

New Perspectives in Learning - Briefing Paper 26

Small Business Training and Competitiveness

Context of the Research

Considerable attention is now being given to the importance of European small and medium enterprises (SMEs) to increase their competitiveness and contribute to the employment generation within an increasingly globalised context. However, this depends on their ability to combine flexible production with the continual innovation of products and production processes. In order to achieve this, enterprises must learn to compete in a fast changing environment.

This project has aimed to identify the learning processes that lead to increased competitiveness of SMEs, and has described how these learning processes are shaped in different European cultural contexts, by looking at 24 SMEs in four different European countries (Austria, Italy, Norway and Spain).

Key Conclusions

The following conclusions were reached: -

1. SMEs find training courses too broad in scope, failing to meet their specialised needs. This issue is especially important for new employees with a need for specific technical knowledge/skills.
2. SMEs have low expertise in accessing training funds resulting in a lack of specialised training courses.
3. Universities and training centres do not always meet the training needs for new skills and knowledge derived from innovative processes.
4. Managers in some SMEs tend to work on many operational issues and do not plan their training needs.
5. Training serves not only to acquire new skills/knowledge, but also as a means of widening their network of market specialists.
6. There is an increasing need for multi-skilled employees.
7. Many SMEs appreciate language and basic software training (commodity training).

8. Projects involving customers, companies and universities foster innovation in SMEs.
9. Entrepreneurs with low technical skills use their network of colleagues and university faculty to evaluate company risk.
10. Some managers and entrepreneurs have stereotyped ideas about training courses. Lack of contextualization, cost and time lag before results appear contribute to this stereotyping.
11. The involvement of universities and research centres helps to create, store and disseminate knowledge, while SMEs bring flexibility, market orientation and creativity to foster innovation.
12. There is a risk that valuable, specialised knowledge will be lost if firms fail to get sufficient funding.
13. Some of the enterprises have had problems in accessing a skilled labour force.
14. Some SMEs are not aware of EU institution efforts to cut down red tape for improved interaction with local/regional/national/EU administrations.
15. Trust in markets facilitates the development of knowledge, the relationship among organisations and individuals and the creation of networks that facilitate knowledge storage.
16. SMEs acquire innovative ideas through trade fairs.
17. Financial assistance and consulting services provided by the public service are important, but SMEs still have difficulty utilising this knowledge to meet client and market needs.

Key Recommendations

The following key recommendations were made: -

Focused towards training policies

1. More, experience-based and tailored to particular needs, courses are needed where workers from various SMEs have to cope with the same workplace tasks and problems they would encounter.
2. The involvement of employee's associations and chambers of commerce in such initiatives should be encouraged.
3. New training programmes between universities and SMEs should be promoted to create training programmes to foster specific competencies for innovation enhancement.

4. Programmes that combine multi-functional skills should be promoted for SMEs in innovative markets with new processes.
5. In SMEs with low training levels, there is a need to promote courses that maximise network opportunities. Also, promote “commodity training” since it increases the future employability of workers.

Focused towards educational policies

6. There should be support for collaborative projects involving customers, SMEs and Universities in order to create “relational capital”
7. University-level exchange programmes between technical and business schools should focus on helping entrepreneurs in their start-up phase, in order, to increase likelihood of their business surviving and becoming successful.
8. Business schools and universities should mentor entrepreneurs, with an emphasis on personalised, practical education in the implementation of start-up business plans.

Focused towards SMEs policies

9. Support the development of venture capital funding markets for high tech SMEs as a way to increase funding possibilities and also to foster knowledge creation.
10. Facilitate the relationship between SMEs and Public Agents through the clarification, simplification and publication of main policy guidelines and objectives, further promoting the use of IT tools for communication purposes with SMEs in Europe.
11. There should be the creation of the contextual conditions to ensure trust in market relationships to facilitate the development of knowledge, the relationship among organisations and individuals and the creation of networks with strong knowledge storage capabilities.
12. Promote the role of “pioneering clients” among public institutions to facilitate access to financial assistance and consulting services to SMEs.

Further Information

Full title of the project - "Small Business Training and Competitiveness: Building Case Studies in Different European Cultural Contexts" with the final report completed early 2001.

[Full report](#), [Abstract](#), [Summary](#) [Partner details](#)

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