Understanding Learning in Small Business: Engagement and Support

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Stream B
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ABSTRACT
This paper reports on findings of a study that investigated how learning best proceeds in small business. The recent implementation of the Goods and Service Tax (GST) presented an opportunity for understanding how small business operatives learnt how to implement a new practice. Semi-structured interviews with thirty small businesses were conducted and case studies written for each. The small business operatives that appeared to learn the most about the GST were those who (i) were highly engaged in learning about the GST and (ii) accessed high levels of support from particular sources. A typology comprising dimensions of support needed and engagement by small business operatives was synthesised from the findings.

Keywords
Small businesses, learning, GST, Engagement, Support

INTRODUCTION
Organising and facilitating small business learning has long been recognised as being complex and resource intensive given their specific needs, a geographical distribution and the high cost to benefit ratio of providing tailored training and development opportunities. Moreover, small businesses consistently claim that structured vocational education and training (VET) fails to meet their needs. These courses are typically seen by small business as ill focused, inappropriate and often inaccessible. Hence, there is a need to understand how best learning support for small business might be organised. This includes identifying what are the initiators of small business operators’ engagement in learning and the kinds of support that they most value. Such a project needs to look beyond the provision of taught courses such as those offered by VET providers. This paper reports on findings from a National Research and Evaluation Committee funded project whose aim was to investigate how learning best proceeds in small business. The recent implementation by small business of the Australian Government mandated Goods and Service Tax (GST) with the completion of the Business Activity Statement (BAS) presented an opportunity for understanding how small business operatives learned how to implement a new practice. Previous research has shown that the preference of small business is towards workplace learning as opposed to participating in structured training. With this thought in mind, we were interested to investigate the different approaches to and ways in which learning about the GST occurred for small business operatives. To do this we conducted semi-structured interviews with thirty small business operatives and wrote case studies for each of the enterprises. The small businesses that appeared to learn the most about the GST were those that (i) were highly engaged in learning about the GST and (ii) had access to high support, in terms of expertise and other assistance. A tentative model presenting the combinations of the two categories, engagement and support, is presented and illustrations from the case studies included. The paper commences by discussing the significance of small business to the Australian community, current and emerging understandings of learning vocational practice and issues pertaining to learning in and for small business in Australia. Two key issues discussed here are the lack of participation of small business in structured courses and the centrality of the workplace context as a site for learning.

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SMALL BUSINESS IN AUSTRALIA

According to the ABS (2000), small businesses are those organisations that employ fewer than 20 employees. They also include ‘micro-businesses’ which employ fewer than five employees as well as ‘own account’ workers of which the owner or operative is the sole worker. In Australia, small business comprises a significant component of activity and employment. For example, approximately half of all private sector employment in Australia is provided by small businesses, which account for around 97% of all private sector businesses (ABS, 2000). Over half of these businesses have no employees other than the owner or operative. Therefore, small business represents a significant component of the national economic effort and the private sector workforce. However, small business is characterised as being reluctant to participate in vocational education, thereby not fulfilling certain expectations about contributing towards the development of a highly skilled workforce.

LEARNING IN AND FOR SMALL BUSINESS

Lack of Participation in Structured Learning for Small Business

Previous research has shown that the preference of small business is towards workplace learning, as opposed to participation in nationally accredited training such as that offered by the VET sector. The evidence consistently suggests the extent of enterprise expenditure on training correlates closely to enterprise size, with larger enterprises (in both the public and private sector) making considerably greater contributions than smaller enterprises (Billet and Cooper, 1997; Burke, 1995; Sloan, 1994). For instance, in a study by Billet and Cooper, 97% of large businesses and 79% of medium businesses reported expenditure on structured training, while only 18% of small businesses reported expenditure. The most common reason given for not participating in training by small business workers in a study by Baker and Wooden (1995) was a lack of need. Other reasons for low participation in structured courses include concerns about relevance and access. However, Roffey, Stanger, Forsaith, McInness, Petrone, Symes and Xydias (1996) and Coopers and Lybrand (1994) have highlighted small business disaffection with taught courses offered through the nation’s VET system, which small business operators often characterised as being ill focused, inappropriate and inaccessible. Therefore they are often reluctant to sponsor participation in these courses. Although it is true that many apprentices are sponsored by small business, these aside, it seems that VET courses often fail to fulfil expectations of relevant and specific vocational education.

Preoccupations with other priorities, such as keeping the small business afloat, and a lack of incentives for individuals to participate are seen as influencing small business participation in training (Wooden and Baker, 1996). Gibb (1997) suggests factors preventing those in small business from engaging in training are sector specific. These include the majority of the sector being self-employed, isolated, working long hours and being unable to afford time away from their business. Together, these findings identify factors that explain small business disaffection with participation in structured VET courses. Therefore, and given the scope of this disaffection, it is important to appraise other options to support learning for and in small businesses.

Learning in the Workplace

There has been a growing interest in Australia and internationally regarding the role and effectiveness of the workplace itself as an environment to develop vocational practice (Boud and Garrick, 1999). The direct guidance of others and indirect guidance available through observing and listening often provide a basis for securing learning through workplace activities (Billett, 2001) for workers including small business workers.
Small businesses nominate learning in the workplace or ‘learning as you go’ to be the best means of gaining business related skills (Coopers and Lybrand 1994). This approach is held to be (i) practical and hands on; (ii) the easiest way to learn; (iii) the quickest way to learn; and (iv) can be done as part of the job. Many other studies have also illustrated small business preference to learn from the workplace environment (see for example, Billett 1999; Kilpatrick and Crowley, 1999; Raffo, O’Connor, Lovatt and Banks, 2000). As an illustration, Raffo et al. (2000) found that entrepreneurs preferred learning in their workplace to structured learning that took little notice of their unique context and challenges. To them, learning occurred as a consequence of dealing with situated problems in their work environment, aided by self-reflection and seeking out advice from practitioners and mentors. Interactions with others, particularly with other business owners, is also regarded as an effective means of gaining skills, mainly because this provides a benefit to the business and is industry specific (Coopers and Lybrand, 1994). Roffey et al (1996) identified that family and friends are valuable sources of business advice to small businesses.

An important finding from a five year Federally funded program that identified several models of professional development for small business was that there is no single solution that enhances learning and training in small business (Kearney, 2000a, 2000b). Rather there is a range and combination of choices available to meet the needs and demands of specific small business contexts. The program identified a set of collaborative self-help models that were developed and trialled by small businesses. Amongst these were mentoring, networking and clustering, and diagnostic services. Kearney (2000b: 7) concluded that these and the other self-help models ‘represent the best hope for developing mini-in-house systems for small workplaces’. While these learning models are not new, they represent and reinforce preferred and successful ways in which small businesses already learn. They illustrate, too, that workplace experiences alone may be insufficient and combinations of support from local networks, mentors, such as consultants and others with expertise, and other small business operatives are likely to be required to augment workplace learning experiences. Central to this discussion is the interdependence between, on the one hand, the degree of energy and agency exercised by small business operators in identifying goals for learning and then realising that learning and, on the other hand, the kinds of and degree of support they will require to learn new practices and to monitor and evaluate that learning. These were the kinds of concerns that motivated the inquiry described and discussed here.

**METHODOLOGY**

The aim of the inquiry reported here was to investigate how learning a novel practice such as the GST occurred in and for small business. A sample of 30 small businesses participated in the first phase of the investigation (only the first phase of the study is discussed in this paper). These comprised enterprises of different sizes (i.e. micro businesses to those which employ 20 employees), locations (metropolitan and non-metropolitan) and specialisations (i.e. a range of focuses on goods and services). Owners and managers of small businesses comprised the informants interviewed for the study. The sample was drawn from the Brisbane metropolitan area as well as non-metropolitan areas in the Queensland. Assistance in locating these small businesses was provided by the small business community and the government partner. The main source of data was that elicited through semi-structured interviews with small business operatives to investigate how they learned to implement the GST and BAS. A set of questions was identified from the literature, fashioned into a schedule and then trialled prior to the commencement of the research. Three key questions on the schedule included (i) the level of the enterprises’ readiness to implement the GST and BAS; and (ii) the level of the enterprises’ hands-on engagement with the task; and (iii) who or what helped the enterprises learn about the GST and BAS. Each interview was audio taped and transcribed. From these transcriptions, 30 case studies were developed and returned to the small businesses for comment and verification. Responses to each of these three questions is considered, followed by discussion of a tentative model of learning developed from the case study data.
FINDINGS

The findings described here are those associated with small business preparedness and readiness to engage in activities directed towards learning new practices; the basis of their engagement in learning and the kinds of learning support that are identified as being the most salient and effective.

Preparedness for Learning

As was anticipated, the interviews revealed that the small business operatives had different levels of preparedness for implementing the GST. There appeared to be reasons for these differences. Firstly there were distinct differences in the levels of and kinds of business administrative capacities within the small businesses. Here some of the small businesses were well placed to learn the task of the GST because they possessed the administrative skills required, while others lacked these capacities. Secondly, the levels of technological readiness were different. For some small businesses, only incremental changes were required to enact the BAS and GST, yet for others, a new means of administration was required that involved more work.

Thirdly, there were differences in small business operatives’ interest in the task. For some, the administration of their business was an unnecessary evil; while for others it was central to their business practice and personal interest. Some of those engaged in the specific focus of their business activity (e.g. the optometrist and furniture upholsterer) were not really interested in the task of learning about the GST. Finally, the level of small business operators’ confidence was also a feature of their approach to learning about the GST. Those who had accountancy or book-keeping skills engaged with sources of information differently from those who lacked these capacities and confidence.

Engagement in Learning

In addition to descriptions provided by participants about the ways in which they prepared themselves (or did not prepare themselves) to learn about the GST, they also described experiences of how they approached the learning task. To augment these descriptions, they were asked to rank the utility of several categories or contributions to their learning of the GST from ‘indispensable’ through to ‘not useful’ and ‘not applicable’ or ‘irrelevant’. The categories included hands-on engagement of learning referred to as ‘just getting in and doing it’ as well as several categories that related to specific types of support (e.g. courses, Government support). The categories related to support are discussed in the next section.

The findings revealed that 24 out of 30 small business operatives ranked ‘just getting in and doing it’ as either being ‘indispensable’ or ‘very useful’ in assisting them to learn about the GST. Only two participants noted that ‘just getting in and doing it’ was ‘not applicable’ and one noted it was ‘not useful’. Small business operatives’ preference of ‘just getting in and doing it’ as a way of learning about the GST reflects current research which holds that learning in and at the workplace is an important means of gaining new workplace skills for small business (Coopers and Lybrand, 1994; Kilpatrick and Crowley, 1999; Raffo et al., 2000).

Support for Learning

Small business operatives were asked to rank the utility of particular types of support that assisted them in learning about the GST. Six categories of support that were identified in the literature as being important in helping small business operatives learn were proposed. These included ‘advice of other small business operators’, ‘local networks’, ‘consultants / tax specialists’, ‘courses’, ‘government support’, ‘industry association’, and ‘others’.
The contribution that ranked most highly was the support provided by ‘consultants and tax specialists’. Here 23 of the 30 respondents claimed these as being indispensable or very useful. Support from other avenues, such as the ‘advice of other small business owners’ and ‘local networks’ were seen to be of a lower utility. For instance, six respondents claimed that this advice was indispensable or very useful, and seven respondents claimed the same about local networks. Although ‘courses’ carried the highest frequency of being judged ‘not applicable’ (i.e. ten respondents), it was found that when they were accessed they were viewed as being of greater rather than lower utility. Both ‘government support’ and ‘industry associations’ shared a mixed review of their usefulness with similar numbers referring to their high and low utility. Among other categories of those seen as ‘not applicable’ were ‘local networks’ (seven respondents) and ‘industry associations’ (eight respondents). The contribution of family members to learning was the most frequently nominated ‘other’. This type of support has been reported in the research (see Roffey et al., 1996)

A TENTATIVE MODEL OF LEARNING: ENGAGEMENT AND SUPPORT

That ‘just getting in and doing it’ (i.e. engaging in and with the task) and ‘tax consultants and tax specialists’ (i.e. local sources of support) emerged as the two strongest contributions to small business operatives’ learning is not surprising. As identified previously, empirical research has shown that small business operatives prefer learning that is hands-on, immediate and emerges from their specific work context. The other strong contribution, ‘tax consultants and tax specialists’, was also to be expected given the nature of the tax related initiative and the need for expert advice in this regard. The reliance on tax consultants and tax specialists highlighted the point that small businesses were required to move outside their enterprise to secure knowledge not available within it.

The findings revealed that while there were different starting points and different levels of preparedness to learn about the GST across the thirty enterprises, there were also two common bases for learning. These were that the business operatives learned how to implement the GST by (i) engaging in the learning and (ii) by accessing particular types of support and expertise. On a closer examination of the case study data, a pattern emerged which showed that there were four possible combinations of conceptualising the twin issues of engagement and support. These combinations included high engagement + high support; high engagement + low support; low engagement + high support; and low engagement + low support. These are illustrated in Table 1. The next part of the paper discusses each of the four combinations with an illustration from the case study data.

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<td><strong>High Engagement + High Support =</strong></td>
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<td>Engaged and Demanding Learners</td>
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<td><strong>High Engagement + Low Support =</strong></td>
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**High Engagement + High Support = Engaged and Demanding Learners**

This combination was reflected in the stories of small business operatives who were highly engaged in learning about the GST and who took the opportunities to learn from as many sources (both human and intangible) as they could. They were ‘engaged and demanding learners’. The approach to learning taken by Graham and Rosita, joint owners of a franchised grocery store and newsagency, is illustrative of a small business that was highly engaged in the learning and sourced many avenues for opportunities to build upon their knowledge.

**Graham and Rosita (Retail Franchisees)**

Prior to the GST implementation, Graham and Rosita and their two administrative staff embarked upon a comprehensive learning process to understand how to implement the GST and complete the business activity statements (BAS) that followed. An outcome of the owners’ preparation --- comprising lots of time and effort --- was their capacity to work with and prepare their staff for this change. The owners attended seminars provided by government and the industry sector and engaged with materials provided by the Franchise company, through which their businesses operate. Graham was selected by the Franchise company to be on a company-wide implementation team, which provided additional opportunities for him to learn about the concepts behind and practices required to comply to the requirements of the legislation. They also employed a financial consultant to work with them through this period. The consultant had an intimate knowledge of their small business and was able to provide pertinent and context specific advice.

Prior to the implementation, the owners attended many courses on GST for which they paid, and attended two free courses offered by Government. The owners elected to divide the implementation tasks between themselves. Graham took a leadership in the learning about and implementation of the GST, while Rosita took responsibility for the procedures required to fulfill the requirements of the quarterly BAS. They also had to learn to use the computer systems more effectively and to sort through problems with the software they had purchased to administer the GST. Rosita had to learn to administer insurance, superannuation, work cover, payroll, purchasing and costing and reporting these appropriately for the BAS, which she says was at first ‘a nightmare’. The preparatory work was focussed on putting in place procedures to ease the administrative demands of the business activity reporting system.

**High Engagement + Low Support = Independent Learners**

This category, high engagement and low support, reflected small business operatives who were highly engaged in the hands-on learning about the GST yet very selective in their use of support. These enterprises were those that tended to be more self-sufficient, independent problem solvers, who sought advice or support only when they were unable to resolve the problem themselves. This combination worked well for small business operatives who had finely developed administrative and analytical skills. The illustration of Frank is typical of this category since it shows an operative with advanced skills developed from previous work and life experiences who approached the learning task in an analytical and autonomous manner.

**Frank – information technology business**

Frank, his wife and son are co-owners, co-directors and sole employees of a small business that sells computers and computer-related technologies. Frank’s major responsibility lies in the administration of the business. Frank’s base preparation was undertaken through reading the GST information provided by government and considering how it would impact on his business activities. Frank did not specifically use the services of his accountant to implement the GST, although he took the opportunity provided by the annual visit to ratify and clarify a few issues. It was through a process of working through the task that Frank came to understand some of the complexities and the simplicities of the GST and refine his approach.
to it. He was very self reliant and directed in his implementation and learning. Most difficult tasks were understanding the construct of the BAS, and then adapting his accounting software to accommodate these requirements. Frank suggests that his existing capacities permitted his independent approach to learning how to implement the GST.

Frank also helped some other small business operators out. He noted that they seemed to have difficulty grasping the concept of how credit as well as liability for GST is accrued. Through his interactions with them, principally through the tennis club, Frank was able to hone his understanding of the GST in applying its principles to the business practices of his associates at the tennis club.

Low Engagement / High support = Delegators

The combination of low engagement and high support represented those enterprises that entrusted the major responsibility for implementing the GST to others, such as family members or accountants and book-keepers. These operatives could be described as ‘delegators’. This was particularly the case for Neil, the furniture upholsterer and retailer, since he delegated the implementation of the GST and completion of the BAS to trusted others, while he continued to pursue the focus of his business, the design, manufacture and sale of furniture. The decision to have minimal involvement in the day-to-day engagement of learning about the GST did not create any problems for operatives who were able to access (and, in some cases, pay for) expertise and support.

Neil – furniture upholsterer and retailer

Neil and his wife are partners and owners of this family business. The main focus of the business is the manufacture and reupholstering of lounge suites and other furniture. Neil said his way of approaching the task was to take one day at a time, on occasion ‘winging it’ while the system was being put in place. Neil had a trusting relationship with his accountant with whom he had done business for 20 years, so he felt confident in using this person as a source of support. He had a series of meetings with the accountant, his wife and their bookkeeper to make a list of things they needed to do and things to avoid doing. Part of his preparation for the GST and for the BAS was to delegate the financial recording and bookkeeping to the experts - his accountant and the bookkeeper. This left Neil free to pursue the aspects of the business which were his speciality, including the design, manufacture and sales of furniture. Then Neil proceeded to do all the repricing as he knew the stock and costs very well. He found this task quite easy. However as far as administering the forms and compiling the tax payable, Neil found this task quite daunting and confusing. He delegated this task to the bookkeeper and relied on his accountant to give support and advice to her. He involved himself only on a need to know basis, preferring to pay good money to the professionals trained in business and financial administration. Learning to implement the GST for Neil, then, involved attending a couple of seminars to gain an overview of the changes. The seminars were more for his own overview, rather than to prepare him to undertake key financial responsibilities; such responsibilities were going to be carried out by trusted professional colleagues.

Low Engagement + Low Support = At Risk Learners

Of the four combinations, low engagement and low support represents the most problematic learning combination and is described here as ‘at risk’. It is problematic because low engagement coupled with low support suggests that limited learning is likely to occur. Possible reasons for low engagement in the learning may include little interest, limited confidence in undertaking the task, limited administrative capacities or limited skills, while minimal support may be due to a host of reasons such as the operatives’ inability to pay for or access timely advice that meets their specific business needs. Interestingly, none of the thirty small businesses fell into this category of the combination of low support and low engagement. Perhaps this was because the practice to be learned was mandated by government. Therefore, businesses had little or no discretion in whether they learned about it,
although they were able to exercise discretion in the depth and scope of their learning about the GST. However, some small businesses appeared to be more at risk than others. They were those reluctant to engage others for advice and those operatives lacked the capacities to respond to the challenges posed by the GST. Also the scope of the learning task for some of these enterprises was quite daunting. For instance, some had to confront using electronic means for administering their business for the first time while simultaneously attempting to understand a taxation system that had significant impacts upon their business.

**DISCUSSION AND CONCLUSION**

At least two important issues emerged from this study and these were (i) the centrality of the workplace as a site for engaging in learning; and (ii) the role of localised support in augmenting learning. It was found that most of the small business operatives were engaged in learning about the GST to various extents. In most cases, the operatives engaged fully in the learning and became more competent in the process as time passed, whereas in other cases, their engagement in the learning was minimal since entrusted others continued to support them in fulfilling the requirements of the GST. As has been noted (Billett, McCann and Scott, 1998), the extent to which small business operatives decide to engage in learning opportunities is determined by individual agency: that is their energy and commitment to learn these practices. In this study, a range of factors such as the individuals’ attitude toward the learning; confidence and approach; interest in the task; capacities and skills; and access to support and networks, impacted upon the degree to which learning about the GST proceeded.

In keeping with the findings of other research (Billett, 2001), the workplace was viewed as insufficient on its own as a key site for learning about the GST. In this study, not all of the knowledge required to implement the GST was found in the workplace. For this reason, operatives sought combinations of support from other avenues. Categories of support included other small businesses, networks, community groups, local affiliations, local experts and family members. Research by Kearney (2000a, 2000b) found that particular types of localised support are critical for small business learning. While some of this support was already part of the structure of the business prior to the GST implementation such as the family accountant and family members, other support was ‘external’ to the business and included, for example, structured courses and seminars and particular types of Governmental support. It seemed that the most valued support was characterised by familiarity with the particular enterprise’s needs and/or understanding the kinds of issues that the enterprises would confront as well as trusted relationships.

Although this study was concerned with the specific question of how small businesses learned how to implement the GST and undertake the BAS, the findings suggest that there are some important lessons generally about how particular kinds of practices are likely to sustain small business learning. Four key implications of the current study are now discussed. Firstly, it would seem that government agencies interested in assisting small business learning should consider ways in which they could develop a localised culture of support for them. For example, one way of achieving this could be to do work through existing industry groups, professional groups and community organisations. Such partnerships would utilise existing affiliations and create learning spaces and opportunities for small enterprises. Secondly, small businesses themselves need to interact with other small businesses and participate more fully in networks. In this way, mutual support and information exchange are provided (Kearney 2000b). In the study, the businesses that were most at risk were those that were unable or unwilling to engage with appropriate sources of guidance and support. Thirdly, short courses that are relevant, short-term, and seen to address a ‘just in time’ problem are those that are preferred by small businesses. For this reason, more short courses that are relevant to small businesses, accessible and supported locally are likely to be those as effective in meeting their specific learning needs. Finally, small business operatives will need to take some responsibility for their own learning. Thus, it will be incumbent on them to secure the kinds
of advice and support that is appropriate to their needs; engage with support agencies, participate in courses; and develop relevant networks for mutual exchange. Ultimately, small business operatives will need to realise that learning is an ongoing and lifelong activity, and a necessity for their continuity and survival.

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