

ISSN 1466-1535

**Contemporary Training Initiatives in Britain:
A Small Business Perspective**

SKOPE Research Paper No. 24, Spring 2002

Dr Harry Matlay, University of Central England Business School,
Birmingham.

Tel. 0121 331 6640
Fax. 0121 331 5222
E.Mail Harry.Matlay@uce.ac.uk

**ESRC funded Centre on Skills, Knowledge and Organisational Performance
Oxford and Warwick Universities**

Editor's Foreword

SKOPE Publications

This series publishes the work of the members and associates of SKOPE. A formal editorial process ensures that standards of quality and objectivity are maintained.

Orders for publications should be addressed to the SKOPE Secretary, SKOPE, Warwick Business School, University of Warwick, Coventry CV4 7AL.

Abstract

Introduction

The birth of the modern small business sector of the British economy can be traced back to the beginnings of the Industrial Revolution (Boswell, 1973). Until recently, however, its growth and development has been largely unnoticed and unrecorded (Matlay, 1996). During the 1960s business observers and commentators began showing an interest in smaller firms and their contribution to the British economy. The growing interest in the British 'Cinderella' generated a need for more accurate data and dedicated small business statistics (Matlay, 1994; Scott, 1986). Parliamentary lobbying led, in 1969, to the appointment of the Committee of Inquiry on Small Firms, which reported on its findings two years later (Bolton Report, 1971). According to Goss (1991:2), the Bolton Report was successful in quantifying, for the first time, the important contribution that the small business sector made to the stability and development of the British economy. It also identified the main problems and barriers associated with its inherently large size, diversity and turbulence (Matlay, 1998). One of the most important and worrying aspects to emerge from the findings of the report related to the lack of vocational education and training (VET) prevalent among small business owner/managers and their workforce. In the context of the ongoing training debate, this was widely perceived to confirm and reinforce the argument that endemic skills shortages resulted in loss of competitiveness at firm level and contributed significantly to Britain's long-term, relative economic decline (Matlay, 1997a).

Since the 'oil shocks' of the 1970s, skill shortages on a massive scale also appear to have been the main contributor to the paradoxical co-existence of widespread youth and adult unemployment alongside similar numbers of hard-to-fill vacancies (Matlay, 1997b). Importantly, skill shortages appeared to disproportionately affect the competitiveness of small and medium-sized enterprises (SMEs). The lack of a coherent small business agenda and related support infrastructure compared unfavourably with the strengthening industrial position of Britain's main competitors in Europe, North America and the Far East. Thus, while successive British governments struggled to come to terms with the nature, scale and turbulence of the domestic small business sector, in France, Germany, Japan and the USA supportive policy measures and innovative training initiatives ensured the growth and competitiveness of their SMEs. The 1979 election of Margaret Thatcher's Conservative government heralded radical changes and improvements in the British small business perspective. Issues related to entrepreneurship and small business development achieved political topicality throughout the long mandate of conservative governments (Matlay, 1999). Significantly, over the same period, the volume, scope and breath of small business research expanded in proportion with the vast public and private funds allocated to it (Matlay, 1998). The current Labour government acknowledges the crucial importance of the small business sector to the British economy and has pledged to continue research and support initiatives in this area (Corney, 1997).

The Role and Scope of Small Businesses in Britain

Numerically, small businesses represent the majority of the economically active units in the British economy. Although difficult to quantify, the impact of small businesses upon the socio-economic and political structure of the British society is considerable. Recent research has estimated that small businesses represented 98 percent of the overall industrial activity in this country (DTI, 1996). In terms of employment, the small business sector accounts for almost 70 percent of the total labour force (Storey, 1994; Stanworth and Gray, 1991). The Gross Domestic Product (GDP) contribution of smaller firms is estimated at 40%, a large proportion of which is attributable to micro-businesses that employ fewer than 10 individuals (Matlay, 1996). The small business sector also impacts positively upon new employment creation, a particularly relevant policy consideration during periods of economic uncertainty and recession. In contrast, research has shown that, in recent years, larger organisations have caused wide-scale unemployment through their restructuring, downscaling and repositioning strategies (Matlay, 1999).

According to Binks and Vale (1990), small businesses tend to exhibit a 'dynamic element' that links entrepreneurial activity to economic growth and rejuvenation. Small businesses are said to benefit from a number of strategic advantages, mainly in terms of flexibility and sustainable competitive advantage (Storey, 1994). Smaller firms are structurally adaptable and able to respond more rapidly to changes and new developments in market conditions (Bennett and McCoshan, 1993). By definition, entrepreneurship involves managerial skills and capabilities that render small businesses more responsive to structural and economic change (Carter and Jones-Evans, 2000). Flexibility and adaptability allow smaller firms to take advantage of rapid technological advances and new competitive processes, such as those evidenced by growth-oriented businesses operating in the 'new global economy' (Martin and Matlay, 2001; Matlay, 2000c). Furthermore, flatter hierarchical and control structures often facilitate the speedy introduction and development of innovative strategies and/or competitive decision-making processes.

A great deal has been written about the small business owner/managers' ability to read the market and their skills in redeploying human and financial resources in order to maximise the competitive advantage of their firms (Burns, 2001). There is, however, a growing body of empirical knowledge, which argues that the majority of owner/managers lack the necessary skills and competencies to accurately analyse market conditions or to speedily reallocate their scarce resources to maximise economic output (Matlay, 2001). It appears that even though competitive pressures and market conditions have changed substantially since the publication of the Bolton Report (1971) three decades ago, the levels of VET and skill of present day small business owner/managers and their workforce have remained largely the same. Specifically, the extent and intensity of skills shortages that affect the small business sector during economic cycles of recovery and growth are perceived to seriously handicap and frustrate efforts to sustain both the quality and the quantity of economic output in this important sector of the British economy

(Matlay, 1999). Furthermore, the persistence of medium- and long-term unemployment alongside hard-to-fill vacancies in Britain must cast doubts upon the relevance, efficiency and cost-effectiveness of training initiative in general, and those aimed at small businesses in particular (Matlay, 2002). This paper sets out to investigate six recent training initiatives in Britain and evaluates their impact upon small business owner/managers in terms of awareness, understanding, interest and actual implementation rates.

Research Sample and Methodology

In the conclusion to their study on training in small businesses, Westhead and Storey (1997) have identified a noticeable paucity of research that evaluates the long-term benefits of training provision in small firms. Furthermore, few research studies used control groups in order to compare and contrast training outcomes or to measure the effect of non-provision in closely matched firms. The authors advocated the use of sophisticated statistical techniques to establish the direction and strength of causal links between training provision and sustainable competitive advantage. It should be noted that although similar conclusions were reached by other academics active in the field of training and human resource management, some researchers use exclusively quantitative methods (Cosh *et al.*, 1998; Hendry *et al.*, 1995) while others show a marked preference for in-depth, qualitative studies (Curran *et al.*, 1996). In general, empirically rigorous and well-conducted quantitative and qualitative research studies tend to compliment rather than contradict their results (Matlay, 2000b).

The research study upon which this paper is based was designed to combine, over a three-year period (1998-2000), three investigative and analytical approaches. It involved an exploratory telephone survey of 6,000 respondents that were randomly selected from the Yellow Pages Business Database of Great Britain. The telephone survey was followed up by in-depth interviews conducted with a sub-sample of 600 small businesses and 120 matched case studies. A rigorous approach to data collection and analysis has allowed the triangulation of the overall results and the postulation of a number of pertinent policy recommendations.

Size Distribution and Composition of the Research Sample

The exploratory telephone survey, which was carried out between January and September 1998, involved a sample of 6,000 respondents that were randomly selected from the Yellow Pages Business Database of Great Britain (Table 1). The quantitative survey achieved an overall response rate of 87 percent. Those respondents who declined to be interviewed (13%) cited time constraints (7.9%), excessive requests from researchers (4.5%) and other factors (0.6%) as reasons for their unwillingness to participate in the study. No further efforts were made to contact or interview these owner/managers. The quantitative sample of 6,000 participating organisations comprised 2,129 respondents operating in the manufacturing sector and 3,871 from services. In order to provide a

rigorous basis for longitudinal analysis and comparison, the official European Commission (1996) size definition was adopted and strictly observed throughout the study.

Table 1. - Size Distribution and Composition of the Research Sample (N=6,000)

Size Band	Size Definition	Number of Employees	Manufacturing (N=2,129)	Services (N=3,871)
A	Micro-Business	1-10	1,675	3,062
B	Small Business	11-49	381	724
C	Medium-Sized	50-250	73	85

Numerically, service oriented businesses (64.52%) outnumbered manufacturing units (35.48%), a trend that seems to be characteristic of the contemporary British economy. Furthermore, micro-businesses (Band Code A: 78.95%) and small businesses (Band Code B: 18.42%) dominated the research sample (97.37%). In the case of micro-businesses (Band Code A), 1,675 were operating in manufacturing (35.36%) and 3,478 in services (64.64%). A similar distribution was observable in small businesses (Band Code B), amongst which 381 were manufacturing (34.48%) firms and 724 were providing services (65.52%). The medium-sized business sample (Band Code C: 2.63%) included 73 manufacturing (46.20%) and 85 service (53.80%) organisations. The size distribution and composition of the research sample closely reflect that of the British economy as a whole.

Training Initiatives and Their Impact upon Smaller Firms

According to the dominant training paradigm, small business owner/managers can seek relevant guidance and support from a wide range of sources, including trade associations, government-sponsored organisations, private training consultancies, clients, suppliers as well as other individuals connected with the business (Matlay, 2000). Arguably, in relation to both scope and availability of funding, government-sponsored initiatives could represent the most important and consistent source of training for small business owner/managers. Typically, this kind of training opportunity is widely available, well resourced and is supported by specialist expertise as well as an extensive administrative and marketing base (Matlay, 1999). Therefore, it would be reasonable to expect that government sponsored training initiatives - and in particular those that include specific small business remits - should be favoured by owner/managers in their drive for sustainable competitiveness. In practice, however, smaller firms tend to provide less formal training than their larger counterparts (Storey and Westhead, 1995). This paper focuses specifically upon six recent training initiatives in Britain, all of which included small business training remits. It evaluates the training impact of these initiatives upon

the small businesses in the research sample and measures their effectiveness in terms of awareness, understanding, interest and actual implementation rates.

1. Industry Training Organisations (ITOs)

Industry Training Organisations (ITOs) emerged at the beginning of the 1980s, following the dissolution of the tripartite Industrial Training Boards (ITBs) and the related training levy arrangements (Gospel, 1998). Even though ITOs are voluntary sector organisations they maintain close links with government. Government policy is perceived to impact considerably upon ITO training provision in terms of finance, remit, focus and performance measurement. Nevertheless, in terms of their development as training providers, the impact of ITOs was gradual and a large proportion of them only became operational during the late 1980s and early 1990s (Curran *et al.*, 1993). Similarly, ITO performance in relation to the small business sector has been uneven, due mainly to budgetary constraints and short-term strategies targeted to maximising returns (HOST, 1994).

Table 2. - Owner/Manager Awareness, Understanding, Interest in, and Actual Usage of ITOs

Band Code	Number of Employees	Industry Training Organisations (ITOs)			
		Awareness (%)	Understanding (%)	Interest In (%)	Actual Usage (%)
A	1-10	17.78	17.78	12.88	9.79
B	11-49	23.37	23.37	14.74	10.68
C	50-250	34.61	34.61	17.11	14.27

In total, only a relatively small proportion of owner/managers in the research sample were aware of the existence and purpose of ITOs (Table 2). In micro-businesses (Band Code A), 17.78% of the respondents claimed to have heard about ITOs. Although the same proportion of owner/managers understood their function in relation to business support and training, only 12.88% of them showed an interest in using their services. More importantly, just 9.79% of respondents admitted to have used the training-related services that were on offer at local or regional ITOs. In the case of small businesses (Band Code B), 23.37% of owner/managers claimed to be aware and also to understand what was on offer through ITOs. However, only 14.74% of these respondents showed any interest in their training potential and just 10.68% of small business owner/managers actually used ITO related training services. Interestingly, over one third (34.61%) of respondents in medium-sized businesses (Band Code C) were aware and also understood the ITO training and support activities. Significantly, however, less than half (17.11%) of

these were interested in this type of training and only 14.27% of them have actually used any of the schemes on offer. There was an obvious size related increase in the rate of awareness, understanding, interest and actual use of ITO training services within the sample. Nevertheless, considering the length of their operative status and the variety of training schemes on offer during their existence, it is surprising that only a relatively small proportion of respondents were aware, understood or showed an interest in ITOs. The even lower proportion of usage appears to point towards a considerable mismatch between specific small business training needs and the services on offer through ITOs.

2. Investors in People (IiP)

Investors in People (IiP) were launched in November 1990 amid a great deal of publicity. It has a relatively narrow remit, namely to actively encourage businesses of all sizes to make a public commitment to training. Importantly, IiP was ostensibly aimed at organisations of all sizes and economic activity, including micro-, small and medium-sized businesses (DTI, 1995b). In theory, the IiP 'Badge of Achievement' can be exhibited by accredited businesses as proof of their commitment to training and also as a guarantee for the quality of their products and services. The link between training and quality appears to be based on the belief that most of the firms that would achieved IiP status were also likely to continue training and developing the skills of their workforce, further enhancing their competitiveness in the marketplace. In order to facilitate training and human resource development (HRD) strategies, accredited firms can benefit from discounted training packages available from local, regional and national support agencies. An initial commitment to training would be supported and rewarded externally, not only in financial terms but also in other, less tangible but important ways. Successful firms would be targeted periodically, by the awarding TECs and other government support agencies, for regular training briefs and product updates (Rix *et al.*, 1994). In practice, local and regional TECs were the main drivers of this 'training scheme', both as providers and as assessors. TEC employees or their representatives would be called upon by owner/managers to draw up, assist and supervise the development of a flexible and updateable training strategy. With the help of an advisory team, aspiring firms would set out to achieve, within a relatively short time span, a national 'standard of training'.

Table 3. - Owner/Manager Awareness, Understanding, Interest in, and Actual Usage of Investors in People

Band Code	Number of Employees	Investors in People (IiP)			
		Awareness (%)	Understanding (%)	Interest In (%)	Actual Usage (%)
A	1-10	7.56	3.18	0.00	0.00
B	11-49	9.69	5.67	3.12	1.02
C	50-250	19.94	19.94	19.94	12.24

It appears, however, that despite concerted efforts and extensive advertising campaigns, the uptake of IiP amongst smaller businesses was very low (Table 3). In the case of micro-businesses in the sample (Band Code A) owner/manager awareness in IiP stood at 7.56% and understanding at just 3.18%. Importantly, none of the respondents in this size category showed an interest in IiP or set out to achieve accreditation. Amongst small business owner/managers (Band Code B) both awareness (9.69%) and understanding (5.67%) had increased, yet only 3.12% claimed to be interested in IiP endorsement. Significantly, however, only 1.02% of respondents claimed to have been successful in gaining the IiP ‘Badge of Achievement’. Better overall rates of achievement were reported by owner/managers of medium-sized businesses (Band Code C). In this size category, 19.94% of respondents reported an awareness, understanding and interest in IiP. Furthermore, 12.24% of these respondents also claimed to have successfully completed the accreditation process. This data appears to indicate that IiP is more useful for medium-sized businesses and their workforce. None of the owner/managers in micro businesses and very few in small firms seem to have been interested in formalising their commitment to training or in taking advantage of IiP support.

3. Business Links (BLs)

Business Links (BLs) first appeared in 1995 and a number of local and regional outlets were set up as ‘single point of access’ for businesses that sought easily available and comprehensive support for all their needs. The stated objective of BLs was described as outlets that could offer the full range of current and future DTI business services, including training and HRM support (DTI, 1995b). Furthermore, it was suggested that smaller businesses, in particular, would benefit considerably from a focal point of reference and a local outlet where owner/managers could find most, if not all the specialised support that they might need. Nevertheless, the target market that later emerged from the specific remit given to BLs seemed to exclude businesses that employed fewer than 10 individuals. As micro-businesses represent a large proportion of

the overall business population, the potential impact of BLs upon this important sector of the British economy was considerable diminished (Curran *et al.*, 1996:39).

Table 4. - Owner/Manager Awareness, Understanding, Interest in, and Actual Usage of Business Links (BLs)

Band Code	Number of Employees	Business Links (BLs)			
		Awareness (%)	Understanding (%)	Interest In (%)	Actual Usage (%)
A	1-10	1.56	1.56	1.42	0.77
B	11-49	7.88	7.88	7.42	3.25
C	50-250	34.15	34.15	31.78	25.83

The exclusion of micro-business owner/managers from the target market appears to have succeeded in barring the majority of them from using the services provided by Business Links (Table 4). Interestingly, however, 1.56% of the micro-business owner/managers interviewed (Band Code A) were aware and understood the type of services available in this type of outlets. In this size category, 1.42% of respondents indicated an interest in BLs and 0.77% claimed to have used some of the training and support available. Just over 7% of owner/managers in small businesses (Band Code B) were aware, understood and had an interest in the services available through BLs. However, only 3.25% of them claimed to have benefited from such training and related support. Just over one quarter (34.15%) of respondents in medium-sized businesses (Band Code C) indicated that they were both aware and versatile with BL type of services. Of these, 31.78% were interested in taking advantage of the training and support on offer and just over one quarter (25.83%) of respondents have indicated actual usage. Once again, it appears that, in common with similar government backed initiatives, BLs have made an impact mostly upon the owner/managers of the more sizeable businesses in the sample. Similarly, it seems that the specific needs of micro- and small business owner/managers and their workforce has been neglected or, at the best, marginalised.

4. Training and Local Enterprise Councils (TECs/LECs)

The influential White Paper 'Employment for the 1990s' was fundamental to the emergence of the now extinct Training and Enterprise Councils (TECs) in England and Wales and Local Enterprise Councils (LECs) in Scotland (Department of Employment, 1988). It outlined, in broad terms, the reasoning behind, and the justification for, the creation of these innovative training and support organisations. Furthermore, it contained a number of novel concepts and approaches that promised not only to revolutionise VET in Britain but also to provide comprehensive solutions to skills shortages across the

economy (Vickerstaff, 1998). The ‘new’ strategy to combat skill shortages incorporated the concept of employer involvement in, and responsibility for, the delivery and management of training (Matlay, 1996). Thus, TECs and LECs were devised to promote training solutions linked to the particular skill needs of a local workforce and, more importantly, to stimulate employer investment in training. Ostensively, this training initiative was intended to meet (quantitatively and qualitatively) the HRD needs of all employers, regardless of their size, sector of activity or location. This ambitious remit was to be achieved through a combination of local and regional enterprise support networks and specific national training programmes (Johnson and Gubbins, 1991). In terms of entrepreneurship and small business development, the launch in 1989 of TECs/LECs was perceived as the latest and most ambitious move to promote an enterprise culture in Britain (Storey, 1994). Since inception, a wide range of initiatives, styles and approaches has been used to further increase and/or focus the effectiveness of the training solutions offered by TECs and LECs. Nevertheless, due largely to the scarcity of independent research, the actual impact of this initiative upon national training standards remains difficult to ascertain.

Table 5. - Owner/Manager Awareness, Understanding, Interest in, and Actual Usage of TECs/LECs

Band Code	Number of Employees	TECs/LECs			
		Awareness (%)	Understanding (%)	Interest In (%)	Actual Usage (%)
A	1-10	8.21	8.21	7.85	6.42
B	11-49	17.10	17.10	15.66	14.21
C	50-250	42.41	42.41	40.51	40.51

The awareness, understanding, interest and actual usage of TECs/LECs amongst respondents in the research sample were comparatively high. In micro-business (Band Code A) 8.21% of owner/managers claimed to be aware of and understand the services on offer at their local TECs/LECs. A marginally lower proportion of respondents in this size category asserted that they were interested (7.85%) or that they have actually used (6.42%) the training on offer. Interestingly, in small businesses, (Band Code B) awareness and understanding of TECs/LECs more than doubled (17.10%). Similar rates of increase were recorded in term of owner/manager interest (15.66%) and actual usage (14.21%) of the training provisions available from TECs/LECs. Significantly better rates of TECs/LECs usage were exhibited by the owner/managers of medium-sized businesses (Band Code C): 42.41% of them admitted that they were aware of and also understood the remit of their local or regional TECs/LECs. Furthermore, 40.51% of respondents in this size band claimed to be both interested and to have used the training and support services on offer.

5. National and Scottish Vocational Qualifications (NVQs/SVQs)

According to Burke (1989), the National Council for Vocational Qualifications (NCVQ) framework and the related Scottish/National Vocational Qualifications (S/NVQs) were introduced in 1986, as the main driving force behind a ‘quiet revolution’ in the British VET system. NVQs in England in Wales and SVQs in Scotland are both underpinned by a system of competence-based education and training (CBET) that VET at all levels, from school to university (Hyland, 1994). Interestingly, although based on the same principles, there are subtle differences between NVQs and SVQs. In contrast to NCVQ, the Scottish Vocational Education Council (Scotvec) is both an awarding and an accrediting body (Matlay, 1999). Similarly, whilst NVQs are considered to be ‘industry-led’, SVQs are viewed as being mostly ‘education-led’ (Wojtas, 1993). A wide range of stakeholder, including policy-makers, educators, trainers, employers, academics and trade unions, claim to have an interest in, and to make a contribution to, the S/NVQ system of competence-based VET in Britain. From its conception, the evolving S/NVQ system of vocational qualifications was meant to play a significant role in the national drive to improve the skills and competitiveness of the British workforce in general, and in the small business sector in particular (Matlay and Hyland, 1997).

Table 6. - Owner/Manager Awareness, Understanding, Interest in, and Actual Implementation of NVQs/SVQs

Band Code	Number of Employees	NVQs / SNVQs			
		Awareness (%)	Understanding (%)	Interest In (%)	Actual Usage (%)
A	1-10	51.23	28.16	25.10	0.63
B	11-49	53.39	31.95	25.34	2.72
C	50-250	65.19	65.19	29.11	10.13

It is interesting to note that the overall rates of awareness, understanding and interest in S/NVQs in the research sample was considerably higher than in any of the other training initiatives reviewed in this paper (Table 6). Unfortunately, implementation rates in micro- and small businesses have remained disappointingly low. In micro-businesses (Band Code A), 51.23% of owner/managers were aware of their existence, 28.16% understood them and 25.10% showed an interest in this type of vocational qualifications. Despite comparatively high rates of interest, only 0.63% of respondents in this size category claimed to have implemented S/NVQs within their organisations. Similarly, in small businesses (Band Code B), 53.39% of respondents were aware, 31.95% understood and 25.34% claimed to be interested in S/NVQs. Nevertheless, only 2.72% of small business owner/managers actually used S/NVQs to train their workforce. In medium-sized organisations (Band Code C), awareness and understanding rates increased to 65.19% yet

interest was relatively low at just 29.11%. In terms of actual usage, only 10.13% of owner/managers in this size band have implemented S/NVQs in their firms. It emerged that most of the owner/managers blamed their low rates of S/NVQ implementation upon the complexity, time scale and expense involved in adopting the NCVQ framework of vocational qualifications.

6. Modern Apprenticeships (MAs)

The emergence of Modern Apprenticeships (MAs) and Accelerated Modern Apprenticeships (AMAs) was first flagged up in the 1993 Conservative government budget as a major new initiative aimed at remedying the skill deficiencies of the British workforce (Gospel, 1998). Initially, prototype schemes were launched in fourteen industrial sectors, as part of the overall training remit of the respective ITOs (Maguire, 1998). Beginning with September 1995, fully operational MAs were incorporated in more than 50 industrial sectors throughout the British economy (Everett *et al.*, 1996). The MA initiative was designed to include a number of traditional as well as new training features (DE, 1995). Under its terms, each individual case would involve a 'pledge' between employer and apprentice, as a formal agreement in which to set out the rights and the obligations of the parties to the training contract. The MA contract was intended to bind the parties to a long-term and mutually beneficial training relationship. It was meant to outline all the important aspects of the agreement, such as the quantity and quality of training provision, the qualification(s) to be attained and the completion period. Importantly, the modern apprentice was guaranteed, by the underwriting TEC/LEC, employee status and training continuity during the specified period of apprenticeship. The average MA was expected to last around three years, during which the apprentice was to receive a wage negotiated between the parties to the training contract. Significantly, most MAs were linked to industry-wide, competence based training targets (i.e., NVQ level 3) as well as 'core' skills such as numeracy, ICT, problem solving and team working. In terms of coverage, MAs were targeted at 16-17 year-olds and AMAs at 18-19 year-olds who possessed General National Vocational Qualifications (GNVQs). From its conception, this initiative was designed to offer greater flexibility for those trainees that sought alternative and/or interlinked pathways within the British VET system (DTI, 1994).

Table 7. - Owner/Manager Awareness, Understanding, Interest in, and Actual Usage of Modern Apprenticeships (MAs) and Accelerated Modern Apprenticeships (AMAs)

Band Code	Number of Employees	MAs/AMAs			
		Awareness (%)	Understanding (%)	Interest In (%)	Actual Usage (%)
A	1-10	7.62	7.62	7.62	5.83
B	11-49	15.48	15.48	15.48	13.76
C	50-250	39.24	39.24	39.24	34.18

Considering that MAs and AMAs are a relatively recent addition to the expanding portfolio of government backed training initiatives, related respondent awareness, understanding, interest and actual usage was comparatively high. Amongst micro-businesses owner/managers (Band Code A), 7.62% of respondents claimed to be aware, understand and also be interested in MAs/AMAs. Actual usage was confirmed by 5.83% of respondents in this size category. In small businesses (Band Code B), 15.48% of owner/managers claimed to be aware, to understand and to be interested in this training initiative. In total, 13.76% of respondents in this size band stated to have used MAs or AMAs in their firms. As expected, a much larger proportion of respondents in medium-sized organisations replied positively in relation to MAs/AMAs: 39.24% of them were aware, understood and had an interest in this training initiative while 34.18% claimed to use them for their HRD purposes. These responses were only marginally lower than those recorded in relation to TECs and LECs and were linked by most of the respondents to access to this type of training and support activity. As Learning Skills Councils recently replaced TEC/LECs, it would be interesting to see how such changes would affect the uptake of MAs and AMAs in the SME sector of the British economy.

Concluding Remarks

According to the dominant training paradigm in Britain, businesses of all sizes, location and economic activity could benefit from a wide base of training and support. Potentially, government-sponsored initiatives represent the most important and consistent source of training for smaller businesses. This type of training initiative is widely available, well resourced and is supported by an extensive administrative infrastructure. Even though some recent training initiatives have been in operation for long periods of time, independent research to evaluate their impact upon smaller firms is conspicuously missing from the specialist literature. Typically, the evaluation of training initiatives is undertaken by commercial organisations and tends to exclude businesses that employ fewer than 10 individuals. The exclusion micro-businesses tend to render the results open to misinterpretation and statistical manipulation. The research upon which this paper was based focuses upon six recent training initiatives that incorporated small business training and support components. The training initiatives under scrutiny were evaluated in terms of owner/manager awareness, understanding, interest and actual implementation.

It emerges that only a relatively small proportion of owner/managers in the research sample were aware of the existence of Industry Training Organisations and fewer still admitted to be interested in this type of training and support. Actual usage was recorded at 9.79% in micro-businesses, 10.68% in small business and 14.27% in medium-sized organisations. In view of their length of operation and the variety of training schemes on offer during their existence, the impact that ITOs had upon the SME sector of the British economy can be surmised as low. The data points towards an inflexible approach as well as a mismatch between the specific training and support needs of smaller firms and the services on offer through ITOs. The uptake of Investors in People amongst the smaller businesses in the research sample was very low. None of the owner/managers in micro-businesses showed any interest in IiP or set out to achieve accreditation. Even though awareness, understanding and interest had increased amongst respondents in small businesses, only 1.02% of them claimed to have been successful in gaining the IiP 'Badge of Achievement'. Higher rates of accreditation were reported by respondents in medium-sized organisations, amongst whom 12.24% claimed to have successfully completed the accreditation process. These results indicate that IiP was not perceived to be useful for micro- and small business owner/managers. In contrast, however, the IiP 'Badge of Achievement' seemed to be more valuable for the HRD strategies adopted in medium-sized organisations.

In the case of Business Links, the exclusion from their target of organisations that employed fewer than 10 individuals appears to have barred the majority of micro-businesses from accessing these training and support outlets. Nevertheless, 0.77% of owner/managers in micro- and 3.25% in small businesses admitted to have used the services available at their local BLs. As expected, a higher proportion (25.83%) of respondents in medium-sized organisations have used BL facilities as part of their training and HRD strategies. Training and Local Enterprise Councils appear to have been

more successful in providing the type of training and support that smaller firms seem to require. In total, 6.42% of respondents in micro-businesses and 14.21% in small firms claimed to have used the services provided by their local or regional TECs/LECs. In the case of medium-sized businesses, usage rate has increased to 40.51%. It remains to be seen if the Learning Skills Councils that recently replaced TECs/LECs could improve upon these usage rates.

The most disappointing implementation rates were recorded in relation to Scottish/National Vocational Qualifications. Despite improvements and enhancements that occurred over a prolonged period of operation, the competence-based system of vocational qualifications appears to have failed to make a significant impact on the training strategies of smaller firms. Despite comparatively high rates of awareness, only 0.63% of respondents in micro-businesses and 2.72% of small business owner/managers incorporated S/NVQs into their training strategies. Even in medium-sized businesses actual usage only reached 10.13%. Most owner/managers blamed their low rates of implementation upon the complexity, length of time and expense involved in adopting the competence-based framework of vocational qualifications. In contrast, over a considerably shorter period of time, Modern Apprenticeships and Accelerated Modern Apprenticeships had a higher impact upon training in the SME sector. In terms of usage, 5.83% of owner/managers in micro-businesses, 13.76% in small firms and 34.18% in medium-sized organisations claimed to have used MAs and/or AMAs as part of their training strategies. These results appear to indicate that MAs and AMAs were much better suited to the specific training needs and HRD strategies of smaller businesses.

This research has identified a number of common trends pertinent to the training initiatives reviewed in this study. While owner/manager awareness and understanding of government-sponsored initiatives was relatively high, interest and actual usage rates were comparatively low. There was a marked size-related increase in usage rates that held across the whole sample, regardless of age, location or type of economic activity. None of these initiatives appear to have made a significant impact upon either the skill levels or the competitiveness of smaller firms. Nevertheless, those initiatives that incorporated specific small business remits (i.e. TECs/LECs and MAs/AMAs) proved to be more successful in the SME sector than the more general training and support schemes available in recent years. It is suggested, therefore, that policy makers should consider the implementation of discerning training and support initiatives that would focus exclusively upon the specific needs of small business owner/managers and their workforce. Such initiatives would be more likely to succeed in raising the skill levels of the workforce and improve the competitiveness of businesses operating in this important sector of the British economy.

References

- Binks, M. and Vale, P., 1990, *Entrepreneurship and Economic Change*, London: Routledge
- Bennett, R. and McCoshan, A., 1993, *Enterprise and Human Resource Development*, London: Paul Chapman Publishing
- Bolton Report, 1971, *Report of the Committee of Inquiry on Small Firms*, Cmnd 4811, London: HMSO
- Boswell, J., 1973, *The Rise and Decline of Small Firms*, London: George Allen and Unwin
- Burns, P., 2001, *Entrepreneurship and Small Business*, Basingstoke: Palgrave Publishers Ltd
- Carter, S. and Jones-Evans, D., (Eds.), 2000, *Enterprise and Small Business: Principles, Practice and Policy*, Harlow: Pearson Education Ltd
- Corney, M., 1997, 'Beauty contest to woo the favour of small businesses', *Times Educational Supplement*, 28th February
- Cosh, A., Duncan, J. and Hughes, A., 1998, *Investment in Training and Small Firm Growth and Survival: An Empirical Analysis for the UK, 1987-95*, Research Report No.36, London: HMSO
- Curran, J., Blackburn, R., Kitching, J. and North, J., 1996, *Establishing Small Firms' Training Practices, Needs, Difficulties and Use of Industry Training Organisations*, DfEE Research Studies RS17, London: HMSO
- DTI, 1996, *Small Firms in Britain*, London: Department of Trade and Industry Small Firm Publications
- Goss, D., 1991, *Small Business and Society*, London: Routledge
- Hendry, C., Arthur, M. and Jones, A., 1995, *Strategy Through People: Adaptation and Learning in the Small-Medium Enterprise*, London: Routledge
- Martin, L. and Matlay, H., 2001 'Blanket Approaches to Promoting ICT in Small Firms: Some Lessons from the DTI Ladder Adoption Model in the UK', *Journal of Internet Research*, 11, 5, pp.399-410

Matlay, H., 1994, *Vocational Education and Training in the Small Business Sector: Some Empirical Considerations*, paper Presented at Research Seminar, Department of Continuing Education, Warwick University

Matlay, H., 1996, *Vocational Education and Training in the Small Business Sector of the British Economy*, Unpublished PhD Thesis, Department of Continuing Education, University of Warwick

Matlay, H., 1997a, *Skills Requirements of Small Business Owner/Managers: The Paradox of Youth and Adult Unemployment and Hard-to-Fill Vacancies in Britain*, Paper presented at the Skills and Enterprise Network Conference, Manchester, July 1997

Matlay, H., 1997b, *Training and Human Resource Management in Small Businesses: A Mixed Methodology Approach*, Paper presented at the VET Conference, University of Huddersfield

Matlay, H., 1998, 'The Paradox of Training in the Small Business Sector of the British Economy', *Journal of Vocational Education and Training*, 1998, 49, 4, pp.573-589

Matlay, H., 1999, 'Vocational Education and Training in Britain: A Small Business Perspective', *Education and Training*, 1999, 41, 1, pp.6-13

Matlay, H., 2000a, 'Vocational Education and Training in Small Businesses: Setting a Research Agenda for the Twenty-First Century, Editorial Article, *Education and Training*, 2000, 42, 4/5, pp.200-1

Matlay, H., 2000b, 'S/NVQs in Britain: Employer-Led or Ignored?', *Journal of Vocational Education and Training*, 2000, 52, 1, pp.135-147

Matlay, H., 2000c, 'The Future of Workplace Learning and Knowledge Management: A Small Business Perspective', *Journal of Management Research*, 23, 11, p.110

Matlay, H., 2001, 'Managing Training, Learning and Knowledge in SMEs: An International Perspective' *Education and Training*, 2001, 43, 8/9, pp.393-94

Matlay, H., 2002, 'Training and HRD Strategies in Small, Family and Non-Family Businesses: A Critical Perspective', Paper Presented at the HIRD Conference, Edinburgh, January

Scott, M., (Ed.), 1986, *Small Firms: Researching their Growth and Development*, Aldershot: Gower

Stanworth, J. and Gray, C., 1991, *Bolton 20 Years On: The Small Firm in the 1990s*, London: Paul Chapman Publishing Ltd

Storey, D., 1994, *Understanding the Small Business Sector*, London: Routledge

Storey, D. and Westhead, P., 1995, *Management Training in Small Firms: A Case of Market Failure?*, Working Paper No.29, University of Warwick: SME Centre

Westhead, P. and Storey, D., 1997, *Training and Development of Small and Medium-Sized Enterprises*, Research Report No.26, London: HMSO