

# **Training and developing an age diverse workforce in small-medium enterprises: The need for a strategic approach.**

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## **Structured Abstract**

The purpose of this paper is to examine the importance of strategic human resource development (HRD) in small-medium enterprises (SMEs) with specific reference to key issues around training, development and education as well as an emerging issue of significance, age diversity management. The approach undertaken in the paper is to draw upon relevant literature and research as well as the authors' own analysis of the relationship between strategic human resource management (SHRM), HRD and SMEs based on prior research. The findings of the research and analysis is that SMEs which take a strategic approach to training and development of their human resources will profit not only from a competitive position in their marketplace but also be well placed to adjust to changing and often uncertain external influences on the business environment presented to organisations in the 21<sup>st</sup> century. It is envisaged that SMEs should make changes to their current practices and adopt a more strategic approach to the development

of their people based on the practical implications outlined within the paper as to how organisations can implement HRD practices linked to broader corporate strategy. The paper adds value in broadening the existing focus of SHRM and HRD on large corporations to engendering the need to also develop good HRD practices within emerging and growing SMEs and recognising the important role that they can play in developing an age diverse workforce.

**Key Words:** Small and medium size enterprises, Strategy Training and Development, education, learning, human resource development, diversity, ageing employees, Generation X and Y.

## **Introduction**

Though theory and practice have long held the clear linkage between strategic human resource management (SHRM), human resource development (HRD) and organisational competitiveness and advantage, extant literature on SHRM and HRD focuses overwhelmingly on large corporations and multinational enterprises at the expense of small and medium size enterprises (SMEs) despite them being the fastest growing segment of the economies of major industrialized nations. Although thousands of small businesses are established each year only a small number remain in operation within ten years of their inception (Beaver, 2002). Major contributing factors to the failure of many small firms are a lack of attention given to the development of a robust business plan, goals and objectives, organizing and resourcing for the new venture and development of people assets. Through an examination of key issues in training, development and education as well as an emerging issues of significance in HRD, age diversity management, this paper underscores the essential role for SHRM and HRD in SMEs and suggests that only those that take a strategic approach to management and training and development of their human resources will profit not only from a competitive position in their marketplace but also be well placed to adjust to changing and often uncertain influences in the business environment. In this paper we take as our core premise the belief that like their

much larger business counterparts, SMEs will also be advantaged by regarding their human resources as the principle asset of their organisation and by closely aligning their HRM and HRD policies, procedures and planning with their chosen strategy. The paper begins with a brief overview of the relationship between HRM, HRD and strategy in SMEs. This is followed by a critical examination of HRD and SMEs. The importance of age diversity management for SMEs is then explored. The paper concludes with an examination of future directions for HRD and SMEs.

### **HRD Strategy and Small-Medium Enterprises**

The increased attention now being paid to HRM and SHRM in SMEs is a comparatively recent phenomenon. Indeed, Anderson (2003) suggests that researchers in HRM have largely ignored SMEs, even though smaller companies could be fruitful subjects for empirical investigation because of their increasing numbers and market contexts and not least the diversity in the qualitative aspects of their management practices. Similarly it can be argued that SMEs have often ignored the central value of their human resources as core assets for securing and maintaining competitive advantage. Partly, this can be accounted for because large organisations are more likely to have the resources to employ HR specialists (Morissette, 1993 and Ng and Maki 1993) or to devote time and resources to implementing HRM practices, and many owners and managers of small businesses do not have sufficient human resource training and knowledge and hence do not implement HRM best practice within their organisations. These factors result in what can only be viewed as a lack of strategic management of human resources within the majority of SMEs. While there is limited research on human resource practices in SMEs relative to large corporations (Bartram, 2005), the research that has been done tends to suggest that people management within SMEs is not only less strategic, but also quite different in application (Kinnie et. al., 1999). Moreover, the

HRM practices that are utilised in SMEs are generally described as 'informal' (Wilkinson, 1999) with HRM practices regarded as becoming formal as organisations progress in size (Kaman et al, 2001).

While heightened exposure to market pressures, SMEs are frequently at a disadvantage relative to their larger counterparts regarding their ability to attract, retain and motivate the best human resources. However, SMEs often enjoy the advantage of greater flexibility and the potential to be more innovative and entrepreneurial in their approaches to HRM. Despite practical constraints upon SMEs, much of the research that has been undertaken, fails to address how smaller firms may develop and profit from systematic planning and implementation. Much of the literature that claims to address SMEs and HRM has focused heavily on the need for training and development (HRD) of both managers and employees and there has been much attention given to the role of the owner-manager in engendering an organisational culture consistent with the principles of HRM in its broadest definition. This literature has focused on the personal capability of the key players in developing the organisation and has highlighted the importance of prior experience, occupational background, training, education and attitudes to change. Clearly, if smaller firms are to maximise their human resource potential, such organisational learning needs to be generated throughout the range of their HRM activities and clearly tied to broader strategic issues.

Human resource development (HRD) encompasses the broad set of activities that improve the performance of individuals and the organisations. The central notion is that HRD may involve traditional training, organisational development and career development. Training encompasses the fostering of learning among organisational members. Education activities are designed to improve the overall competence of an employee. Development goes beyond

education to encompass life-long learning. Therefore at its most basic, HRD increases workforce competence, skills development and quality, as well as motivation and commitment to the organisation and the development of teams. At its most sophisticated, organisational learning provides employees with skills in responding to change and an appreciation for lifelong learning. Strategic HRD is concerned with linking training and development to organisational objectives and responding to changes in technology and other factors in the external environment (McLagan, 1989). Reasons why strategic HRD may not occur in SMEs include cost, ill-defined or absent strategic objectives, lack of managerial support for the value of training, neglect of long-term plans and a lack of training-needs analysis (Beaver, 2002).

Kotey and Slade (2005) argue that training in SMEs has been described as informal and on the job, with little or no provision for management development and little systematic approach to undertaking a training needs analysis (Marlow and Patton, 1993; Loan-Clarke et al., 1999 and MacMahon and Murphy, 1999). Indeed, Kotey and Slade (2005) further suggest that in SMEs training often is perceived as an unaffordable luxury involving not only course fees but also the cost of unproductive labour, with owner-managers arguing that training results in highly specialised staff, as opposed to the multi-skilled workforce required in an age of high job flexibility (MacMahon and Murphy, 1999). In contrast, however, Hornsby and Kuratko (1990) earlier reported the use of a variety of training methods in small firms with on-the-job training being the predominant method. Moreover, in the most micro organisations, owner-managers perform or directly supervise most business activities themselves, including HRM and therefore take direct responsibility for employee training and the methods that are employed (Timmons, 1999). The research of Kotey and Slade (2005) found that HRM in small and medium-sized organisations changes with size toward more

enunciated and prescribed practices and that these changes begin early in the growth process and proceed at a faster rate than during the latter growth phase. Furthermore, the adoption of formal HRM practices at the managerial level lags behind that at the operational level in many smaller organisations.

Broadly referring to the integrated use of training and development, organisational development and career development to improve individual, group and organisational effectiveness, HRD has altered its direction in recent years from a substantive focus on training being provided to allow individuals to perform a particular task, to concentrating on developing individuals for the future for their own benefit and for the benefit of their organisations. Developing future capability is increasingly viewed as integral to individual and organisational growth. Further, whereas organisations have traditionally invested most of their resources in training directed at technical skills, there has been a move towards focusing more on what has been termed “*soft stuff*” such as interpersonal skills and recognising the breadth and depth of employees’ diversity skills (Bucher, 2000). Further it is possible to note some shift away from an informal, ad hoc direction to HRD in SMEs to a more strategic approach.

The advantage that many smaller firms have over their larger counterparts in terms of HRD, is their ability to be more innovative and entrepreneurial and respond quickly to the diversity that modern workforces present. Certainly the management of diversity is a complex affair that requires more than simple representation of diverse groups in the workforce but sustained efforts by HR practitioners to develop the human capital. The creation of a culture that values and appreciates differences requires major, systematic planned change efforts and creating such transformation depends upon a fundamental change in the thinking of HR managers and

organizational leaders (Bowens et. al., 1993 and Thomas and Ely, 1996) – a situation that provides real challenges but also potentially rewarding opportunities for those SMEs that avail themselves of such prospects to attain competitive HRM advantage and become preferred employers of choice.

### **HRD Practices and SMEs**

In order to meet the demands of the fast changing work environment which is typically associated with SMEs (Kerr and McDougall, 1998), it is essential that smaller firms ensure that they are able to attract, retain and motivate high quality employees with effective transferable skills through the existence of a strategic training plan and a specific budget for training (Jameson, 2000). While it cannot be denied that SMEs do not have the time or experience to implement training programs or the army of HRM specialists at their disposal as have large corporations (Vickerstaff, 1992), *top performing companies are distinguished by their higher spending on training and development.* The proportion of the working population employed in smaller firms, together with the personal and wealth creation implications for individuals in this sector not fulfilling their potential, emphasizes the importance of the creation of company cultures that encourage and value organisational learning, training and skills application (Kerr and McDougall, 1998 and Beaver and Jennings, 2001). Moreover, integrating training and development activities into key business decisions and activities is crucial. The benefits of doing so include: increased flexibility from being able to transfer people with core skills to different parts of the operation; the prevention of a shortage of key management skills; the focus on devising the company's own methods and techniques of operation which relate to its particular demands and the good atmosphere and satisfaction among people working effectively towards recognizable goals (Kerr and McDougall, 1998). Further, given that small businesses face continual change, much of which

is frequently unknowable and unpredictable, the essential challenge to the small business owner or manager is learning how to cope with such change (Wyer and Mason, 1998), training and development and the creation of innovative managers are crucial (Stacey, 1993).

There is a wide acceptance that owner-managers and supervisors in SMEs and in particular, micro firms, determine the ethos and strategic direction for the whole company and the appropriateness of training (Hendry et. al., 1991 and Jennings et. al., 1996) and hence the extent to which training, development and education occurs is very much determined by a small number of individuals. A further difficulty for small firms is that training that is provided tends to be ad-hoc, ill conceived and occurs in the course of normal routines in the absence of a training-needs analysis (Hendry et. al., 1995 and Beaver et al, 1998) and various kinds of subjective assessments are used by owner-managers of small businesses to assess the value of workforce training informally (Jameson, 2000). Moreover, while the proximity of owner-managers to employees may make informality viable in the smallest firms, as the business grows flexible, holistic processes of learning and the informal approach to staff development may become inadequate. As Thomson and Mabey (cited in Kerr and McDougall, 1998) note, it is important that learning and development strategies employed are ones that nurture the creative solutions, personal and intuitive insights, networking and emphasis in effectiveness and short-term realism which are important to small firms but are sufficiently measurable to allow for potential growth. Further, as Jameson (2000) argues, whether or not an organisation is in a state of growth can affect attitudes towards and participation in, training. Thus, an expanding organisation will have managers more disposed towards offering training and development employees more disposed towards engaging in such training and education programs.

### **Training, development and education: some suggestions for SMEs**

Small businesses overwhelmingly use on-the-job training (OJT) because of its low cost and their preponderance to use ad-hoc training, where provided. While OJT has the benefit of maximizing transfer of knowledge, it is also deficient in that the supervisor may not be an expert trainer and evaluation of effectiveness is much more difficult. For SMEs to utilize external trainers in-house would go some way towards reducing the problems associated with OJT's lack of evaluation analysis and would not prove as cost-intensive as off-the-job training. Job instruction training and apprenticeships are the most common forms of OJT in small firms. Off-the-job training is more costly for smaller companies and can be difficult to organise, but it also offers expert training, minimal interruptions to daily work and can be quite efficient for small companies if they participate in 'central' courses. Where this method is utilised by small companies it tends to be limited to seminars and classroom teaching rather than the potentially more useful simulations and programmed instructions.

Self-education of employees is rarely supported by SMEs because of financial constraints and the more advanced forms of training characteristic of organisational learning that promote life-long learning are also very rarely utilised either. Further, management development is often neglected in SMEs. Given that the organisational culture of a small firm often reflects the motivations, attitudes, values and abilities of the owner-manager (Smallbone and Wyer 1994 and Beaver, 2002), exposure to training and development would ensure that owner-managers and managers in small businesses are provided with some of the requisite skills for coping with the change demands placed on modern organisations. Moreover, the development of managers may contribute to organisational learning through improvements to organisational practices being embedded in the organisation and becoming part of organisational culture through transition from one generation of employees to the next.

It is generally argued in the literature that there is a lack of clarity as to why some SMEs adopt a strategic approach to HRD, placing emphasis on integrating their learning activities with their business strategy, on regularly identifying and responding to learning needs, and reviewing such activities in the light of the business plan, while other SMEs do not (Kerr and McDougall, 1998). It is clear the implementation difficulties facing those that do not adopt a strategic approach to HRD include budgetary constraints, lack of detailed pre-planning and insufficient HR planning integration with overall strategic business plans (or absence of a strategic business plan). Moreover, Banfield et al., (1996) argue that small businesses suffer from lack of personal and job flexibility, lack of clarity of job roles, lack of coordination as a result of breakdowns in personal relations, absence of teamwork and shared responsibilities and individual rather than company perspectives. Yet, despite these deficiencies the implications of a lack of strategic HRD in SMEs are more far-reaching than not meeting existent organisational needs. If SMEs are not prepared to address these internal constraints in order to meet competitiveness in the external environment, they will have not only individual but also and organizational ineffectiveness in the long-term. Moreover, not paying attention to strategic HRD in the short-term translates into a lack of career pathing and succession planning and problems in attracting and retaining key human assets in the long-term. In order to improve HRD competence, SMEs need to ensure that initiatives fit with a broader strategic plan for the organisation and entail diagnoses of problems, a program of action and evaluation within the context of awareness of and systematic analysis of training and development needs, and consciousness of the areas in which SMEs have strategic HRD advantages.

### **Workforce Diversity Management: Challenges and Opportunities in HRD for SMEs**

As modern organisations have grappled with delineating the roles and responsibilities of individuals within HRM departments, they have also confronted the demands of managing increasingly diverse workplaces. The people managers within organisations have faced the challenge of needing to provide more flexible working conditions to accommodate both the work/family demands of all employees, and the cultural requirements of ethnically diverse workplaces as well as being responsive to integrating into the workforce people with intellectual and physical disabilities. While it may be argued by some that smaller firms are not as concerned with implementing pro-diversity practices due to their frequent nepotistic hiring practices, close proximity to their employees, their size and lesser unionisation, not only are SMEs just as obligated to comply with current legislation as are large corporations but they also present greater flexibility for adaptation given the very nature of their management processes. Jennings and Beaver (1995) have suggested that management in smaller firms is primarily adaptive in manipulating a smaller amount of resources than is at hand for larger corporations and utilizing these resources to short-term advantage. While the smaller organisation cannot predict the operating environment it does learn to respond quickly to changing demands of that business environment. Though lacking the resources of large corporations to develop affirmative action policies, the smaller organisation may, however, utilize its flexibility to take short- and long-term advantage of the strengths offered by diverse sectors of the workforce.

Diversity issues confronting organisations include the obvious legislative requirements of equal employment opportunity and anti-discrimination as well as concerns for tolerance of individual difference, communicating with and motivating ethnically diverse populations, managing workers with family responsibilities, conflict resolution amongst diverse workforces, managing older workers, managing younger workers, managing career paths

diversely, and managing diverse teams. Working with and managing diversity is about ensuring the development of the human capital (the skills, education, training, abilities and experience possessed by individuals) of all employees. Organisations that fail to appreciate this diversity in their workplaces can intensify the likelihood of misunderstandings occurring and potentially miss opportunities to capitalize on the breadth of perspective and experience such human capital diversity offers (Steane, 2001). As the employee context becomes more turbulent and the workforce structure more diverse, there will be greater demands on HR managers to assist with transition to new organizational cultures that are reflective of the changing demographics of their workplaces. As more and more of the prescriptive work of HRM is contracted out to specialist agencies (Evans, et al, 2002), the role for HR within organisations will involve a greater role in building trust and networks within the workplace and organisation and shaping the strategic focus of the organisations. Moreover, HR managers can be expected to deal more with issues of HRD, such as developing team-oriented work systems that optimize generational differences, managing increasing workforce diversity and facilitating cultural change. Organisations that capitalize on managing diversity better position themselves for competitive advantage by being a preferred employer of choice amongst the workforce.

Though considerable discussion has been devoted in the academic literature and popular press on managing cultural and gender diversity, significantly less attention has been focused on how to manage the youngest and oldest echelons within organisations – the ageing workforce (aged 45 plus) that is highly experienced, and Generation X (late 20s to early 40s) and Generation Y (through to mid 20s) that are highly educated and technologically literate. Such diverse groups may provide key developmental opportunities for SMEs, which have been found to achieve competitive advantaged from utilization of workforce diversity

(Gudmundson and Hartenian, 2000). Smaller businesses can benefit from employing older workers who may not be as in demand by larger corporations and profit from being able to access these experienced workers who do not require as much training as younger employees but whom will often accept lower wages because of their lesser labour market position. While the younger employers often demand high wages because of their labour mobility and necessitate investment in training and development, they offer the smaller business and element of entrepreneurship and new ideas and the potential for business growth. Taken together these polar ends of the age spectrum provide SMEs with both cost advantages and growth potential. The smaller firm that is conscious of the need to marry its HRD strategy with overall business strategy, may well see value in investing its training and development dollars in maximizing the benefits of both the ageing workforce and Generations X and Y.

### **Older Employees and Baby Boomers**

Though the average overall age of the workforce is increasing as a result of people starting work later, the age at which people are retiring from work in the industrialized world is declining. Increasingly organisations need to recognize the need to retain these older skilled, experienced people in productive employment and to manage them effectively. While organisations may want to manage out poor performing older employees, they also need to avoid loss of skills and knowledge through unwanted attrition. Large organisations have shown a readiness to lose skills of older workers due to a willingness to focus on employing primarily younger, recently tertiary-qualified employees who lack practical experience. While employers tend to regard older employees as being more loyal to organisations there also appears to be some in-built ageism in which it is assumed that older workers are in poorer health, more resistant to change, less creative, less interested in technology and less trainable (Taylor and Walker, 1994). In many cases the older worker will be considered first for redundancy as their pay structure means that they earn more than younger employees. The

younger people not only cost less but are also regarded as more trainable because they are '*blank slates*'. Thus, organisations wanting to downsize have found it beneficial to negotiate early retirement for those nearing the usual retirement age (Rickard, 1999).

The choices made by many large organizations place SMEs in an ideal position to capitalize on the development, retraining and retaining skilled, ageing employees. Providing phased retirement plans, moving some older workers to part-time work, developing them as small-business owners and creating more flexible work conditions, are just some of the ways in which organisations can save the costs of hiring and training new employees while maintaining older workers' institutional memory and technical knowledge and recognizing older workers' other commitments, such as caring responsibilities (Van Yoder, 2002). Moreover, benefits and allowances and training and development costs to the business can be reduced by utilizing semi-retired, self-employed people or leased employees (Phillips, 2004). Despite concerns that older employees are less flexible and willing to adapt to new workplace practices and procedures, other research into older workforces has shown that their productivity does compare favourably to that of other age groups. In many cases they are regarded as having a higher output because of their levels of seniority and experience, and their greater organizational commitment and stability. Older workers have been found to have a much lower rate of turnover as they are content to finish their employment days with the one employer (Ntatsopoulos, 2001) This makes them a very attractive proposition for SMEs that can ill afford high levels of attrition and turnover and wish to minimize costs of re-hiring and induction training.

As the workforce increasingly matures, retaining employees with critical skills, creating career paths to help senior employees break out of career plateau, and retaining senior

employees whose skills have become outdated and require further development, will pose special challenges for organisations. Yet, few organisations, large or small, have policies in place to capitalize on the advantages of not only hiring but also retaining (and retraining) older workers. Traditionally, training within organisations has been directed at the youngest employees and focused heavily on the induction period and the early career of employees. Van Yoder (2002) notes that this reflected the assumption that training costs would be amortized over time among employees in their 20s, 30s and 40s who would not only stay with the company but who would use newly acquired skills. Yet, organisations now find that younger employees are more likely to move organisations frequently and that they may actually receive greater returns on their investment in offering training to older employees who tend to stay with the one organisation until retirement. Indeed, Van Yoder (2002) claims that if companies track tenure for employees at different ages and increase the frequency that retraining is offered, they may find that older workers provide some relief to the challenge of wisely investing training dollars. Other research has suggested that training and development for older workers must focus on active participation and attention being devoted to structure, familiarity, organisation and time (Manheimer, 1998). Importantly, offering such training within SMEs should also fit within that which Jennings et. al., (1996) refer to as a job-centred focus which also reflects a holistic and integrated approach to work and management and the incorporation of learning into normal working activities. This supports Harvey and Sherer's (2002) contention that organisations that have policies in place to retain or hire older workers and to capitalize on their benefits, shared common characteristics, such as: top management support; identification of their own organizational barriers; willingness to eliminate these barriers; flexibility and appreciation of the contribution of older workers.

## **Generation X and Generation Y**

In addition to the problem faced by HR managers in needing to manage out non-performing older employees whilst retaining and retraining the productive ones, is the difficulty in attaining and retaining productive younger employees. One of the problems in doing so arises from the mobility of today's workforce, which is most particularly evident amongst younger workers as employers in the ageing, slow-growing industrialized nations are eager for talent while the developing world is educating more workers than it can productively employ (Johnston, 1996). Organisations will need to offer attractive conditions if they are to attract and retain these younger employees that show a propensity to be highly mobile and seek self-employment. O'Bannon (2001) states that Generation X-ers are self-reliant yet jaded survivors who live in times of relatively high unemployment compared to their parents. They are also haunted by their parents being retrenched and having watched their parents devote their lives to a corporation only to be "become the human flotsam of downsizing" (Ruch, 2000), Gen X-ers do not want to make the same mistake. As such, they highly value entrepreneurship and working for themselves and are quick to capitalize on job opportunities elsewhere (O'Bannon, 2001).

In the United States in the 1990s, large business laid off 10 million employees but in the same timeframe small business and entrepreneurs created 20 million jobs. Indeed, Ryan (2004) has found that nearly 60% of small business in the United States are started by women, minorities and Generation X-ers. As entrepreneurs like to be around other entrepreneurs, the smaller business that wants to attract and retain such people that will contribute to organizational growth will need to provide a dynamic and challenging workplace. What Gen X-ers value most is the ability to keep learning and advancing their skill set is a top priority (Tulgan, 1995). Furthermore, they want formal learning, incidental learning and action learning. While the smaller employer may believe that they face the risk of training other people's workers,

Gen X-ers have been found to stay with the same employer when training and development is made available (Tulgan, 1995). For the smaller firm that is concerned about succession planning, loss of talent and wasted training dollars, there needs to be attention given to the need to provide interesting and meaningful work and projects to retain the younger employee – and to become a destination of choice in which people want to work (Matzek, 2005). Achieving this necessitates a top-down recognition within the organization that training, development and learning must be as much a part of the organizational culture as manufacturing and selling and requires a long-term commitment from both management and employees (Jennings et. al., 1996).

O'Reilly and Vella-Zarb (2000) state that it is clear from talking to Generation Y that they already know they do not want to live or work the way those who came before them did and their outlook is fundamentally different from any other group of young people in the last 50 years. The so-called “*me-generation*” can prove very difficult to manage because of their short attention spans. Sometimes called Nexters, the Net Generation or Millennials, Hatfield (2002) states that while Gen Y-ers are better educated, far more techno-savvy and more creative than those who have come before them, they know what they want and have no problem telling people what they want. What this means for organisations is that if they want to retain the Gen Y-ers they will need to meet their demands to be entertained and to do work in short blocks of time.

Ruch (2000) argues that the movement of Gen Y-ers into the workforce has altered the traditional scenario of a worker having to hit the deck running, to one in which the employer is the one having to catch up, and embrace the diversity of attitudes that they are hiring – a potential innovative learning opportunity presented to SMEs. Gen Y-ers have been treated more as individuals than any other generation. For them, focus has been placed on learning

differences and though overall unemployment is higher, part-time and entry level jobs are fairly plentiful and work is more challenging and flexible (Hill, 2002). They place emphasis on personal experience rather than performance – stating that they should be rewarded on the basis of their own capabilities rather than against a prescribed system of objectives (Hill, 2002). While this may be at odds with current large organisation thinking, it does provide an opportunity for SMEs to develop and challenge Generation Y.

Caudron (1997) suggests that Generation X has paved the way in forcing organisations to rethink and re-engineer their training programs drastically in that no longer can organisations simply just tell the younger employees what their training agenda is - they have to explain why people need to learn X or Y. The SMEs that will be successful in developing both Gen X-ers and Gen Y-ers will be those that ensure that development is conducive to their needs. In the past two decades, trainers have learned to design sessions that allow plenty of time for questions and answers, provide opportunity for resolving of problems in breakout sessions, include games and fun activities and display expertise early on to get Gen X-ers' respect (O'Bannon, 2001). However, there is more that needs to be done to attract and retain Gen X-ers. Recognising that training and orienting works as a motivator, managers of smaller businesses need to consider the career plans of Gen X-ers and target training to those areas to give them skills that makes Gen X-ers feel challenged and more marketable (Losyk, 1997). It is important to work with their skills and commitments and for Gen X-ers this means making the best use of their entrepreneurial talent and multi-industry and/or multi-occupational experience. For Gen Y-ers SMEs will need to provide individual attention, stimulating training practices that entertain them and on-going challenges. Brown (1995) says that for Gen Y-ers, learning should be experiential and they will be motivated to learn by being engaged in creating their own learning environments and being provided with challenges. It is

important that SMEs learn to work with the particular attributes that Gen X-ers and Y-ers possess and this means making the best use of their technological know-how and creativity.

### **Blending different generations in the workplace - some suggestions for SMEs**

Given the highly diverse work styles, attitudes and behaviour of older workers, Boomers, and Generation X and Y, organisations today face the possibility for greater generational clashes and the need to consider how to best work with this age diversity. Once managers of SMEs understand the differing generations in their workplaces they can begin to learn how to manage, motivate, train, develop and educate them. Crucial to an organisations' success in developing all generations will be providing opportunities to bring the groups together. This necessitates building teams that make the best use of the skills of all generations, including the rational values, honed communication skills and experience of older employees combined with the creativity and technical skills of younger employees (Hatfield, 2002). Ruch (2000) suggests that new recruits should be given an opportunity to learn about the rest of the company and employees with opportunities to make presentations about their jobs (and departments, if relevant) so that all can learn about what others do. He further suggests that an internship program could be developed for younger employees where they can test drive other positions, and veteran employees could be provided with the opportunity to share their learning and experience with younger employees in a regular class (Ruch, 2000). Moreover, mentoring can play an important role in training, development and learning in harnessing the life experience of older workers, the entrepreneurial talent of the Gen X-ers, and the technical aptitude of Gen Y-ers to leverage new ideas. While younger employees can be mentored by older, more experienced employees, the younger employee can in turn mentor older employees about the internet and other new technologies (Wainwright, 2004). Indeed, in developing mentoring programs to facilitate older and younger employees to work effectively

together SMEs can ensure not only improvements to overall success and productivity of their organisations but also decreased costs of turnover and enhanced worker morale.

### **Biographical Notes**

*Professor Graham Beaver* is responsible for much of the academic research on business growth and strategic management at Nottingham Business School, particularly as it affects small and emerging enterprises in the economy. He is a founding Editorial Board member of the Journal, *Small Business and Enterprise Development* (and Reviews Editor from 1996-1999), an Editorial Board member of the Journal of Industry and Higher Education and the Editor of the International Management Journal, *Strategic Change*. Graham is a Visiting Professor to Warwick, Cranfield, Sheffield and Brunel University Business Schools in the UK and Adjunct Professor in the School of Management, Queensland University of Technology, Australia.

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