Introduction

Rapidly changing global markets have led to an unprecedented growth in small business sectors (Matlay, 1999a). SMEs consist of micro-enterprises of under 10 people, small enterprises of 11-50 people and medium enterprises of 51-250 people. This growth, combined with the prevalence of SMEs in the EU (99 per cent of organisations in the EU are SMEs accounting for two-thirds of all EU jobs (ENSR, 1997)) has attracted the EU policy makers with the promise of a focus for job creation. This is, however, misplaced since the majority of SMEs are micro-enterprises with under ten employees – mostly single self-employed individuals. Small firms are, nevertheless, seen as a remedy for increasing levels of down-sizing within firms and subcontracting out work to smaller businesses. This has increased the importance of micro-enterprises in the Irish economy (Garavan and Ó Cinnéide, 1994). However it should be noted that the fundamental characteristics of SMEs as a group are heterogeneity (Chittenden and Wildgust, 1999) and transience. This last is evinced by the statistics; less than 20 per cent survive longer than six years and 30 per cent last less than 18 months (Cressey and Storey, 1995), making them a particularly difficult group to target effectively with any training initiatives.

Research into the effectiveness of UK government initiatives designed to support SMEs through training has shown that it:

appears that the specific training needs of the vast majority of owner/managers operating in the small business sector of the British economy remain unfulfilled despite the concerted efforts and sizeable funding that has been invested over the last two decades (Matlay, 1999b).

Learning support for small businesses project

In 1998, the European Social Fund set up the learning support for small businesses (LSSB) project as part of the ADAPT initiative. This is aimed at providing learning to managers and employees in small businesses in the East Midlands region of the UK. Around 150 small firms will participate in the project incorporating up to 1,500 beneficiaries.

Only approximately 8 per cent of SMEs use the UK government, provided local assistance schemes (estimate from various sources). There is overwhelmingly low market penetration of small business support services
since 1980 (Curran and Blackburn, 1999). Most SMEs do not accept any need for learning programmes designed to achieve ongoing upgrading of organisational competencies (Chaston et al., 1999).

The intention is to develop material using a variety of media and delivery mechanisms, to test which are the most suitable for use by small- to medium-sized enterprises (SMEs).

There are three delivery media:
1. paper;
2. online via the Internet; and
3. CD-ROM.

These are used in varying combinations in order to establish which medium, or combination, is most appropriate for the target SME audience. The CD-ROMs will use Web technology and will be accessible using a Web browser.

**Tipperary Rural and Business Development Institute**

At around the same time as the LSSB project was established, the Tipperary Rural and Business Development Institute (TRBDI) and Limerick City Enterprise Board undertook an extensive survey of micro-enterprises in Limerick city in order to provide SME education in the form that would best suit the preferences of the participants, and started a pilot delivery scheme based on the findings. The database of micro-enterprises was formed by a combination of desk research from directories, local publications, etc. and a “walking tour” of every street in Limerick city. Of the 1,691 identified enterprises, 300 were chosen using proportionate stratified sampling, of which 240 were sent questionnaires. A 43 per cent response rate was achieved (103 replies). The remaining 60 were asked to join focus groups, and three focus groups of six or seven participants were formed. The results formed the basis for a new management development programme by Limerick City Enterprise Board.

The following discussion is based on the findings at both LSSB and TRBDI, and stems from research done under both initiatives.

**Small business needs and wants**

There would appear to be a gap between what SMEs need and what they want. This is borne out by studies at TRBDI in Ireland (O’Dwyer and Ryan, 1999), the LSSB project in the West Midlands and the Small Business Research Trust (1984-1999) findings.

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

The results of the TRBDI survey are given in Table I.

Only one subject – marketing – was required by over 50 per cent of the Limerick owner/managers. This correlates with evidence that entrepreneurs do not feel the need to obtain help for organisational problems, but are open to help on marketing and finance (Flamholtz, 1986). Initially it appears surprising that many SMEs should have no need for help on organisational needs.

**Table I** The preferred topics for a management development programme

<table>
<thead>
<tr>
<th>Respondents (per cent)</th>
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<tbody>
<tr>
<td><strong>Marketing</strong></td>
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<tr>
<td><strong>Information technology</strong></td>
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<tr>
<td><strong>Financial management</strong></td>
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<td><strong>Product development</strong></td>
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<td><strong>Business planning</strong></td>
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<td><strong>Personnel</strong></td>
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<td><strong>Monitoring cash flow</strong></td>
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<td><strong>Resource allocation</strong></td>
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<td><strong>General management</strong></td>
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<td><strong>Supplier evaluation</strong></td>
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<td><strong>Promotion</strong></td>
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<td><strong>Quality control</strong></td>
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<tr>
<td><strong>Book-keeping</strong></td>
</tr>
<tr>
<td><strong>Production</strong></td>
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<tr>
<td><strong>Sales</strong></td>
</tr>
<tr>
<td><strong>Other</strong></td>
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**Note:** The TRBDI questions were specifically aimed at what would be required on a management development programme and so did not pick up requirements for purely technical subjects.
fail to recognise what an outsider would perceive as weaknesses in marketing and finance. However this failure would seem to stem from the character of the SME owner managers. They have extreme reluctance to accept external advice, preferring to do things “my way” (Lightfoot, 1998; Goffe and Scase, 1995).

In addition, SMEs have a very strong preference for activity-based learning, as opposed to knowledge-based (Chouke and Armstrong, 1998). This is borne out by the TRBDI study. However concentrating solely on activity based learning is dangerous: . . . action in the absence of reflection precludes learning (Garavan and Ó Cinnéide, 1994).

We should make it clear that the majority of SME managers do not want education/training since around 8 per cent take up the offers for this made through UK Government schemes (TEC, etc). Very few micro-firms are interested, and they are approximately 90 per cent of SMEs. We believe that SMEs can be categorised as:

- **Traditional.** Stable in size, not growth-oriented, independent, well established locally. Frequently sell direct to end consumers. Often micro-enterprises consisting of one or two employees, or self-employed individuals. The vast majority of SMEs fall into this traditional category.

- **Growth.** Often set up with venture capital, with the aim of rapid growth and either a stock market listing or a sale at an end point in 5-10 years. Initially the organisation primarily exists as a means of growing an investment.

- **Entrepreneurial.** Set up by one or two entrepreneurial individuals, often with high proportion of finance from loans. Often rapidly become market leaders in a niche market.

- **Dependent.** In a sub-contracting or supply chain relationship to large organisations. To a large extent their output and structure are controlled by their customers.

- **Devolved.** Set up initially by senior managers from a large organisation, or a management buy-out (MBO) of part of a large organisation. Often continues to supply the services/products to the large organisation and may thus become “dependent”.

Most of the SME categories above are likely to want training: only small “traditional” companies appear not to. However, this means that probably less than 10 per cent of SMEs want training because the “traditional” category accounts for the vast majority of SMEs, including self-employed individuals and non-entrepreneurial organisations.

We do not believe that SME managers are significantly different from managers undergoing education on schemes such as the OUBS certificate, diploma and MBA in that that they are:

- pressed for time;
- primarily interested in learning that is immediately applicable;
- primarily interested in learning that is focused on performance rather than analysis or planning; and
- have difficulty in funding education/training (unless sponsored by a large corporation) (Freel, 1999).

Training offered to SMEs separates out into two distinct areas – those methods requiring use of a computer, and those methods requiring no computer use, and two categories by “place” – face-to-face and distance. These distinctions are incorporated into the distinctions between the LSSB and TRBDI, as will be explained later.

**Small business attitudes towards information and communication technology**

In the past, SMEs have used information and communication technology (ICT) for accounting and little else; however, this is now changing with an increasing use of the Internet for both sales and access to information (Lymer and Johnson, 1997). The LSSB project indicates that the size of the firm does not necessarily relate directly to their level of ICT awareness; many very small
firms can be highly IT literate and sophisticated.

Management attitudes towards learning

The Open University Business School (OUBS) has a wide experience of teaching management skills to business managers. A significant proportion of these come from small businesses, with over 20 per cent of OUBS management students coming from companies with 100 or fewer employees. We believe, therefore, that the following findings have relevance to SME managers.

Over the past five years, over 25,000 managers have undertaken OUBS courses, and our research[1] shows that many managers are unwilling to use computers for education or training.

The survey of 17,500 management students also showed that they had a marked preference for printed materials. The responses to the question, “How helpful did you find the components you used on this course?”, are given in Table II.

Given that all respondents had actually used the different media, this shows the clear preference management students have for print as a delivery mechanism over CD-ROM and in particular over conferencing.

Face-to-face

In OUBS courses, face-to-face tutorials are not compulsory, but are offered as one of the optional support resources for distance management students. The majority of management students (75 per cent) attend all tutorials, with 15 per cent going to just some of them. This shows that most learners prefer to have some face-to-face support when it is available and convenient.

Use of ICT in learning

The majority of OUBS management students have access to a computer. Those that did not were asked if they would buy one if the course required one – 48 per cent of the respondents said “yes”, leaving just over half preferring not to use a computer. This suggests that, for the present at least, there is a core of individuals that are averse to using ICT for learning.

Management attitudes towards online conferencing

The Open University has carried out extensive research into the use of computer conferencing (for example, Salmon and Giles, 1997; Mason and Bacsich, 1997). From this and a recent in-depth survey of the behaviour of over 2,000 management students online, the following subjective conclusions can be drawn:

- Usually, a small percentage (around 10 per cent) of users are enthusiasts. The remaining users appear from time to time but their contributions are minimal. Often with collaborative exercises, despite the collaborative aim, very little real collaboration takes place.
- There are clearly initial barriers to communicating on line, and further barriers to collaborating and working on line. The two main barriers are illustrated in Figure 1. Many users did not pass through these barriers.

Small business attitudes towards learning

Lack of recognition of need for training

Small business owner/managers play a key role in decision making in their organisations, being the main influencer in management and training strategies (Curran et al., 1993). Thus it is important to ensure that SME owner/
managers are committed to any training innovations that are proposed.

One way to achieve this is to ensure that the relevance of any training is clear. Athayde and Blackburn (1999) emphasise the need for relevance rather than qualifications as key motivations for owner/managers in selecting training for their employees.

There is also a clear link between the size of the organisation and the amount of training provided for employees (Small Business Research Trust, 1995), with over 60 per cent of micro-firms (firms with fewer than 10 employees) either failing to answer what training they provide or offering no formal training. This compares with 77 per cent of firms with over 50 employees that offer at least one type of formal training, other than on-the-job instruction.

“Surveys have shown that about one third of new firms are established by individuals who do not hold any formal educational qualifications” (Storey and Strange, 1992; Cressey and Storey, 1995). Such small firm owners are often opposed to what they view as formalised learning, which they associate with school.

However, the most widely quoted reasons (Westhead and Storey, 1999) why small businesses are less likely to demand or provide training for their employees are:

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

A final point, unique to many owner managers of SMEs, is the influence of their own self-belief (a necessary characteristic to carry them through the trials of starting up a business). Goffe and Scase (1995) believe that that this attitude creates an extreme reluctance to accept external advice which has its roots in the SME owners’ commitment to independence and “I do it my way” attitude.

Just-in-time

It is generally accepted that small businesses are reactive, rather than proactive, and invariably fail to plan: particularly the small firms. This results in a crisis-driven approach to learning, where an immediate need has to be satisfied, rather than a foreseen need being planned for and met in a structured fashion. This approach spills over into SMEs’ attitude towards management learning: small firms do not, in general, have a lifelong learning culture nor do they see a need for sustained improvement in organisational management. In their recent paper, Chaston et al. (1999) discovered that a large proportion of small firms:

- do not accept that any real need exists for learning programmes designed to achieve an ongoing, sustained, upgrading of organisational competences across all areas of management practice.

A number of interesting findings were also published in the Telemance (1998) report which studied 1,000 small firms in European countries and found that:

- the current priority areas for training are technology and management skills;
- 90 per cent of firms do not use distance learning at all for training;
- one in five companies carry out no training at all, and nearly one third dedicate only 1-4 days of training per employee per year;
- two-thirds perceived that distance learning supported by ICT could be a good opportunity for training;
- 93 per cent preferred the option of having trainer assistance (echoing the other findings);
- views were fairly evenly split over preference for training in the workplace or outside; and
- 70 per cent preferred training on demand rather than scheduled training.

This last preference for just-in-time training is an inevitable SME trait. One of their strengths is their flexibility and responsiveness in business; however, the downside of this method of working is their consistent failure to plan. It has been shown (Hughes and Gray, 1998) that a major factor in the lack of success of many small businesses is their tendency “to be concerned with the day-to-day demands of running their business, a short term attitude leaving little time or
resources to consider training and development”. Consequently, in small firms a training need will not be foreseen or planned for, but will arise and must then be met “immediately” in order for the business to progress.

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

The two facets – just-in-time and just enough – require a flexible approach to the delivery of courses (Clarke and Gibson-Sweet, 1998), in order to produce training better able to meet the needs of SMEs. However the Teleman (1998) EU study would take this further, by saying that Teletraining must be mixed with group work, tutor assistance, home work, tests, exams; flexibility in time and place are not on their own sufficient. The LSSB initiative makes use of group collaborative work, some self tests, but no exams.

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

Schrage (1991) highlights the importance of collaboration in learning. He suggests that the goal is to create a “shared experience”, rather than an “experience that is shared”. An experience that is shared is passive. A shared experience is participatory. The implication for designing collaborative learning is that effort has to be put into creating value for the learners, rather than merely concentrating on the communication, or teamworking issues. Students may well share ideas, but unless these are used to improve the understanding of others, the opportunity for collaborative learning is lost.

The differences in approach for learning for small businesses
Size of enterprise
The target audiences for the two projects are different. In Limerick micro-enterprises with fewer than ten employees are being targeted these are by far the most prevalent size of organisation in the country. In the LSSB project companies with over 50 employees are being targeted, in order to gain sufficient beneficiaries to meet the project targets.

Activity-based learning
One of the benefits of offering face-to-face sessions is that they are able to take advantage of the opportunity to enable learners to take part in group activities. Activity based learning has already been shown (Choueke and Armstrong, 1998) to be strongly preferred by SMEs over knowledge-based learning. Active learning is also an implicit component within cognitive conceptions of learning (Shuell, 1992). On the other hand, a disadvantage of the regular face-to-face workshops is that there is a possibility that

It is also important to ensure that there is expert support while collaboration is in progress:

Discussion between students is an excellent partial method of learning that needs to be complemented by something offering [a solution to their problem], if students are not to flounder in mutually progressive ignorance (Laurillard, 1993).

To this end, tutor support is very important and is used in both projects.

Both approaches also adopt the use of reflection to enhance comprehension. By relating new learning to existing knowledge, through self-regulated exercises or discussion, the learner is able to gain a deeper understanding of the subject, which in turn should enhance retention. This echoes the views generally held by cognitive psychologists that for information to be retained in the long-term memory, the learner must associate or link the new information with some related information already stored in the long-term memory (Gagné and Briggs, 1992).

Finally, both projects are producing courses covering broadly similar subject areas.
SMEs may find it difficult to attend regularly, due to business pressures.

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

However, the downside to this asynchronous approach is the lack of regular face-to-face support from peers and tutors at the workshop.

**Physical location vs virtual location**
The weekly workshops will place a logistics constraint on the learners; each week they will have to go out of their way to get to the workshop. In contrast, the online groups will be able to “meet” from the convenience of the work or home computer. This may not be such a critical issue for commuters in Limerick, but will certainly be of significance to managers in the West Midlands.

**Face-to-face approach**
The Limerick research showed that the SME preference was for one-to-one training, but resource constraints meant that this was not a viable option. Instead they chose the second preference of workshops, with a structure reflecting the views of managers. The pedagogical aspects that are therefore adopted in this approach involve collaborative learning with some mentoring.

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

- **Group discussions.** These will be used to aid reflection and application to the managers’ own environment, etc. as well as providing support and motivation. For reflective learning to take place in a face-to-face situation, it is necessary to build in time for reflection and group discussion.

- **Tutor support.** Tutors will be at the workshops to facilitate and guide learning, as well as providing some one-to-one tuition.

- **Synchronous tuition.** There will be a need for some subjects to have a “mini lecture” form of tuition, but this will be embedded by group discussions.

**Distance approach**
To some extent, the distance approach used in the LSSB project is pre-determined by the project itself. That is delivery through the use of paper, CD ROM and online via the Internet. However, the actual way in which these are being used has been designed to try to best meet the needs of SMEs. The majority of the material is readily available online via the LSSB Web site. Details of how to get CD ROMs and any paper-based material are also given from there. A regularly updated course guide is also provided to all participant organisations, giving details of available courses and how to access them.

The main didactic principles employed are to encourage reflective learning and, where possible, collaborative learning:

- **Reflective practitioner.** The learning material utilises the reflective action guide model (Rowntree, 1992) whereby activities incorporated to involve the learner are designed to allow for reflection on the applicability of theory to their own environment. The learner is required to consider his/her own actions critically and reflect on them in order to guide the learning experience.

- **Computer conferencing for group discussion and collaboration.** Within the given constraints some courses will take advantage of the opportunity for group discussion and collaborative activity.

- **Tutor support.** The role of an online distance tutor is different to that of a face to face tutor, so training is being offered to the LSSB tutors to help them adapt to the new requirements. This includes recognising the challenges associated with communicating in an online environment.
where no visual or audio clues are available to gauge the mood of the students.

Meeting user needs

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

We are pursuing two different methods of fulfilling these requirements. In the LSSB project, aimed at small businesses, we hope to satisfy some of the immediate technical requirements by means of a Web site with links to other sites with technical material. We aim to satisfy the longer term requirements by means of a series of mini courses delivered on demand via different media and supported by tutors. In the TRBDI project aimed at micro-businesses, we are focusing on face to face delivery of a series of topics at a time and place suitable to the participants. In both cases we believe personal reflection and collaboration between participants are essential parts of the process.

Implementation/evaluation

The LSSB project has started implementation of the distance courses. Implementation will continue over the next year with courses being added on a regular basis. Evaluation of the effect on the organisation has been built in from the start, and will be disseminated on a regular basis as implementation continues. The TRBDI project is also in the implementation phase and the effectiveness of the approach is being evaluated. Preliminary results from both projects are expected within six months.

Comparison of the evaluations for the schemes should give us an insight into the success factors of the two different approaches to SME training provision, and highlight those methods best suited to provision of training for SMEs.

References


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Note

1 Internal OUBS research project by John Allan and Jazz Webb considering the online behaviour of over 2,000 management students during 1996 and 1997, followed up by a survey in 1998 and 1999 of 17,500 OUBS students by the Open University Institute of Educational Technology.


Small Business Research Trust (1984-1999), NatWest SBRT Quarterly Survey of Small Businesses in Britain, Vols 1-16, SBRT.

