Lifelong Learning in SMEs: A Case Study

David Devins, Vikki Smith and Rick Holden
Leeds Business School, Leeds Metropolitan University

ABSTRACT:

This paper explores the impact of a Learning Centre on the development of inter- and intra-organisational learning by Small and Medium Sized Enterprises (SMEs). Case study material provides a rich source of information, which investigates learner experiences and outcomes and identifies a range of challenges facing those aspiring to encourage lifelong learning in SMEs.

Policy Context

Global economic restructuring and the increasing freedom to trade are key factors affecting company growth and development, and national economic success. Components of such change include a decline in primary and manufacturing sectors juxtaposed with growth in financial and other service sectors, and increasing internationalisation of trade. The business environment is increasingly characterised by global sourcing and resourcing, progressively shorter product life cycles with a premium on innovative products and processes, and customer orientation. The ability of a nation, its companies and its workforce to respond positively to these changes is considered important both for economic prosperity and for social cohesion (OECD 1998, Campbell 1999).

The current Policy Agenda in the UK places ‘learning’ as central to social, economic and technological development in terms of economic and social capital (DfEE 1998b, DTI 1998, DfEE/DTI 2000). The productivity of UK industry remains a core concern (DTI 1998, HM Treasury 2000) and the development of skills of those in work is seen to be (at least in substantial part) the answer to improving productivity (Rainbird 1994). However, the effectiveness of training interventions is contested (Black et al 1996, Storey 1994, Green 1997, Felstead et al 1997). Policy is based on the belief that people are more effective if they understand what they are doing, have a firm grasp of the theories that underpin their activities and if they aim for continuous improvement in techniques, knowledge and performance (Stemp et al 1999). It is generally argued that when people acquire skills they do not only make themselves more productive, they commonly make themselves more adaptable to changing tastes and technologies. Adaptability then becomes a crucial factor in keeping labour and capital employed and in maintaining competitiveness. Further, skilled workers are regarded as being more flexible than unskilled workers in the sense that skilled workers can adapt to new technologies at lower cost than can unskilled workers (Booth et al 1996). It is also argued that deficient training may lead to deficient investment resulting in even more deficient training and so on (Acempglu 1996). Employees can see too low a rate of return to acquiring skills, while simultaneously employers perceive skilled workers and hence innovation (product, process technology) as too expensive. A vicious circle ensues and can lead to a low skill/low investment trap (Snower 1996).

The above precis illustrates that the link between skills development and competitiveness, whilst empirically contested, is relatively well rehearsed. More recently, the role of skills development amongst the employed workforce to alleviate the threat of social exclusion through long-term unemployment has been recognised in the UK. Interventions, funded through EU sources such as European Social Fund (ESF) Objective 4 and ESF ADAPT, have encouraged the development of a preventative rather than a reactive approach to dealing with the consequences of industrial change. There is a generally recognised need in policy circles for employers and employees to continue to develop and learn throughout their lifetimes and several influential reports have been

---

1 ESF Objective 4 and ADAPT are key instruments of EU Policy directed at preventing unemployment through the development of skills of those in employment.
delivered recently (e.g. Moser 1999, Fryer 1999, Beattie 1999) which provide policy guidance contributing to the lifelong learning, competitiveness and social exclusion agendas.

Much of the research underpinning learning is located in a large firm context. The role of Small and Medium Sized Enterprises (SMEs), which account for 99% of all businesses and 45 per cent of all non-government employment (Selden 1998) has, however, been recognised as a key element in the attainment of the governments goals of lifelong learning and competitiveness (DfEE 2000, DfEE/DTI 2001). Many managers in SMEs, however, are said to remain reluctant to engage in development activities of their workforce (DfEE 2000a), the result of which is that ‘skills and training requirements of SMEs are a major cause for concern’ (DfEE 1998a: 1). Much of the criticism of SMEs and their propensity, or otherwise, to undertake development activities is based on the concept of formal, measurable training and the uptake of specific programmes such as National Vocational Qualifications. This tends to portray an impoverished view of learning within SMEs whereby the incidence of ‘formal’ external training amongst SMEs is undoubtedly lower than amongst larger companies. This reluctance of both SME employers and employees to undergo training goes some way to explain the generally lower level of training in SMEs (Storey 1994). Workplace training is not a prominent feature of SMEs notwithstanding the massive investment in the sector by NCVQ (FEFC 1994) which might have been expected to boost the prevalence of training. In 1999 the government announced wide ranging reform to the institutional infrastructure to meet this challenge (DfEE 1999). There has been recognition over a number of years that there is a need for more targeted, flexible solutions in terms of local delivery, duration and timeliness to encourage both businesses and their employees to undertake training activity (Johnson et al 1992; Beaver et al 1998). The implementation of policy interventions such as Individual Learning Accounts to increase demand and Learn Direct (University for Industry) to use ICT to aid the flexibility of delivery, seek to meet this challenge.

The remainder of the paper is based on a case study developed to explore associated aspects of lifelong learning in the workplace. The case study data was collected as part of an evaluation project which drew on a combination of quantitative and qualitative research methods to evaluate a larger ADAPT funded project comprising intervention on three industrial estates in East Midlands area of England (Devins et al 2000). The purpose of this paper is to focus our analysis on one company and to explore the impact of the intervention firstly in terms of the impact on the organisation and secondly in terms of its wider impact on the industrial estate. The company was chosen because of its key role (detailed below) in the intervention. The case study draws on face to face interviews with two tutors from training providers, four managers and nine employees from three small, independent companies operating on a small industrial estate in the East Midlands region of England. The managers were chosen because of their company’s involvement with the ADAPT project and they selected their employees to be interviewed. A semi-structured discussion guide was developed to provide a framework for the interviews. They were conducted by an interviewer and a note-taker and lasted between thirty minutes and one hour.

Local Context

Nottingham is a medium sized city (population 700,000) in the east midlands region of England. The city is an area of great diversity in terms of economic activity, skill level and quality of life (Observatory 2000). The area has adapted to the decline of traditional manufacturing industries and the emergence of a service based economy but it remains towards the bottom of the lower quartile (12th out of 354) in the Index of Deprivation (DETR 2001) suggesting that high levels of local deprivation remain.

The Robin Hood Estate is a mature Industrial Estate in Nottingham housing approximately fifty businesses representing a broad range of industrial sectors including manufacturing, distribution, engineering and computer services. There are several medium sized companies (employing between 25 and 100) operating in the printing sector, a sector under considerable external pressure to change and adapt to social, economic and technological developments. Although the printing sector is declining, it remains an important sector in the UK economy as it employs 200,000 and has an annual turnover of 9 billion and exports of 2 billion (Robson Rhodes 1996).
Research with thirty five companies on the estate exploring attitudes to lifelong learning (University of Nottingham 1998) concluded that engaging local companies in lifelong learning activities was a considerable challenge given that they are generally unfamiliar with the concept and focused on short term operational issues as opposed to longer term workforce development. The Managing Director of Forest Press Ltd., a small company operating on the estate expressed interest in lifelong learning ‘as long as it is relevant to our industry’. The company employs ninety employees and was established twenty-five years ago. Almost one third of the workforce are employed in shop floor activities. The company had a positive attitude towards training and development. However like many smaller companies it had few formal human resource management systems in place, no dedicated professional HR officer and whilst it supported limited development through Modern Apprenticeships, it remained reluctant to invest more generally in the external training of its employees. The MD did, however, strike up a relationship with the manager of the research project from the University and subsequently became involved in an ESF ADAPT funded project managed by the University of Nottingham to establish a Learning Centre on the Robin Hood Industrial Estate.

The MD of Forest Press Ltd. viewed the concept of a Learning Centre, and being host thereof, as a way to ‘dovetail what we (the company and the University) wanted to achieve’ particularly in the context of IT training. In common with many businesses operating in the printing sector (Lewis 1996) the MD noted that

"We’ve undergone and will continue to undergo massive technological change...we’ve become highly reliant on IT".

The company had wide ranging technology-related training and development needs both associated with the technical aspects of design and printing and the development of management information and decision support information systems.

The Learning Centre established through the ESF ADAPT funded project was housed in an old storeroom, some distance (circa 50 yards) from the main office building. The company provided the space for the Learning Centre and the ESF ADAPT project funded its refurbishment and the provision of IT equipment, tutoring and security. The Learning Centre was relatively small, containing six PCs with office software, Internet access, video conferencing and rapid prototyping equipment. A tutor was provided, initially by the local Further Education College and subsequently by a private sector provider to deliver training. Provision was limited to CLAIT and ECDL (European Community Driving License), or their equivalents such as City & Guilds 4242 and IBT 2/3. The centre was open limited hours, two days each week (Thursday and Friday) during office hours.

Intra-Organisational Learning

The MD of the host company appointed a key member of the management team to promote the centre internally and engage the company’s workforce in the learning activities provided by the centre. Take-up in-house was actively encouraged by the management and the Trade Union and the opportunity was presented to all employees across the whole company. Forty-four of the company’s total workforce (ninety) enrolled on a course at the Learning Centre. The MD suggested that

‘the Learning Centre is available to everybody whatever the job they actually do.... we’ve positively encouraged people.

Administrative staff, who were said to regularly work a ten-hour day, were provided with time during the working day to attend the centre. Hourly paid staff were required to make use of the centre in their own time without any financial support from the company. Nevertheless the MD noted

‘Take-up really from what I would call unskilled people within the business has been quite high, from the administration and clerical people it has been quite high, where we probably haven’t seen a relevance is the skilled people’.
The MD noted with some surprise that

'the real successes have been from people on the shop floor ... where its given people new skills ...confidence and it's given them increased opportunity'.

The positive impact of the centre was not a perception held solely by the MD. Learners from Forest Press Ltd. also reported great benefit in the centre and the provision therein. The benefits that the courses and the Learning Centre were perceived to have brought about are fourfold. The opportunity itself was seen as the greatest advantage. None of the participants suggested that they would have taken any IT or related courses if the centre had not been there. The self-paced nature of study that the courses offered and the fact that progress through a course was 'in your own time' be this quickly or more leisurely was a further plus point. One female learner in her late 40's noted that

'There is no pressure, you can take it at your own speed and at your own level... it is very flexible...you get to work at your own pace – that was nice'.

The third advantage associated with the centre was the 'personal attention' received from the tutor combined with the fact that it was only on a 'rare freak occurrence when the tutor was too busy to deal with you'. Finally, the location of the centre itself was acknowledged:

'It’s on the premises, I don’t have to travel'.

'It’s handy, friendly, everything...it’s just brilliant'.

It was the view of the MD that without the ESF ADAPT learning centre, training would not have been so ambitious and the workforce would not have been as receptive to training initiatives:

'it (training) would have been piecemeal to certain objectives.... We would have undergone less training; people would have been less proficient. ... The work force is now much more willing to undergo training ... people have got a much more open mind, which is one of the largest barriers that you have'.

Without the opportunity that the project presented, it was acknowledged that any in-house training would have been undertaken on a much smaller scale and on a much more restrictive basis. By necessity, training would have been limited to those working directly with new or updated system(s).

Actual benefits to the company were perceived as 'difficult to measure'. There was, however, a strong feeling that the training had resulted in a 'greater confidence amongst the work force in working with computers'. Future, more concrete, benefits were anticipated when new computer system(s) come on line. For example: the 'speed that they can be fully utilised due to familiarity' with such software, and a 'dampening of the fear of moving on to a new system' were directly attributed by company management to the training undertaken.

From the individual learner's perspective benefits, as opposed to being difficult to measure, were seen to be immeasurable. Many of the learners had few, if any, formal qualifications and the opportunity presented by the centre to gain a qualification was seen as important. For example, one warehouse operative had no formal qualification in IT or related subjects but had a computer at home and was comfortable and familiar with their capabilities. Participation in the Learning Centre provided the opportunity 'to prove what I know', and then progress on to the next course. The result of rising to this particular challenge was that the company decided to support further studies:
'I finished them both quickly and they think I am a whiz kid so they asked if I wanted to do a graphic design course. ... if I do well I will move to the graphics centre here'.

The testimony here is clearly that the PAT project and the opportunity afforded by the Learning Centre, has assisted in the metamorphosis from what was previously perceived as failure to achieve in the academic world to success and progression at work. This example is symptomatic of the general feeling associated with the Learning Centre provision whereby, regardless of background, the chance to up-grade, extend or introduce oneself to IT systems was seen to be of value. To have this formally recognised was a significant motivator, particularly for younger employees: 'you have got to have it nowadays...it's important for future direction'. Older employees also recognised the importance of the qualification but greater satisfaction tended to come from 'just knowing how to switch the thing on!'...

For the learners there was also concern over impending changes to company operating systems; many were all nervous and wary but the chance to become 'familiar' with the system, to 'sensitise ... to loose the fear of PCs' was seen as a definite advantage. A further, if intangible, benefit associated with participation in the Learning Centre was the notion that it was thought to create a 'new outlook .... new interest, learning something new', to provide the stimulus to 'learn more'. 'It makes you want to spend £1000 to get one of your own'. Ultimately, the view of participants was that the Learning Centre and the provision therein was a great success and it was not something they would like to lose now that it had become established.

The generally positive experience of the ESF ADAPT funded Learning Centre acted as a catalyst for the development of further learning initiatives within the company. Having seen the positive if difficult to quantify benefits associated with employees engaged in learning the company, the MD became interested in the concept of Employee Led Development (Hamblett et al 2000, Parsons et al 1996). They worked with an advisor from the local Training and Enterprise Council and implemented an EDAP scheme to encourage further employee development. A learner representative from the union had the responsibility to champion learning and promote EDAP whereby 'any course up to £500 the company is funded. The company used Individual Learning Accounts (ILAs) to help fund EDAP training and development.

**Inter-Organisational Learning**

The ESF ADAPT funded centre was available to all the companies on the Industrial estate. However, a mailshot to promote the centre generated little interest. The MD of the host company met with other leaders of the print sector companies on the estate and engaged them, to varying degrees, in the project and this became the key mechanism for engaging wider employer support for the learning centre. In the period October 1998 to June 1999 the ESF ADAPT funded centre provided training for over 100 learners drawn from 8 companies on the industrial estate. Interestingly, despite the heterogeneity of these firms, the technological and organisational factors influencing change appeared to strongly influence the identification of similar workforce development needs in terms of operational and management information needs.

The companies tended to book the centre at convenient times and send their staff ‘en-masse’ to attend a learning session. Consequently learners were drawn from the same company and the learning centre did not present an opportunity to share experiences with employees from other organisations.

The role of the MD of the host company in engaging learners cannot be underplayed, as his enthusiasm galvanised interest in the early stages of the project and laid the foundation for further cooperation. The company championed the development of a further Learning Centre located in the company’s head office building to meet the unsatisfied needs associated with pre-press and press room technological development (Smallbone et al 2000). For example, the use of Macintosh technology for design and printing and associated skills shortages is recognised in the sector. Indeed it was this type of training that was deemed imperative to the company but which the Learning Centre (which was equipped solely with PCs) was unable to meet. As such a gap in provision remained and training needs
associated with for example QUARK and PhotoShop were not met through the ESF ADAPT Learning Centre and the company took steps to work with other companies on the estate and the local Further Education (FE) College to develop provision. A studio housing ten Apple Macintosh machines was developed alongside the ESF ADAPT funded Learning Centre. The local FE College provided the teacher; the local companies provided the studio, which was housed in Forest Press. To attend, individuals had to pay a course fee of £70 for the ten weeks duration of the programme. This provision was oversubscribed and a lengthy waiting list for courses at all levels had developed.

A fledgling ‘Print Sector Network’ comprising companies operating on the estate and the local FE College became much more tangible firstly through the successful implementation of the ESF ADAPT funded Learning Centre and secondly through the development of the ‘Apple mac’ centre. These projects appeared to provide the ‘glue’ to pull together companies that operate both competitively and cooperatively at various times. Their un-met training needs appear to have presented an opportunity to work together on an issue which was not viewed as commercially sensitive. Their increased communication at board/owner level led towards greater mutual understanding and respect which in turn has led to greater cooperation. For example, two companies entered into a supply chain relationship with one another whilst two other companies had begun to share information on a regular basis. The MD of Forest Press Ltd. saw these developments as positive spin-offs from the PAT project.

‘These things, the Mac based Learning Centre, the EDAP programme ... would never have come about’

Summary and conclusions

The ESF ADAPT funded learning centre, hosted by an SME on an industrial estate has contributed to the development of lifelong learning practices within the host company and encouraged training and development more widely on the estate. It provided an opportunity for predominantly administrative staff, a key group identified as a policy target (EC 1998) to gain IT training which went far beyond the training which would normally accompany the implementation of a new or upgraded office system in a company. Learners were engaged in accredited learning, which they have generally valued. They generally reported a positive learning experience associated with learning in a small group with a tutor. They report a variety of benefits including greater confidence and IT skills although there remain problems associated with the transfer of the skills to the workplace (e.g. different software, lack of opportunity to try out skills). There is evidence from learners that attendance at the centre has acted as a stimulus for further learning activity with several learners going on to study other courses of learning. The research raises concerns associated with the extent to which the training helps to address productivity improvements. The host company and other participating employers report difficulty assessing quantitative business benefits associated with the training activity as witnessed in other studies (e.g. Johnson et al 2000). Part of the reason for this may be associated with the nature of the applications (Management Information Systems) or their stage of development (not yet fully implemented) and productivity gains may accrue at a later date. Employers retained both hope and an aspiration that what had been learnt through the centre would be transferred to the workplace sometime in the future (retention and memory permitting). Notwithstanding the limited opportunity for skills application in the workplace in some cases, employers generally valued the training in terms of improved employee flexibility (e.g. ability to work on a range of systems), adaptability (e.g. their apparent readiness to accept new technology) and motivation.

The close proximity of the Learning Centre and the provision of training free at the point of delivery are further positive factors associated with the Learning Centre provision for both individuals and employers. However, problems remain associated with key aspects of the learning centre. The small size, whilst viewed positively by learners, needs to be near capacity to be cost-effective for providers. The limited opening hours (office hours, two days a week) constrained access and also promoted an image that the centre was ‘not successful’ because it was not open at certain times. Notwithstanding its local nature, learners expressed concerns associated with their ability to attend given existing work commitments and employers suggested that there was a ‘high dropout rate’ and ‘not all have
*kept up with it*. However, neither employers nor training providers have kept records upon which to base a judgement associated with drop out, attainment or progression.

The development of a complimentary Learning Centre in the host company appears to have arisen due to a range of factors. The factors include

- the limited provision provided through the ESF ADAPT centre
- the ADAPT centre’s apparent success in engaging learners and delivering training
- the gap associated with the specific training needs associated with the Print sector
- the strengthening of the print sector network.

The Apple Mac centre has emerged in response to local demand for specific operational training and appears to be thriving at the current time.

In embracing the ESF ADAPT project and the ideals embodied therein, Forest Press Ltd., the host company have subsequently developed commitment to the concept of lifelong learning. The decision to embark upon an in-house EDAP programme can be viewed as a potential new and liberating stimulus for learning. It suggests, albeit tentatively, that a model of an industrial estate Learning Centre which encapsulates genuinely ‘open learning’ is not unrealistic over the longer term.

This measured success is, however, an isolated example which owes much to the energy and commitment of one company’s management. The commitment towards learning exhibited by Forest Press Ltd. has not created a metamorphosing effect in the remaining print industry companies, even where industry, size and environment is comparable. Whilst these companies have contributed learners they do not appear to have materially changed their behaviour or commitment to training more generally. This suggests that not only is there a divide between learning in large organisations and SMEs but that the notion of SMEs as a homogeneous group is also a contradiction. Not only are there remarkable differences between micro, small and medium organisations; it would seem apparent that disparity exists even where industry sector and approximate size are comparable. The key factor portrayed herein in encouraging SMEs to engage in and with training and development is a recognition of the need to change, a propensity to network and support innovation and to develop firm specific practices on an emergent rather than planned and systematic basis.

References


Acknowledgement

This paper is based on evaluation research commissioned by the University of Nottingham. The authors would like to thank the University for encouraging the wider dissemination of the research findings.