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Access to training and development in small and medium-sized enterprises: Employee's perspectives

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This paper provides an overview of a proposed study that aims to identify the perceived factors that prevent employees from initiating requests and participating in formal external employer-funded training and development opportunities within small and medium enterprises. While training and development has the potential to improve an employee's remuneration and increase their employability, the level of training and development in small and medium enterprises is well below that of larger organisations. Although the small business owners retain the final decision regarding employee access to training and development, the outcome is also dependent upon employees' decisions to initiate requests to participate in the available training and development opportunities. There is scant research into employees' perceptions of the factors influencing the participation in employer-funded training and development opportunities. This paper intends to address this gap in knowledge by conducting 20 semi-structured interviews with employees in five Australian small and medium enterprises. It is anticipated that the collected data will provide information on the factors that prevent employees from requesting and participating in training and development opportunities.

Introduction

Small and medium enterprises (SMEs) provide a significant contribution to the Australian economy by employing around 42% of the national workforce and producing 46% of the gross domestic product (Australian Bureau of Statistics 2010). Approximately two million businesses are categorised as SMEs throughout Australia (Australian Bureau of Statistics 2010). The performance of these businesses affects the lives of a significant number of Australians and is crucial to the sustained economic growth and employment creation. One means of improving performance in these businesses is through training and development (T&D) which has the potential to benefit both the business and employees (Storey & Greene 2010).

In regard to business benefits, a study by Bartel (2000) demonstrated that the annual return on investment in employee training ranged between 7 to 50 percent. These findings, together with the view that employee engagement in continuous T&D is necessary for achieving a competitive advantage (Garavan 2007, Tannebaum 1997) illustrates the importance of smaller businesses supporting these activities. The benefits T&D provide to employees include improved employability (Bulcher, Haynes & Baxter 2009) and an increase in earnings (Blundell, Dearden, Meghir & Suanesi 1999). Although these findings demonstrate the benefits T&D offers to both the business and employees there is substantial evidence that SMEs are less likely to provide access to formal T&D for their

employees than larger businesses (Bishop & Ritzen 1991, Johnson 2002, Kitching & Blackburn 2002, Kotey & Folker 2007, Storey 2004).

The discrepancy between SMEs and their larger counterparts is attributable to several factors including the greater barriers to T&D faced by SMEs (Devins, Johnson & Sutherland 2004, Kitching & Blackburn 2002, Kotey & Folker 2007). Several barriers are identified in the literature (see, for example, Johnson 2002, Storey & Greene 2010) with the common barriers being: (1) the actual cost of T&D; (2) the opportunity cost to SMEs as a result of T&D; (3) lack of suitable T&D opportunities for employees in SMEs; (4) owner-manager's fear that their staff will be 'poached' or that they will resign on completing the T&D; and (5) owner-managers hold negative attitudes toward T&D.

The relatively low level of participation in T&D in SMEs is perceived as being problematic from several perspectives. One such perspective is that neglect of formal HR practices might well hinder progress towards sustainable competitive advantage in smaller firms (Kotey & Folker 2007). It is also argued that lack of access to T&D opportunities hinders innovation in smaller firms. For instance, many independent small businesses do not have the training resources and knowledge to develop their staff to exploit fully the opportunities that T&D bring (Simmons, Armstrong & Durkin 2008). Another perspective is that lack of access to T&D opportunities may have negative effects on job satisfaction and organisational commitment (Pajo, Coetzer & Guenole 2010, Rowden & Ahmad 2000). From the perspective of SME employees, lack of access to externally-accredited training can weaken their employability and place them at a serious disadvantage in the external labour market (Ram 1994).

This paper describes a proposed exploratory qualitative study that seeks to develop an understanding of the factors prevent employees from requesting and participating in business sponsored external formal T&D opportunities. This knowledge may benefit employers by encouraging them to develop a more supportive environment to stimulate appropriate T&D requests and improve participation in these activities.. It will similarly benefit employees by facilitating the ability to request formal business sponsored T&D which will improve their employability and remuneration.

The following section describes the specific research objectives that define the scope of this study and the conceptual framework.

Research objectives and conceptual framework

This proposed exploratory study aims to identify the factors to initiate T&D from the perspective of employees within small and medium sized enterprises. The specific research objectives are to identify factors related to the:

1) employee that might limit access to formal T&D opportunities (e.g. lack of developmental pro-activity);
2) internal organisational environment that are perceived as barriers to T&D opportunities (e.g. resource constraints); and
3) external environment that are perceived as barriers to T&D opportunities (e.g. lack of suitable training).

The factors that influence employees to request access to formal T&D, or to decide not to participate in T&D are not well understood with limited literature focusing on this area. To bind this study a conceptual framework will be employed to help focus the investigation. An adaptation of Lewin's (1951) B-P-E model will serve as the conceptual framework for this study. According to Davis and Luthans (1980), the B-P-E model has been widely adopted by the organisational behaviour field as a theoretical framework to explain behaviour. The B-P-E model postulates that Behaviour is a function of the interaction between Person and Environment:

B = f (P, E).

In the context of the proposed study, the "B" in the B-P-E model denotes employee behaviour in regard to engagement in T&D opportunities. The "P" stands for Person (the employee), and includes any characteristic of the individual employee (for example, growth need strength, learning goal orientation, self-efficacy beliefs, developmental proactivity) that affects his or her level of participation in T&D opportunities. The "E" stands for Environment, and can include any factor in the work environment that might serve as a barrier to participation in T&D. The proposed study will include an exploration of selected individual characteristics that can be examined in a qualitative manner. Developmental proactivity is one such characteristic which defines a person's desire to develop oneself. However, the primary focus of the study will be on employees' perceptions of conditions in the work environment that serve as barriers to their participation in firm-sponsored T&D events.

Researchers have not been able to agree upon a single definition for the term 'training and development'. Therefore, this study will utilize the approach taken by Storey (2004) and emphasise the planned, structured and delimited nature of the activity to identify a formal T&D event, in contrast to informal training and educational experiences. The definitions for 'training' and 'development' differ in that training is related to the 'current job' while development denotes 'personal improvement'. Garavan (2007) defines training in terms of the effort to learn or develop new skills to achieve improved performance. Buckley and Caple (1995) also include the statement pertaining to the acquisition of abilities to perform adequately a given task or job. However, the definition for development focuses on the individual's development, long-term personal growth and career development (Winterton 2007).

Overview of factors influencing employee participation in T&D

The overwhelming theme in this field of research is associated with the barriers to T&D from the view point of the business-owner. Prior research into reasons for the relatively low levels of employee participation in formal T&D in smaller firms has typically involved surveys of owner/manager opinions. To illustrate, in Marlow's (1998) study a total of 28 owners or current directors were asked: 'What are major reasons why this firm has not utilised training/development initiatives?' The most common reasons were time and money. In Matlay's (1999) study, face-to-face interviews were conducted with 200 respondents in which they were asked about factors that were affecting actual provision of training. Three of the most important factors were cost of training, time constraints and lack of trainee cover. Kitching and Blackburn (2002) used a telephone survey to ask 1005 respondents their reasons for not wanting to provide more training for their workforces. Lost working time while workers are being trained and the financial cost of external training were the most

important reasons. Mitchell (2007) conducted interviews and focus groups with small business operators, training providers, business advisors, researchers and government administrators in Western Australia (WA). Participants were asked about the reasons for the lack of uptake of training by small business personnel in WA. Major reasons were the preference of small business to learn informally on the job and the tension between the extended time needed to undertake an accredited course and the preference of small business for just-in-time training to satisfy immediate needs. These four studies illustrate the predominant approach to studying the reasons for the relatively low levels of employee participation in T&D in smaller firms and highlight the lack of an employee perspective on the factors influencing participation.

There are a few researchers that have investigated other aspects of SME employee T&D. For instance, Coetzer and Perry (2008) conducted a study of 27 small engineering service organisations in New Zealand. The 27 interviews with owner-managers were conducted and the data analysed using content analytic procedures. The study found several factors that influenced employee learning including factors in the external business environment, work environment, learning potential of the job and learning orientation of the employee. The external business environment was further divided into learning stimuli and learning resources. The learning stimuli referred to factors that initiate learning such as changes in business regulations, advances in technology, customer requirements, customer expectations and competition. The learning resources referred to available resources used to provide the learning such as courses provided by trade associations or suppliers. The importance of external factors upon SMEs was also explored by Barrett and Rainnie (2002) who argued that an integrated approach could be used to analyse industrial relations within SMEs. Although this research did not focus on T&D it did highlight the importance of the relationship between a business and its environment. The above factors may provide the motivation for an SME employee to request access to a particular T&D event.

The outcome from a longitudinal survey of 1705 Australians by Tharenou (2001) found that participation in T&D was positively influenced by expectations of gaining valued outcomes and motivation to learn. This result reinforces the notion that participation in T&D may be encouraged by providing a level of motivation for the employees.

The design of a training program may also assist in achieving greater acceptance by the owner-manager. To illustrate, Johnston and Loader (2008) found that training products could be developed to address the concerns of SMEs and therefore encourage participation in training. This study identified several aspects of training products that if addressed had the potential to increase SME participation in training. These aspects included cost benefits, training needs analysis, awareness of training products, design and delivery characteristics, flexibility and informality.

Although scarce research has focused on employees' viewpoints, the available literature does provides a significant basis from which a list of factors related to employee instigation and participation in employer sponsored T&D can be derived. Grouping the factors results in three categories: Employee, Organisational and External. The factors associated with these categories are detailed in Table 10.

Table 10**:** Categorisation of factors influencing employees from initiating or participating in T&D

Employee	Organisational	External
Motivation (expectation of gaining value and motivation to learn)	Work environment	Learning stimuli (regulation, advances in technology, customer requirements, customer expectations and competition)
Learning orientation of the employee	Learning potential of the job	Learning resources (trade associations and suppliers)
Time constraints	Cultural (attitudes to skills development)	Design of training product (Cost benefit, appropriate training design, awareness of training, tailoring training product to SME requirements, flexibility and Informality)
	Employer support	Financial (cost of training)
		Access to training products
		Awareness of the training products

The Employee category contains the factors that are under the control of or are a characteristic of the employee. The employee's motivation (Tharenou 2001) may encompass an expectation of gaining value after completing T&D such as obtaining a promotion or pay rise. The motivation to learn (Tharenou 2001) is an individual characteristic which may change over a person's lifetime. The learning orientation of the employee (Coetzer & Perry 2008) encompasses an employee's interest in learning, which overlaps with the previous factor, but also includes lack of career motivation and poor work ethic. The time constraints (Matlay 1999) factor describes the availability of the employee to attend T&D. This category of factors corresponds with the 'P' variable in the B-P-E model.

The Organisational category includes the factors under the control of the organisation. The work environment (Coetzer & Perry 2008) factor is related to the learning potential of the job (Coetzer & Perry 2008). A job with low levels of complexity and variety will offer little or no opportunity for learning or motivation for T&D of the employee (Coetzer & Perry 2008). The culture factor and employer support (Sussman 2002) factors are also closely related. A supportive employer fosters a culture that promotes skills development and encourages employees to undertake T&D whereas a goal orientated employer will have little motivation to invest in T&D. This category of factors corresponds with the 'E' variable in the B-P-E model.

The External category includes the factors beyond the control of the employee and the organisation. These factors include influences from government policy and regulations, economic variations and commercial effects. The learning stimuli (Coetzer & Perry 2008)

encompass external changes such as government regulations, changes in technology, market demands, and level of competition and client requirements. These factors stimulate a need for employees to gain additional knowledge to complete their jobs at the required level. The learning resource (Coetzer & Perry 2008) covers the availability of supplier or association provided T&D. The design of training products (Johnston & Loader 2008) affects the likelihood of the training being approved by the employer. Training products that are priced too high, inappropriately marketed or structured incorrectly will be rapidly rejected. The financial factor (Lange, Ottens & Taylor 2000) simply refers to the cost of the T&D product. The access and awareness of training products (Lange, Ottens & Taylor 2000) rely upon the supplier appropriately marketing their products. This category of factors also corresponds with the 'E' variable in the B-P-E model.

Building on the B-P-E model the investigation will analyse the influence of the three categories upon employee's behaviour to request and participate in T&D activities. The above list of factors is not intended to be exhaustive but rather an illustration of the types of factors previously identified from current literature.

Significance of the proposed study

There are several reasons to study the perceived factors influencing SME employees requesting and participating in formal T&D. Firstly, the literature in the field is predominantly from the viewpoint of the business-owner (Devins, Johnson & Sutherland 2004, Taylor & Thorpe 2004. There is limited research that considers the perceived factors to undertake T&D from the employee's viewpoint. The proposed study attempts to fill this gap by making a contribution to the literature focusing on the factors influencing the initiation and participation in T&D from the employee's perspective.

Secondly, this study will provide advice to SME business-owners to facilitate an environment for their employees where they are encouraged to seek access to appropriate formal T&D opportunities. The identification of T&D requirements by employees working on the front line of the business has the potential to initiate continuous improvement leading to competitive advantage.

Thirdly, this study will provide advice to foster employee participation in formal T&D. The lack of employee participation in formal T&D activities results in a loss of investment in human capital, loss of potential productivity gains, and loss of future potential gains from newly gained skills and knowledge. These losses may be minimised by the business-owner understanding the factors affecting employees and developing strategies to minimise barriers.

Design of the proposed study

A qualitative methodology will be used to accomplish the research objectives involving the collection of data from site visits and in-depth semi-structured interviews. The participants will be recruited from five Australian small and medium sized organisations with the aim of securing a total of 20 interviews with employees. With the need to limit the number of sampling dimensions the type of organisation will be restricted to engineering services. This restriction focuses the research effort on an organisation type which must ensure their employees are technically skilled and remain abreast of current technologies and regulations. The organisations will be identified from a commercial database and organisations chosen to represent different types of engineering service firms thereby

allowing a common core of factors influencing the perceived T&D barriers to be identified. Engineering service organisation will be categorised into types of engineering services and then organisations chosen at random from each category. These organisations will be contacted and invited to participate in the study. If the organisation declines to participate then that organisation will be removed from the sample set and another organisation from the same category selected. This process will continue until five organisations have been identified. To facilitate the participation of organisations each organisation will be provided with an individual report outlining the specific finding in relation to the employees' perceptions of T&D in the organisation. The employee interviews may be held either during work or out of work hours.

Each firm will be visited by one member of the research team and the employee will be taken through a semi-structured interview schedule. It is anticipated that each interview will last between 45-90 minutes and with the participant's permission the interviews will be digitally recorded. The interviews will subsequently be transcribed. As soon as the transcript of an interview is available for review, it will be checked for accuracy and carefully examined repeatedly by the researchers. As recommended in the research literature, (Miles and Huberman, 1994; Patton, 1990) reflective remarks will be recorded in the margins. The final transcripts will hopefully provide rich, contextualised text will be used as the basis for analysis.

Teasing out themes, or looking for "recurring regularities" (Patton, 1990) in the data, will be the main tactic for drawing meaning from the data. This will involve looking for both recurring phrases in the verbatim expressions of informants, and threads that tie together data. To aid in the classification of textual interview data, codes will be developed for each theme. The contents of the data will then be classified in the theme in which it most clearly belongs by writing codes directly on the relevant data passages. One researcher will assess the reliability of text classification through coding and then later re-coding the same text. The other researcher will check the accuracy of the coding.

This study will be undertaken in strict adherence with the university's code of ethics specifically in relation to the collection of data from human subjects. Each participant will be provided with an information sheet and its contents explained. The information sheet will explain the objectives of the study and outline the confidentiality of the collected data and the participant's rights to terminate the interview at any point without explanation or refuse to answer any question. The participants will be asked to sign an Informed Consent Form prior to commencing the interview.

Conclusion

The semi-structured interviews are expected to provide a rich source of qualitative data and allow effective exploration of the factors influencing the initiation and participation in formal T&D events by SME employees. The semi-structured interviews will allow adequate opportunities for participants to expand upon particular topics while maintaining an overall order to the interviews. It is expected that participants will provide detailed accounts of actual situations where they have requested access to formal T&D opportunities and the request had been approved as well as incidents where the participant's request was declined. The manner in which the request was declined is expected to have an effect on subsequent formal T&D requests.

Similarly, it is expected that participants will detail situations in which access to a formal T&D event was offered to them but the participants failed to attend the T&D activity, declined the offer or attended but was not motivated to learning from the T&D activity. The appropriateness of the formal T&D activity will impact upon the likelihood of acceptance by the employees.

The findings of this research will assist SME owners/managers and employees to more efficiently utilise formal T&D opportunities to potentially create and maintain a competitive advantage for the business and improve the employee's employability and remuneration level. This study's results will equip SME owners/managers with the knowledge to provide an environment in which employees understand the limitations and requirements to request access to formal T&D activities. Participation in appropriate formal T&D opportunities could result in increased employee and organisational performance and improved employee motivation and morale.

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