WORKFORCE LEARNING IN SMALL TO MEDIUM ENTERPRISES
ABSTRACT

This short article considers if there are skills and knowledge that can be transferred from academia to SMEs (small to medium enterprises). It points out some of the fundamental difficulties at the most basic level, our understanding of differing organisational size and industry requirements and the corresponding contextual importance, and suggests ways in which more academic engagement with SMEs that may be mutually beneficial may be achieved. Thus the paper contributes to the lack of research into management and leadership in practice noted by a number of authors (Stogdill, 1974; Bryman, 1992; Gronn & Ribbins, 1996; Yukl, 2005). It also introduces a management classification system in an attempt to help to identify a manager’s training requirements.
INTRODUCTION

At a simply understood level management means to manage. This simple understanding though is difficult to understand fully unless the context is explained. For example, managing the country is different to managing a hospital ward, which in turn is different to managing a small manufacturing company of 3 employees. Large organisations have different structures and requirements (Man et al., 2001). This basic point is often overlooked and consequently the numerous management books devoted to management, with the ultimate goal being how to become a good manager do not seem to be making the impact intended. This immediately gives one fundamental issue with management; there are numerous articles and books on management with no hard evidence that as a society we fully understand what particular aspects of management we value.

For small to medium enterprises (SMEs), who generally do not have the resources, both money and staff time, for training and investment in any management training that they do not view as having an immediate benefit, the vast array of literature upon which management approaches to take compounds the problem. SMEs, due to their size and structure, also generally have nobody within the business with whom to benchmark management in their context. This is a significant disadvantage. Large organisations recognise management within their particular context, hence employees can identify management, good or bad, within this structure which are appropriate to their situation.

The importance of SMEs to the economy is not in doubt and the challenge for academia is to reach into SMEs and identify particular management knowledge that may be beneficial to the SME and then provide appropriate support.
WHICH KNOWLEDGE?

Most of the research into management, which really took hold following the industrial revolution and inspired by the French engineer, Henri Fayol (1841-1925) who was one of the first to identify specific core tasks. Fayol noted ‘’the significance of being able to identify certain aspects of the manager’s role that would be of help in recruiting and training (Brinkman et al, 2010), in the hope of being able to identify and train future managers. The research in academia that followed moved from the scientific (Taylor), to the human relations approach through to recognition of management more as an art (The art of getting things done through people described by Mary Parker Follet (1868-1933) – a woman ahead of her time in a predominantly male management era). This research has of course been centred on the large organisations that began to flourish over that period and consequently resonate more with that type of organisation. For example, the advice that was given to the ex-Chairman of Unilever UK, Gavin Neath, on his appointment was that he would be judged on the quality of the people he left behind. This is not the type of practical advice that is likely to be help to a small enterprise of less than 10 people.

It is recognised of course that the context (Would Nelson Mandela have been an exceptional leader without apartheid? Or Sir Alex Ferguson a good manager of a lower division football team rather than the enterprise that is behind one of the world’s most successful football clubs?). Perceptions of the team (managers need to manage someone) are vital but is it possible to identify some traits or skills that such easily identifiable managers and leaders possess that may make a difference to SMEs? In fact even our assumption of ‘good’ is contentious. Good management to the shareholder of a large organisation, often someone with no connection to the enterprise, does not mean the same as good management to an owner manager of a SME who knows each individual employee. There is then a
confusing difference (or not) between management and leadership. Which of the many ‘airport’ books are likely to benefit the SME manager?

Let us consider leadership first. As there is no academic agreement on what essential leadership competencies are most important, let alone if they can be taught or are effective (Collinson & Grint, 2005), we could begin with the three most frequent characteristics of a ‘good leader’ listed in a recent Department of Trade and Industry survey (www.dti.gov.uk). They are, in order of preference, *Enthusiastic, Champion of Change* and *Good Communicator*. This list offers some hope for many of the smaller SMEs were it appears that enthusiasm is a minimum requirement for success. Communication can also be improved in most organisations and managers and staff can be coached for improvement. Champion of change is likely to be inherent in most SMEs also as their very size usually allows for quick changes of direction driven by owner managers, probably more readily than in larger organisations. This list though has emerged from studies of large organisations which have different demands and constraints to SMEs. This is significant here for many leadership theories. For example, many managers in SMEs are more likely to have closer ties with the workforce than large organisations. Thus it may be that situational leadership (see Reddin, 1967; Hersey & Blanchard, 1988), where leaders change to be supportive or directive as the situation requires, is more implicit in SMEs than large organisations.

Another approach could be to consider the four most consistent characteristics of admired leaders identified by Kouzes and Posner (2002), *Honest, Forward-Looking, Competent and Inspiring*. This large scale piece of research over the last two decades (which aligned closely with a study in the UK by the Institute of management (Horne & Stedman-Jones, 2001)) listed these four characteristics as the ones people looked for and admired in a leader. It may be that some knowledge transfer in relation to supporting a manager to be
Forward-Looking may be possible (strategy tools and techniques etc.) but it is hard to imagine how the remaining three may be addressed.

Looking a little more closely at management there is a distinction inherent, for both the manager and organisation, when managers move along the bounded spectrum within which any manager can operate without exceeding the expected and implicit boundaries. Given the wide and varied range of managerial tasks and contexts, as recognised by many authors (Hales (1986) provides a comprehensive review) and recognition of individuals and managers pursuing goals that are advantageous to them (Mintzberg (1983), Pfeffer (1992), Pettigrew (1987), the spectrum suggested in this paper ranges from 1 to 5 in an attempt to keep classifications as simple as possible. The classifications relate also to how the manager perceives the role in relation to their career prospects and interests. This self-interest was recognised by Handy (1986), Mullins (1993) and Pfeffer (1978) who went on to identify rationality as being defined with respect to ordering of preferences.

CLASSIFYING THE MANAGER

The five separate classifications, 1 to 5, are defined as follows. Class 1 is more of an issue for the organisation than the manager. Here the manager is just about getting through the minimum amount of work required but has become a cause for concern amongst the more senior managers. Class 2 would also identify a manager with a similar stance to that of Class 1 however the distinguishing factor here would be the relevant expertise of the manager and its importance to the organisation. That is the manager has become essential to the organisation and hence they would find it difficult to achieve their objectives without this particular manager.

The middle classification, Class 3, relates to the characteristics of the ‘new’ manager. Still keen to investigate how the organisation operates, interested in what staff do and could do, happy to work with the current organisational culture. This is essentially an ideal manager
from both the manager’s and organisation’s viewpoint but is probably one of the hardest to maintain. Managers in this class will tend to revert back to class 1, 2 or 4 as they become more aware of the limits of their new role and what is expected of them. Class 4 identifies the manager who is seeking different approaches to tasks, eager to try new systems, develop staff, and change along with organisational culture change. For an organisation, Class 4 carries some risk, as the manager may attempt some change that is not in the organisations interests.

The final class, Class 5, is the manager who seeks wider responsibility within and outside the organisation. They are at the edge of leadership and management and are keen for colleagues to recognise that they have more to offer than their current position allows. This, along with Class 1, is the most dangerous category for both the organisation and manager to be in. For the manager there is the potential risk that by removing focus from their department it can quickly translate into a department ran by an ineffective manager and the organisation may have no current requirement for a leader.

The middle three classes, 2-4, are offered as the safe region for both managers and organisations, with 1 and 5 as concerns. Hence 1 and 5 are proposed as natural bonds to this spectrum. There is no claim made for any of the classes 2-4 being the more advantageous to any organisation. This simple classification introduces yet more complexity to identifying the training needs of a manager dependent on their spectrum position.

TEAM MANAGEMENT & LEADERSHIP

Competencies that may be more applicable to leaders of organisations that consist of a small workforce may be those identified by research into team leadership (Hayatt & Ruddy, 1997; LaFasto & Larson, 2001; Zaccaro et al., 2001). Here area of skills are identified which can be coached; Building team confidence, maintaining team goals, encouraging collaboration, matching skills to roles, setting priorities, etc. Many business schools will
already have experience of teaching and coaching in some of these areas. It is the context, relating the particular skill directly to the SME senior management team that holds out the possibility of more engagement with academia.

If we now turn our attention to management training which in the UK is predominantly the Chartered Management Institute (CMI). On their training page (http://www.managers.org.uk/management-training-development-and-qualifications) they split training into two sections, Personal Development and Organisational Development. Neither of these would appear immediately relevant to a SME of less than 10 employees (the largest category in the UK).

ENGAGING SMEs

In November 2011 the Confederation of British Industry (CBI) published a report recognising the contribution of medium sized industries to the UK economy (available online at http://www.cbi.org.uk). The report was based on interviews with CEOs of 100 businesses. It came to three broad conclusions, one of which was building up new skills and competencies. This was broken down into 5 areas; management capability, ability to harness talent, choosing the right finance strategy for growth, export capability and ability to innovate. Unfortunately, with respect to small enterprises, the report did not go on to expand how these could be achieved (e.g. under management capability they suggest that bringing in external management capability). The contention in this paper is that this is not going to engage a typical SME manager given that most SMEs do not have the resources (both time and money) to access developmental leadership training that they may perceive as being beneficial.

How can this training need be met? One immediate benefit that may engage a small organisation would be an improvement in the performance of their senior management team by focusing on the team. This would necessitate an academic engagement that could lead to
further team skill development where perceived weaknesses were uncovered. It would be essential however that some benefit to the organisation was apparent. This confidence could then be built on in order to undertake further research which would be beneficial to the SME and the researcher, and ultimately to the community at large. In other words, for SMEs that are under severe time and resource pressure, early wins are vital.

What aspects of team management would be useful? Team management, or Esprit de Corps as identified by Fayol, has long been identified as beneficial to an organisation (noticeably the term does not call up anything on the CBI search engine!). However there is not one identifiable UK body that appears to be an authority on this subject and although there is research on this topic in universities this is not readily accessible to SMEs.

The author of this paper was the Chair of a steering group for leadership development on Merseyside in the UK for 4 years and our task (4 Merseyside universities) was to engage with as many SMEs as possible. The aim of the steering group, and associated government funding of £4,000,000 was to provide training and development activities that they would find beneficial. The steering group did manage to successfully bring in large numbers of SMEs to business breakfasts (normally timed from 07.45 – 09.15 with a minimal cost) which allowed for short presentations and the chance to engage socially with other SME managers over breakfast. However, a time commitment of more than this, perhaps a full day, was a particular difficulty for them. Being away from a small business for a full day is a luxury that a SME cannot afford. Realising this, the steering group put their efforts into having relevant speakers (basic finance, HRM, business tax, etc.) who would have an immediate impact and relevance for them. It was this aspect that had the most positive feedback although they did also rate the chance to talk informally over breakfast to managers with similar problems to theirs.
CONCLUSIONS

The effort required to engage SMEs is not to be underestimated. This author’s own Business School had un-accessed funding for a number of years specifically for SMEs. However SMEs generally do not have the luxury of being able to release a member of staff for one day of training. Thus the benefits to them need to be immediately transparent and achievable.

There is no evidence that becoming a better manager or leader is a good thing for a company as we are unclear about how to define good. In fact taking a more ‘forward looking’ view of the company fortunes ‘where will we be in 10 years’ may mean missing the immediate current issues, something which for many small companies is not just a luxury but an imperative.

However taking a team management approach may offer a first step in a more beneficial longer term relationship with SMEs as this is understood more widely in both academia and small organisations. This collaboration between the academic world and SMEs, increasingly a government requirement, is a responsibility that universities must accept.
REFERENCES


Cliffs, NJ: Prentice Hall.


