especially since "no-one ever asks us what we think!"

The groups tested out the first questionnaire (Appendix A) and suggested improvements or questioned areas of confusion or ambiguity in the language used. Other issues were raised which had not been fully explored in devising the first questionnaire. Since succession was a cause for concern to more than one of the managers, this was

discussed. One owner-manager of a mechanical engineering factory with eleven employees confirmed that “training was something he had not had time for” since he had to establish the company but it was “essential for his son” who was to take it over in five years time when he planned to take early retirement. Those without family members were also reviewing training as a way to build up successors for their own roles or for key roles now performed by older employees approaching retirement. New questions were therefore included to establish whether this was a more widespread feeling.

The issue of planning - both for training and for other business areas, also arose. Literature confirmed that those whose managers were familiar with the planning process were more likely to benefit from future planning and would be able to understand and develop strategic thinking. (Farhangmehr, 1991). These would be more ready to propose Keyworkers’ development for strategic advantage. In the original questionnaire, the questioning merely established whether or not there was a business plan and whether or not training was identified through plans or budget provision. “Having a plan is one thing” explained the salaried manager of a country house hotel and restaurant,” but it’s not *having* one that’s important - its whether you use it and what for”. Questions were therefore added to try to establish why the plan had been drawn up, by whom and when the plan was used.

Participants were also sceptical about how the veracity of statements could be checked. More than one company manager commented on the lack of checks within the current TEC programmes with which they

were involved. "You can tell them anything.. Well, they have targets of their own. And if they need to be able to tick their box so that you're investing in people or employing your YT, then the box gets ticked and off they go..." Given my experience later on in the survey this proved to be very useful advice, since it enabled me to test the information given in terms of number of training days provided or of how many employees received training.

Lifetime / lifelong learning

Lifetime learning has featured in much recent literature not only as a route for individuals but also as a means for society to progress by retaining competitive advantage. Longworth and Davies (1996; p9) confirm that Lifelong Learning is a "new vision with new implications and new roles for people, organisations, nations and communities in the 21st Century". European studies call for lifelong learning as part of a partnership between all parts of the community working together to improve performance (European Round Table of Industrialists, 1992) More recently, Tamkin and Hillage (1997) confirm that this is still seen to be an important part of national development, since "encouraging the commitment of individuals to learning throughout life is a major theme in the government's strategy for vocational education and training" Given this emphasis, and the way lifelong learning underpins many of the initiatives currently directed at small firms, it seemed appropriate to introduce the topic.

When the subject of lifetime learning arose initially, participants were divided in terms of prior knowledge of the concept. Those within Care

sector companies had received more verbal and written material on this topic, perhaps because due to their working more closely with their local Training and Enterprise Councils due to various prior initiatives. They also were not sure where this fitted in with 'learning organisations' which some had received numerous mailshots about from a private management training provider. Given the interest in this, questions on learning organisations were added to the questionnaire, to determine whether participants had heard of the idea, how they had responded to it and whether they felt their own company was a 'learning organisation' Participants were divided as to the possible usefulness or validity of lifelong learning as a whole. Most could see the benefit of staff receiving training of a specific nature, to solve particular work problems but echoed other studies by being resistant to the idea of providing anything which might enable the employee to leave their employment more easily (T E Becker, 1996). Despite the calls for all organisations to recognise that "investment in management development contributes directly to long term competitiveness", (Watson for Institute of Management, 1995, p1), there was also a feeling that some topics, particularly, management of other staff, "could not be taught", that the only real route to learning here was through experience. "Supervisory training can help" conceded one engineering CEO, "but you can only learn to be a manager by being one - and in some cases by talking to other managers".

Similarly, Crockett and Elias (1984, p42) found that "the majority of firms do not train managers for the jobs they hold" while figures confirming

this vary in subsequent reports. According to an Institute of Management study in 1992, 88% of managers are trained to be so, while Deloitte Haskins and Sells found 56% in 1989 - both rather more than the Employment Department's figures of 48% (1990a) or 15% (1988) (quoted in their 1991 report). However Warr (1993), comments that the 88% figure above also included some informal learning methods such as networking with other managers and belonging to a professional body, which may not have been included in these other reports. Since Hyman (1992) found that under or untrained managers were unlikely to place a high priority on training for their staff, further questions were added to the questionnaire about the CEO's education and training background, and which forms of learning he or she felt to be most useful now or in the past. Questions concerning the forms of learning to be encouraged for staff to utilise were also added to the list. Following on from this lack of support for courses or training in areas where experience held the key, there was also some scepticism as to how more general developmental education or training might lead to better performance in the workplace. One or two CEO's did however, identify positive advantages of learning experiences which they had transferred across to other areas. A yoga evening class had enabled this child care manager to develop better ways to deal with stress, simply through the use of breathing techniques which led to her being able to slow down the events causing stress and therefore deal with them more effectively.

A hospitality manager described how a two week work experience in a food processing plant helped her understand the benefits of seeing “the whole job - some people spent their lives just doing one part of the process and were really bored, but they had lots of ideas for improvement which no-one else ever picked up on”. This had encouraged him later to establish cross work teams in his own company, with time once a week for members to talk about their roles and identify any improvements or problems which other areas might help with or improve.

Once these two managers began this, others then cited similar examples. This was not an alien concept after all but something they had already been involved with and would continue to do. “You lot have got a name for everything these days” explained one care sector CEO, “and that can be very intimidating because you think - well, what have they thought up now to put us through hoops with - but actually it often turns out that you’re just describing something familiar after all.” An engineering CEO agreed, commenting that the other difficulty lay in the number of initiatives going on at the same time. “You’ve just started to get to grips with one thing then another one arrives. Is this part of IIP then or something else?”. The CEO of the largest engineering company explained how this fitted in with the picture of IIP as far as he could tell, but he also complained about the “plethora of programmes, initiatives, etc., passing across my desk, and most of it government inspired and funded”

One suggestion which managers agreed on was that if I wanted to collect participants' responses to lifelong learning, they were going to need information about it at some stage. As a result of this and rather than be the supplier of this myself, TEC representatives from different areas were invited to provide this to those taking part in the final survey, following initial questioning about participants awareness of lifelong learning.

Written by someone who almost knows what he thinks we want

This then led to another focus for discussion, the SSB programme, which was to provide the basis for much of the interviews with the sample itself. The Skills for small business initiative was generally seen as an interesting idea, but not quite right for the small business sector. "It's like a lot of things" explained an engineering owner-manager. "It seems fine but it just isn't quite right. It's been written by someone who almost knows what he thinks we should want". The idea of identifying who would be selected for development vital to company progress, if the opportunity arose, based on a planned approach to company development, depended as the same manager commented "on there being a plan and on the senior manager having strategic skills...".

The DfEE explained that this programme was "introduced to support small firms employing less than 50 people" ... and addressing "additional problems faced by SME's" when making investments in people. (details given by Leif Mills to Training: Developments in Delivery 1995, pp 13-14). Here the workers selected for training were to be "training

champions”, leading the development and implementation of their firm’s business and training plans. Given the comments of the focus group members on planning it seemed that these training champions might have more problems ahead of them than might have been envisaged when the report was written

Despite recent reports (Oldfield, 16 August 1998) that women are entering self employment in greater numbers and are found in greater numbers as part of the management team, even in small and medium sized enterprises, very few women managers emerged in the focus group. The senior managers in 18 of these twenty companies were male. Despite an initial intention to focus on two sectors within this company size range, it became apparent that if a balance of male and female managers were to be found easily, the sectors had to change. Both in the UK and world-wide in developed nations there have been changes in the level of gender segregation in vocational and professional occupations (European Commission, 1997). Even given this however, there are still areas where either sex has not made great inroads into areas traditionally seen as male or female dominated occupations. In a study of Australian professions, Crockett (1996; p 273-4) noted for instance, that while “men have made few inroads into the traditional female dominated professions” .. Women too were “congregated in a few dominant areas such as teaching and nursing”. Similarly Prais (1995) denoted mechanic, electrician, building etc. as male dominated occupations while office work was a female dominated

occupation, in his study of vocational training in the UK and Germany (p 27-29).

Since some vocational sectors are still seen by many commentators as male or female dominated, a mixture of business sectors was selected to try to balance the proportion of male: female participants in order to identify whether there were differences in attitudes to training within these groups. Following the focus group discussions, the business sectors identified to be involved with the study were Engineering and Manufacturing, Hospitality, Care (for the elderly or for the young), and Other services.

The senior managers (whether owner-managers, employed managing directors, founders or entrepreneurs etc.) were male in all the engineering / manufacturing companies contacted, from an initial target group of 60. This was partially balanced by the all-female management of enterprises offering care for the young. There was a more mixed situation for the other three sectors although hospitality had more male than female senior managers and care for the elderly had more female than male managers. However, these provided a mixture of male and female senior managers whose attitudes could be studied. It also provided data on whether women were likely to manage smaller, newer companies compared with men as earlier studies have suggested, Tigges and Green (1994). Other studies identify a difference in attitude to planning or to future development of the company between male and female entrepreneurs. (Longstreuth, Stafford and Mauldin 1988)

Selecting a mixture of business sectors also ensured that data would be available for the study of gender-related issues *within* these companies. An unattributed Journal of Industrial Relations article (March 1996) commented that women are concentrated in less secure, lower status, positions, especially in small workplaces since in 60% of the small workplaces reviewed, women had no management responsibility, and were also over-represented in the casual workforce (pp 4-5). Martin (1988) also identified that female employees had less opportunities to take up senior management positions.

In addition, it also offered an opportunity to look at management roles. Rosa, Hamilton, Carter and Burnes (1997) found that the number of respondents with specialist roles was similar by sex within a business, but there was a major difference in the nature of management roles. Women and men doing similar work had different job titles and their functions were agreed differently within the company. Also, since Coates (1991) comments on the importance of recognising the difficulty women may face in their use of language - women adopting a more adversarial more male interactive style may be labelled 'unfeminine' but those retaining a more co-operative style of interaction may be regarded as ineffectual female language - it also seemed appropriate to compare the way male and female managers described their roles and the types of training appropriate for them.

Methods of questioning

Other useful information generated by the focus group were discussions on methods and time. Lincoln (1994) recommended an ethnographic

approach as offering a useful way to increase understanding of the individuals involved. Frey (1989) and Peneff (1988) identified the weaknesses of this approach, in terms of its needs for skilful interpretation of data and caution in data collection, but still judged this to be an 'insightful alternative to variable-centred approaches leading to a deeper understanding of the small firm and its environment". (p10-11) .

Fontana and Frey (1994) reviewing interviewing methods, distinguished between individual, group, structured and unstructured interviews. The structured approach allowed for 'no flexibility, no deviations or interruptions from the respondent', since the interviewer conducts the process as from a theatrical script with set lines. (Pp 361-2), whether through telephone, postal or face-to-face interviewing. Collins (1998) denies the reality of structured interviews as a fixed point when it takes place verbally, arguing that all interviews are interactional (citing Denzin 1978; Goffman 1990).

These 'fixed point' structured surveys are usually described as centred around a questionnaire in which each variable was explored through layered questions with accompanying data entry codes. Where this took a written form, this clearly offered advantages in terms of ease of interpretation of results and in some cases, of completion of questionnaire. However, Bradburn (1983) cautioned against this method due to the likelihood of a 'socially desirable' response to fit in with my supposed requirements or to conceal doubtful areas, despite

this method relying on the premise that if questions are asked correctly they will be answered truthfully.

The intended approach, a semi-structured interview with a set of prompt questions for discussion, was accepted by the group as being more likely to provide useful information than a structured written questionnaire. The comment was made that self-administered written questionnaires were likely to be 'posted in the bin' or given to someone else to complete who might not actually know the answers. Testing this unstructured method out in groups of two or three however, demonstrated that this would need to be done over more than one visit, again necessary information to agree with any possible participants.

The use of a focus group to check for possible ambiguity was very useful since the type of response received from questioning might be limited by the type of questions asked or the type of wording used. There was also the possibility of misinterpretation of questions due to my choice of language (Lincoln, 1994, p 361) since ambiguity might arise which might not be detected through this route. Earlier Kahn and Connell (1957) had also cautioned against assuming that the structured approach would necessarily produce a useful result, stressing the need for interviewers to be flexible and to be aware of respondent difficulties and calling on them to understand the respondents' world. Similarly Fontana and Frey (1994) also stress the need for the interviewer to establish rapport and put him or herself into the respondents' role - difficult to do if the questioner has no freedom of action outside an agreed script.

Given that some of the questions might be seen to be sensitive, (particularly why people chose to train some staff and not others) and that I also wanted to verify some of the responses, by reviewing any documentation that might be available or by interviewing participating staff, the structured approach seemed inappropriate. A relationship of trust was also needed to be established with participants, in order for them to be sure that their responses would be dealt with confidentially. The use of structured interviewing was therefore limited to the first stage of the study, where basic data on company structure and background were elicited, through telephone interviewing.

Since the study had limiting criteria as described in the last chapter, these first details were required as a primary filter, to avoid amassing data about organisations not later involved with the research. 231 companies were originally questioned. Of these, 128 fulfilled the size and independence criteria, 62 did not fall in with these requirements and 41 did not wish to answer questions or to be involved. Of these last 41, 75% claimed no need or interest in training as a reason for not wishing to take part, the other 25% were equally divided between those with no time to spare for questioning and those with no wish to be involved in a survey.

Having obtained a suitable group of potential participants who met initial requirements, the second stage was to agree the form of the survey and its contents with participants. This was done through verbal discussion and agreement, and agreement was sought at each interview as to the purpose and content. No written consent was sought or obtained.

Following agreement, an interviewer would visit each company over three or four occasions, ask questions and collect results.

The unstructured approach which 'would offer greater breadth' (Fontana 1977) was explained, as was the prompt list of questions. Interviews would be carried out through verbal face-to-face meetings and questions would be used as prompts rather than through repetition of exactly the same set of inquiries. This was to allow the individual more scope to explain information without being prompted, often offering more detail than might be reasonably expected, particularly in sensitive areas. Replies were not selected by the respondents from a supplied list, but they were noted and attributed to categories to enable data analysis.

At the end of each session, each question was repeated with the respondent briefly to ensure that the content and meaning of their replies and explanations was both clear to me and also clear to them, especially if details had been confirmed which might be interpreted as prejudicial to the company. Where a coding was to be used this was also explained to avoid ambiguity (words like 'competent' and 'satisfactory' had arisen at the focus group and were a source of different meanings, what signified poor quality or even almost pejorative comment to one manager signified good quality or complimentary meaning to another)

Anticipating problems prior to the survey

Before beginning interviewing subjects or even contacting potential interviewees, the available literature had been consulted in an attempt

to anticipate problems which might arise. Often texts would emphasise the likelihood of a high failure in response rate or the possibility that a range of different, and even suggested persuasive methods might have to be used to ensure that subjects took part and were verbally forthcoming during the sessions (Gardner, 1978 : Linguistic minorities Project, 1983 : Richardson and Dohrenwand 1965). Methods suggested to collect data were divided into covert and overt. Covert methods were generally described in disapproving terms since these 'removed the right of the individual to refuse participation and invaded the privacy of the subject'. They were however, condoned when the matter under investigation was potentially harmful to the researcher, as in the case of studies of criminal activities.

Overt methods where interviews or written questioning only followed subject's consent to activities and understanding of the study, were described more favourably. Here the privacy of the subject was protected - although Homan (1991) cautions against assuming that this would be necessarily the case. Understanding on the subjects' part might be flawed and once initial consent was given the subject might forget the uses to which his or her words might be put or be unaware of the other purposes which the research might serve.

Covert methods were unnecessary in this study of SME's. The information to be collected would need to come from more than one set of people within an organisation (from managers and from staff) and everyone would need to have the same picture of the process if normal work was not to be disrupted. Similarly, the data not seem to be

'sensitive' in terms of danger to me in collecting it or to the subjects in providing it. Certainly confidentiality would need to be maintained because managers might not want their competitors to have access to detailed knowledge about their company, but there seemed to be little need to collect the data by means of stealth. It seemed reasonable to assume that by employing this open style of approach, the privacy of respondents would be protected, despite the risk that by employing an open approach there might be a low response rate (since participants might not choose to take part).

Whether using open or covert methods, there is an emphasis in previous work on the need for researchers to respect and protect the privacy of the individual being studied. Inquiries involving human subjects "should be based as far as *practicable* on the freely given consent of the subjects" (Homan R, 1991, p11) The word *practicable* allows for some flexibility in interpretation but I was concerned that the need to find enough willing participants might lead me to pursue those who did not wish to take part. Measor (1985) has commented on the need for the researcher not to pressure for data nor to "poke around the issue trying to pressure for the data you want"

Fieldwork was consistently presented as problematic, Lee (1993) describes it as "difficult and stressful". There was also an emphasis on the difficulty of gaining access to subjects, to gaining their support and co-operation in taking part in any study. The literature dealing with overcoming resistance is summarised by Lee as "heroic tales describing how the reluctance of those being studied overcome as a

result of the researcher's diligence, cleverness or artifice". The work by Finch (1984) led me to hope that female respondents might be prepared to take part in the same way they had responded to the survey of clergymen's wives. Since 70% of respondents were likely to be male, however, the main problem might be to obtain enough information without infringing subjects' rights to refuse. In the event the subjects in this study were not only keen to participate but also to offer full and frank details about their business and its normal working practice, even when they felt that these practices might be unethical or possibly illegal.

Bending the rules

In some companies, managers had in their own words, 'bent the rules' for applying for grants or for meeting health and safety or licensing conditions. That they might have done so and that they might then wish to share this with an outside researcher was not anticipated. In 14 companies managers described ways in which they had 'adjusted facts' to fit in with a set of requirements. This might be 'bending the truth' on an application from for a Government grant or loan or it might be holding two sets of records about training (one formal and impressive for the benefit of inspection by licensing authorities, the other a quick scrawl showing the real state of play). The details of this emerged during the second set of interviews with companies so it is possible that there may have been a higher incidence of this behaviour. In previous interviews respondents had not been asked, for instance, whether they had ever supplied fictitious information on a form to gain access to development

money. There may have been a case for returning to this topic with other companies who had already taken part but that may well have affected the outcome of questioning.

Kahn and Connell (1957) had already pointed out that respondents might supply expected responses. Having established a relationship with the respondents in these other companies, it might have led to them feeling that they were being invited and / or expected to supply information of inappropriate behaviour. Lincoln (1994, p353) cautions that interviewing is “not a neutral tool since it produces situated understandings” grounded in interaction and dependent on the reality created by the interviewer. Similarly, Collins (1998) concludes that the interview is a ‘complex social construction’, structured by both interviewee and interviewer whether this is acknowledged or not by the parties.

However, attempts were made not to lead the interviewees to provide details of possibly unethical behaviour. This being the case, it is interesting to speculate why respondents gave me these details readily backing up their claims with copies of forms and fictitious training plans. Finch had already commented on the rapport between women in open informal interviews, when “a woman sociologist even if only reasonably skilled will find it the easiest thing in the world to get women to talk to her”. This was true for my interviews with female managers and Keyworkers but the same also applied to the male managers and Keyworkers I met. People seemed to want to talk. An earlier study by

Zweig (1948) had also commented on how willing his subjects were to open up about matters they had never discussed with anyone before. There was clearly a need to address the balance between the privacy due to the research subjects and my responsibility to the community of which we both formed a part. Bok (1984) defined privacy as “the condition of being protected from unwanted access by others - either physical access, personal information or attention” (pp 10-11). Similarly the Lindop Committee (1982) described privacy with reference to a data subject as “his interest to determine for himself what data about himself shall be known to what other persons and upon what terms as to the use which persons may make of such data...” This suggests that since the data subjects had voluntarily given replies to questions (and produced physical proofs for their replies), of their own free will and in the context of my using this in the study, this data could then be used freely in the study.

However, Michael (1984) suggests that individuals should have the right to control all information about themselves, false or true, favourable or unfavourable. Once respondents had communicated these details the question arose as to whether they should be able to *control* the use to which they were put. The issue of control was addressed here by repeating the contents of their replies and requesting their confirmation that they understood that these same details would appear in the study, and in some cases, by requesting confirmation that they were sure they wanted me to include their data. Although it seemed astonishingly, they described themselves as ‘happy’ in some cases, ‘to see it written down

somewhere'. Perhaps part of the reason for this is that they had also gone through a vetting process with me, establishing whether or not I was acceptable. In the words of one care manager

..... "When we were told you were coming - at first I was really fed up about it, some snotty nosed young kid knowing nothing coming to ask us about things he didn't know anything about but of course when I met you I realised you weren't like that, you were my age, with kids, had been through things yourself I expect, " While another owner-manager (from an electrical components firm) confided "I feel I can tell you these things ... *as one professional to another*"

Benney and Hughes (1956; p142) have already commented on this part of the process, where both parties in an interview "behave as though they are of equal status for its duration, whether or not this is actually so". The process by which these different respondents established my credentials, - business, background or family- has also been described by Finch (1984), suggesting that her female subjects needed to place her in context as a woman before they could confide in her. They "became warm and eager to talk" to her when they realised she was "one of them" I tried to ensure that I had not played down or glossed over how the same information might be used by someone else reading the report but this made little difference to these respondents.

Since they had given me this data for use in the study, which they knew would be read by other people, it could be said that they met Westin (1970)'s view of privacy - the claim of individuals, groups or institutions to determine for themselves who, how and to what extent information is

communicated to others. Surely since they had decided to give me this information and knew that I was going to give it to others in the form of a thesis, then this was acceptable, especially if I used the two stratagems - of informed consent of the subject and confidentiality of data gained - to protect the privacy of those subjects interviewed. Consent had been given and it seemed to be 'informed' in that subjects knew that their details would be recorded and interpreted.

Problems with consent

The Nuremberg Code describes voluntary consent as essential, as is the need for the subject to have sufficient knowledge and comprehension of the elements of the subject matter involved as to enable him to make an understanding and enlightened decision. When I began to interview managers from companies involved in the study, I always took care to describe what sort of information would be collected and how this information would be used - usually these managers would conduct their own interrogation of me to decide "what I was about" before deciding to go ahead. Where managers did not decide to go ahead I confirmed which previous data was held about the company and how this would be used. No further questioning took place. Consent had been achieved or not without pressure being exerted, however, the question still remained as to whether this was enough to ensure individual rights by making them fully aware of their words and the use to which they would be put.

Often, it seemed that it was not. Reminders had to be constantly given that the discussions we were having were interviews, conducted as a

piece of research to determine how small businesses view human capital. This was done verbally and in other ways. I had begun by making notes discretely, briefly coding or noting replies during sessions but gradually realised that those I was interviewing for the second or third time had relaxed in their answers to questions and did not seem to be as aware of my role as researcher as they had been initially. Now my visits seemed to be looked forward to, I was welcomed with coffee and chocolate biscuits, regarded in friendly terms as an equal or in the words of the same care manager "as one of us".

I needed to re-state my purpose. To try to emphasise this, I then took in tape recorders to some sessions, made copious manual notes in others as a reminder that I was not there as a friend or as a colleague but as someone from outside collecting data about their company through their information. Even so, once data subjects had decided that you were trustworthy, i.e, neither working in a spying capacity for their own managers nor likely to betray them to fellow staff when confidential data was given, then it became much harder to remind subjects why the sessions were taking place. I sometimes stopped subjects in full flow in the middle of their descriptions to question whether they were sure they wanted this recording, particularly in the case of the care homes (whose misleading training records were jokingly referred to in one case as 'Pulp Fiction'). Here senior staff had concocted the sort of records which licensing authorities might want to see, whether or not these reflected the truth.

Deciding how to deal with such information was very difficult, particularly where the organisation had falsified records about health and safety training. I had expressly promised that any data would be held confidentially and only used in the process of thesis write-up. However, there was the question of the safety of staff employed or of residents cared for in these same institutions. It could be said that by gaining informed consent at the outset, responsibility had shifted from the interviewer to the subject and therefore it had become the subject's responsibility to decide the boundaries for information flow and use. (Homan 1991)

Despite this, as Homan confirms, the moral responsibility for the safety of participants in research is widely recognised to rest with the researcher, so in the end I could not act to break the promise of confidentiality given to these subjects. However I could not continue without taking some action to protect those who might be at risk as a result since it was still my responsibility as a researcher to fulfill duties to the community as a whole. I went back to these subjects and discussed my dilemma with them. I was interested in their reasons for sharing potentially damaging information with me. Subjects gave a mixture of reasons, including the need for someone to know or someone (else) to do something about it and also an expressed concern for me and my project.

"It felt good to tell someone about it. I know we're sailing close to the wind and it can be a real strain when they come round and questions are asked or we have to produce these records....." Or "It was about

time someone knew, I couldn't believe no-one ever spotted it in the past". ... "I don't regret telling you at all, you might as well know how things really happen because if I showed you the same rubbish I show them, well your project wouldn't be right would it?"

When faked training records were in question, one point of interest was to discover why such training had not in fact taken place. Usually cost and opportunity were cited as the main reasons but by telling me they seemed to feel that a shift in responsibility would take place. Everything would be sorted out because now someone else knew. I would do something about it. I explained that I could not, reminding them that my role was as external visitor, collecting data, not as visiting inspector from some regulatory body.

However, once this had been discussed the participants seemed to feel themselves honour bound to do something about it, to instigate the training they had not authorised before and to produce new records which reflected a more honest picture of training. It seemed to have imposed a burden on them by telling me. By the time the study was complete, in all those to which I had knowledge that this applied, the health and safety omissions had been rectified. Given their previous falsified accounts, subjects were keen to prove their new resolve through the production of receipts and training records, and by me meeting those who had attended sessions.

Their telling me may have acted as a way to pressuring themselves or other managers to comply or simply to make themselves feel better about something one manager described as "distasteful". Similarly,

once they had admitted to dishonesty, it may be that they felt that our 'relationship' had been adversely affected so felt that they should take steps to remedy earlier deficiencies. Our relationship after all was based on their perception of me as a fellow professional so it may be that their sharing details of unethical behaviour might lead to adverse judgements on my part and to negative effects on the equal status we had previously held. I could only repeat my respect for their confidences and my inability to act on the details as a direct result of this respect. If they carried on as before then I would record that but not act on it; if they changed things then I would record that but not act on it.

The eagerness of Finch's subjects to talk and confide has been attributed to their "consignment to the privatised, domestic sphere, making it particularly likely that they will welcome the opportunity to talk to a sympathetic listener" (Stacey 1981, Hobson 1978, 1980 cited in Homan). However, my subjects were not the isolated housewives described in Finch's study. Nevertheless, it may be that they too were in isolated positions, carrying extra responsibility which they were unable to share with colleagues or with those in similar positions in other companies.

A different group of managers in 17 companies had 'bent the rules' to gain momentary advantage. Not for themselves, but for their companies, even when they were employees not owners or shareholders in the firms. Where falsehoods referred to grant applications managers fell into two camps. Some were very cheerful about their grasp of what was perceived to be the necessities of life

while others were resentful of the way they had been “moulded to fit the case” by the agent in charge of administering grants.

As one engineering company manager explained . “When he came around he knew we hadn’t got the right things but he went through it all with us so that we could fill the form in like we had got them and then we could get the money for the new machinery. I held off signing for a week because it seemed so stupid. I mean, we were applying for legitimate reasons, for machinery to fulfil an export order and we’d had to go through three people and they expected us to be happy about bending the truth to get the money... and in the end I did but I’ve never liked it, he told us everyone else was getting this money, some of our neighbours and they confirmed it but you have to ask yourself why the government always puts middle men in the way - you’ve got TEC’s, DTI, Business Link and they all come at you. When all you want to do is access funds to sell something overseas. It just seems so stupid. And actually it leaves a bad taste in your mouth.”

A more cheerful view of this same picture was provided by a hotel manager, “Well it’s all our money really and if you have to go through hoops to get it, well then that’s what you do. All these people from the TEC or the DTI or whatever need to work don’t they? And if we weren’t here to apply for things then they wouldn’t have a job to do”

An engineering company manager described it in sporting terms. “This getting money is all a game really, you’re just lucky if you know how to play. Lots of people need the money just as much but don’t get it because they don’t know where to start.” Five managers (two from

hospitality companies, the one engineering and two other services) commented on the last minute scramble to use money which seemed to be a problem for their own local Training and Enterprise Council. "They've got this money see and they're supposed to have dished it out on some scheme or other but then it's still left so suddenly they'll call you and fill things in on the form so you fit the bill to get the money, whatever it is. Otherwise they won't get the same amount next year because they have their own targets to meet." "It's daft really, when you need it you can't get it, then they are desperate for you to spend it on some half baked scheme ... still no complaints here - we've done well out of them two years running now..."

Business plans were a case in point. Not all companies had these but where they existed, many were never used. Participants were asked why they had set up the plan and who set it up. Where the companies had done so to gain a grant or to gain a loan from the bank, this had often been set up by a government employee or by the bank itself (or sometimes by a consultant employed through governmental funding). These were often splendid documents, with beautifully presented charts, spreadsheets, etc., bound and word processed professionally. Unfortunately they also showed very little signs of regular use or of updating.

"Now this one is really good" confided a manager from an electrical components firm lifting a dusty file down from the top shelf in the secretary's area, "there are no dates in the first section so you can use it as often as you like! We've done that twice so far and it keeps them all

happy. Of course it has no practical use, I mean, well - planning just doesn't really work in a small business like ours. Still we got the money we needed by having it, so it's been great! We're hoping to use it again"

This last case was not seen as a bending of any rules by those involved because they were convinced that plans did not work for small companies in reality, and that therefore it was acceptable to take advantage of the scheme because it was not a sensible scheme. This parallels earlier findings by Dalton (1966) whose subjects falsified personnel records to show a better picture than actually existed. "Massaging the figures" commented one components factory owner, "that's what they call it these days. The politicians are all past masters at it, look at Thatcher with the unemployment figures ... and no-one says anything bad about her management of the economy. Same applies when you use government money".

There were only 14 firms in this situation and they varied from very small (6 people) to medium sized for this group (22 people). When asked what sized company would benefit from plans if theirs would not, they always indicated the next size group upwards. The 01-10 sized company would indicate 11-20, the company with 22 people indicated one of 25 or above. Also, should the company expand to this next size group then they would need a plan. "When we get to that size we'll definitely need to be more structured but at the moment we're just like a family, dealing with things as they happen because that is the best way to do it." "When the company gets larger? Well, if it does we probably

would need one. You know, because we wouldn't be so tightly knit, so we'd need some of the things bigger companies have."

Again, I went back to the subjects who had explained to me their perhaps questionable use of business plans and asked them why they had told me. In this group no-one felt that action was needed. They did not want to lose access to government or other funds and so would repeat the same process if they had to, to gain cash for machinery, training etc. There was a feeling though that it would be more sensible "if there weren't so many layers between the government and the companies" and the need for imaginative form-filling was removed. "Someone might just read this and change things you never know - but you don't quote my name or the company, will you?"

For me, the problem had been that although the principle of informed consent is based on the subject's right to refuse, sometimes the subject doesn't exercise this right in a way which will protect him or her. Due to my unthreatening persona with which subjects could identify, no threat was perceived. Similarly, due to the use of informal interviews, subjects perhaps confided more than they might have done otherwise. This was not a deliberate ploy on my part although it might have been. Oakley (1981) comments on this, in that interviewers are often humane and friendly because potential respondents are more likely to consent to participate. Others recommend this as a way to break down subjects' defences to ensure enough information is gained.

The right of subjects to disclose information and of interviewers in recording this, ultimately depends on whether subjects have sufficient

awareness of what they are disclosing, as is emphasised in the principle of informed consent. By halting the process and by reminding the subject of the situation "Hold on, let me get this clear, so these are not real records but false ones ...are you sure we should go into this? Do you really want me to record this?" I had hoped so. However, their trust in me, or the person they believed me to be, meant that they did carry on and did want to talk to me about the reasons for the steps taken.

Despite Schuler's (1982) view that through the informing of consent researchers can relieve themselves of certain responsibilities including risk of harm to participants, I still felt that the responsibility rested with me. Had I chosen a different data collection mechanism, questionnaires for instance, which would not have resulted in any personal relationship being formed, I might have gathered quite different information which would not have exposed the subjects to potential harm.

Similarly, had I used a written consent form rather than relying on verbal agreement the same might be true. I had avoided collecting prior written consent since I was initially concerned that the response rate would be adversely affected by this process since other studies had found this (Singer 1987). In the event it would have been a useful addition to the process.

The main concern given the nature of this information was how to try to ensure confidentiality. In order to protect those who had given me this information, all companies were coded then recoded and locations and names removed. The method for doing this eliminated the need for a list from which individuals might be identified. The functions of the

companies were generalised, as were the locations to prevent individual firms being identified, since Hedges (1987) had found that given size and industrial classification a company can easily be located. Individual names, age and sex were also removed and not linked to specific quotes

Gatekeepers

Homan describes gatekeepers as those who control access to data and to human subjects and goes on to stress the importance of requiring the valid consent of participants, rather than just their managers. Unfortunately some of the chief executives felt quite strongly that by consulting them and seeking their consent to participation, I had therefore covered any need to seek this same support from other staff. This presented some problems. Where the subject being interviewed was not the manager, permission had to be sought first from the chief executive of that company to go ahead with programme. The Chief executive might be very interested that his or her company take part and for this reason might either present participation to staff as compulsory or advise me not to bother asking for consent from other staff now I had theirs.

Compulsory participation does not fit very well with the idea of obtaining voluntary informed consent. Here, if a person did not want to take part, it became more difficult for them to exercise their choice. Although it might be emphasised to the chief executive that only voluntary participation was acceptable, he or she seemed to fail to absorb this

part, offering assurances that all staff would be very keen to do so.

Also enthusiastic chief executives were often keen to be kept informed about how the staff were supporting the project. In these circumstances I had intended to make it clear to participants which information would be relayed back to chief executives and which would not. Rather than taking this approach I made it clear to the chief executive that no information would be relayed back about staff participation unless the members of staff wished particular items to be conveyed.

In two cases gatekeepers sought information about particular members of staff. In one case (an engineering design company) the manager was concerned that this person was searching for other jobs and looking to leave. He did not want to waste resources on someone who might not stay with the firm. In the other case the manager suspected this staff member of being a trouble maker and wanted to know how he behaved in sessions and when observed with other staff.

This reflects Platt's 1976 study where attempts were made to impose restrictive conditions as a price for access to subjects. In the case of the employee who might possibly be leaving I could not offer any help to the manager except to suggest that rather than rely on me, a total stranger, he would do better to talk to the man himself. In the other case I could offer no help. In neither case did the gatekeeper finally restrict access. As with Argyris (1952) , providing information about particular members of staff would not be part of the access process agreed with the gatekeeper despite occasional pressure to do so.

This difficulty was part of the initial problems of dealing with the perceptions of those taking part, as with Walford's (1987) study. Here gatekeepers were very keen to see staff take an active part in the process and prove themselves worthy of it. One manager in a light engineering company used the phrase "put them through their paces". It was a great disappointment to him when he finally understood that no testing would take place, just a series of interviews carried out informally but on a one- to-one basis, with questions used as prompts in the process.

Once the study began, contact was consistently made with the gatekeeper since he or she was part of the study. This was helpful because the development of a confidential relationship with him or her provided a practical illustration of the same duty owed to other members of staff being interviewed. Just as the gatekeeper's 'indiscretions' remained confidential, so would those of his or her staff. It also helped with the development of the research bargain made originally with all parties. At the beginning each participant had their own perception of what the process might entail based often on an agenda only clear to them. Those who felt, for example, that their Chief executives had discriminated against them in the past in favour of other members of staff saw the research project as a way to air grievances.

If staff had been conscripted rather than volunteering there was often an initial barrier to overcome. After prolonged discussions with the chief executive I might be presented with a group of six or seven employees, pulled out of their normal duties for a very short time "You won't have

any trouble” the management of one photocopying services company explained “I am sure they will just do what they’re told”. This was meant to encourage me and allay any worries I might have about lack of participation. Wearily, I then repeated the earlier argument that actually I didn’t necessarily want to talk to anyone who didn’t want to take part of their own accord. This explanation represented a repetition, going through the whole process from the beginning, explaining who I was, answering any questions, explaining what might happen to the data collected and who else might read the resulting report.

This was time consuming but necessary although as soon as the one-to-one meetings began, the same questions would be asked again from me, one of the first of which was “And will he (the chief executive) get to know?” Scepticism was the main response to answers stressing confidentiality and lack of pressure to take part. Even so, people often took part just to “be the same as their friends” or “not to miss anything”. Once the process began however, attitudes usually changed but in 5 of the companies involved staff did not want to take part and were unpersuaded by any explanation of mine. As far as they were concerned I would be there as their manager’s spy and no discussion would remove that feeling. I had to explain to their managers that they did not wish to participate without explaining the reasons why. The managers themselves however, were keen to take part and remained part of the study.

A more difficult case was that within a light engineering company, where the owner-manager had selected one of his supervisors as his key

worker for development. This supervisor was very reluctant to take part, avoiding meetings, being rude and unhelpful on the telephone but denying that he wished to withdraw from the process. Finally he admitted that the reason that he did not wish to take part was that he had severe difficulties with reading and writing. He had managed to conceal this at work through delegating any tasks requiring skills he felt unable to perform then re-delegating to someone else as part of a quality control procedure (in fact to make sure that the first person had done this correctly).

When documents arose which were too complicated to do this, he would take them home for his girlfriend to read and interpret. She was not a native English speaker and had undergone no formal training in her use of English so her interpretation of health and safety legislation was frequently incorrect. The supervisor explained, "It's a real problem then because I lose face with the others. I say something really stupid and everyone creases up. I've learned just to keep my mouth shut"

Having seen the paperwork involved in an NVQ level 1 Business Administration being completed by a youth trainee in the office, this same supervisor was desperate to avoid any sort of training or qualifications which would reveal his weakness to the manager or to his colleagues. "If she had all that to do - I mean she 'd just left school with no qualifications and she wasn't exactly Einstein you know - well if she had all that stuff, packets and packets of it, to do then what hope would I have. I'm the supervisor for God's sake".

In this case the need for discretion was very important. I could not explain to the owner why he was not participating. Neither could I pretend to him that all was well. Both tried to use me as a conduit to pass messages . "Tell him he's just got to get down to it" demanded the manager, "Don't be put off, either he's in or he's not and I want to know why if he's not - he is the one who really needs developing." Meanwhile the supervisor would request "well, I don't have enough time for this really, I mean we're really busy now with two new big orders. Couldn't you just recommend he choose someone else because of that?"

Part of the owner's frustrations seemed to stem from his identifying with this supervisor's background. "When I started this company twenty years ago no-one needed bits of paper. You did things or you didn't. And its been a success here, but I haven't got a piece of paper to my name. He's a young lad though still, he needs something, he doesn't seem to have picked up anything from school and nothing from college except two engineering awards. He's a manager now and he's good with his team but he needs to grow, to develop. A good management qualification is what he needs."

In the end I persuaded them to talk to each other rather than try to resolve issues at long distance through me. It was resolved between them. The supervisor avoided participation and another member of staff was chosen to be the potential Keyworker. It was explained to me by letter that the supervisor did not have enough time for the programme or to be interviewed. The supervisor pursued a basic literacy course at the

college nearest his home, with his girlfriend going along to all the sessions to give support.

Conclusion

Had prior written consent been obtained then some of the problems might have been avoided, despite Schuler's view that the response rate might be adversely affected (1982). The problems that I had anticipated were not the actual difficulties I encountered. The instances of possible unethical behaviour on the part of the companies were those fourteen in which owners or managers used inaccurate or optimistic information when completing forms to access grants or loans and another seven in which owners or managers falsified records of training or other similar activities.

Given the number of companies (126) in which staff were interviewed this may seem high. However, the type of companies being visited were very much those in a 'vulnerable' situation, i.e, they would be unable to access funding or loans because they were of insufficient size or turnover. Frequently they just missed requirements and hence sought "to move the goal posts" or to "make it a fairer playing field", in the words of the two business service owner-managers who felt unable to explain the routes they had taken without sporting metaphors. Similarly, the care establishments were those on a margin in terms of profit and survival. Had I taken a sample including more of those in the next bracket for size or turnover bracket, there may have been a much smaller percentage taking this route.

Chapter 4

Selecting staff for training and development

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Introduction - brief overview of data collected

Following each stage of the survey, data was then entered for statistical analysis using SPSS for Windows version 7. The initial collection of data identified locations, size, sector membership and ethnicity of companies. For further details see Appendix D. 128 firms participated, from four main business sectors, Engineering and Manufacturing, Catering and Hospitality, Care for the young and the elderly and Other services. Other services companies were those professional organisations supporting other companies, e.g. solicitors, financial, accountants etc.

Size

Organisational size varied between 4 and 49 employees with a mode of 7 employees and a mean of 9 employees. 61% of all companies employed between 4-10 employees, 31% employed 11 - 25 employees and only 8% employed 26 employees or over. The responses were therefore considered to ensure that the larger companies did not distort the pattern of results. This was not found to be a problem since results differed according to sector rather than to size.

Sector

No business sector comprised more than 30% of the sample although engineering and manufacturing approached this. Engineering and manufacturing were the largest group at 29% of the sample, other services and hospitality companies both formed 25% and care organisations formed the smallest sector at 21% of the sample. Despite attempts to obtain equal numbers in each business sector this had not

been possible, neither had it been possible to obtain similar proportions from each location. There were more companies taking part from town locations, 48%, than from country or city locations. This, together with the small size of the sample (n=128), made comparison of companies on the basis of their location invalid. The results showed an overrepresentation of companies from some business sectors in some locations. Although companies from each business sector were situated in each type of location, CEO's from those in towns were more willing to take part in the survey, and met all the criteria. This may possibly be due to the number of other government and voluntary initiatives which had and were happening, focusing on the needs of city--based firms and the needs of the rural community, during the data gathering period.

Sector

No business sector comprised more than 30%. Engineering and manufacturing were the largest group at 29% of the sample, other services and hospitality companies both formed 25% and care 21% of the sample. Despite attempts to obtain equal numbers in each business sector this had not been possible, neither had it been possible to obtain similar proportions in either location. There were more companies taking part from town locations, 48%, than from country or city locations. This made comparison of companies on the basis of their location invalid, since this led to overrepresentation of some business sectors in some locations. Although companies from each business sector were situated in each type of location, those in towns were more willing to take part in the survey, and met all the criteria.

Table 1 : showing means for companies by sector for whole sample showing number of ethnic workers employed, number of family members involved (where these conditions were met) and company size

	No of ethnic workers	No of family members	Company size
Engineering and manufacturing	0.89	2.25	12.07
Catering and hospitality	1.80	2.21	11.61
Care for young and elderly	1.43	2.00	8.04
other services	1.78	2.05	13.87

Within sectors, there were individual differences in size, ethnicity and family membership see Table 1 above. Family membership varied across the sectors but the proportion of those in each company was similar. Despite engineering and manufacturing companies having a higher mean size than any other sector, fewer ethnic workers were employed here than in any other sector. This is discussed in more detail later in this chapter.

Selection

In the initial discussion of issues to explore in Chapter 2, the idea of selection (in terms of how this works within small companies) was introduced as a focus for discussion. The assumption made in many current reports on competitiveness and small business development is that training and business strategy are invariably linked. "Employers must lie at the heart of all efforts to increase participation in Lifetime learning" concludes the a DfEE report from 1996 (Lifetime Learning: a consultation document), since they have the responsibility "to ensure that the workforce have skills needed *to meet their business objectives*" (DfEE; 1996, p 11). One first step was to explore whether in small

companies in this study this was in fact the case. An indication of this was to discover whether selection of staff for training and development was carried out through formal methods and processes. e.g. training needs analysis, training plans or other formal systems. This then led to exploration of whether selection was based on the chief executives' own attributes, which he or she may seek in the key worker chosen for major training and development. Finally the potential successor status of those selected for development in both family and non-family firms was explored to identify whether a link existed, despite possible lack of formal plans.

The use of formal systems

To determine whether CE's or OM's used formal processes to select staff for training, questions focused on the existence of a business plan (containing training objectives and/ or allocating resources for training) or of a specific training plan, or of in-house appraisal systems. Where business plans existed, data was also collected on the use of these plans, together with how the plans had been developed initially and for which purpose. Despite the emphasis of some commentators on the importance of business planning (Stanworth and Gray 1981) whether or not a plan exists has been identified before as insufficient to judge the nature of the business health or approach. Pettit and Lynch (1986; p 477) argue that it is a lack of strategic awareness rather than just the plan itself which may lead the company to rely on a few customers or on limited products. They also comment that this may lead to difficulty in assessing market opportunities and in building internal strengths. It is in

the field of 'building internal strengths' that my interest in the business plan focused, particularly since the absence of a training plan or budget may signal a lack of training activity. Hyman (1992; p 137) found that those without a training budget were less likely to provide in-house training, less likely to take part in government schemes for business development and less likely to access government funded training.

Companies with a business plan already in existence were represented in all sectors. However, overall, 52% of companies did not possess a plan. Within this group of 66 companies not possessing a plan, 29% were engineering / manufacturing, 27% were catering / hospitality, 23% from other services and 21% from care sectors. A variation in the level of planning being carried out within different business sectors had been indicated in earlier studies (Hyman; 1992, p 114). Within the companies carrying out planning in this sample there is a slight over representation of some sectors compared with the whole group.

More companies in the 'Care' sector possess a business plan than would be expected from the proportions existing, suggesting that companies in this field have a more businesslike approach. However these companies had been required by regulation and certificating bodies to develop plans, whether or not the chief executive saw the benefits of this or not. Although this difference was too small to be statistically significant, the result of this affected results in terms of owners' attitudes to planning, training or formal means of defining needs and objectives, as will be seen later.

The lower percentage over all of those possessing plans echoes earlier research which commented on the rare occurrence of planning (Gibb & Ritchie 1982; Gibbs & Davies 1990), although it represents a higher proportion than was found in these studies. It is also more than the 82% without training plans or budgets found by Hyman (1992; p 114). Of the 48 % of companies where business plans existed, (i.e., where a plan could be seen and examined), these were equally distributed between family and non-family firms (31 or 50% of each group had business plans).

Who wrote the Business plan?

The original set up of business plans within these 62 companies varied. 18% had originally been set up without outside agencies, by the CE or by the CE with other staff, while the remaining 82% (51 companies) had set up the plan with other agencies, e.g. governmental bodies, TECs as part of business start up, etc or the bank or other lender to which they had applied for funds during set up of the company. Reasons for set up also varied from a personal vision of growth needing overall strategy to a pragmatic need to gain a grant or equipment funding, see Table 2 below.

There was a clear division between those CE's who had set up the plan alone or with staff, without agency support, and those which had been set up with external agencies be it consultant, bank or through government scheme, in terms of the use made of the plan. Respondents were asked to describe their use of it and this was coded as 'never' 'sometimes,' often,' 'usually,' 'always'.

Table 2 - to show reasons for the business plan set up (n=62)

<u>Reasons suggested by CEO's</u>	<u>Frequency</u>	<u>Percent</u>
for company growth / to ensure future success	10	16.1
to meet bank or other lenders requirements	21	33.9
to qualify for government funding	30	48.4
other unspecified	1	1.6

Where CE's had set up the plan themselves only 2 claimed that they never used the plan while the other 9 used it 'often' 'usually' or 'always'. Since the data was difficult to analyse (small numbers in too many categories), the variable was recoded to show 'No agency involvement' or 'agency involvement' and the use of the business plan recoded to show 'infrequent use' or 'frequent use'. The analysis which results shows that 53% of those with business plans made infrequent use of their plans. Of these only 6% were those where no agency had been involved in the original writing of the plan while the remaining 94% of infrequent users had been set up with another external agency, consultant, bank or governmental representative.

This finding that CE involvement affects the use of plan provides some support for Hyman's strong recommendation that owners or representatives of companies with less than 25 employees "draw up the necessary training plan, aided if requested by a small company specialist attached to the appropriate TEC" (1992; pp 171-2). The key seems to lie in the "if requested" - if plans are an imposed requirement as they were for the care organisations interviewed then this was

frequently seen as interference and the plan itself was both resented and ignored as a physical reminder of this.

“Plan?” snapped one care home owner, “of course we’ve got one..... actually we’ve got two because we’ve had to do it twice. If you’ve ever wondered where the rain forests went you wouldn’t need to look far with the sort of rubbish you have to go through when you try to run a small business”. The plans in question were in the bottom of a filing cabinet, ready for whoever might want to come and inspect them. Both had resulted from governmental or certificating body requirements and neither had been used since set up. In one case accompanying funding had been provided for the plan to be written.

When the pattern of use of plans was examined, in 70% of cases where the plan was used on a regular basis, it was used in meetings with the governmental or lending agency, rather than with staff or as an aid to meetings or internal strategy.

Treating these results with caution

The indication then was that business planning was not widespread and that use of business plans for strategic reasons was even less common. However, the sample used for this study was selected from different business sector groups in the population and varied geographically in terms of country, city and town locations. This cannot therefore be treated as a simple random sample but may be regarded as a limited combination of stratified and cluster sampling. Rose and Sullivan (1993; p 165-7) particularly caution against inferential and other techniques when a non- scientific sample is used.

There are other characteristics of the groups here which also affect the interpretation of results. Given the small sample size and its stratified nature these results must be seen cautiously.

As in the case above, the child care and care companies which form the largest group of those with plans in the sample, for instance, frequently voiced antagonism at having had to fit in with these business planning requirements since they had often originally been voluntary organisations running on an ad hoc basis or publicly funded and without the need to meet business objectives. Their lack of use of business plans may be due to specific problems with this particular group.

Child care managers and owners in particular were vociferous in their anger at what they considered to be a waste of time. Although they were clearly in business, they often felt that they had been forced into this position because of governmental action and referred wistfully to the days when they were ad hoc voluntary bodies running on "fresh air and affection" because their principal interest in running child care organisations was to care for children. The business of fees, advertising and turnover was seen as of little importance compare with the quality of child care offered. Other issues were not of interest to them.

Table 3 - Comparison of use of plan by who set it up

	Use infrequent	Frequent use	Total
No agency involved	2	9	11%
	18.2	81.8	17.7
Agency involved	31	20	51%
	60.8	39.2	82.3
Total	33	29	62
% Total	53.2	46.8	100.0

Without further investigation using another sample or looking at different measures of success and planning use, it would not be advisable to assume that the initiatives to set up business plans by the government or other agencies had not been successful. However it is true that despite the programmes running over a number of years to embed planning into the small business, within this sample at least, planning had still not found its place in the operation of the company. The 53% making no use of these plans and the 52% without any plan at all still in operation provided some difficulties in analysing how useful planning would be as a way to identify training needs. The variables were cross tabulated using filters to provide table 4.

Table 4 - showing how use of plans varied across business sectors

	engineer	hospitality	care	child	others	Total
low / no use(57 %)	16	14	13	9	20	72
some / frequent(43%)	21	17	6	1	11	56
Total % of sector	28.9	24.2		14.8	7.8	24.2

(n=128)

Chi-Square	Value	DF	Significance
Pearson	10.72543	4	.02983
Minimum Expected Frequency - 4.375			

Cells with Expected Frequency < 5 - 1 OF 10 (10.0%)

To attempt to identify a more exact relationship the above analysis was carried out. Again however, it would be unwise to try to link sector with use of a business plan because of the way in which planning had been addressed within these sectors. Whereas the engineering companies and hospitality companies with plans had gone through a process to decide themselves on whether to develop one due to financial development or possible future growth, those in care sectors had been obliged to develop one for what they felt to be unimportant or irrelevant reasons.

Despite the wealth of advice and occasional financial inducements, they had not been a part of the process and had made little use of these plans except when the regulatory or other body involved had required it. The other factor here was the background of those owning or running the business. Although the educational qualification level was higher in care than in engineering companies, the average number of years of business experience in engineering companies was 6.4, whereas those in care had only 2.3 years of experience.

Perhaps it is unsurprising that in companies where CE had been most actively involved in writing the plan, the resulting plan was used more often. Similarly, there was a very weak correlation between the subsequent use of the plan and the initial purpose being "to benefit the

business” rather than to gain funding or fit in with a scheme. The use or non-use of the business plan was important to my study since the existence of a plan might suggest formal routes for training needs analysis and solution which did not in fact exist. This is so since, even when companies possessed a plan and this was used on a frequent basis, there was often a vagueness to the stated training component and “feel-good” general intent rather than any actual firm commitment in terms of training budgets or provision.

The government vision of companies embedding training as a financially costed strategy to further particular business objectives, as recommended in SSB literature of the time and as promoted through IIP, did not seem to be true for the small companies in this sample. (DFEE, *Investors in People*, 1995, p 13 re Skills for Small Businesses). Neither did these companies follow the example of international examples linking training to strategic objectives. Pascale and Athos 1982 study of Japanese organisations (p 47) quote Matsushita as saying that “the key to his success is an ability to motivate an employee (seven levels down) to pursue, energetically and creatively, *the organisation's objectives*.” In this sample, even if the organisational objectives were stated and staff understood their impact, training did not appear to be seen as a real way to achieve them..

Who makes the decisions about training?

In all companies taking part in this survey, decisions about the costs of training were the remit of the CE or OM, despite being defined as part of someone else's brief (e.g. another manager or the administrator). Tests to identify a significant difference between the selection processes of male and female CE's were inconclusive, there did not seem to be a bias in terms of gender of CE as to which approach was adopted. In Hyman's sample "82% (of senior managers) claimed that they formally discuss training plans with individual employees prior to implementation" (1992; p 129). Here however less participative methods were common.

Methods adopted for selecting staff for training included: -

- talent spotting by the CE where he or she identified staff as suitable for development or as 'having potential'
- needs spotting by the CE where he or she identified poor performance or gaps in skills requiring skills development or acquisition, this might be very specific in terms of extending a chef's patisserie range or it might be very general ("he's a good technician but he needs to be good with people" as applied to an engineering supervisor)
- discussion with supervisor who was trusted to spot talent or poor performance on their own account and who would bring this to the CE's notice, usually with potential solutions
- in-house process by which the company's needs were evaluated and collated. e.g. appraisal, quality meetings especially as part of continuous improvement initiatives.

'Spotting those with the right stuff'

As described by an engineering manager when describing the right people to train and to try to hold on to. In his case the right stuff was a mixture of wide-ranging technical expertise and sophisticated, successful team skills. This reliance on 'talent spotting' was described by Rolfe and associates (1990: p 42) in their review of intermediate skills across business sectors. They describe this 'talent spotting' as often being based on proven ability in the workplace and it was felt by their respondents that qualifications and training were inferior to this method of staff selection for promotion or development. Similarly, the "right sort" of person in terms of their perceived ability to fit in with the workplace was also desirable during recruitment of new staff or promotion of existing staff. Curran (1989) found that employers often stressed finding the 'right sort of person' to fit in with other staff, plus the right mixture of technical skills and work experience to do the job properly, i.e., qualifications as such were of secondary importance to the small company entrepreneurs in their sample.

Keep and Mayhew (1996) found a similar pattern in the recruitment or promotion of staff where "formal qualifications or skills may count for little since other criteria dominate the process such as the possession of 'informal' skills such as personality, attitude, motivation etc. (p 316). Oliver and Turton (1982) also emphasised the role of social criteria in the selection of adult workers, especially candidates acceptability, how they 'fit in' in the workplace. Similarly, Monder Ram and Halliday (1988) found that workers receiving preferential treatment

might be family members or they might just be popular with the chief executive, long serving members of the company or perceived as having the right skills or attitude to deserve favour.

Wood (1988) supported this technique, suggesting that social characteristics and skills might be valid criteria to take into account when recruiting staff since both the production process and service delivery call for social processes and skills in addition to technical skills. From the point of view of identification of appropriate training and development or of suitable staff to train, this however, depends on the skills of those doing the 'talent spotting'. The selector may unwittingly simply look for someone sharing their own characteristics; Zajac and Westphal (1996) found that when selecting a successor, the attributes and traits of this successor might be very similar to those of the chief executive carrying out the selection,

The process employed at these companies can be compared with the that described by Houle (1961) who recommended "entering the domain of the learner, taking on board their perspective, experience, attitudes and expectations." Here the success of the process depends on the CE's analysis of the learner concerned and of the role the learner will need to fulfill, plus the accompanying knowledge and skills requirements.

Appraisal? Oh yes, we had that one year

The use of appraisal as a technique for reviewing training needs was not a common practice and had been attempted and abandoned by some of those questioned. The comment above was from a

photocopier supply firm manager who - after some moments thought - found the paperwork connected with this hidden carefully away two years previously ready for future use. Those companies with appraisal systems varied in how often this technique was used, from once or twice yearly (or 'half an hour every blue moon' as one engineering supervisor described it), to regular short meetings recorded in a log or other written form.

Only 19% of all companies had tried a formal appraisal process. Of these 11% still used some form of appraisal, although this might be limited to operations or other staff rather than being applied to all grades. Nevertheless, 84% of those with experience of appraising normally identified training as necessary during the process and 53% of these appraisal systems produced action points. This might indicate a structured approach to meeting these needs which did not always seem to be the case. Action points were frequently seen to be the same from one year to the next or systems changed with no subsequent progress resulting. The appraisal process was generally seen in favourable terms however. Staff commented.

"At least you get to talk things over even if nothing does happen" "It's twice a year here which is different from where I have worked before. The idea is good and actually it can make a difference. I wanted more experience on the design side and after I talked it over with him he organised for me to have a go in there"

Managers were more cautious about the benefits. Of the 19 companies with appraisal in place whether verbal or written, 11 had reservations

about their own system and 9 had reservations about the idea of appraisal as a useful tool. As in the 1994 study by Metcalf (p 25-6) which found that in some companies training would raise employees' expectations of development and promotion within the organisation, managers sometimes perceived a problem in that unrealistic expectations on the part of the person being appraised might be raised by the process.

"What can you do? She (one of the production operatives), "wants to move into the office but she can't in a month of Sundays. Apart from the fact that she doesn't have any relevant skills she swears like a trooper and the thought of having her on the telephone besides which she is really very good at what she does already, she adds something to that section.. we haven't got any plans to move her but we have to talk over what she feels and what she'd like to do and write it down anyway. What's the use of that?"

"He wants to be section head but then so do the other four. And the section head has been with us 17 years. I can't see him going anywhere. At his age he'll be with us until retirement. That's how it is. You can't make up jobs just to keep them happy so they come, express these hopes, ask for training. Everything very pleasant. Then nothing happens for another twelve months and they're all fed up. What can you do - if you tell them how it is will they stay? And they're all skilled workers. We would find it hard to replace any of them,"

Supervision logs formed part of this system and were used not only as a measure of improvement but also of failure which might lead to formal

warnings etc. and disciplinary action. These latter supervision logs were also often detailed according to requirements of another body, e.g. government scheme such as YT or ET, qualifications such as NVQ, or industry specific training programmes (Hotel and catering). Here training needs varied in detail and scope. 'No good on phone' on a trainee receptionist's report was amended at the next appraisal to show that she had been coached by the Reception Manager and was 'coping better unless complaints calls.' A technical lack expressed by a production engineer was met by a move onto a different station to ensure that he understood the requirements of that area and was coached in its use by the operator.

Every day in every way we're getting better and better

Continuous improvement programmes (CI) were found in 26% of all companies. These were mainly companies in hospitality and engineering sectors: in the proportion 55% hospitality : 35% engineering and manufacturing : 15% other services (no child care or care company used this method). Some organisations had formal systems whereas others had embarked on more informal methods based on motivational campaigns with smiley badges and cheery slogans in all workstations (like the one in the title for this section, seen on an eight foot banner which adorned the reception area for an office supplies firm).

These CI schemes were characterised by a commitment to company-wide team meetings on a regular basis to explore general issues, to solve problems and to identify improvements. Issues varied

between general statements (How could we do better?) to specific problems (How can we sell more spirits in the restaurant during the week?) These objectives and discussions were often logged and written up to show potential improvements or solutions, again sometimes in a format required by an external body. For example, one engineering company met the needs of its main customer in the automotive industry by the format and accessibility of its Ci logs. The identification of ways to solve these work issues were again often creative and ad hoc. Similarly some companies kept little record of action taken whereas others included problems solutions and follow up evaluation comments. Explaining his Ci system, one components supplier with 33 staff commented: "We have a broad based approach to training. It's defined by discussion and all staff have equal planned access to it."

This fairly typical sentiment for CEO's in those organisations with Ci programmes was not always echoed by staff in the organisations with Ci logs. "Actions speak louder than words" commented one supervisor, "and let's just say as far as the boss is concerned, all suggestions are not the same. Some improvements are more valuable than others, depending on who thinks of them."

However, the approach within Ci companies was notably different in terms of the way the training and communication process worked, from most of the other companies in the study. One typical case detailed below concerns the way on which training may be provided on an unplanned basis. Health and safety courses proved to be an imperative

for most companies. Within care and engineering sector organisations however, the way in which these were organised was often of some frustration to the staff involved.

“It’s pot luck! We need to meet some health and safety thing he’s just been told off about and suddenly someone will be pulled off their own job to get a quick course somewhere ... sometimes we don’t even know where the person’s been until they get back! I think that sometimes it’s a case of him just sending the first person he sees that morning but often the same people seem to go. It’s great being a supervisor here, I can tell you” as described by the shift supervisor of an electronic firm. The CE here explained “I pride myself on taking quick action as and when its needed to get the staff up to scratch. Does them good to shake them up. They all get training but they may not all go off-site to be trained”

On examining the records for who receives training (as measured by courses attended on and off site) and in terms of time in-house for coaching, it became apparent that the supervisors’ view of training as only given to certain staff was a true interpretation. This selection of certain staff in preference to others has been echoed in earlier research. Blundell and associates (1996) found that people who had received training prior to 1981 were more likely to receive training between 1981-91.

In the case of the CE above, he genuinely seemed to believe that all of his 17 staff had been the recipients of off-site training courses ‘over the last few years’. A review of the records available for the previous 4

years however showed that only 3 staff had received training, two supervisors and one operative. Given this evidence he had to concede that this must be the case but that these people had received the training because they were “the best ones to get it because they can pass it onto the others - if you sent some of the rest of them, that would be a waste of money because they couldn’t pass it on.” Following this up with the staff involved showed that only one of the three actually did pass the training on in a planned way, booking time to demonstrate new techniques with a group in part of a lunch hour, coaching individual staff on machine use. The other two identified personal difficulties in training other staff. The operative felt it wasn’t his job anyway, and if he trained others staff they would know as much as he did. The other supervisor felt very uneasy about carrying out any form of training except individual coaching. These three had never been on any supervisory or ‘train the instructor / trainer’ courses

The whole impact of On-the-job training was a different issue which is discussed in more detail in the next chapter but again the view of the CE that this was a systematic and regular occurrence was not supported by the Keyworker or other staff’s description of their workplace. Without some formal way to measure this no route exists for statistical analysis, although it is interesting to note the discrepancy between intent and practice already commented upon by other observers (Matlay 1996). Certainly it is the case that few companies within the sample fulfilled the requirements of a ‘learning organisation’ despite current emphasis on the concept by governmental reports etc.

However, this was a idea dear to the hearts of some of those in the hospitality and the engineering companies in the sample since they had been targeted for seminars connected with the idea over a twelve month period as members of trade and business organisations (and as part of a promotional campaign by two training providers).

“We are a learning organisation” one senior manager of an engineering firm asserted during the first interview, producing a certificate which confirmed this. The initiative had set up systems for training needs analyses and evaluation of training courses etc. but the CE had then overruled much of this as too time-consuming and too expensive to actually do. He based his opinion of his staff “on what they could demonstrate in the workplace.” Many learning opportunities were provided on-site for staff who failed to meet quality and production targets. Off-site courses were more rare and few had any qualification attached.

This emphasis on staff proving themselves in the workplace was also noted by Rolfe and associates, who found that in engineering companies, despite “the certificated training offered to a proportion of supervisors, many were appointed solely on the basis of their demonstrated ability in the workplace” (1990, pp ix-xii)

The idea of a ‘Learning Organisation’ has been the basis for many reports on how the economy can improve and how different firms can grow. A Training Agency report for instance defines a Learning Organisation as one which facilitates the learning of all its members and continuously transforms itself, supported by management styles which

delegate responsibility for further employee involvement, initiative and communications (Smythe and associates, 1991). Given the level of control led by the senior manager and the apparent lack of training opportunities except for a favoured few described above, these small companies do not fulfil this model absolutely but had incorporated the idea of 'people learning' rather than 'people getting training' within their management of staff.. Further discussion of engineering companies is included in the next chapter on types of learning preferred and types of training provided within the workplace.

Hotel and catering organisations

Another way in which hospitality and catering organisations were unusual was that they had more existing in-house certificated skills in the field of training, particularly in coaching and in identifying training needs. For this reason, these organisations are reviewed as a separate group.

In 50% of hotel and catering companies staff had received training in identifying skills needs through a craft qualification taken earlier in their careers, usually linked with a trainer or instructor award. Skills needs were not identified in any formal way in the workplace but were described as almost intuitive. "You can see when someone needs training, it's pretty obvious" "I watch them and I can usually spot when someone isn't performing - or when they are". All senior managers preferred this approach, although logging how the process operates was a common feature of these companies.

'Sales down for third week in restaurant' a country house hotel log shows. No clues were shown as to what action was taken but the next week 'Sales up in restaurant' appears, whereas in a small sandwich making business, a downturn in sales was followed up by a short sales course and new promotional ideas in which all staff took part. This was documented fully including who attended, what was useful and how they would try to apply this in gaining more business from established customers and in developing new leads.

Deciding who gets to go

Despite rapid, appropriate, in-house coaching being the favoured route to training solution in every company in the survey, the senior manager in 74% of organisations claimed over-all responsibility for training decisions. Who should be trained, how, where and when they should be trained, in which topics and for how much time and cost, all remained his or her own domain. "Who gets to go on training can be really important in a small company like mine. You can't just have people disappearing off-site when they'd like to, however good the course might be - they'd all go if they could." The picture held by this engineering company owner of training being inappropriate for most people and of the importance of keeping *control* of training was repeated across companies in the sample. Only in the larger companies or in most of the hospitality companies was this not the case.

In all of the hotel and catering companies, senior managers identified the normal route to training as being an interactive process, involving more than one discussion with the potential recipient and his or her

supervisor or manager. The managers concerned drew a model of their process as shown below, with themselves as vital parts of the process.

A Individually led

1. individual identifies problem
2. Discusses this with supervisor
3. Supervisor discusses with CE and then acts on it if appropriate

or

1. individual identifies problem
2. Discusses this with CE who then acts on it if appropriate without discussion with CE or other manager

B Supervisor led

1. Supervisor discusses this potential individual development with CE and agrees route to solve this then
2. confirms back to individual

The view of those staff and supervisors interviewed at the same companies do not show the same picture. I explained the view that the CE had described - but not the source of the process described. Both supervisory and other staff disagreed with the process described describing it as impractical and clearly not based on reality, identifying that only if external training was involved did the CE become involved and then only if this was really expensive. "Well, you'd be there every five minutes with the amount of coaching some of the staff need!" laughed one supervisor. "If I waited for the owner to sort out my training I'd still be sitting in the front office for an appointment. You have to get things going yourself, no-one else will" stated an operative in a metal

processing factory. The models they drew of how the process worked ranked by both sets of staff as most valid were

1. Individual identifies a training need and possible solution and agrees this (or not) with the supervisor
2. Supervisor spots a 'performance gap' and identifies a solution which is put into practice by him or her to remedy the situation
3. Supervisor spots a talent and identifies a way to improve it or pass it on to other staff and puts this into action.

Where individual training is not approved, the workers concerned sometimes still carried through the plan, funding this themselves. An increase in the involvement of individuals acting to achieve their own training was confirmed in a DfEE report (1996b: p 8) which showed increases in individual workers funding their own training up from 9% to 15% over a 10 year period. Education and training sometimes happened "despite the boss not because of him" (hospitality supervisor, commenting on his difficulty in keeping talented chefs due to lack of encouragement from his senior manager in developing and rewarding them). The same DfEE report (p 20) comments on this trend favourably since employed people could not "always rely on their employers to give them the full range of skills needed to keep up employability". Individuals themselves, however, were not so enthusiastic about this since they felt they were being asked to subsidise the business when there would be no long term reward for them from the organisation. The reasons for training on both sides are discussed in more detail in chapter six.

Returning to the model of CE participation in training decisions. CEO's are directly involved in smaller companies (i.e., those with less than 10 staff) or in situations where more drastic measures are needed, in larger companies. This might include acting to encourage a member of staff who might be 'poached' or remedying continued poor performance if a member of staff showed no sign of improvement.

In all sizes of companies, most managers preferred to promote from inside their organisations if possible, often commenting that they "had an eye for talent" or they were able to spot people who were "the right sort". When asked to name the most important attributes when selecting staff for training, previous qualifications ranked last, with "potential for the future" and "good team member" both joint favourites above this. "Being able to get on with other people isn't something you can learn or get a certificate in but in this game" (hotel and catering) "it's vital, the business is all about people, the customers, the problems -dealing with the chef, holding onto the housekeeping staff... if someone can do this then he or she are worth any amounts of bits of appear. I would rather have a good lad without qualifications but with real flair for the business than any amount of awards, whatever they may be called." As described above, where staff do need training then they can often be expected to think of a solution themselves - if this is practicable and fits in with work requirements.

" Sometimes the person looks themselves for a way to get the training they need. They know they need to improve their technical skills perhaps and identify a course at the local college" explained the

manager of the largest organisation in this group, a hotel and restaurant employing 43 staff. "This is the best way - they make the most of it because it's something they want to do and we try to support it if we can, if we can fit it in with other people's shifts and the busy times in the hotel. We have appraisal and sometimes training is indicated as a way of dealing with poor performance, that is different, then it may not be so easy because someone who's not performing properly may not be aware of the need to improve or of how to do so."

However, also found within organisations from this group were formal measures to identify and record training needs and solutions. In some 25% of hospitality companies supervisors used Personal Action Plans or skills checklists to attempt to quantify and develop their overall view of their staff's current and potential skills levels and needs, using normal team meeting times to implement these (or other quick update quizzes, e.g. re health and safety). This was carried through enthusiastically, often accompanied by supervision logs as explained above.

If you're face doesn't fit

At the hotel described by the OM above, staff and Keyworker also described the same process. Not all Keyworkers in these organisations however, agreed with this version of events. A supervisor at another larger hotel commented on her frustrations at not being able to organise training for staff she perceived as needing this.

"He just decides - I mean sometimes you can have worked hard to get training for someone because you can see they're struggling and they need more than a quick five minutes with me or their workmates but

then their face doesn't fit and it doesn't happen. Then he goes to some meeting or reads something then suddenly I'm on a course or if not me then (the other supervisor). But the others never get proper training, not sorted out or anything. Only if there's some money from somewhere which means we have to train that person to get our hands on the money”

The idea of there being a favoured few who received training and development at the possible expense of others also formed the basis for comments from companies in the other sectors, especially the care organisations. In these companies the same staff had received all the training carried out in the last 18 months, despite new staff joining or new machinery being used (e.g. to lift patients). There was some evidence of on-the-job training in these firms, by the trained staff, to update their colleagues. This was not always viewed favourably by those carrying out this training ‘It's such a responsibility. I really didn't know much about the topic before I went then I find myself on a half day course. Next thing I know I'm the resident expert telling the others. It's quite worrying and I'm sure it can't be good for the patients but there you are, I 'm the lucky one who always gets to go” “It's so annoying when you have three staff who are keen to learn and one that isn't - and it's always the one that isn't who gets the praise and encouragement, and the training.”

Keyworker characteristics

Having identified how workers are selected for development, data was collected as to the actual characteristics of these workers in terms of

sex, membership of ethnic minority, age, educational background etc.

Earlier research had commented on the lack of participation in training by older workers, those with limited education and those in social classes D and E. (Beathe, 1997). It also indicated that those receiving work based training tended to have received more training if they held management or professional roles than if they held operative roles. This was also found with the Keyworkers selected for this group of companies.

Here, however, the focus was on similarity with Chief executive's own background. No association was found between the sex of the Keyworker and the sex of the chief executive. However, on a first review of the data re sex and ethnic minority status, indications arose of possible bias in selection of workers for development. This varied in terms of male : female bias, where 29% of the sample were engineering and manufacturing, 25% hospitality, 25% other services and 21% care (including 8% child care) organisations. More men were identified as Keyworkers, 52% compared to 48% women. Whether these key workers were male and female however, however, *83% of those selected were not from an ethnic minority, even within those firms employing members of an ethnic minority.*

The proportions per sector for those employing ethnic workforce members were as shown in table 5

Table 5 - companies employing ethnic minority members (n = 71)

Engineering:	Hospitality:	Care :	Child care :	Other services
17	19	16	6	13
24%	27%	23%	9%	18%

55% of companies (71 organisations) employed members of an ethnic minority. Within this group, more female workers than male from an ethnic minority were selected for potential training, as opposed to the situation for the whole group where more men than women were selected as Keyworkers.

	Male	:	Female
Position in whole group	52%	:	48%
Position in sub-group of those	48%	:	52%

employing ethnic workforce

The gender ratio for the whole group appears to bear out findings that employers invest less training women than they do training men (Jacobs Lukerss and Useem 1994; Lynch 1991). Similarly Blundell and associates (1996) found that men had substantially higher possibilities to receive both employer-led and external training courses than women. Other findings too indicate that small workplaces are most likely to show differentials in how the men and women are able to access training, as with Bielby & Baron's assertion that the most sex discrimination can be found in the very large and very small firms.

There is some contradiction in earlier studies, however. Whereas Green and Zanchi (1997; p 635-6) found that women experienced greater access than men to participation in work-related training and

Wooden and Van- Heuvel also found that female workers were “currently treated v favourably in the training process”, Arumpalam and Booth noted that women had lower observed frequency of training at work than men in terms of lower probability of receiving training and fewer training hours, even when the men they were compared to had “the same human capital and other personal and social characteristics” (1997; p 635)

Looking at the sub-group of those employing members of an ethnic minority, which appears to show that women from ethnic minorities receive more training than their male counterparts also contradicts parts of some earlier findings. Bhavnani (1997) summarised other studies to confirm that black women had less access to training, especially manual workers and those in small work places. However her study also found in addition that whether male or female, black nurses did “not have equal access to training and to career development opportunities...” (P 28) and that “black people are more likely to work shifts” (p 27).

Building a two-way contingency table for the figures showing numbers of those selected for Keyworker development in the whole group as compared to part of the group and weighting cases to define frequency the following results were obtained which might suggest that statistically significant differences are indicated between observed and expected frequencies.

Table 6 - Within companies employing members of an ethnic minority, sex of Keyworker compared with whether Keyworker was from an ethnic minority

<u>Sex of Keyworker</u>	<u>membership of an ethnic minority</u>			<u>% Keyworkers in group</u>
	<u>Yes</u>	<u>No</u>	<u>Total</u>	
male	2	32	34	48
% of ethnic minority	17	55		
female	10	27	37	52
% of ethnic minority	83	46		
Total	12	59	71	
% of sex of ethnic Keyworkers	17	83		

However, the data contains features which make statistical analysis problematic apart from the standard caution expressed in the texts (Rose and Sullivan, 1993 p 163-4). To identify the nature of some of these issues a table was drawn up to match sex of Keyworkers against membership of ethnic minority.

The data above suggests that male members of ethnic minority groups were not selected for training as often as their counterparts. Given the nature of this sample, it is again necessary to use caution in interpreting these results. This is not a random sample and the effects of 'sectors' affected the result as did the role of the Keyworker selected.

Using a definition of segregation at work as referring to the degree to which men and women do different work, e.g. in different parts of the economy, different sectors and industries (Jacobs 1995, p 3)

demonstrates that using the business sectors selected for this sample may not have given a balanced result.

When the sex of Keyworkers is matched with the business sector, it can be seen from this that not all sectors selected ethnic Keyworkers - no companies from the engineering and manufacturing sector, for instance, selected an ethnic Keyworker. Those sectors such as hospitality and care where ethnic workers were selected favoured female workers rather than male. From a review of the gender make-up of these organisations however, it becomes apparent, particularly within child care and care companies, that these is a strongly female workforce. Men are underrepresented in this sector, in this sample, whereas other surveys detected imbalances in other sectors. Rolfe and associates found that "many women were present in service sector companies but few in engineering" for instance (1990; p xiii)

As above, where female ethnic minority members were selected they tended to be within service sector organisations. There were a much lower number of men from ethnic minorities working in these companies (especially within care, which employed almost exclusively female workers and within child care which did employ exclusively female workforce). Female workplaces favouring female workers has also been studied before, Shaeffer & Lynton 1979, found that predominantly female workplaces appear to provide more opportunities for women. Here however, there was not a preferred choice - where there is an exclusively female workforce, a female Keyworker will naturally be selected.

The other issue hidden in the data is that when selecting a key person to develop, many chief executives chose themselves. This also affected results, with varying impact across business sectors, for instance, in engineering where 17 firms employed ethnic minority workers, the owner of these firms was not a member of an ethnic minority and in 2 cases selected himself, as shown below

CE's self selecting as Keyworkers.

Engineering services	Hospitality	Care	Child care	Other
2	12	8	3	1

In hospitality there were 7 companies owned and run entirely by an ethnic minority members. This also affects results since in these cases, since here no other choice but ethnic minority member is available for Keyworker. The figures for selecting a member of an ethnic minority are therefore slightly different than before. Family membership also affects results where companies are ethnic minority and family owned. Where family members are selected this further reduces the manufacturing sector total by 6 companies. For instance, out of the 17 companies which employed ethnic workers then in 9 cases other workers were preferred who were not the CE himself or his family (all male CE's).. A larger sample focusing on non-service sectors might be useful in testing the effects of this finding since adjusting for these two factors gives only 19 companies across all sectors, where ethnic minority members were present in the workforce but not selected for development as Keyworkers.

Chief executives employing ethnic minority workers who had not selected them for training (and were not self selecting or family member selecting for development), were asked the reasons for their choice. Various reasons were identified but at bottom another worker was selected because he or she was “right” for development. This might be because he or she was “a more experienced worker, has been here longer, deserves some training, has the right sort of skills to make the most of the training, will be able to pass the skills on when he or she get back from being trained”.... Further questioning of the chief executives and of the workers involved demonstrated that these 19 preferred workers had all received other training in the last 2 years and had better status within the company officially or otherwise than their work colleagues.

Educational qualifications

Investigating the links between selection and personal attributes had led again to the more intangible values of “fitting in” and being “the right kind of person” What would ethnic minority members at the 19 firms above need to do to ‘fit in’ in order to access and benefit from training and development? The senior managers found this difficult to identify, especially since they had very settled and established workforces who had been with them longer than 3 years (on average), and presumably the staff must presumably by now have fitted in as much as they might ever do so.

To identify whether there were other factors at work, the next set of data was examined. This identified educational and work backgrounds of

non family members who had been selected for training by their CE's to determine whether these could provide further clues as to why these people were selected for development. Initially education levels were matched against a five point scale according to NVQ or equivalent levels from no qualifications through to higher education. Given the difficulty of analysis where more than 20% of cells contain less than an expected minimum value, the data was reduced to provide a 2 by 2 table as seen below.

When tests were applied however, the results were not significant. The reduction of data in this case also seemed to provide less overall information. A further analysis was therefore carried out to establish in which sectors matches of Keyworker and chief executive worker backgrounds were found.

Table 7 - Keyworker/ chief executive qualification levels

	<u>no qualifications</u>	<u>qualifications</u>	<u>total</u>
no educational qualifications	13	21	34
% (KW with no quals)	10	24	38
qualifications	13	42	55
% (KW with quals)	16	39	62
Total	26	63	89
% of total for both groups	29	71	100

The tables were drawn up for matches of educational value =0 and for educational background = 1, and the resulting table analysed and tested for significance.

Table 8 - locations and sectors where CE had no qualifications

	city	town	country	total
engineering, manufacturing	3	10	2	15 (37.5%)
catering, hospitality	3	5	5	13 (32.5%)
care (child care)	0	7	0	7 (17.5%)
other services	2	3	0	5 (12.5%)
Total per location	8	25	7	40
(% per location	20		63	18)

Chi-Square	Value	DF	Significance
Pearson	10.79795	8	.21341
Likelihood Ratio	13.18885	8	.10552

The numbers involved made these tests inconclusive and again provided no significant results but it did show that where matches occurred these were found mainly in manufacturing and hospitality companies and in town locations. If further research were to be done within the engineering sector as described earlier perhaps this might be another focus for discussion.

The importance of qualifications to companies has been discussed earlier. Since most prefer to use their own judgement or to see the person in the workplace demonstrate their skills it might seem then that qualifications would not be desired as part of a training package for the Keyworker. When this question as asked however the following results were obtained, with child care and care recoded into the same variable for ease of comparison. 52% preferred qualifications as part of the development of their key person compared with 48% who did not. Within the hospitality sector this was more marked than within any other

sector. However there was no significant difference obtained from analysis.

Table 9 - preferences for qualifications by CEO's for keyworkers

	Engineering	Hospitality	Care	Other	Total
Qualifications preferred (52%)	20	11	19	17	67
No Qualifications preferred (48%)	17	20	10	14	61
Total % per sector	29	24	23	24	
n=128					
Chi-Square	Value	DF	Significance		
Pearson	5.67078	3	.12877		
Likelihood Ratio	5.74360	3	.12477		
Mantel-Haenszel test for	.41816	1	.51786		

linear association

The sample was further defined so that only those CE's with some educational qualifications (i.e., from NVQ 1 or pre GCSE to higher education, hence this is not a fine distinction), were included. This time the proportion interested in their Keyworker gaining qualifications rose to 61% but again the hospitality sector had fewer requiring qualifications than any other sector.

Once the data had been examined, it became apparent that more of the CE's in this sector lacked any qualifications than in other sectors. It may be then that if the senior manager lacks formal qualifications he or she may then see no value in them and prefer the actual training to the

awards, but this was not the pattern in the other sectors. The senior managers in hospitality companies preferring 'no qualifications' were on average older than those preferring qualifications so this may be the explanation for this discrepancy. A larger sample of hospitality companies would have to be studied to determine if this is the explanation.

Table 10 - Division of those preferring qualifications for their Keyworker across business sectors, where Chief executive has (NVQ 1, pre GCSE and above)

	Engineering	Hospitality	Care	Other	Total
Qualification preferred	12	9	17	15	53 (60.2%)
No qualifications prefer	10	11	5	9	35 (39.8%)
Total per sector	22	20	22	24	88 (100%)
% Total per sector	25	23	25	27	
Chi-Square	Value	DF	Significance		
Pearson	4.95267	3	.17530		
Likelihood Ratio	5.10674	3	.16415		

Succession

The last issue in terms of choice to be considered in this section was Succession planning. This has been emphasised as an issue for family companies according to recent studies in the UK and the US. It is not a new concept however. When the Federation of British Industry identified the importance of succession in 1963 they explained the views of many current OM's in their views on the importance of planning and training for succession.

“The manager who ensures that the man who succeeds him will be better equipped for the job than he is himself, is not only securing the vital interests of his own company and the nation but is ensuring his own availability for promotion ... and other success” (Federation of British Industry; 1963, p 25)

Which staff to select?

Perhaps unsurprisingly, in the 67 family firms forming % of all companies in the survey, the Keyworker was a family member in 70% of cases. Testing for significance here shows no significant result. It might appear that the rationale behind this was that the family member would need to take some important role in the firm in future and was hence being trained to do so. However, discussion with CE's showed that this was often opportunism,

‘ He has a degree and wants to do teaching but he wants to earn some money before he does the next stage of that, so he might as well get the benefit of any other training that comes along’ (other services CEO, 21 staff)

“Good heavens no, she won't take over the business, she's got good qualifications of her own but she's working here while she finds something that suits her so she might as well have the benefit of any development that comes along. I expect we'll sell up when we both reach 55 and do something else'. (Hospitality CEO, 19 staff)

Table 11 - Family firms selecting family members for key development

	Family Keyworker	Non-family Keyworker	Total n= 63
Engineering	11	6	17 (27%)
% selecting choice	25%	32%	
Hospitality	16	4	20 (32%)
% selecting choice	37%	21%	
Care	11	2	13 (21%)
% selecting choice	25%	11%	
Other	6	7	13 (21%)
% selecting choice	14%	37%	
Total	44	19	63
% per choice	70	30	

Even in firms where one of the CE's stated aims was to 'work alongside my son' only 60% identified the son as the potential beneficiary of training and development

.The other factor not evident from these results is the self-selecting chief executive. Where these are taken out of the results, the data then shows that in family firms the Keyworker was twice as likely to be a family member since 19 companies which are family owned selected family members (excepting the CE) as Keyworkers but 12 did not. Further discussion of this topic related to the types of training preferred and to the aims of the chief executive (both personal and professional) is shown in the next chapter.

Summary of results discussed so far

The analysis of data has shown some problems in using statistical techniques to analyse for significance or association and in these cases these have not been applied. The sample included a smaller range of sectors and a larger group of companies within each sector to fully be explored using statistical techniques.

Given this, it can be shown that the initial hypotheses connected with selection of staff has not been supported, usefully eliminating some of the range of factors affecting selection of appropriate staff for training and development. Chief executives did not select Keyworkers with the same educational background, qualification level, age or sex as themselves (Hypothesis 1 and 2). Similarly, despite earlier research showing that under or untrained managers are unlikely to place a high priority on training for those working for them, this too was not indicated from the survey sample (Hyman, 1992). Training was identified as useful whether or not managers were themselves well trained or educated. Hypotheses 3 is considered in the next chapter.

Hypothesis 4 is supported since there was evidence of ethnic and sex-based bias in selection of staff. Following from this and given the nature of the data, there were some findings which with further research might yield useful results, especially with regard to the way plans are formulated. There is also potential for further research in the engineering sector to identify possible bias in terms of ethnic minority involvement in training though non-selection. Within the hospitality sector too, a larger sample might be studied to determine whether staff

are denied access to qualifications by those managers who lack qualifications themselves.

Hypothesis 5 suggested that there would be a lack of formal methods in selecting staff for development. The methods of selection seen in the study provide support for this hypothesis, that selection methods are not based on a strategic plan nor is selection carried out in a formal and repeatable way.

Self selection

Hypothesis 6 suggested that in some companies the chief executive would select him or herself to be the main person for development. This was supported, as was hypothesis 7, since self selection did occur in smaller, newer companies across all business sectors and locations. Hypothesis 8 was not supported, however, This did not occur in companies with a clear strategy or business plan to achieve planned objectives. Since few companies had developed business strategies to this extent other factors came into play, for instance, self selection did occur in those organisations with older managers who had not gained qualifications earlier in life.

The impact of the family and of succession planning in staff selection

In this area, the hypotheses were not all supported. Succession was not a common feature of small business planning, whether family owned or not (hypothesis 10). The training which did occur, did not take place to fulfill succession requirements as part of a planned strategy

However, hypothesis 9, that succession planning would be more evident in family owned firms, was supported and so was hypothesis 11, since family owned firms did show clear preference for development of family members through previous training, future plans and work conditions, even when these family members were not expected to remain with the company.

Hypotheses 12 and 13 are discussed in the next chapter. These deal with the CEO's view of graduate recruitment and its impact on their firms. The Keyworkers' views were also sought on these issues and the two sets of figures compared.

Learning organisations

Despite the expressed enthusiasm for the concept of learning organisations, hypothesis 14 was not supported. Companies were not found in each sector and location which could be called 'learning organisations.' There was little evidence found of a commitment to "facilitate the learning of all members of staff" or that the staff in any organisations sought to "continually transform the company" (Pedler, Boydell, Burgoyne 1991). However, some of the companies in the hospitality and catering sector could be said to match some of these conditions in attempting to meet Continuous Improvement programme requirements to change their organisations, although the methods used and the commitment shown in these firms was variable and often inconsistent. Hypotheses 15 - 18 are discussed in the next chapter and concern CEO's views of lifetime learning.

The remaining hypotheses concerned learning preferences, views on the higher education and the possible advantages of recruitment of graduates and the potential benefits of lifetime learning. These are considered together in the next chapter since many of the other factors which might have affected section of staff have been removed (age, sex etc). The area of selection of staff is discussed, with results compared to explore the similarities in approach (or otherwise) of CEO's and their chosen Keyworkers, especially with respect to learning

Chapter 5

Looking at learning as a way to explore the similarities between CEO's and those staff chosen by them for development

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Following the picture emerging from the first review of results in the last chapter, the areas remaining to be examined included learning preferences, the potential benefits of lifetime learning and attitudes to qualifications and higher education.

The first of these, learning preferences, concerned the links between the learning style of the CEO and that of the key worker selected for development. Here the hypothesis suggested that Chief executives would select those with similar learning styles as themselves. Similarly, they would also select the same training preference for others which they themselves expressed. Rather than limit the exploration of attitudes to learning to 'learning styles', a description of the 'learning outlook' was gained by reviewing an additional range of experiences described by the participants (favourable and unfavourable)

Identifying learning preferences

Firstly, a picture describing the learning preferences for the CEO and for the Keyworker at each firm was built using a variety of means. To identify how participants perceived their own learning style, they were asked for their preferred learning method both now and in the past. They were also asked to describe their most enjoyable learning experience and the most valuable item they had learned in their work or pre-work lives (whether this was 'how to do something' or 'about something'). This division of knowledge into two areas, 'procedural' and 'declarative,' has also been described by Pedler and Aspinall (1996). Here different aspects of learning are defined as concerned with facts acquisition or knowledge - based learning, how to do things

or skills - based) learning as part of potential fulfilment (or personal development based) and lastly as a way to achieve things together, i.e., collaborative or inquiry based learning.

In this study, questions did not define the type of learning referred to, CEO's and Keyworkers gave unprompted views and examples during interviews, which were later coded and / or simplified for ease of data analysis. Participants were also asked to complete questionnaires to determine their learning styles preferences (Honey and Mumford, 1994)

Learning preferences

Learning preferences which determine how an individual learns and which vary from one individual to another have been proposed and discussed in earlier work. Gagne (1967) described different "cognitive strategies". These were methods by which a person learns to learn, how they assemble and activate skills needed to concentrate, analyse, think and experiment. Once these skills have been acquired they can then be transferred into other contexts to enable learning in different situations.

Earlier Pask (1964) had argued that there were differences in individual approaches to learning: whereas some individuals preferred to learn step by step sequentially (Serialists) others take in the overall picture (Holists). Students are also described as learning by adopting 'deep' or 'surface' approaches (Biggs 1987; Schmeck 1988)

Wallach and Kogan (1965) and Hudson (1966) identified "divergent" and "convergent" thinkers in their work with creativity in schoolchildren. Here, thinking and learning methods were linked with personality traits -

convergers were described as more logical, rational, consistent restrained and conventional than divergers. Later Kolb (1984) also used these terms but distinguished between four learning styles based on whether people preferred to deal with concrete or abstract information and how they preferred to process this information, reflectively or actively.

Skemp (1971) called for analysis of the learner and of the topic as an explanation of learning variance. Other studies have identified the lack of learning styles recognition as a possible reason for training programme ineffectiveness. Jones (1994) commented on the way in which individual requirements are often missing from training solutions, through an “underlying assumption ... that everyone could learn at the same pace and that all would be interested .. Individual personal characteristics and predilections for learning were ignored” (p 348).

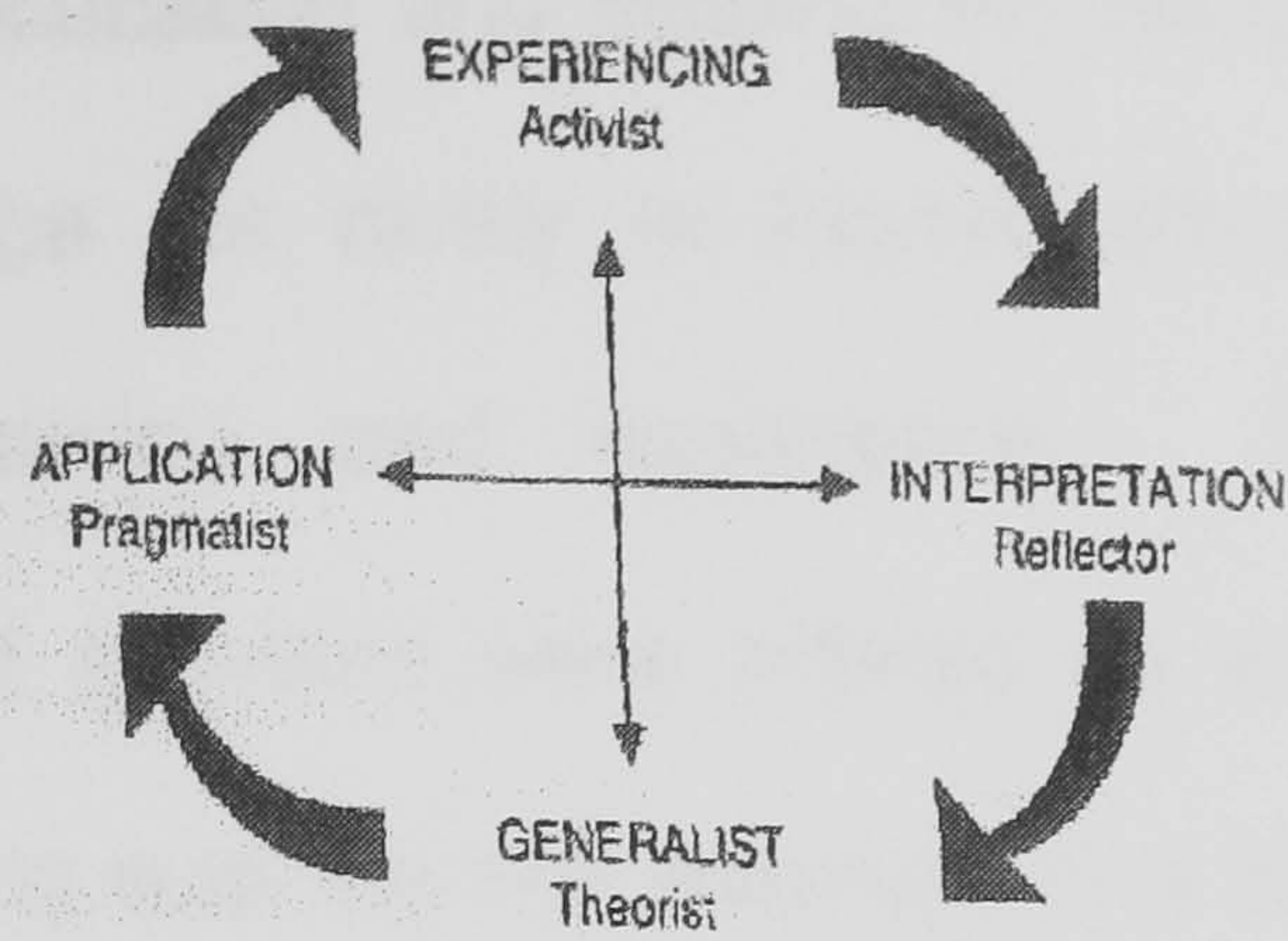
Earlier Cole (1989) also found that few organisations take learning styles into account when identifying training needs or adopting solutions. Given evidence of variation in learning effectiveness, Rogers (1994) proposed the provision of more effective learning experiences through ‘Learner Centred learning’ where the individual participates responsibly in the learning process in a series of works between the mid 1960’s and the mid 1990’s. Here learning is self initiated and individually driven in a supportive atmosphere of trust, emphasising the importance of ‘learning to learn’.

In an attempt to explain the effects of these individual styles on the learning process, Kolb (1984), suggested that those individuals with

strong learning styles preferences would give varied attention to different parts of the learning cycle depending on their learning styles preference. In this way it was theorised that different learning would take place across individuals sharing the same learning programmes, and that there would be wide variation in the effectiveness of learning taking place within a group of individuals.

Another approach was taken by Witkin and associates (1977), who described learning methods based on the concept of field dependence, where field dependent people are better at learning social material and in learning this in a social way, are responsive to external reinforcement and rely on externally provided structure. Field independent people on the other hand are described as less reliant on external structures and therefore more self reliant. However Witkin also suggests that these are not fixed points but that the most effective learners are able to change their style to fit different requirements. Fry and Kolb (1975) also suggest that the complete learner can not only adopt a style suitable for the occasion but can also integrate all four styles.

Using the model shown below which links Kolb's experiential learning model with the division of learning styles, Honey and Mumford (1995) devised a questionnaire which is scored to provide a picture of the individual which may show a dominance for one learning style or a mixture of all four. In their model these four preferences are "Activist" "Reflector" "Theorist" "Pragmatist". For a more detailed description of each style, see Appendix F.



Preferred learning activities for self development

Honey and Mumford (1992) suggest a comprehensive list of formal and informal learning opportunities, where such activities as being coached and counselled, job rotation and reading are included in the classification as typical formal learning opportunities while job change, task groups, voluntary work and networking are classified as typical informal learning opportunities. (P 54).

When CEO's were asked to confirm their most preferred learning opportunities these included some of the same activities. One-to-one coaching, task groups, special projects, reading, Computer aided learning, attending external courses, working with colleagues to solve a problem, on- the- job training (e.g. apprenticeship, full time or as part of further education programmes) were all cited as 'useful' 'valuable' 'enjoyable' and / or 'preferable' by participants.

Non-work activities, including voluntary work, domestic life, networking, committee work etc., were not identified by any CEO as a route to learning. The most frequently cited method of learning was on-the job

training. The same pattern of responses emerged from Keyworkers, who also saw education and training as being carried out primarily at school or college (or rarely in higher education) , backed up by work-related training and experience. No voluntary and no non-work-related activities were offered as an example. Here again on-the-job training was the first example in a list given by 60% of those questioned.

The CEO's also distinguished between the purpose and content of the learning experience, identifying different types of learning as appropriate for different skills acquisition. Bloom (1964) differentiates between Cognitive, Affective and Psychomotor skills which would be most effectively acquired through different methods or strategies. Both CEO's and Keyworkers echoed this view. However, where CEO's described keyworkers learning needs they often did so in terms of narrow technical skills to meet specific requirements (e.g. the company meeting a Health and Safety regulation). Keyworkers described their own learning needs in much wider terms.

On the job training

On the job training has been discussed by Blackburn and Hankinson (1989), who found that there was a low participation in training in smaller companies, mainly due to expense and inappropriateness of training provision, with the result that the majority of training carried out was on-the job informal training. Smith (1986) argued that on the job training could be very simple and cost effective but it needed to be systematic and followed by practice and feedback, all geared to

trainee's prior knowledge and skills and his or her rate of progress. Taking a less optimistic of the effectiveness of on the job training as currently provided, Sloman (1989) identified that this was represented 50% of all training during a 1986-7 study.

Similarly Warr (1993), investigating management training and development, commented that within collected figures on management training over the previous 120 years, informal activities such as on-the-job training and membership of associations, were all included in the definition of management training. These are some of a range of possible ways to learn. To determine which methods the participants preferred for their own and other staff's learning and development, both CEO's and Keyworkers were asked about this.

Chief executives' preferred training methods for self development

CEO's were asked for their most favoured method of learning for self development (without any alternatives offered by the interviewer). However, once these had been collected, to aid analysis, they were divided into three categories and CEO's asked to rank possible methods of learning. The results were as follows:

1. Taught course, with other managers or owners
2. Mixture of course and application at work
3. Open and / or flexible learning.

As confirmed above, on the job learning or training was highly valued as a training method and had been employed by all managers in the past as "the best way to learn job skills" and "the only way you really learn to become a manager" (descriptions from two Engineering company

owner-managers). However, there was now a feeling that they had “moved on”, that this was no longer a useful method for their own future development.

In their own words, CEO’s identified a need to “learn new ideas”, “make new contacts and network”, or even to “take existing skills and ideas further”. Despite this, all also identified the problem inherent in attending a training course, even one held on-site, in the amount of time taken away from managing the business. Reservations were also expressed about the problems in of attendance when training or education programmes were lengthy or made up of a number of regular sessions

When asked which would be the most useful method for Keyworkers to employ for learning, a similar range of responses emerged but when asked to rank these methods in a simplified form, the results showed a different pattern. CEO’s saw on-the-job training as the most valid method for their Keyworkers to learn.

1. On the job training
2. Mixture of training course and on the job training
3. Open learning
4. Training Course

Here then it would appear that the CEO’s did not impose their own form of learning activity preference on the Keyworkers since a different ranking was obtained.

However, when the CEO’s were asked to describe their most effective learning activity and to identify the most valuable item(s) they had ever

learned, a more confused picture emerged. Despite their view of future learning as most effectively done within a course environment, both the example of 'most enjoyable learning experience' and 'most valuable item learned' were activities carried out in work-based learning. Overwhelmingly, CEO's cited work based learning as their most enjoyable experience and the most valuable in terms of effective learning as the result of this process.

Keyworkers preferred training methods for self development

When Keyworkers were also asked to rank their own preferred training methods the ranking was similar to that for CEO's own self development preferences. It was however, different from that learning method suggested for them by CEO's.

1. Taught course
2. Mixture course and on the job application
3. Open learning
4. On the job training

The 'taught' course option however, usually came with a number of caveats. "But it has to be taught really well .. By someone who knows how business works" "It needs to be relevant, it's no good if it is so general that you can't get anything from it." "But not all the usual stuff meant for really big companies, it should be set up for small companies because a lot of the stuff you get otherwise only applies to corporations..."

There were some comments about on-the-job training being cheaper than other forms and therefore preferable to senior managers but most

Keyworkers felt that they had gained most of what they could gain from this form of training already.

“The boss’s favourite form of training. It means five minutes squeezed in between four other things without any material done verbally and no follow up” ... “On the job training is OK if you’ve just started work or you’re as a YT or something” explained one supervisor “but it doesn’t really help once you try to develop more complicated ideas” Another hospitality manager agreed, “On the job training should be the best way to learn basic skills, but it often doesn’t work very well because it’s unplanned and just fitted into the day between other more important items - if it was done differently then you might get a lot out of it...”

“It’s just a cover-myself exercise where health and safety training is done by one person and passed on to everyone else during the dinner hour” ..

Keyworkers also felt that they needed to “get out and learn new ideas rather than just turning the same ones around and around” and that “courses with other managers can be as a real eye opener” although most admitted that time could be as a real problem for course attendance. Another commented on the lack of qualifications usually resulting from on-the-job training. “with on-the-job training you can end up being responsible for this that and the other but then on your CV you’re just the same, you haven’t progressed in as a way other employers can value unless they really know about your workplace already”.

Some of these comments about the benefits of work-based training and the need for it to be planned and consistent echo findings from other studies. Brooker and Butler (1997) found that both apprentices and their supervisors regarded it highly and “as the legitimate site for the development of trade skills and knowledge”. The same article also comment however that difficulties and unsatisfactory learning experiences can also accompany this form of learning. Expert technicians may not know how to share what has become for them automatic knowledge and they may need to create training opportunities in a structured way “even during critical times” since it is necessary to “balance the production emphasis with continuous and effective learning” (p 506).

Links between Keyworker’s and CEO’s views on learning

Asked to describe a single learning activity that had been most effective in the past for their own development, Keyworkers and CEO’s replies were coded as Course, Mix, On The Job, Open and the results compared using SPSS Nominal Correlation methods. An association was indicated, with Cramers V at 0.74.

There seemed to be matches between selected Keyworker and CEO in terms of those activities described as “effective” “great” “really useful”. In one engineering company, both CEO and keyworker remembered with fondness and enthusiasm, their early days as apprentices at different companies, and the consistent on-the-job instruction received from talented, experienced technicians. In one hotel, owner-manager and supervisor described a training exercise run on-site by external

consultants, both liked the way that the sessions had been 'action-packed' but with sufficient time for 'practice and reflection on main points'.

Perhaps unsurprisingly, when asked for their least favourite activity, a similar pattern emerged. CEO's and selected Keyworkers both identified similar activities as their 'least favourite' with a strong association shown between vocational sector and least favoured activity (Cramers V at 0.85.). When both groups were asked to rank activities which they felt had been ineffective, the results were as follows:

1. Classroom teaching / lectures (some added "waffle sessions" here)
2. Open learning / activities
3. On the job training when not done properly

Perhaps most surprising in these cases were the experiences cited as most useful by those CEO's and Keyworkers with GCSE and post GCSE qualifications. These might have been expected to cite subjects studied or learning experiences during GCSE, A level or post A level study as "good" or "valuable". However, frequently these were seen as "a waste of time" "just what you had to do at the time" "or even "hours spent listening to people who have never been out of the school system themselves" "I felt that I was doing something at the time but it just seems like so much down time now"

"School is a way to keep you out of mischief until you grow up" explained one manager, "it gives you time to find out which subjects you like and which direction to go in, it's not what you study that's really important, except for exams. Then you learn temporary facts for one

purpose". "Not useful, although I enjoyed school, afterwards you can't remember any of it except if you have some way to practice that subject. I loved French and I always got good marks in it but I've never used it since I left school" explained one child care supervisor.

The lack of enthusiasm for formal education has been the subject of previous reports. Some point to the lack of confidence participants may feel if formal education has left them with feelings of failure (Sargant 1991). Others identify the separation of "knowing and doing, treating knowledge as an integral, self-sufficient substance, theoretically independent of the situations in which it is learned and used," (Brown and Evans, 1990). Informal learning through work based activities is described as relevant to learners since it provides an understandable and important context for learning. Here "learners know clearly what the curricula is and it organises the outlines of their everyday practice" (Lave, 1990, p 315-6)

"My most preferred learning experience? It has to be boot camp..."

The hotel owner's comment above describing the strict regime endured or enjoyed as an apprentice chef, is typical of many, about their learning activities on apprenticeship or FE programmes (which usually involved on- the-job learning as a vital component, in the participants' view). Those in hospitality and catering made very positive comments about their training and learning experiences, even when lecturers or head chefs supervising them might have been autocratic or eccentric.

“Voice like a sergeant major and a repertoire of swear words never matched since “... “put the fear of God into us, no-one was ever late or scruffy for him”... In this vocational sector, this was seen as valuable given the need to preserve a smart professional image during front of house duties when dealing with the public or when under pressure to perform “.. it really helped, when I started work I had been drilled and stretched to cope with anything - and it was just as well because in this industry you frequently have to!” .. “I think you just switch into automatic, you smile and calm people down and all the time your brain is turning over the problem to remember ways you’ve solved similar ones in the past...” “After him, no-one was ever going to be a problem, believe me”

Time to think

Where participants from engineering and manufacturing companies commented on similar apprenticeship or FE training programmes, there was an appreciation of time to think and reflect on learning gained.

“When I think back, we had so much time to get on with things, so much time to develop skills and finish things compared with real work.... I wouldn’t mind some of that now”.. (Engineering manager)

“I feel very confident about any technical use of these materials because I really enjoyed working with all of them not so much at college but mainly at my first firm, it was something I didn’t really realise then but I’ve never really had that time again. Now it’s all pressure and deadlines. Without that time I had to really learn those skills I couldn’t cope with all the new work that comes in ” (shift supervisor, specialised components firm)

The time to think and concentrate commented on here was echoed by some of the care sector participants but they also valued pressured workplace learning - if they were given time to talk over what had happened with their supervisor or more experienced colleagues. “You need that reassurance, it’s very frightening to be suddenly thrown in at the deep end when someone’s really ill or injured, you really need to take time afterwards to go over what you did and just work out what you did right, or what you could have done differently.....” (Care home manager, ex nursing sister, remembering her early training)

One hotel manager even stressed the links between this factor and the success or failure of on-the-job training and experience. “Too often we don’t have time to take people through a situation they have dealt with, there’s a crisis, they deal with it, then comes the next one. But if anyone is going to learn from experience that time to look back and pick out how well or otherwise something was done, how the customer might have felt, what other alternatives might have been available are all vital. Otherwise the individual does not learn by his actions, he just goes on repeating them”

Least preferred learning activities.

In terms of ‘usefulness’ and ‘enjoyment’ most quoted school and college and or university as possibly not enjoyable and not really useful as such, except as a route to desired qualifications. There were many comments about schooldays in this section, with particular teachers remembered with dislike. Once asked to focus more on activities which they had felt

were unsuccessful learning experiences rather than the personality of those involved, examples cited then became more mixed.

There was a clear division between those describing sessions or courses which they had least felt to be not enjoyable, effective or useful. Some were unhappy with experiences which they felt to have been “all talk and no action.” The comment on the “all talk no action” session referred to formal management training organised by the local training and Enterprise Council in co-operation with a well known management training provider. Since participants had no formal management training or qualifications, the training provider had spent the first sessions identifying management theories and styles of leadership etc. Exercises only began in session four, following distribution of reading materials in sessions two and three.

Alternatively, others felt unhappy or nervous “because the training sessions were so rushed you had to do it all on your own, without enough time to try to understand what was happening” These last activities were IT training where individual experimentation was expected from the participants following a brief introduction. There was a lack of repetition and structure in these sessions which some found stimulating but others found very ineffective “I felt such a failure I knew we were all supposed to be racing away doing something clever with it. I just didn’t know what the something was meant to be” commented one engineering supervisor.

This enthusiasm or lack of it for certain types of learning again suggested the theories outlined by Kolb (1984) and by Honey and

Mumford's description of learning styles (1992). Those preferring to read and reflect before taking part might fit the 'reflector' learning style. The contrasting preference to learn by doing and experiencing rather than by reading and listening might be indicative of an Activist learning style.

Learning styles

To explore these models further, CEO's and Keyworkers completed Learning styles questionnaires, as designed by Honey and Mumford, (1995) and based on earlier work by Kolb (1984) and other researchers, (see Appendix G for a copy of the questionnaire and its scoring methods) The questionnaires were used as recommended by Honey and Mumford and scored according on the two scales. The profiles obtained were then initially classified into 8 different categories, then for ease of analysis were recoded into 4.

Table 12 showing learning preferences for the whole group (n=128)

	engineering	hospitality	care	other	total
CEO LS					
activist	7	11	7	7	32
reflector	17	8	10	2	39
theorist	6	5	9	11	27
pragmatist	7	7	3	11	30
'Total	37	31	29	31	
Chi-square Tests	Value	df	Asymp.	Sig.	
Pearson Chi-Square	26.479	9	.002		
Likelihood Ratio	28.772	9	.001		

The learning styles were defined in terms of strongest preference for Activist, reflector, Theorist and Pragmatist learning styles. Firstly the results for the whole group were analysed for CEO's, then the results for those CEO's who had selected themselves as keyworkers were removed. This was done in order to aid comparison with Keyworker questionnaire results, since those who selected themselves for development were present in both groups (and would therefore confuse analysis)

The whole group results indicate a relationship between the vocational sector to which each company belonged and the learning style of the CEO, significant beyond the 5% level. This has been confirmed by Honey and Mumford in their literature on learning styles, where different occupational norms provide different preferences for strong or balanced styles or for particular styles (1994, p76)

Comparisons with Keyworker group

When keyworkers learning styles are reviewed, there are some similarities. However, here no significant relationship is shown between learning style and vocational sector. Although showing some differences from the CEO's pattern of responses, there are also some striking similarities. Before examining these though it is worth noting that hospitality and catering companies are under-represented in this group since so many of the CEO's in these organisations selected themselves for development

able 13 ; Keyworker learning styles across vocational sectors

Keyworker learning styles	Vocational sectors				Total
	Engin	Hospitality	Care	Other services	
Activist	6	6	4	13	29
%	7	7	5	15	33
Reflector	17	3	2	6	28
%	20	3	2	7	32
Theorist	3	1	4	4	12
%	3	1	5	5	14
Pragmatist	7	1	5	5	18
%	8	1	6	6	21
Total	33	11	15	28	100
%	38	13	17	32	87

In this small group, hospitality companies had keyworkers with a preference for activist learning styles (55%), with only one theorist and one pragmatist shown. Despite this, when compared with the whole group CEO sample, Activist was again the preferred learning style for CEO's across all hospitality companies (35%).

In engineering companies, the predominant learning preference emphasised by keyworkers was "reflector" (48%), This can be compared with the CEO's learning preferences for the whole group above, where the preferred learning style for engineering CEO's was also "reflector", (47% of all engineering CEO's)

The Care sector companies had keyworkers with a mixture of preferred learning styles, no single style is preferred by the keyworkers. However, there are more theorists than might have been anticipated give the size of the group (as compared with engineering and other services). In comparison CEO's from this sector preferred reflector (29%) and theorist (27%) learning styles. Other services keyworkers showed a

preference for activist learning styles (47%) while for the whole group CEO's had equal main preferences for theorist and pragmatist learning styles at 37% each.

It should be noted that to aid analysis results were simplified to show strongest preferences only, hence, the results do not show co-preferences. For instance, those with Pragmatist preferences generally had a CO-preference for reflector or theorist learning styles. These are common combinations given the correlations between these styles (according to Mumford p 80).

CEO's and keyworkers - links between their Learning styles

All CEO's completed the Learning styles questionnaire, but as confirmed above, those selecting themselves for development were excluded from this part of the analysis to explore association between the learning styles of chief executives and their chosen Keyworkers. This led to a set of 87 results and a four by four table. Cross tabulation produced Table 13 below. but here the relationship between the two variables could not be explored using SPSS correlation techniques since more than 20% of the cells contained a count of less than 5. In addition further recoding seemed inappropriate as it would have oversimplified the four styles to such an extent that the results of doing so would not have been useful.

From table 14 overleaf it can be seen that the number of CEO's with Activists learning styles in this subgroup is 31. This represents all but one of the activists in the whole sample, i.e., only one activist selected themselves for self development, while the other 31 all chose someone

else to be developed, even though size of company and age of CEO were comparable across the range of learning styles.

Table 14, CEO and Keyworker learning styles compared

Keyworker learning styles	CEO Learning styles				Total
	Activist	Reflector	Theorist	Prag	
Activist	14	5	3	7	29
%	16	6	3	8	33
Reflector	8	11	5	4	28
%	9	13	6	5	32
Theorist	4	4	2	2	12
%	5	5	2	2	14
Pragmatist	5	6	1	6	18
%	6	7	1	7	2
Total	31	26	11	19	87
%	36	30	13	22	

Looking at the matches for Activist LS CEO and Activist LS Keyworker etc, it can be seen that 38% of all choices were 'matches', which is higher than the possible expected outcome of 25%. However there is a difference in the way these matches are obtained. Activists were more likely to select activist than any other learning style (Activist : Activist matches accounted for 48% of choices by CEO with activist learning styles). Similarly reflectors were more likely to select reflectors (44% of CEO's with reflector learning style selected reflector keyworkers). This pattern is not repeated for Theorists or Pragmatists, however, CEO's with either of these learning styles were more likely to pick a Keyworker with different learning styles, Theorist chose reflectors and Pragmatists chose Activists.

In addition to the comments on sector size, a similar imbalance is seen in the gender make-up of these sectors. When the gender of Keyworker

is considered, both care and other service companies selected predominantly female workers while engineering selected predominantly male keyworkers while hospitality had a more balanced result. Engineering sector companies selected 86% male key workers while Care selected 86% female key workers and Other service companies 71% female keyworkers. (See Table 14 below)

Table 15 ; Gender make-up of keyworker selection by companies

Keyworker gender	Engineering	Hospitality	Care	Other
Male % of voc sector	86%	46%	14%	29%
Female % of voc sector	13%	55%	86%	71%

Here Chi square, directional and symmetric measures all indicate no significance to this relationship. Interestingly, the mismatch situation where a theorist selects a reflector or a pragmatist CEO selects an activist keyworker, is found in gender mismatches for the 'other services' sector, where male CEO's select female Keyworker.

Members of different vocational sectors are described as having different occupational norms by Honey and Mumford (1995 p 76), however, the vocational group sizes in this study do not allow for individual comparison of sector norms.

The effects of gender on learning styles for the whole group

When the results were compared for gender of CEO with CEO learning style this shows a weak association (Cramers V 0.24), A similar result is obtained when comparing Keyworkers' gender with learning styles. In discussions by Honey and Mumford (1995, p 77) comparisons of norms for professional people and junior management from a cross-section of

occupations in commerce and industry suggested no significant gender differences. A further comparison of means show women to be “slightly more activist than men” and for men to have slightly stronger preferences for theorist and pragmatist preferences.

Here the effects of the vocational sectors imbalance may be affecting results in that women emerged strongly as theorists and pragmatists, while men appeared strongly as reflectors. There may also be another reason for this however, as indicated by the comments of some of the female participants, who felt that some of the statements were too obviously biased to show what they considered to be a ‘male’ or ‘female’ style.

Waking up as Mrs Thatcher - Problems in interpreting the results

After the questionnaire was administered, the different learning styles were explained and discussed. Female CEO’s commented that they had adopted a different approach on becoming managers than they had employed earlier, particularly when making decisions.

Despite research linking what may be perceived as male values and ‘macho’ management style with more workplace stress and less productivity (Cartwright and Cooper, 1994), and calls for all managers to use ‘emotional intelligence more characteristic of women managers’ as a way to improve organisational progress (Coleman 1988), the female managers interviewed seemed to feel that they needed to be seen to be very ‘macho’, i.e., strong, definite, decisive and uncompromising.

One hotel manager explained “Yes, you have to be super sure of yourself otherwise they’ll take the mickey out of you, in this game anyway. You wake up one day and find you’ve turned into Mrs Thatcher... there is this feeling that you have to be seen to be striding about doing the biz - you know, acting and doing rather than sitting there thinking about things, although actually that’s what I prefer to do.”

Another described “the flack her colleague took” when he “took his time over making a decision”. “They call him all sorts because he hates to rush into events. He prefers to weigh things up then decide. I do that too but I find myself being forced into this macho woman position, just to balance things up with the boss. The boss is always jumping from one activity to another, usually successfully, so you feel you have to try to keep up with him. And he’s got no time at all for (her colleague) - who he thinks is dull and indecisive - he calls him an old woman”.

Other studies have pointed to this possible effect on women managers, Hayward (1998) commenting that a crossover had taken place such that “young women make themselves much more aggressive and assertive.” Whether or not these young female managers in the study had actually acquired these traits or were just presenting the image of doing so, in completing the questionnaire both managers had given what they felt to be the appropriate response, i.e., what they should be doing, rather than what they actually preferred to do. Other participants may have also done so but this was not questioned. Only where participants actually

volunteered this information was it collected, for fear of influencing the result. It would provide an interesting area for follow up work, however.

Snapshots

it is not suggested that participants have fixed styles or that this will provide a lasting view of their preferences but that in his study a “snapshot” has been obtained of both sets of employees, since in earlier studies, these learning styles have also been described as flexible rather than as fixed points. Cullingford (1990) observed that people had preferred learning styles which suit different learning events and activities. Developing this further, Richardson and Bennet (1984) argued that individuals have learning styles which can differ dependent on circumstances and are flexible enough to suit different contexts for effective learning.

This flexibility is seen in the advice provided by Honey and Mumford (1995) for an individual to develop his or her style to encompass other styles so that he or she can make the most of all learning opportunities. They also comment that individuals will often have a mixture of styles rather than one fixed style. Mumford identified that 20% of managers had 3 strong learning style preferences, and only 35% had one strong preference.

Learning styles - conclusions

Summarising then for this section, links were found between the learning styles of the chief executive and the Keyworker not only as measured by the learning styles questionnaire but also as indicated by

stated preferences for learning activities and aversions to other learning activities. Hence the hypotheses covering this aspect of selection have been supported. Similarly, the training preference of the CEO determined the training method for the key worker, and the content and purpose of training was also determined by the CEO. This also provides one possible reason for the identification of the 'Keyworker' as the 'right sort of person' - he or she have the same outlook in terms of learning and training.

The next step was to identify how the participants felt about their own or the company's long term development given their preferences for learning and their view of training needs. This was done as part of the collection of data about lifetime learning.

Lifetime learning

Lifetime learning has become a feature of government planning and of international visions for the future. It "...plays a key part in our wider social and cultural activity, yielding benefits extending beyond the economic field. The preservation and acquisition of knowledge and the ability of individuals to fulfill their personal capacity to learn are vital signs of a free and civilised society" (DfEE; 1995b, p 6). Employers "must lie at the heart of all efforts to increase participation in Lifetime learning". They have the responsibility "to ensure that the workforce have skills needed to meet their business objectives" (DfEE; 1995b, p 11). Cridland (1990), considered how the UK could ensure skills

foundation and its updating throughout an individual's working life, through Lifetime Learning

Given the emphasis on the vital nature of Lifetime learning to revitalise the economy, by creating successful companies through the continuous learning of individuals, CEO's were asked a range of questions related to this idea. They were asked whether they were familiar with the concept, how important they felt it was for their own development and how important it was for their company's development. They were asked which forms this would take in their own lives and those of their keyworkers

Over half those questioned had heard the term in connection with other initiatives (e.g. Investors in people). However, despite the policy emphasis described above and other researchers also stressing the importance of this concept, among them Ball (1989) recommending that as a learning society should be created in which lifetime learning is the norm not the exception, the participants in this survey were not all sure what the idea meant and what possible benefit it would provide for their company. Awareness of lifetime learning was evenly distributed among different organisational sizes and locations but there were differences among vocational sectors, mainly due to the focus on particular vocational sectors by the Training and Enterprise Councils in two of the geographical areas.

Understanding of lifetime learning varied. There was a certain amount of confusion between "Learning organisations, continual improvement,

Investors in people, lifetime learning and all the other things” “It’s all initials” complained one care home manager” and you just get to grips with one lot then they (the government) invent another.” Hearing about the term and understanding the underlying intent and definition seemed to be very different. When they were asked to define or explain the term “lifetime learning”, CEO’s often admitted they didn’t know what it was. Others defined it in different ways. These responses were compared with organisational size and sector but no conclusive results emerged, except that the most popular definition of lifetime learning was in terms of an individual’s “useful” or “working” life. This view was most often cited by engineering or hospitality companies in those organisations employing 11 -25 or over 25 employees.

Table 16; CEO’s explaining Lifetime Learning

Item	%	most often in sector	most often in size
Unable to explain	40	mixed	up to 10
Everyone keeps learning throughout working life	45	eng / hosp	over 25
Everyone keeps learning through whole life	15	other/ care	up to 10

When these three statements were compared with gender and age of employees this was more effective. There was no relationship between age of CEO and understanding however, there was a positive correlation between CEO gender and understanding of “lifetime

learning", with more female CEO's being able to explain the term, whether in terms of whole life or work-related learning.

However, this result can be explained by the resources concentrated on those vocational sectors with female CEO's, i.e., care, hospitality.

Those female CEO's unfamiliar with the term were from other vocational sectors. Of those CEO's questioned, the group of those working in care sector organisations had received more verbal and written information about lifetime learning and were therefore able to explain it easily, of the 31% who had knowledge of Lifetime learning, two thirds were from this vocational sector

Next week surviving, not lifetime learning

Once the concept had been explained (in some cases by TEC representatives for the respective local areas), participants were asked about its possible benefits. . Here 84% felt that it would not be right for their organisation (often beginning with "it's a really good idea.. But it's not right for us" or "maybe some of those big companies might benefit but the likes of a small company like ours isn't going to...") A further 14% expressed their feelings more forcibly, declaring that the idea would not be right for any small company. These were mainly engineering / manufacturing companies. A typical comment was given by the owner of an electrical components company employing 14 people, "You're making the mistake of applying what works in large firms to companies like mine. It's just another Good Idea someone high

up has had. We're too busy trying for Next Week Surviving to be mixed up with Lifetime Learning”

The 16% who felt that Lifetime Learning was right for their companies were mainly from the hospitality sector. Some expressed their view that it was a natural extension of their normal working practice or that it was already in place in their company. The owner of a hotel / restaurant in a town centre employing 21 people explained “I think that you're really describing what any good company does anyway. Continuously updating your staff. I'm not sure about the individual aspect of this because not everyone enjoys learning some people just like to keep to the same old rut, but then they aren't the sort of staff you need. Staff need to be able to change and learn, to think on their feet, otherwise the firm goes downhill”.

The hypothesis that companies would be found across all sectors and locations where lifetime learning had been taken on board as part of organisational training and development could not be tested by statistical means. No company could be found which had incorporated the concept consciously in its daily practice. However, as can be seen from the discussion above, some companies already practised this, regularly reviewing company and individual needs and supporting education and training as a result.

Lifetime learning for CEO's themselves

Despite the pessimistic views of the effects of Lifetime learning on their company expressed above, however, 80 % of all CEO's did feel that Lifetime Learning was valid in terms of their own development. This was either expressed as good for its own sake or in terms of company need. More than half those questioned (60%) emphasised the need for their own development to ensure the success of the company in a competitive world. See tables below showing CEO percentages identifying Lifelong Learning as important or irrelevant to their own lives.

Table 17 - Those CEO's identifying lifelong learning as important for themselves (n=102)

'I need to' Statement	%	most often in sector	most often
- update business skills regularly	60	engineering	25 +
- develop as a manager		other services	25 +
- develop technical skills	12	engineering / care	<10
- develop other skills	8	mixture	<10
- develop outside work activities	46	mixture	<10

Of the 60% identifying the need to update business skills continuously throughout their working lives, most cited two examples, the introduction of new technology and communications and the introduction of the Euro. These were both seen as potentially threatening in ways which were yet to be confirmed but which could prove to be damaging for their company. Those in smaller companies (with up to 10 employees),

expressed more interest in personal development to achieve non-work aims than those in the other sizes.

Table 18: CEO's seeing LL as unimportant for themselves

No need to Statement	%	Most often in sector	Most often in size
- update business skills regularly	75	care	<10
- develop as a manager	70	care	11 -25
- develop technical skills	65	engineering / care	25 +
- develop other skills	17	mixture	11 -25
- develop outside work activities	54	mixture	25 +

The hypothesis that Lifetime learning would be seen as a valuable idea by CEOs for their own development was tested and supported, with no significant difference found across sectors, geographical location or size of firm. CEO's also saw this in terms of both specific work-related and non-specific non work-related learning. Statistical tests showed this to be significant beyond the 5% level

Learning without work-related purposes

The aspect of non work-related training and education has already been examined in other studies. Lifelong learning has been described as the encouragement of the individual to continue to learn throughout their lives, whether this is defined in terms of individuals updating or extending skills and achieving qualifications (DfEE, The Learning Age, 1998) or in terms of non-specific training and non-work related activities (Uden, 1995).

However, this non-specific training may still be the source of general or transferable skills which will make the individual desirable to a range of employers (G S Becker, 1993). This may be due to the individual gaining different knowledge, i.e., developing their ability to learn since they are 'learning about learning', equally desirable outcomes according to those advocating a Learning Organisation or an Action Learning approach. (Jones, 1994) (Morgan 1997; Pedler 1995).

To explore CEO's views of learning not related to work (the "other activities" or "not related to work" seen as important by 54% of CEO's as shown in the table above), CEO's were also asked. about their personal aims and their aims for the company. They were also asked whether learning in the form of training, education or qualifications would be involved in fulfilling either sets of aims. As can be seen from the summary table below, over 30% of those questioned (37%) had as a personal aim, a family-related ambition, expressed as "to pass the company onto my son" "to pass something onto my son so he has got the capital to start his own business if he wants to" These responses were not limited to those in family run or owned companies but were equally distributed across both groups.

Table 19: showing personal aims of CEO's

Family -related aim, e.g. succession	39%
Holiday-related, retirement, new sunnier location	30%
New direction, writing a book, beginning new career	22%
No personal aim	9%

Gender differences expressed through personal aims

Daughters were not seen as appropriate in succession terms for company ownership or for company capital to begin their own business. In some cases CEO's described "setting her up like she should be" in terms of their daughter's lifestyles (type of home, clothes, car etc) but still did not see their female children as a route to prolonging the business name or company function. Despite this view, female succession has been noted by other surveys. A recent review by Barclays Bank (1998, February) of small businesses run by 18-24 year olds, of the 7% of those taking part who were "carrying on the family business"- 5% were male and 2% female. Within the 2% female proportion, hairdressing and hospitality companies were heavily represented.

Where female owners were questioned, these were concentrated mainly in care sector organisations. Personal aims here did not involve offsprings but were more focused on relaxation "to retire early and really enjoy that part of my life, well cared for" "to be able to sell up and move somewhere nice" "to give up work" (38%), with self development in other ways also expressed "to get really fit" and "to write a book" were the most common comments in this category, each from over 20% of those questioned (23% and 29%) Those female owners in hospitality organisations also expressed interest in holidays / retirement as a personal goal, often expressing the desire to open a hotel or bar

somewhere in the sun as a part time occupation without their current responsibilities.

Training was seen as a resource to achieve these goals by under 50% of those questioned. This included language courses and writing programmes which participants intended to follow in their own time, (often through open learning), and business and finance courses which participants described as “probably useful to help me to make the most of the laws regarding passing on / realising / maximising capital and business assets”

Qualifications were seen as important to only 10% of those questioned. These were divided into those who felt that they had “missed out the first time around and would like one”, and those who wanted to develop a new career. Examples of this include the child care manager who wished to move into teaching and a supervisor in an old peoples’ home who wanted to “retrain and qualify” as an aromatherapist and provider of holistic therapy for an older age group. However, 34% did not feel any form of learning would aid them to achieve their personal goals, while another 17% were either “don’t know” or “unsure, need to find out”..

Keyworkers’ views of lifetime learning

When Keyworkers were asked about Lifetime learning, they had little or no knowledge about the term but saw the value of it for them to progress (often as a route out of their current company rather than just

their current post). They were dubious about it being a likely possibility in their current company and saw this as strictly work-related

“He seems to regard giving me training as a reward despite the fact I pass it on to everyone else.... It’s not going to help me here because as far as the boss is concerned this is my job, this will always be my job, there’s nothing else down to me here, I’m going to have to move if I ever want to do anything else”.. (senior technician, engineering design company).

“Qualifications help sometimes if you’re moving jobs but they aren’t going to make any difference here. He (the CEO) hasn’t got any and he thinks he’s done really well, why should he value them for anyone else?” (Supervisor, photocopier supply and maintenance company). As for the suggestion that non-specific training might be part of this lifelong development, most agreed - for their own benefit but not for the company’s.

“It’s not likely that me doing a conversational French course is going to help me supervise is it, and the idea that I might be more valued as a result is just daft” (old peoples home, shift supervisor). Most shared their employer’s view that if the individual really wanted to learn things which weren’t directly work- related then they should do it themselves, out of work time and paid for by them. Then the individual could legitimately reap the benefits, especially when such training helped them to find another job.

No yoga for Eric

As with other surveys, (Stevens and Mackay, 1991, p 37) CEO's were really only happy to pay for those activities which directly affected work in progress and would not provide skills, qualifications or knowledge which might enable the employee to move somewhere else.. One or two were actively sceptical "It's hardly credible that Eric taking yoga is going to boost productivity is it? Perhaps a short supervisory course or a machine tools update or AutoCAD sessions but unless it's relevant it's pointless" This compares with other studies looking at continuing education in larger organisations; IBM UK found that CE had a positive effect on quality and productivity, other firms linked lower absentee rates with CE provision (Donaldson, 1993).

Other CEOs however did cite examples of benefits gained unexpectedly which they had transferred from non-vocational leisure activities to the workplace. The manager of a large hotel enjoyed amateur dramatics so much she transferred the range of styles of speech and behaviour across to her daily management of staff ("Keeps them interested" she commented, "as long as you don't overdo it,"). Another had installed information technology in the workplace after attending evening classes in IT awareness including 'surfing the Net'. The third identified a change in the way he read and concentrated on written reports following completing the navigation module of his Yacht masters certificate. "You have to work it out, check and double check, that was something I had never really enjoyed. I'm a bit slapdash normally and not too thorough

but now I've realised that I've been trained to be more accurate and to read more thoroughly, I'm picking up much more from technical updates and reports at work."

These three comments above were from the only CEO's to identify a skills or ideas transfer. It may be that if this response had been prompted more examples may have resulted, however, as the focus group discussion on this led to more than half of the group citing such examples of their own. Given the experience within the focus group when this topic was discussed (see chapter 3), it may be a more useful way to introduce the topic to small companies than postal literature or one-to-one sessions. Once a group of CEO's are assembled, the identification of the values of lifelong learning by one or two members of the group may have the same effect in causing other members to identify similar experiences of their own. This however, was not tested in the study.

Business goals and gender

The last hypothesis in this section, identifying that CEO's would see lifetime learning as a requisite for staff development, was tested in different ways. CEO's were asked this as a direct question but the working practice was also reviewed to try to test the validity of their response. Questions asking whether lifetime learning for staff would be beneficial for their company received positive replies from 80% of all CEO's. This can be compared with other studies where small business owners expressed their opinions as to the beneficial results of training

and education but did not in fact support this in their own organisations (Hyland and Matlay 1997) (Matlay 1994, 1996).

Having collected keyworkers' comments about lifetime learning in their own experience with the views of CEO's on the same topic, the business goals of CEO's were also collected. Earlier research has indicated varying ambition of male and female CEO's in connection to the enlargements of their enterprises, here female CEO's lower performance in terms of quantitative financial measures can be attributed to their assessing success through attainment of personal intrinsic goals rather than for financial gain. (Sexton 1989, Brush and Vanderwarf 1992). Similarly the Barclays Bank review (February 1998, p2) also attributes the motivation of female CEO's to set up in business to "more flexible work arrangements and the ability to work from home rather than by "fame and fortune".

However Rosa and associates (1997; p 5) did not support this, arguing that "descriptive and basic statistical comparison between male and female small business owners" were "too simplistic" . Similarly other studies did not find an under-performance in female run enterprises (Johnson and Gubbins, 1991). However, Rosa and associates did find that one third of the participants in their study "did not want their business to grow" (1997, p6).

There were many different replies to this question seeking to know CEO's main business aim. Initially these were coded to seven categories , including 'to grow, export, find new markets', 'to improve or

maintain the quality of services or products', 'to start a new company', 'to sell up at a profit', 'to develop new lines, new products or services', none', and 'don't know'. The results show different imperatives across varying business sectors but are unsuitable for further analysis with SPSS as they provide more than the minimum number of cells with less than the required level.

Results were simplified further by recoding into four variables, Growth, Improve and / or maintain quality, sell up and or begin again, no stated aim. Responses were then recoded with reference to their original replies (i.e., to identify whether someone 'selling up' was about to being something new or was retiring altogether and whether someone who wished to improve quality was doing so as a way to ensure growth).

These were then tested against vocational sector, gender of CEO, educational qualification level of CEO, and prior ownership of business plan. Of these variables, both gender and vocational sector still did not meet requirements for minimum levels despite this recoding and could therefore not be statistically tested.

Table 20; to show links between CEO aims and gender

	Male	Female	% of all aims
Growth	34	29	33
Quality	31	33	31
Sell up	17	9	15
No stated aim	18	29	21

Comparing ratios of male : female participants with their proportions in the whole sample, less female than male respondents saw 'growth' or 'selling at a profit before beginning again' as their main aim, while more female than male CEO's expressed 'Improvement or maintenance of quality' as their main aim or had no stated main aim. This appears to back up earlier research in terms of female CEO's lack of commitment to growth, however when examined against vocational sector membership, a different picture emerges. Those seeking to improve or maintain quality (not to ensure growth but to 'ensure we are the best' 'give us pride in our company') were located within care and hospitality sections for female CEO's.

When training was then added to the discussion 47% of male CEO's thought that training would be required, compared with 49% of female respondents. However the male CEO's thought it would either be required by staff to ensure growth or by themselves to ensure successful company sale and / or a new start while female CEO's saw training mainly for staff as a route to quality improvement.

More female CEO's came from these two sectors than the other two sectors, this suggests that the results could not be used over a wider small business population since those in care sector organisations differed in many other respects from the sample as a whole, as has been discussed earlier.

To summarise, when questioned, CEO's thought that lifetime learning for their staff was probably a good thing, but that staff would have to pay for their own development if this did not directly relate to company requirements. Some saw training and education as a route to achieving business goals but this was often a short term solution to an immediate problem rather than a belief in the benefits of continual updating and / or change. To identify whether this fitted in with a strategy within the company, CEO's were also asked about their use of business plans, as a route to achieving their personal or business objectives.

Business planning and the place of training to achieve business aims

When business planning was compared with CEO business aims, 62% of those seeking growth either had no business plan or never used the one they had. Similarly 55% of those seeking quality improvement had no business plan or never used the one they had. There were differences between those owning and using a plan and those without in terms of the stages identified for achieving goals. Whereas those with regularly used business plans tended to express the idea of a number of stages required to reach the standard of quality required, for instance, those without a plan tended to identify factors to be changed.

Here training was not always seen by those without a plan as necessary to achieve a goal and there was a tendency to simplify the route to achieve the required change, as in the comments of one hotel manager

on how the quality of customer care in reception could be improved “the girls just need to be a bit more responsive and not lose their tempers when a situation blows up.” or those of an engineering manager commenting on the continued lack of adherence to health and safety procedures despite HSE warnings, “the supervisor just needs to be firmer with the staff, he’s got a leaflet on it, he can give them it or read them it”

Plans were owned and used by more of those wishing to sell up or begin another company (68%) and 56% of those with no business aims. In this category, more than half those without a business plan or never using their business plan, did not see training as a way to ensure growth.

However 61% of those seeking ‘quality’ who had no business plan or never used their plan, did see training as necessary for their staff

The relationship between planning and achievement of objectives is therefore not seen as important by nearly two thirds of all companies in the sample. Where CEO’s had specific personal or business aims, plans were used and training was usually identified as a result. Where CEO’s had no specific aims (but had general aspirations as in “we need to grow” rather than “we need to find at least two more customers because we’re very tied in with one supplier, then growth will follow”), planning was not important and training was not seen as important or as having long term implications.

Keyworkers and lifelong learning - their goals for the future.

Keyworkers were also asked about their view of the role learning would play in their own lives in the future. More keyworkers than CEO's saw themselves 'learning something new in the next ten years' (59% : 38%).

Most identified concrete examples of this in terms of course or qualifications. More keyworkers also saw themselves 'continuing to learn throughout their lives ' (61% : 48%). The apparent contradiction is due to the more abstract nature of the learning activities in this section, here participants were not identifying specific training but were expecting to learn and develop throughout their lives as a natural process. "Well, you can't help yourself really, can you? You just have to look at computers ten years ago - no-one could have persuaded me then that I would buy one, use it and value it the way I do now, these days you have to learn to cope with change". The percentage identifying learning as a future activity was also a larger proportion than those in Sargant's study (1991), when more than half of all non-participants 'did not want to learn about anything new'.

When those answering positively were asked about these ideas, there was a clear division between those who felt that they needed to learn to 'achieve an end', 'just for interest', 'to keep my mind active'. Beattie (1997; p 5) has already described similar divisions between those learning because they are goal oriented and therefore need to achieve, because they are learning oriented and do it for its own sake or because they are activity oriented and prefer the activity of learning to the subject

matter. Homan (1993) suggested that an individual must have a positive attitude to education and sufficient self esteem to take part. This echoes a 1996 DfEE report which commented that those not participating in learning may lack the confidence to learn and are fearful of approaching learning institutions. (1996a: p 22).

The comparative lack of enthusiasm by CEO's for their own and their staff's' development does not support the recent DfEE report (Individual commitment to learning, 1998), which sees employers providing training and development for staff due to their vision or belief in the value of development as an investment in improving the organisation, due to their understanding that training creates greater efficiency and effectiveness or due to their creation of an organisational culture where learning has a positive impact on loyalty, commitment self esteem and motivation.

However, the same report comments that employers in the study were seeking to "differentiate themselves from competitors partly on the basis of quality and added value and that they believed staff development to be an essential part of this process." This is certainly true for CEO's seeking to improve or maintain the quality of their products or services as has been seen above. Here CEO's described quality as desirable to give the company a competitive edge or to retain customer base. It was also seen as the basis for the company's practice. As in the statement "It's what we're all about, that's what makes us different, we're not

cowboys, we really want to do the job properly” made by an electrical appliance repair and maintenance company,

Review of hypotheses for lifetime learning.

The hypothesis that CEO's in all organisations would be aware of Lifelong learning, with no difference between locations or business sectors, or size group, was partially confirmed since awareness was distributed evenly by size and geographical location. In terms of vocational sector however, there were differences since some sectors had received a great deal more information than others from their local Business Link / Training and Enterprise Councils. This also affected the results when reviewing the hypothesis that there would be CEO's across all organisations who would *understand* Lifetime Learning. Although there were no differences across geographical area and company size, there was a relationship between the gender of CEO and this understanding which is again related to vocational sector.

The hypothesis that companies would be found across all sectors and locations where lifetime learning had been taken on board as part of organisational training and development was not supported. Companies were found with practice and expressed policy which supported this but these were more often larger firms and from particular sectors especially hospitality.

Since 80% of CEO's saw future learning as important, in terms of the achievement of both personal and work-related objectives, (and given the statistical testing significant beyond the 5% level), the hypothesis

that Lifetime learning would be seen as a valuable idea by CEOs for their own development is supported. There were no significant differences across gender or age of CEO or across geographical location, vocational sector or size of company.

The hypothesis that lifetime learning would be seen as a valuable idea by CEOs for staff development was only partially supported. Those CEO's with clear personal or business aims saw staff development as important. Similarly those with a need to improve or maintain quality identified continued updating of staff as vital. Both sets took a long term view of staff development in terms of training, education and qualifications. Other groups however did not see any form of learning as important except to meet very specific short term ends. There was no commitment to learning in this second group, neither was there any perception that planning, short or long term would be effective in achieving personal or business goals.

The staff themselves (i.e., the keyworkers) however provided a different picture. They took a long term view of learning whether for personal or employment aims, and expected to have to change and develop throughout their working lives and beyond. Other staff were not questioned so it may be that this perception was not generally held among other staff. Keyworkers were after all, identified for change and development by their managers and had already experienced more training and education than any other staff.

The effect of this seems to be that these staff who had received most training expected this to continue, and were ready for the demands this would make of them. Further work would need to be done to identify whether this was true for others in this position and whether this would differ from staff who had received little or no training.

Qualifications are a Good thing

CEO's had already been asked about their own educational background, and this related to whether they would require their key workers to be qualified. 85% felt that "qualifications were a good thing", especially as an indicator of the standard which could be expected from a person. However only 41% felt that qualifications were required for their own staff, even the key worker selected for vital development. The paradox of SME owner manager attitudes to training (i.e., the enthusiasm expressed for it coupled with the lack of actual training carried out), has been noted by earlier studies (Hyland and Matlay 1997) (Matlay 1994, 1996).

To add to the picture of how CEO's valued qualifications, they were also asked whether they would recruit a graduate to help company development, and why. 60% identified that recruitment would be necessary for company development in the next 24 months and a further 35% thought that this new recruit would be a graduate. When asked for reasons why, these were split into altruistic ("Everyone has to start somewhere"), strategic ("We need the kind of analytical skills a graduate should possess"), and non-specific ("well, it would probably be

a good thing”). Of the 35% a third identified strategic reasons, linked to particular developments which were required for company growth or for quality improvement. This meant that only 13% of the whole sample did have strategic reasons for employing a graduate.

Those not wishing to employ a graduate explained their reasons in terms of time need for graduate training, the inappropriateness of the company for a graduate, or the difficulties with fitting in experienced by a graduate. Since employers frequently expressed more than one reservation, they were asked to rank these.

The time taken to train a graduate, was one reservation expressed by most employers, since they described graduates as qualified but arriving without the requisite skills needed to work. The inappropriateness of the company included the low skilled roles available in the company which would be a source of frustration for the graduate. The ‘not fitting in’ included the recruit leaving for a better job, causing problems through not being able to fit in with older workers, expecting too much from the job etc.

Despite this, when asked to describe benefits which might accrue from employing a graduate, 75% identified positive benefits. The most frequently expressed statement was that the graduate would be “able to think or analyse”, in a better way, and / or that he or she would be able to solve problems more creatively and deal with customers more privately

Pages missing in the
original

The hypotheses in this area are partially supported. CEO's can identify the positive benefits for employing a graduate but do not have strategic plans which might fit these benefits into their company's development.

Where graduates are recruited, the reasons for doing so might be for reasons other than a planned approach. Despite this CEO's expressed enthusiasm for qualifications as part of training and education and were able to cite useful examples.

Chapter 6 'No-one takes the time to understand smaller companies'

Summary and conclusions

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The constant theme from CEO's throughout the research was that there was a lack of understanding shown by governmental agencies and policies of how the small business sector works and therefore also of what smaller companies actually need in order to succeed. To place their views in context, this study began with a review of the literature concerning the need for the United Kingdom to develop a flexible high-quality, skilled and motivated workforce in order to maintain and increase "competitive advantage".

Earlier research had equated a lack of skills - and an absence of workers trained and qualified to match international competitors - with deficiencies in labour productivity and therefore in potential national economic performance (Felstead 1997, Finegold 1992, Prais 1995, Ashton and Green 1996). In a typical comment Herschberg (1996) argued that human capital would be the most important source of comparative advantage in the twenty-first century. Also Hayes and associates (1996) commented that superior national performance is ultimately based on the performance of individual companies and therefore on each individual worker. McGivney (1990) and Gallacher and associates (1996) also comment on the importance of human capital for economic growth and development, and argue that increased access to education for disadvantaged groups will lead to economic competitiveness with international rivals.

At the same time, this emphasis on the importance of human capital for economic growth was accompanied by a similar stress on the vital role

of small and medium sized companies for economic success and development. Here it was anticipated that small firms would contribute significantly to economic growth and to employment. (Atkinson and Storey (1994), Frankel (1988), OECD (Towards a knowledge-based economy: 1996), There was a general vision of the small firm as a dynamic organisation, able to react swiftly and flexibly to changes in market conditions. However, there were also dissenting voices. Matlay (1996) commented that managers in small companies were likely to lack business and managerial skills. Others pointed to the barriers to training and a lack of enthusiasm for higher qualifications within these organisations (Hawkes and Winter 1996)

A lack of reality

The group of 128 companies selected for study provided a mixture of those valuing and those ignoring training. However, few fulfilled the model of a successful, proactive, communicative, growing organisation typified in policy documents (Investors in people, The Learning Age) or in some of the literature (Jones 1994; Schumacher 1989). As has been seen in the last chapter, most owner managers were happy with the status quo and were not looking for change or growth. Detailed awareness of change - and careful preparation for it - was absent.

Training was described as useful, sometimes even as valuable, but it was also viewed as appropriate only for certain members of staff, not for all staff. There seemed to be a lack of reality in the picture drawn of these companies and the actual experience of research within them.

When choices were made for developing staff, formal and informal processes CEO's used to select staff for training were explored to establish how well these companies had taken on board the emphasis on planning and the importance of training. Given that many previous studies had already identified the ad hoc nature of training needs analysis operating within business organisations (Holden 1991, Taylor and O'Driscoll 1998, Saari and associates 1988) it is perhaps hardly surprising that little evidence of these activities were actually discovered.

Additionally, other research reviewing small firms practices, pointed to the sharp decline in the incidence of "planning of, budgeting for and participation in training" proportional to company size (Gallacher and associates, 1996, p 13). This was true for all companies participating in the study, despite consistent and extensive attempts by successive governments to promote business planning it was clear that little headway had been made with the 128 organisations in this sample.

Few companies possessed a plan and made regular use of it. Most did not have a business plan, and those which did have a plan only tended to use it with the body who had been the moving force behind its creation. This was acknowledged freely by CEO's who saw the use of a business plan as peripheral to their day-to-day needs, managing within the small business sector. However, this may also be true for managers in larger organisations where the best managers might successfully

prefer to use instinct rather than planning due to “indefinable personal qualities”.

These qualities might not be accompanied by effectiveness in terms of compliance with procedures or even with a range of management competencies. (Jackall (1988; pp 186 - 8). The CEOs' own description of their role fits in more with the 'complexity and chaos' debate (Clarkson, 1998) than with the traditional strategic business planning model. When long term objectives were discussed, CEO's also refuted the usefulness of a business plan which was described as a 'snapshot' - not flexible enough to reflect the way the market went over any period of time - and 'for external consumption only'.

The absence of links between business planning and employee training was noted as a factor in learning in smaller companies in a 1995 study, which also called for mechanisms to be identified “to enable managers in SME's to incorporate human resource strategies within their companies” (Osborne and associates, 1995, p 2). Here, however, little evidence was found of human resource strategies in any consistent or formal sense. However, since decisions were made about the future development of the business or about individual employees without an over all strategy or business plan, other processes must be at work in decision making. To discover more about these processes as they related to education and training, CEO's were asked about the routes they took to identify training needs both in relation to business development and in relation to their own development.

No trace was found of formal processes used on a regular basis to define training needs. Some however defined training in terms of the needs of a particular person or task or of the organisation as a whole. This showed similarities to the framework for training needs analysis in terms of 'organisation', 'task' and 'person analysis.' introduced by McGhee and Thayer (1961) This same framework has been used throughout the literature as a basis for examining TNA (I L Goldstein 1993, Tannenbaum and Yukl 1992, Wexley and Latham 1991). Goldstein and Gessner (1988) also expanded the model to link training targets with strategic objectives rather than just with present job requirements. Other possible tools might include analysis, such as repertory grids, as a way to evaluate staff and identify individual development needs (Peters, 1994).

Despite the emphasis on needs analysis from TEC-delivered initiatives during the preceding two years (the Gateway programmes for individuals and for companies), needs analyses or skills audits were not company wide. There was also no evidence of Investors in people making an impact in this group, although CEO's were aware of the initiative

In addition, discussions with CEO's and other staff also revealed that some of these companies had received funding and or consultancy to develop company-wide skills audits to identify strengths and shortfalls. How was it then that when they were interviewed, no such documents were available or were in use? CEO's of small companies provided

possible explanations themselves. These initiatives were not seen as relevant or useful. They had been “imposed from a distance” and “do not affect the success or failure of the business in the same way that” ... “loss of a customer or lack of available capital may do.”.....

When both CEO's and their staff were asked separately to build their own model of how this process of training need identification and selection of staff for training took place; the results showed marked discrepancies between the two groups' perception of what was taking place.

Given Bryson and Millward's emphasis on the importance of two way communication to small firm economic performance (1998), it was interesting to see how little sustained two way communication apparently existed even in the smallest companies in the sample. Here managers might “talk and listen all the time” (Stewart, 1983) but often only with one or two staff, and the talking might far outweigh the listening. CEO's saw training as wholly dependant on their involvement, with themselves as the centre of a wheel of activity for supervisors and other staff. However, employees often saw the CEO role as peripheral, and the CEO's intervention was often seen as damaging and unhelpful. The CEO was often described as “causing difficulties” either through misinterpretation of the situation or through deflection of training to a favoured recipient rather than the staff member for whom it had been identified.

Preferences for regularly training favoured members of staff were clear to the rest of the workforce in smaller companies, and the non-selected staff sought ways to circumvent the practice. This usually involved on-the-job training, or the addition of extra tuition into the workplace to ensure good practice was passed on. The reliance on on-the-job training might not in itself be detrimental to business success, as can be evidenced by the Japanese focus on this form of training (McCormick, 1994, p 161-2). However rather than a carefully planned regime with “line managers as the major agents in HRM” carrying out on the job training in these companies, companies operated their training through informal and irregular processes without systems for evaluation, assessment or follow up. Most training tended to be ad hoc, designed to meet short term immediate needs rather than long term developmental requirements.

In addition, a lack of consistency resulted from the reliance on a supervisor who must therefore have the time and skills to carry out a range of activities associated with OTJ training. They would need to possess or acquire the right skills, knowledge and ideas to identify and meet training needs as and when they were perceived; they also needed to possess the ability to pass these on effectively and to assess the learning process taking place with other employees.

As has been described above, the idea that within companies “champions” exist who value training and are willing to influence the direction of their organisation did not hold good, (Osborne and

associates, 1995, p 3). Often training and development were the preserve of one or two individuals apparently not too different from their peers, yet consistently preferred. To try to establish reasons for this, comparison was made between the attributes of the CEO and that of the preferred workers.

Selection of staff for development

“Managers reproduce themselves in kind” according to Kanter’s earlier work on large companies (1977, p 59, 68). To explore this idea, the survey began by exploring those attributes which might be shared by CEO’s and those chosen for training and development. Despite early expectations to the contrary no significant links were found between educational background and age. Further work was carried out in terms of gender and ethnic membership, since “usually the system leaves women out, along with a range of people with discrepant social characteristics” (Kanter, 1977, p 69). In this group of companies women were not left out, they were selected as keyworkers, and a significant gender bias was not demonstrated. There were however, gender differences.

Despite the Keyworker being regarded as a valuable member of staff by the CEO and selected on a regular basis for training, there was a consistent pattern of male and female employees having similar roles but different job titles and status, echoing earlier studies, (Coyle, 1995; Hoffman 1995, Felstead, 1997). Similarly, female keyworkers tended to be better educated and less well paid than their male counterparts (as

has also been seen in companies across the European union, Eurostat, 1998). Some female managers also commented on the expectations of them to act in ways suiting their male counterparts in order to achieve targets and be taken seriously. These smaller companies then still showed less inclination than their larger counterparts to fully value the roles carried out by women in their companies (O'Mahoney 1996).

Where family roles were explored as part of succession planning, CEO's planned to pass on their company to a male relative (usually their son or sons) in 53% of all family-owned concerns. There was no instance of a daughter being identified as a beneficiary to continue as senior manager, although profits from the business might be passed on as money or in goods (house, car etc.). This itself might be a problem for the company's survival and progress. Those without succession plans who were coming up to possible retirement did not reinvest in the same way they might if the business was to stay in the family, and their long term plans were often limited to "selling up". This may be seen as potentially detrimental to national economic success.

American observers plot national economic growth associated with continuance of family firms since capital will remain in the business following succession, rather than the assets being disbursed. Without a recognition of the role female members of the family might play and an accompanying preparation of these members to succeed, 'selling up' seems inevitable for the companies interviewed in the survey, with the

resulting break up of organisations and potential loss of jobs and opportunities.

Ethnic minorities

Gender differences were accentuated, when considered with membership of an ethnic minority. It has been shown that although more men were selected as Keyworkers, 52% compared to 48%, when this was compared with the gender of CEO's, no significant relationship was indicated between the gender of selector and selected. A more serious relationship emerged when the ethnic backgrounds of those selecting and selected were compared since 83% of those selected were not from an ethnic minority, within those firms employing members of an ethnic minority. Here it could be said that a mirror effect was taking place since white males tended to choose other white males in this sample.

This was most marked in engineering companies, where no male members of an ethnic minority were selected for training. However, the small sample selected may have included unrepresentative companies from this vocational sector. Further research is required to identify whether this is a common finding within engineering and manufacturing companies, especially if carried out with a larger sample focusing on non-service sectors. Certainly, where ethnic minority members were selected these tended to be female, and to be from service sector industries and selected by female CEO's. This may appear to be in conflict with other surveys identifying female ethnic minority members as

having significantly less opportunity within the workplace than their male counterparts. (Bhavnani, 1997) Here again, research with a larger sample would be needed to judge whether this was a common finding within service sector organisations.

Omitting those who selected themselves for development, or those who selected family members, when the rest of the group were asked about how and why choices had been made regarding employment or selection of ethnic minority members, very few could identify reasons for this. Chief executives who employed ethnic minority workers but had not selected them for training explained there was “nothing wrong” with the ethnic minority workers - but someone else was just better for the opportunity. He or she was “right” for development. This might be because he or she was “a more experienced worker, has been here longer.” Examination of employment and training records and discussions with staff showed that this was not the case. In two companies the staff described as unsuitable due to newness had been in post longer than the person actually selected.

Similarly, CEO’s often felt that training was a reward and that rather than hoping for direct benefits from it within the workplace it might prove to be a way to reward individuals.. that person was described as “*deserving*” some training where his or her black colleagues did not.

Further questioning of the chief executives and of the other workers involved demonstrated that these preferred workers had all received other training in the last 2 years and had better status within the

company officially or otherwise than their work colleagues. They had also often been the only recipient of formal training within the company. It is clear that investigating the links between selection and personal attributes led again to the more intangible values of “fitting in” and being “the right kind of person” described in earlier studies (Ram and Holliday 1988). It was difficult to identify what ethnic minority members at the firms described above needed to do to ‘fit in’ in order to access and benefit from training and development. The senior managers found this difficult to justify, especially as they had very settled and established workforces. Since their staff had been with that company longer than three years (on average), it is fair to assume that these same staff must presumably by now have fitted in as much as they might ever do.

However this may also not be confined to small companies. Kanter (1977) found that “the structure of the management role made it more comfortable to exclude those people see as ‘different’” (p 59) similarly the findings of this report also confirmed the ‘mirror’ factor in selection, in very large organisations, where CEO’s seek images of themselves in staff appointed to take new posts or selected for training and development. Further work with other organisations might establish how typical these findings are in terms of the preferment of one group at the expense of other ethnic groups - and potentially at the expense of the success of the company itself since little use or extension of the total human capital of the whole workforce was attempted

Similarities between CEO and preferred staff

The main area of the work concentrated on the attitudes to learning for these two groups of selector and selectee. A relationship was found between the learning styles of the two groups, supported by a set of shared preferences and shared antipathies for the same types of learning experiences. Whether or not this is beneficial for the company's development remains to be seen.

Those writers who accept the learning preferences model espoused by Honey and Mumford (1992; 1995) identify deficiencies within each style and present alternative strategies to enable learners to extend their ability to learn. Recommendations are also made that groups of employees involved in learning have a mixture of learning styles for effective activities to occur. This implies that having a manager and key employee (supervisor or main technician) with the same learning outlook might be detrimental to company progress, since effective learning may not occur and opportunities may be missed.

It may also follow that, where ethnic minority members are excluded from the process, key skills and talents may also be excluded. Yet it is also the case that these individuals may also have shared learning preferences with their CEO's, but still remain unselected for development. Here the process of identifying shared views through communication may be seen as the missing factor. Coleman (1988) identified the importance of social capital in the formation of human capital. Mintzberg (1973;1990) defined the manager's role in terms of

the social interactions. Similarly, Carroll and Teo (1996) stress the importance of social relations at work not only for the manager but for all active members of the workforce. Social relations are described in terms of organisational member networks (i.e, ties related to formal links through organisational membership,) and core discussion networks (links with individuals with whom people discuss important personal matters). Core discussion networks inform about the “the relative importance of social settings to an individual” (Burt, 1984, p 316-7).

In these companies, however, the level of mutual communication was limited. Conversations related to work and occasionally to immediate family concerns. The two rarely discussed school or lifetime experiences in the way that the CEO and other members of staff reviewed their view of the world. If the ethnic minority member was identified by a superior as valuable or needing development, then this might trigger discussion but frequently, the relationship did not develop. Since it would be difficult for ethnic minority members to change this given their working roles, research may be needed to identify how CEO's can be enabled to ‘see,’ evaluate and communicate with, all their employees. As part of this process they may offer better learner support and act more effectively as mentors, which has been previously recommended to be effective by Osborne and associates in 1995.

From a governmental perspective, where policies are put into place to encourage training within SME's and grants and programmes made available to support these, it seems imperative that the agency

controlling the grant should work with the company to ensure a greater spread of resources across different employees. To rely on the CEO to identify training needs and development may not be wise given the uncertain processes used in these companies to select both training topics and the ways in which perceived training needs are met. To simply supply resources without raising the level of CEO understanding of planning and of training needs beforehand seems ineffective. As has been seen from the comments made by CEO's it is also perceived to be inappropriate and ineffective by the participants themselves.

This may also be another example where the same may be true for larger organisations. Others studies have found similar results for larger companies, especially in terms of lack of formal procedures and the existence of an 'in-group' who benefited from any opportunity before the rest of the workforce (O'Mahoney, 1996, p 29). In a large firm more staff are regularly selected for training so the results of CEO bias may not be so obvious, nor so potentially damaging for the company if errors are made. In a small company, development of new skills and ideas may be vital to help the firm cope with market change. If the person selected regularly for training cannot develop the skills or ideas needed, this may be very significant for the company's long term success.

Similarly, whereas in a larger firm more staff are trained, in a smaller firm 'cascading' of new techniques is more frequently found, often as informal on-the-job training. If only one person receives the initial training and is unable to pass on the new skills learned, again this may

have a potentially damaging effect on the company. If previous work stressing the tangible benefits of wider access to training is accepted, (Donaldson, 1993, for instance identified lower absences rates and improved morale and motivation where staff are involved in large employee development schemes), this also identifies the need for all staff to have equal access to development

Lifelong Learning

In the eighteen months since research was completed, Lifelong Learning has become very important in terms of government strategy and policies from University for Industry to Learning Help lines etc.

Awareness raising during the study had clearly had some effect.

Lifelong learning as a term had meaning for most of the CEO's questioned and more than half the CEO's questioned were able to offer a definition for the concept of Lifelong learning, either in terms of learning in the workplace or in terms of all that occurring during an individual's working life. However, both CEO's and their staff were sceptical about the benefits of any training outside the work remit, except as a form of leisure and for personal gratification.

However, there was an interesting contradiction between the views of CEO's related to their company and to themselves in relation to lifelong learning. While most could see the value of this for organisations generally, only 16% actually felt that this would work or be valuable within their own companies. Despite this, the majority saw it as a very important concept for their own lives, identifying the need to acquire non

work-related skills in addition to those required for their current business.

The key to this was the ambitions or aspirations expressed by these CEO's. Most surveys gauging the success of small companies look at turnover or profit or rates of growth as indicators of success. However, CEO's were not especially concerned about his aspect in identifying personal aims. Rather than the desire to expand and be successful from a business point of view, CEO's had quite different hopes for the future. These centred around family succession, were holiday related or identified new directions to take (which were sometimes but not always business related). It may be that schemes and policies aimed at CEO's such as these will fail to meet their mark because the reality of the small business owner's development plans may relate more to individual or to family aims than any large corporate plans. Certainly, CEO's expressed the view that the current infra structure and support mechanism for SME's was remote from them and from their concerns.

Similarly employees also differentiated between work-related learning and that done 'for pleasure' (a phrase used with depressing frequency to separate the two). Training was viewed as a worthwhile investment if it enabled them to progress to another post or another company, and most were willing to pay for this, unless such training was strictly limited to use inside their current firm. When questioned about their long term goals however, participants did see learning as important to achieving results, even if this might be a very short one-off programme to learn conversational German. Some had made the connection between skills learned outside the workplace as transferable to this environment, but most had not.

One identified the project planning skills which his Yacht masters course had given him, forcing him to encompass the precision he had always previously avoided. This view was very much that of a small minority;

most saw no links between development of skills and knowledge outside the workplace and benefits inside their organisations. This emphasis on work-based lifetime learning is echoed in current governmental initiatives as described within Osborne's review of continuing education in the UK (1998).

Similarly, HEFCE in 1994 offered funding to 'meet the lifetime learning needs of people *at work*, as identified by employees and individuals, expanding flexible teaching, learning and accreditation for people *in work*. (HEFC circular 1994b). The earlier views that lifetime learning would be a socially regenerative factor or would benefit an individual throughout his or her whole existence seems to have disappeared from many current government statements, although it can be seen in the initiatives attempting to redress social exclusion from education (Adult and Community Learning Fund, 1998)

Learning Organisations

Despite enthusiastic and expensive publicity in the wider geographical area about Learning Organisations during the course of the study, views about this idea were mixed. Learning organisations had enthusiastic supporters among some of the companies (particularly within engineering and hospitality and catering sectors) but the level of interest did not reflect the degree of implementation as has been commented upon by earlier studies of small business training involvement (Matlay 1996). Where 'continuous improvement' had been attempted, both CEO and staff supported the practice but were not prepared to take it

on board throughout the company. Again, however, this was only really valuable for 'some staff' rather than 'all staff' and in the words of one engineering supervisor "we're all supposed to be continuously improving, but here, it seems that some improve more continuously than others"....

Ethical difficulties

Similarly, within this group there were some areas which need further discussion. In chapter 3 the problems of avoiding difficulties with ethical considerations was discussed since some organisations had been carrying out possibly inappropriate activities. A surprising feature of the interviews carried out were the readiness of some participants to identify ways in which they had "fudged the paperwork" for their firm's advantage, to gain access to funds or to meet what was seen as "impossible demands" made by regulatory bodies. Here managers and workers within the same firm were seen as part of the team whereas external contacts, including the sources of funding or other resources, were seen to be outside the group. Jackall (1988; p 192-194) describes this process in larger corporations where managers act "according to its own institutional rules and logic" and "work to the rules of that world." If these practices exist they may therefore not be limited to the small firm sector.

How widespread is “fudging the paperwork”?

Whether irregularities occur across small companies or not, it may also be evident in large organisations. Bain (1995) analysed the origins and aims of the deregulation campaigns for health care industries in the USA and Britain, the attitudes of employers and unions, and suggested that the issue of malpractice with respect to health and safety is unlikely to disappear easily. Some of the small companies showed a similar attitude to health and safety as Bain reported, presenting false reports of health and safety training when new equipment was introduced.

Other companies had not been entirely straightforward in their dealings with governmental agencies. Some happily claimed for the same business plan more than once to attract more than one source of funding, others retained two training records to deceive licensing or regulatory authorities. It seemed that participants experienced relief in sharing the knowledge, explaining that they had felt compelled to do so to gain access to money, or that the providers had failed to check properly and to carry out their own rules. Most expressed a feeling expressed by participants that the bodies involved should be more scrupulous in checking detail. One described representatives from his local Training and Enterprise Council as “ticking everything on his sheet and disappearing” rather than reviewing records or meeting staff involved.

Others were not sure that anything wrong had been done, describing this as just “fudging the paperwork” and explaining that the process was

not wrong since it was “our money anyway” (as tax payers). There was also a general exasperation with the support available since it did not seem to provide any real aid for the issues confronting them. The bureaucracy and the items offered for support did not match the concerns of the managers of these firms. One commented bitterly on the sheer waste of his own and his staff’s time when he had sought help in preparing for technological change.

The resulting pressure on the company to take the Investors In People route when the query was an equipment / hardware problem, meant that mistakes were made in purchasing new equipment and the company was held back rather than helped by the experience. “The government sets these things up but never talks to us about them, then sets up layers of bureaucracy to maintain and administer these ideas, when simple direct help in specific circumstances would be better” (CEO, engineering company)

How widespread these practices are, remains to be seen. The sample was not typical of the small business population as a whole, since not all sectors were represented and sectors had been included to provide a balance of female and male chief executives not existing in the population at large. All owner managers were not asked whether they had ‘bent the rules’ to determine whether this occurred within their organisation - this arose by voluntary comments from those managers involved. Further research would need to be carried out to determine

whether this was a common phenomenon, or whether this had been an unusual group of companies.

However, further studies might also need to include a review of the practices of those carrying out the process of grant provision in addition to the attitudes and practice of those involved in receiving awards. This might explore the comments made by managers involved that the officials who might have been expected to check thoroughly, did not do so since they also had an agenda and targets to fulfill. The comment was made more than once that since these bodies frequently operated on a twelve month cycle. If grants were not awarded and monies not spent in one financial year, then less would be forthcoming for that institution in the next financial year. Participants felt that this was one of the reasons for less than precise checking and feedback, since bodies might be too eager to ensure that grants were distributed. Without further research in this area, however, no further conclusions or recommendations can be made.

Recommendations for further research in small firms sector

Given the size and composition of the sample studied it would be useful to test some of the findings with a much larger group. However, this might be most effectively done with large groups from the same vocational sector. This might be carried out with a large scale survey of engineering companies to determine whether the lack of opportunity identified for male ethnic minority members is also shown in a larger sample. Similarly a larger sample of service sector organisations,

including equal proportions of male and female CEO's might determine whether the observed pattern of female ethnic minority members being selected in larger proportions by female CEO's in these companies held good.

The relationship between the Keyworker and the CEO found in this group seemed to indicate a strong link between the learning outlook of both. Given the limitations which may occur through too closely sharing attitudes and learning approaches, it may be useful for research to look at these aspects in 'successful companies' to identify whether a mixture or a similarity of approaches leads to more effective company progress.

To establish the frequency of those unethical practices described by some companies in the sample, another survey might be indicated.

This would need to include companies of different sizes to establish whether these were limited to this sector.

It would also be helpful to include those administering grants to establish whether the pressures on grants providers also lead to practices such as "a quick check carried out with more optimism than accuracy" (hospitality manager). Clearly, carrying out such a survey would not be without its difficulties but there should be follow up to find ways to prevent the waste of time and resources observed in the companies where these practices had been described.

The repetition of the feelings of exclusion from governmental decision-making expressed by CEO's also suggest that a more SME-centred approach before implementing ideas and setting up

initiatives might lead to more effective programmes and to the needs of small firms being understood and recognised. In many ways little has changed in terms of CEO perceptions since the Bolton report commented on the same problems in 1971

Conclusion

Small firms have come to the attention of governments over the last twenty years. Policies have come and gone, as have programmes, projects and measures designed to meet perceived deficiencies in some organisations to help them to meet an ideal model. Bryson and Millward (1998) comment on the negative and positive effects of these measures, arguing against the current emphasis on a 'best practice' approach applied to all companies, and suggest a more individual approach to employee involvement in smaller organisations. This is also evident from the literature cited earlier about business planning and the small firm.

Similarly Hyland and Matlay argue for a more detailed and look at the small firms sector. Bryson and Millward concur, finding that employee involvement practices and combinations which work for small firm establishments are very different from those that work within larger establishments. Involvement with all forms of education and training are likely to be affected by this. One clear example of this was a 1997 study (Sadler-Smith and associates) identifying the ways in which universities meet small business needs to develop 'higher and broader' skills to remain competitive. They argue that the training and development

provided by universities has traditionally been founded upon an educational/large firm model but that in order to make significant inroads into the small firm training market universities need to attend more closely to the specific needs of client organisations, especially in terms of sector and size. Differences between firms occupying different sectors were observed in terms of funding of training, responsibility for training and types of higher level skills training undertaken. It is argued that these findings need to be taken into account if universities are to address the real, as opposed to perceived or presumed, needs of small businesses.

If resources are to be given to the small firms sector then further research might aid future programmes by identifying those companies whose CEO's have a desire for growth. Expending resources across the whole spread of SME's uniformly does not seem to be a very productive route, neither is it perceived as such by CEO's in these companies. It may also be more effective to look at the CEO's willingness to communicate with all levels of employee. While some employees are seen as favoured others feel - apparently correctly according to the findings here - excluded from personal development. Is this necessarily detrimental to the company's well being? For companies to perform consistently well, requires not only favourable external conditions but it also requires a *committed workforce* (according to Dundas 1994, Guest 1992, Martin and Nicholls 1987 among many such studies).

A committed workforce is one which pulls together 'with everyone doing their best and getting satisfaction from common effort to do as well as possible (Martin and Nicholls, 1987, p 34). Exclusion of most of the workforce from that feeling of confidence and approval described by participants in this survey can not be compatible with the creation of a committed workforce. Lack of opportunity and participation in work-based programmes for those from ethnic minorities or those not perceived as 'deserving' this reward, will not develop the human capital available to the small firm owner. If human capital formation is vital to small company development and small company development is vital to economic success, then the future predicted so confidently in terms of competitive advantage looks uncertain.

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Appendix A
First draft for questionnaire (used only for discussion)

1. Company name and address

Telephone and fax

Name of owner or senior manager
2. What is your company's main business function
3. Which business sector do you feel your company belongs to ?
4. How long has it been in business
5. Is it completely independent?
6. Do you have a business plan?
7. How is this plan used to establish training needs?
8. Have staff taken part in education or training activities in the last twelve months?
9. Which staff took part in education and training in the last twelve months?
10. Which types of training have occurred?
11. Which educational activities have occurred?
12. How is training decided upon?
13. How are staff selected for training?
14. How much in house training occurs?
15. How does in house training occur?
16. Are qualifications important for those being trained
17. Which qualifications have been gained by staff over the last eighteen months?
18. Is this a family business? if so describe its structure
19. Is this business linked to IIP or other initiatives?
20. Your name and role in the company
21. Number of years at this company, first role within the company

22 Are you a member of the family running the business

23 Describe your qualifications so far

24 Which is your favoured method for learning new ideas or skills?

25 Which is your least favoured method for learning new ideas or skills?

Appendix C

Visual evidence, List of documentation to be seen

Documents

1. Business plan

Where CEO's described their ownership and / or use of a business plan, I asked to see it (and looked for earlier versions to identify progression). This then became a basis for discussion from the point of view of the age, use and effectiveness of the document. The way in which the document had been compiled was also part of the discussion.

2. Curriculum vitae (senior managers and keyworkers)

Some form of this was usually available but if it was not, a form provided by the local TEC's was used (see overleaf)

3. Proofs of training and qualifications (external)

Dockets, receipts, accompanying documentation (letters, course descriptions etc.), certificates of achievement and / or attendance, copies of awards

Other

4. Meetings

These might be senior managers or other staff as a demonstration of how training needs are discussed and agreed

5. Normal days

Where other documentation was unavailable, 'sit in' observations would be agreed to see a 'normal day'

6. CEO and Keyworkers workstations

Normal working environment for CEO and Keyworker, how it is organised in terms of access and organisation

Appendix D

Company details, coded, function, sector

RefCodeNo	Company function	Vocational sector
131	Fish restaurant	Catering / hospitality
133	Bakery / shop	Catering / hospitality
138	Cafe	Catering / hospitality
140	Sandwich bar	Catering / hospitality
141	Tool making	Manufacturing / Engineering
142	Cafe / shop	Catering / hospitality
143	Tractor parts manufacture and repair	Manufacturing / Engineering
149	Bed and Breakfast	Catering / hospitality
150	Bed and Breakfast	Catering / hospitality
156	Networks and computer assembly	Manufacturing / Engineering
160	Networks and computer assembly	Manufacturing / Engineering
165	Bakery / cafe / shop	Catering / hospitality
166	Restaurant	Catering / hospitality
174	Farm teas / B & B	Catering / hospitality
177	Home for the elderly	Care (for the elderly)
179	Tool making	Manufacturing / Engineering
183	Wood yard tailored products	Manufacturing / Engineering
186	Bed and Breakfast	Catering / hospitality
188	Nursing home	Care (for the elderly)
191	Restaurant	Catering / hospitality
193	Private school	Care (for children)
195	Pie shops	Catering / hospitality
197	Tool making	Manufacturing / Engineering
198	Wholesale butchers	Catering / hospitality
199	Nursing home	Care (for the elderly)
200	Electric motors manufacture	Manufacturing / Engineering
203	Wood yard tailored products	Manufacturing / Engineering
210	Toolmakers	Manufacturing / Engineering
211	Moulds supply and fit	Manufacturing / Engineering
218	Guest house	Catering / hospitality
220	Hotel & restaurant	Catering / hospitality
223	Restaurant	Catering / hospitality
231	Hotel and restaurant	Catering / hospitality
242	Pre-school play centre	Care (for children)
260	Hotel and restaurant	Catering / hospitality
265	Fish wholesaler	Catering / hospitality
270	Hotel and restaurant	Catering / hospitality
277	Carpet suppliers	Other services
281	Home for the elderly	Care (for the elderly)
289	Customer service training	Other services
291	Hotel and restaurant	Catering / hospitality
293	Rubber products manufacture	Manufacturing / Engineering
295	Private school	Care (for children)
298	Rubber products manufacture	Manufacturing / Engineering
300	Nursing home	Care (for the elderly)
302	Hairdressers	Other services
303	Solicitors	Other services
310	Pre-school play centre	Care (for children)
312	resin products manufacture	Manufacturing / Engineering
314	Resin products manufacture	Manufacturing / Engineering
322	Restaurant	Catering / hospitality
323	Financial consultants	Other services

324	Restaurant	Catering / hospitality
327	Nursery school	Care (for children)
329	Child care after school / holidays centre	Care (for children)
338	Nursery school	Care (for children)
347	Private play group	Care (for children)
356	After school care / holidays	Care (for children)
365	Pre-school play centre	Care (for children)
374	Pre-school play centre	Care (for children)
380	Plastic components	Manufacturing / Engineering
391	Plastic components	Manufacturing / Engineering
393	Computer software design	Other services
401	Engine parts manufacture (large)	Manufacturing / Engineering
411	Engine parts manufacture (large)	Manufacturing / Engineering
415	Architects	Other services
416	Hairdressers	Other services
425	Nursing home	Care (for children)
426	Home for the elderly	Care (for the elderly)
430	Management consultants	Other services
435	Engine parts manufacture (large)	Manufacturing / Engineering
438	Pre-school play centre	Care (for children)
440	Hairdressers	Other services
445	Car parts manufacture	Manufacturing / Engineering
453	Car dealers body shop	Manufacturing / Engineering
463	Auto parts manufacture supply fit	Manufacturing / Engineering
473	Car body shop	Manufacturing / Engineering
492	Nursing home	Care (for the elderly)
495	Distribution and haulage	Other services
502	Car dealers / body shop	Manufacturing / Engineering
512	Parts for car assembly	Manufacturing / Engineering
513	Mechanical engineers	Manufacturing / Engineering
516	Pottery	Other services
518	Vegetarian hotel and Restaurant	Catering / hospitality
525	Parts for car assembly	Manufacturing / Engineering
526	Nursing home	Care (for the elderly)
530	Parts for car assembly	Manufacturing / Engineering
536	Parts for car assembly	Manufacturing / Engineering
547	Small electric motors	Manufacturing / Engineering
551	Architects	Other services
572	Wholesale greengrocers	Catering / hospitality
579	Clothing suppliers	Other services
592	Guest house and B & B	Catering / hospitality
600	Car industry components	Manufacturing / Engineering
602	Hotel and restaurant	Catering / hospitality
603	Nursing home	Care (for the elderly)
612	Cafe	Catering / hospitality
621	Auto parts	Manufacturing / Engineering
632	Financial consultants	Other services
643	Bed and Breakfast	Catering / hospitality
654	Hotel and restaurant	Catering / hospitality
664	Cafe	Catering / hospitality
675	Fast food cafe / bar	Catering / hospitality
686	Management consultants	Other services
697	Nursing home	Care (for the elderly)
708	Nursing home	Care (for the elderly)
712	Solicitors	Other services
719	Resin plastic moulds	Manufacturing / Engineering

732	Agricultural supplies	Other services
742	Market trader	Other services
751	Training company	Other services
762	Car dealers	Other services
796	Calor gas appliance repair and supply	Manufacturing / Engineering
811	Tool and machine shop	Manufacturing / Engineering
818	Nursing home	Care (for children)
822	Home for the elderly	Care (for the elderly)
829	Distribution and haulage	Other services
832	Clothing suppliers	Other services
852	Solicitors	Other services
872	After school / pre-school / holiday care	Care (for children)
924	Nursing home	Care (for the elderly)
929	Car dealers and body shop	Manufacturing / Engineering
948	Car repair	Manufacturing / Engineering
949	Photocopier repair and amendment	Manufacturing / Engineering
957	Home for the elderly	Care (for the elderly)
961	Tool shop	Manufacturing / Engineering
979	Design engineers	Manufacturing / Engineering

Appendix F Learning styles,

from Honey P and Mumford A, 1982,

The manual of learning styles, Ardingley House, Berks

Activists

Activists involve themselves fully and without bias in new experiences. They enjoy the here and now and are happy to be dominated by immediate experiences. They are open-minded, not sceptical and this tends to make them enthusiastic about anything new. Their philosophy is 'I'll try anything once'. They dash in where angels fear to tread. They tend to throw caution to the wind. Their days are filled with activity. They revel in short term crisis fire fighting. They tackle problems by brainstorming. As soon as the excitement from one activity has died down they are busy looking for the next, they tend to thrive on the challenge of new experiences but are bored with implementation and longer time consolidation. They are gregarious people constantly involving themselves with others but in doing so, they hog the limelight. They are the life and soul of the party and seek to centre all activities around themselves.

Reflectors

Reflectors like to stand back to ponder experiences and observe them from many different perspectives. They collect data, both first hand and from others, and prefer to chew it over thoroughly before coming to any conclusion. The thorough collection and analysis of data about experiences and events is what counts so they tend to postpone reaching definitive

conclusions for as long as possible. Their philosophy is to be cautious, to leave no stone unturned. 'Look before you leap' 'Sleep on it' They are thoughtful people who like to consider all possible angles and implications before making a move. They prefer to take a back seat in meetings and discussions. they enjoy observing other people in action. They listen to others and get the drift of the discussion before making their own points. They tend to adopt a low profile and have a slightly distant tolerant unruffled air about them. When they act it is part of a wider picture which includes the past as well as the present and others' observations as well as their own.

Theorists

Theorists adapt and integrate observations into complex but logically sound theories. They think about problems in a vertical step by step logical way. They assimilate disparate facts into coherent theories. They tend to be perfectionists who won't rest easy until things are tidy and fit into their rational scheme. They like to analyse and synthesise. They are keen on basic assumptions, principles, theories and models and systems thinking. Their philosophy prizes rationality and logic. 'If its logical its good' Questions, they frequently ask are 'Does it make sense?' 'How does this fit with that?' 'What are the basic assumptions?' They tend to be detached, analytical and dedicated to rational objectivity rather than anything subjective or ambiguous. Their approach to problems is consistently logical. This is their 'mental set' and they rigidly reject anything that doesn't fit with it. They prefer to maximise certainty and feel uncomfortable with subjective judgements, lateral thinking and anything flippant

Pragmatists

Pragmatists are keen on trying out ideas, theories and techniques to see if they work in practice. They positively search out ideas and take the first opportunity to experiment with applications. They are the sort of people who run from management training courses brimming with new ideas that they want to try out in practice. They like to get on with things and act quickly and confidently on ideas that attract them. They don't like 'Beating around the bush' and tend to be impatient with ruminating and open-ended discussions. They are essentially practical down to earth people who like making practical decisions and solving problems. They respond to problems and opportunities as a challenge. Their philosophy is 'There is always a better way' and 'if it works it's good'.

Appendix G

Learning Styles Questionnaire - Copyright Honey and Mumford 1986

There is no time limit to this questionnaire. It will probably take you 10-15 minutes. The accuracy of the results depends on how honest you can be.

There are no right or wrong answers. If you agree more than you disagree with a statement put a tick by it (✓). If you disagree more than you agree put a cross by it (x). Be sure to mark each item with either a cross or a tick.

1. I have strong beliefs about what is right and wrong, good and bad
2. I often act without considering the possible consequences
3. I tend to solve problems using a step-by-step approach
4. I believe that formal policies and procedures restrict people
5. I have a reputation for saying what I think, simply and directly
6. I often find that actions based on feelings are as sound as those based on careful thought and analysis
7. I like the sort of work where I have time for thorough preparation and implementation
8. I regularly question people about their basic assumptions
9. What matters most is whether something works in practice
10. I actively seek out new experiences
11. When I hear about a new idea or a new approach I immediately start working out how to use it in practice
12. I am keen on self discipline such as watching my diet, taking regular exercise, sticking to a fixed routine, etc.
13. I take pride in doing a thorough job

14. I get on best with people who are logical and analytical and I get on less well with those who are spontaneous and 'irrational'
15. I take care over the interpretation of data available to me and avoid jumping to any conclusions
16. I like to reach a decision carefully after weighing up many alternatives
17. I am attracted to novel, unusual ideas rather than to practical ones
18. I don't like disorganised things and prefer to fit things into a coherent pattern
19. I accept and stick to laid down procedures and policies so long as I regard them as an efficient way of getting the job done
20. I like to relate my actions to a general principle
21. In discussions I like to get straight to the point
22. I tend to have distant rather formal relationships with people at work
23. I thrive on the challenge of tackling something new and different
24. I enjoy fun-loving, spontaneous people
25. I pay meticulous attention to detail before coming to a conclusion
26. I find it difficult to produce ideas on impulse
27. I believe in coming to the point immediately
28. I am careful not to jump to conclusions too quickly
29. I prefer to have as many sources of information as possible - the more data to think over the better
30. Flippant people who don't take things seriously enough usually irritate me
31. I listen to other people's points of view before putting my own forward
32. I tend to be open about my feelings
33. In discussions I enjoy watching the manoeuvrings of other participants

34. I prefer to respond to events on a spontaneous flexible basis rather than plan things out in advance
35. I tend to be attracted to techniques such as network analysis, flow charts, branching programmes, contingency planning etc.
36. It worries me if I have to rush out a piece of work to meet a tight deadline
37. I tend to judge other peoples ideas on their practical merits
38. Quiet thoughtful people tend to make me feel uneasy
39. I often get irritated by people who want to rush things
40. It is more important to enjoy the present moment than to think about the past or future
41. I think that decisions based on a thorough analysis of all information are sounder than those based on intuition
42. I tend to be a perfectionist
43. In discussions I usually produce lots of spontaneous ideas
44. In meetings I put forward practical, realistic ideas
45. More often than not, rules are there to be broken
46. I prefer to stand back from a situation and consider all the possibilities
47. I can often see inconsistencies and weaknesses in other peoples' arguments
48. On balance I talk more than I listen
49. I can often see better, more practical ways to get things done
50. I think that written reports should be short and to the point
51. I believe that rational logical thinking should win the day
52. I tend to discuss specific things with people rather than engaging in social discussion
53. I like people who approach things realistically rather than theoretically

54. In discussions I get impatient with irrelevancies and digressions
55. If I have a report to write I tend to produce lots of drafts before settling on the final version
56. I am keen to try things out to see if they work in practice
57. I am keen to reach answers via a logical approach
58. I enjoy being the one that talks a lot in discussion
59. In discussions I often find that I am the realist, keeping people to the point and avoiding wild speculations
60. I like to ponder many alternatives before making up my mind
61. In discussions with people I often find that I am the most dispassionate and objective
62. In discussions with people I'm more likely to adopt a 'low profile' than to take the lead and do most of the talking
63. I like to be able to relate current actions to a longer term bigger picture
64. When things go wrong I am happy to shrug it off and put it down to experience
65. I tend to reject wild, spontaneous ideas as being impractical
66. It is best to think carefully before taking action
67. On balance I do the listening rather than the talking
68. I tend to be tough on people who find it difficult to adopt a logical approach
69. most times I believe the end justifies the means
70. I do not mind hurting other peoples feelings so long as the job gets done
71. I find the formality of having specific objectives and plans stifling
72. I am usually one of the people who puts life into a party
73. I do whatever is necessary to get the job done

74. I quickly get bored with methodical, detailed work
75. I am keen on exploring the basic assumptions, principles and theories underpinning things and events
76. I am always interested to find out what people think
77. I like meetings to be run on methodical lines, sticking to laid down agenda
78. I steer clear of subjective or ambiguous topics
79. I enjoy the drama and excitement of a crisis situation
80. People often find me insensitive to their feelings

Scoring

You score one point for every item marked with a tick (). There are no points for items marked with a cross (X). Simply indicate on the lists below which items were ticked

2	7	1	5
4	13	3	9
6	15	8	11
10	16	12	19
17	25	14	21
23	25	18	27
24	29	20	35
32	31	22	37
34	33	26	44
38	36	30	49
40	39	42	50
43	41	47	53
45	46	51	54
48	52	57	56
58	55	61	59
64	60	63	65
71	62	68	69
72	66	68	69
74	67	77	73
79	76	78	80

Totals

Activist	Reflector	Theorist	Pragmatist
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Reference

Honey P, Mumford A, 1992, The manual of learning styles, Honey, UK