A hard ask: VET and Small Business

Author
Billett, Stephen

Published
2000

Journal Title
Australian Vocational Education Review

Copyright Statement
Copyright 2000 Griffith University : This is the author-manuscript version of this paper. This publication is available online - use hypertext links.

Downloaded from
http://hdl.handle.net/10072/3013

Link to published version
Governments in Australia have sought to enhance small business participation in vocation education and training (VET). However, there are few tasks within VET policy and practice that could be guaranteed to draw a more wearied response from those who have to realise this goal. Small business has long demonstrated a lack of interest in and reluctance towards involvement in structured VET, thereby making this a particularly difficult undertaking; a ‘hard ask’. It is proposed that improvements in the attitudes towards and participation by small business in VET will require changes to some current orientations to policy and practices within vocational education. These changes will likely include dismantling some of the regulatory approaches to VET premised on industry needs and the market-based focus shifting instead towards local vocational education provisions that are strategic, supportive and accepting of a wider definition of what comprises participation in VET. The case is structured by first delineating the scope of the task, by identifying factors that constrain small business participation in VET and those likely to realise fuller participation. In addition to describing the scope of the problem and its terrain, this analysis is used to identify factors likely to encourage small business participation in VET. The paper concludes with proposals for re-framing VET to enhance the prospect of small enterprise participation.

It is, however, necessary to first discuss why governments are interested in enhancing participation by small enterprises in VET and, second, what comprises that participation. There seems to be at least four reasons for governments’ interest for enhancing participation in VET: (i) developing a skilled workforce; (ii) sharing the cost and responsibility for that development; (iii) supporting enterprise productivity and profitability, and; (iv) developing individuals’ skills for work. Taking the first of these, governments are concerned that national workforces are skilled enough to produce goods and provide services in an increasingly globalised economy, that are both import-competing and exportable. In Australia, successive governments have emphasised the need to have a skilful and adaptable workforce for these reasons. Reforms of both the labour market and the nation’s vocational education systems were premised on creating the ‘clever country’ (Dawkins & Holding 1987). However taking the second point, governments are concerned that the burden of the development of national skillfulness is not to be wholly borne by the public purse (Deveson 1990). Instead, this burden...
is to be distributed across both large and small public and private sector enterprises, and failing that, individuals themselves. Enterprise sponsorship of VET has become quite critical with a decline in support of traditional provisions, such as apprenticeships, in both the private and public sector. Many government utilities, in their new lean corporate roles are unwilling to continue past practices of preparing apprentices surplus to their own needs. There has also been a corresponding decline of sponsorship within large private sector enterprises who, when they do, have training that is often of shorter duration and increasingly enterprise specific (Billett et al 1997). Given these circumstances, governments are anxious to engage enterprises of all sizes in the participation and sponsorship of VET. Small business employs a significant portion of the workforce, and is currently seen as not fulfilling its obligations in the workforce’s preparation. Fourthly, small business workers may be disadvantaged and their contributions to national goals of skillfulness undermined unless these enterprises participate actively in developing skills. This reluctance has been exacerbated by a shift to position skill development as being more the responsibility of each individual, rather than their employers.. The reconstruction of lifelong learning as an economic imperative, rather than focussed on personal development is evidence of this shift (Forrester et al 1995). Having failed to secure a robust commitment to the sponsorship by enterprises for training, governments are now transferring that responsibility to individuals. Equally, many contemporary industrial relations practices are eroding the traditional relations between employers and employees (Kempernich et al 1999. Therefore, it is inequitable and unreasonable for government to place responsibility on individuals for maintaining their skillfulness when these individuals may have been unable to secure support through this endeavor in the workplace.

So given the contractions of the sponsorship of VET elsewhere, and growing concerns about likely skill shortage to which neither large public or private enterprises seem willing to respond, the need has grown for small businesses to contribute to and sponsor the development of the nation’s skillfulness.

It also important to consider what actually comprises participation in VET. The kind of participation usually most acknowledged is involvement in nationally endorsed, certified and accredited structured courses. These courses are determined by industry spokespersons, framed and implemented under guidelines which are the subject of accreditation procedures and that sit within government mandated frameworks. This definition of participation is consistent with government’s desire to control the purpose, content and outcomes of VET including adherence to industry standards. It also permits easy indicators of commitment in terms of the quantum of courses or modules undertaken. However, skill development is not restricted to participation in ‘formal’ programs. Much learning takes place as part of everyday activities. One reason Japan fares so poorly on international comparisons of training effort (e.g. OECD comparisons) is that much of the skill development occurs outside of ‘formalised’ courses (Dore & Sako 1989). This type of skill development is not well represented in data that captures course attendance and completions of the kind that OECD comparisons are premised. Nor is this kind of skill development recognised as a legitimate component of government reform (Gibb 1997). So when considering small enterprises it is necessary to consider whether the narrow or the broader definition best represents an approach to skill development that reflects a means to facilitate greater participation in VET. In doing so, it is also necessary to consider the quality of such outcomes and the consequences for small businesses workers.

**Small business participation in VET**

Small business in Australia comprises a significant source of economic activity and employment. Just over half of all private sector employment is provided by small businesses that account for around 97 per cent of all private sector businesses (Australian Bureau of Statistic (ABS) (1995a). However, over half (54%) of all small businesses have no employees. This suggests that small and micro-businesses are likely to have quite different organisational characteristics than larger enterprises. Also, a large portion of small businesses’ concerns about the development of skills will be a decision about personal development, rather than about employees. According to the same report, in 1995-96 small
businesses contributed 57% to total job generation compared with 28% for medium business and 14% for large business. Although over half (54%) of the small business employment generation was attributed to new businesses, they also contributed to 56% of total job losses (ABS 1995b). These figures indicate the volatility of the small business sector, itself not a condition that encourages sponsorship of skill development.

The ABS (1996) defines ‘large businesses’ as those employing 200 people or more, ‘medium businesses’ employing between 20 to 200 people, and ‘small businesses’ as being those with less than 20 employees. Given the scope of the businesses in the discussion that follows, there are also ‘micro-businesses’ employing less than 5 employees as well as ‘own account’ workers or self-employed, owner/operators of small business with no employees. So although, the official definition of small businesses is enterprises with between 5 and 20 employees, it is necessary to extend the discussion to micro-businesses and ‘own account workers’, given the role they play in economic activity and concerns to maintain their viability and possible development. For instance, a whole range of small businesses with fewer than 20 employees play a significant role in the production of goods and service. (e.g. motor mechanics, hairdressers, repair workers, bakers, child care workers, small schools etc). So although these small enterprises may not in themselves be the source of significant employment growth themselves, collectively, they still represent bases for skill development and, perhaps, employment growth. It would be inappropriate to prejudice against these enterprise because although large in number, they individually are not a convenient base for skill development, in the way that large numbers of employees are in bigger enterprises. Importantly, further, these enterprises play a role in economic activity that may have synchronous impact on employment, development or even viability of other enterprises, particularly in the locality.

A review of recent research indicates why increasing small business participation in VET is viewed as a ‘hard ask’. Small business commitment to VET is, at best, weak. Enterprise expenditure on training correlates to enterprise size with larger enterprises (both public and private sector) making considerably greater contributions than smaller enterprises (Burke 1995, Sloan 1994). Overwhelmingly, the data indicates that small businesses are reluctant to participate in or sponsor vocational formalized education provisions. It has been shown that that 97% of large businesses and 79% of medium enterprises reported expenditure on training, whereas only 18% of small businesses reported expenditure (Billett & Cooper 1998). This data suggests that 82% of small businesses, which as a sector comprises over 50% of the private sector workforce, do not spend money on training (Gibb 1997). Using ABS Training Survey data, Baker & Wooden (1995) found that 87.4% of workers from small enterprises indicated that they had not received any formal training in work time during the previous 12 months compared with 56.7% of workers from large enterprises. The most common response given for not participating in training by workers in small businesses was that there was no need for training, ie. the workers felt adequately trained for their jobs and training would make little difference to improved job prospects. More than this, Coopers and Lybrand (1995) found that no matter what VET sector does, one third of small business state they will remain unlikely to use external training. Therefore, in terms of small business participation in structured courses, the current level of participation is low and the future prospects seem limited by entrenched perceptions of the worth of such courses.

Relevance, enterprise characteristics and access
Small business disaffection with educational programs are founded in concerns about relevance of and access to courses, the character of small business and small business growth. The relevance of externally-provided training is commonly criticised, regardless of who provides these programs. As cited in Kempernich et al (1999), Barrera and Robertson (1996) found that existing small business management training is comprehensive and available in a variety of flexible delivery modes both for metropolitan and country students. However, Barrera and Robertson (1996) conclude that these courses fail to meet enterprise needs and ‘that this training is available is more suitable for small business workers who have developed some preliminary skills and knowledge in the subject or who at least are confident of their
ability to learn in a formal educational setting’ (p. 12). Roffey et al (1996) have proposed the lack of relevance within programs for small business is founded on: (i) focusing on theory rather than practical material; (ii) limits of immediate benefits to business; (iii) much of the skills required being other than the kind you can teach; (iv) a lack of necessity of these programs; and (v) them not being designed for small business. It seems, small business employers want courses with learning processes based on practical experience and greater flexibility in course content and outcomes associated with job readiness (Coopers & Lybrand 1994). Beyond relevance, this study also identified other variables impacting on small business training expenditure. These included the: (i) perceived value of training; (ii) attitude to growth; (iii) small numbers of employees; (iv) annual turnover; (v) low levels of dependence on ‘trainable skills’ and industry-specific course needs. Other studies have indicated that small businesses use the labour market, rather than training, to resolve skill shortages (Sloan 1994; Misko 1996, Robinson 1997). Other reasons advanced why small businesses do not participate in training are associated with preoccupation with other matters, such as keeping the business afloat, and lack of incentives for individuals (Wooden & Baker 1996) and concerns about compliance costs (Cabulu et al 1996). Associated with the compliance costs is the confusion that enterprises often report when dealing with training systems (Callus 1994, Schofield 1996). From these studies, the relevance of courses to the particular enterprise, the sorts of experiences they are able to provide, the enduring barriers to capturing small business interest and the kinds of attributes that need to be learnt are all key focuses for policy and practice within VET.

What are the needs of small business and how can they be met? The needs of small business are different from those of larger enterprises. Field (1997) advances a list of organisational characteristics of small business that includes them being: (i) independently owned and operated; (ii) closely controlled by owners/managers who also contribute most, if not all, of the operating capital; (iii) the principal decision-making functions rest with the owners/managers of small business. Other research has identified some of these needs. Roffey et al (1996) report that owner-managers needing skills in at least five areas: (i) ability to turn one’s hand to anything; (ii) financial skills; (iii) people management; (iv) interpersonal/communication skills; and (v) business planning. Barrett (1997) in her study of women in small business also identified these kinds of ‘generic’ needs. Further, it has been noted that exigencies of small businesses are different from those of large business. So for example, governmental concerns about global competitiveness are more closely aligned to large business than the goals and concerns of smaller enterprises. Small business needs and prospects are more likely to be linked with those of other local small businesses, whereas a large enterprise’s prospects are associated with more remote goals and factors (share markets, global values of commodities, etc etc) (Childs 1997 cited in Kempernich, et al 1999).

Ease of access to courses influence participation. Gibb (1997) suggests factors preventing those in small business from engaging in training is that the majority of the sector is self-employed, isolated, working long hours and unable to afford time away from the business. So, these findings both identify some needs of small business as well as factors inhibiting participation in structured courses. However, confounding this, one finding, which is consistent with other work (e.g. Robinson 1997, Billett & Hayes 1999) is that the perceptions of the value of structured courses is markedly different between those who have participated in them and those that have not. Those who have participated in structured courses are likely to value them more than those who have not.

However, whereas the structured approach is perceived to be irrelevant and ineffective, (particularly by those who do not participate in them) the ‘unstructured’ or ‘informal’ approach to learning for small business workers’ seems both more favoured and addresses some of the needs and characteristics of small business identified earlier. Small businesses nominate ‘learning as you go’ to be the best way of gaining skills as a small business owner/manager (Coopers & Lybrand 1994). This approach to learning 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. Interactions with others, particularly with other business owners is regarded as an effective means of gaining skills, mainly because this provides a
benefit to the business and is industry-specific (Coopers & Lybrand (1994). Similarly, Roffey et al (1996) also identify family and friends as sources of business advice that are viewed with great satisfaction. These findings are consonant with what has been reported elsewhere about how workers learn the knowledge required for performance in other situations (Billett 1996, 1998, 1999, Misko 1996, Guthrie & Barnett 1996).

Having considered the nature of small business needs and their general disaffection with structured courses it is worth considering some of the premises upon which VET policy and practice is premised and which seem to be failing to engage small business.

Incorrect assumptions and policy mismatch
In their study of women in small business and VET, Kempenich et al (1999) concluded that there was a mismatch between policy focuses and the needs of small business. This view seems to apply generally across small business. It seems that a policy focus on large enterprises and market based practices are more likely to inhibit than encourage small business participation in VET. The need to comply to these prescriptions and indeed the cost of compliance, has helped position structured VET provisions as being irrelevant and inaccessible. Further, these policies have rendered less structured approaches and those that do not comply with government mandates as being outside definitions of VET and should not be supported. Hence, much of the basis for learning through work in small business and across networks of small business is currently neither recognised nor supported by current policy and practice. So as discussed below, three sets of concerns are used to illustrate these mismatches. These are: (i) the orientation of policy and practice premised on large enterprises; (ii) the use of market-based practices for VET programs and (iii) assumptions about pedagogies premised around courses, rather than other kinds of learning experiences.

Large business orientation
Approaches to learning in and training for small business fail to take account of the reality of small business, instead they often reflect large business or ‘industry’ needs. For example, a general criticism of small business management courses is that they tend to be adapted versions of big business management theory and practice (Kempenich et al 1999). Examples from ‘big business’ are stated as pervading small business courses. The important principle here is that small businesses are not small large business. Instead, they are kinds of enterprises which have particular operational characteristics and needs, as identified earlier. Consequently, policy and practice needs to respond to the needs of small business. Further, it seems that the content required by small business is not reflected in existing VET provisions. The ABS (1995c), data identifies the most significant small business growth in the past decade as occurring in the health and community services and in property and business services and education. These areas are not usually a part of the mainstream offerings of VET systems. Whether intentional or not, the focus on large enterprises, who have traditionally participated in VET provisions, may have come to shape policy and practice in ways that have led to arrangements and priorities that are detrimental to small business participation.

Market-based provisions
The move to market-based provisions of VET is unlikely to assist small business participation in formalized programs. Comparing the data on enterprise commitment and training to current policy initiatives, such as user choice, reveals the basis of this mismatch. It seems that given other priorities, low levels of interest and conflicting demands on their time, enterprises want support and facilitation to assist their participation in VET, not more choice or options (Billett & Cooper 1997). Overall, marketisation seems unlikely to inhibit participation rather than encourage it. The market-based approach makes small business unattractive to providers of VET. Providers of training are likely to be attracted to enterprises that have large numbers of employees engaged in homogenous sets of activities. However, the prospects of providing training to small numbers of workers in enterprises with different needs in diverse locations, some of which are likely to be remote is a far less attractive proposition. For example, such has been the difficulty of having their needs met that the local government sector (which is
often scattered and has an extremely heterogeneous work force) in one state has developed a non-market based provision to collectively service their needs. A market based provision, rather than being strategic is likely to deliver outcomes dictated by current market conditions. So large enterprises will be able to negotiate cost-effective deals for tailored training provisions with competing providers. However, it is less likely that the same competition or tailoring will be available to small enterprises, particularly those that are remote.

Given the constraints mentioned above to small enterprise participation (e.g. other priorities, concerns about relevance, cost of compliance, confusion) it seems unlikely that more demands in the form of additional choice will be particularly useful. The confusion referred to above about government policy is also associated with the demands to adhere to ever-changing policy initiatives. Changes to goals, terminology and the structures and agencies to be dealt with when developing requirements such as training plans all contribute to suppressing interest. It seems that small enterprises have neither the inclination nor the ability to negotiate the requirements set out in the market-based provision of VET. Therefore, by placing the burden of responsibility onto enterprises and mandating rigid arrangements for compliance is unlikely to increase participation. All this, it is worth restating, is in the context of declining commitment by both large and small enterprises to structured training. Also, at this time, policy on employment practices is eroding the commitment on the part of both employers and employees to maintain a long-term relationship (Kempernich et al 1999). A likely consequence of this changing employer/employee relationship would be that employers will attempt to transfer the responsibility for training to individual employees. This action is consistent with the transformed conception of life long learning that places primacy on the individual to maintain their skills currency.

Redefining participation, support and facilitation
It is clear that policy and practice probably needs to be transformed in order for small business needs to be met. This is likely to extend to redefining what comprises VET as much as a changing policy focus in the arenas of enterprise size and provisions. That is, the development of the required attributes for small business seems inconsistent with the requirements for regulation and adherence to policy prescriptions that characterize much of VET practice. Policy initiatives that offer support and facilitation and recognise that strategic and personal goals are likely to be required. However, these are not consistent with market-based approaches. It is noteworthy that one of the few significant increases in enterprise engagement in VET was achieved when facilitation and support was made available to both small and large enterprises. The now defunct NETTFORCE provided the very kind of facilitation and support which small business, seems to be demanding (Billett et al 1997) and addresses some of the constraints to participation as identified above. Of course, this kind of support is the antithesis of market-based approach. Yet, perhaps it is the very antidote that is required to suppress these market-based and non-strategic provisions. It seems that neither ‘user choice’ nor market-based approaches for organising VET programs will secure increased small business commitment. The former is not what is needed by distracted and otherwise-focused small businesses. The latter focuses on mass markets, rather than tailoring provisions for individual small enterprises that are widely dispersed and have small numbers of employees. Consequently, the focus for curriculum and resource decision-making should necessarily shift to determine how these needs can be addressed. Mechanisms that are responsive to small enterprise needs, either within or outside of appropriate industry framework should be considered rather than those which are reactive to a large enterprise industry-based government-inspired framework based on mandated national prescriptions.

Further, changes need to occur in conceptions about what comprises VET provisions. The tendency remains not to acknowledge the contributions of development that sits outside of structured courses in small business (Field 1997). He concludes that there is learning that occurs in small business remains largely unacknowledged. This work indicates that learning outside of structured courses is not only useful it is inevitable. Workers in small business, like those in larger enterprises, learn through a range of work activities. With specific reference to small business, activities including discussion with product representatives, asking questions,
experimenting, watching someone more experienced and so on. Such findings are highly consistent with the outcomes of research on workplace learning. The literature concerning workplace learning and VET well illustrates the blurring of boundaries around learning for work, VET, and informal learning at work. The popular descriptors of ‘on’ or ‘off’ the job training do not easily accommodate these differences.

For instance, a series of investigations of learning in the workplace (Billett 1996, 1999) found that everyday thinking and acting in the work environment is an important source of learning for work. The direct guidance of others and indirect guidance available through observing and listening provides a basis for guiding learning that secures learning though work-place activities. However, it also generates and reinforces workers’ knowledge in doing so. However, to improve its potency, structured experiences and guidance may be required to enhance further the workplace contributions (Billett 2000). With appropriate and largely unobtrusive structuring of workplace experiences and the provision of guidance, there seems to be no reason why small businesses cannot become useful settings for the development of the knowledge required for their own operations and the development of robust vocational knowledge.

So it is necessary to find new ways of responding to small business needs for VET in terms of relevance and access. Given the evidence to date, these new ways are likely to be premised on support and guidance, rather than demanding and inhibiting arrangements as found in current policy settings, market-based VET and employment conditions that seek to separate the worker from the employer.

VET policy and practice for small enterprises: in prospect

In considering bases for enhancing small business participation, the following might provide useful leverage point. At least some of the needs of enterprises are of a general kind and common across enterprises. It seems also that advice is sought locally and that enterprise goals are themselves linked to local circumstance. Hence, locally-based provisions lends itself as a means of advancing the development of small business workers. Also, two different pathways to small business participation is feasible. On the one-hand, there could be provisions which lead to formal qualifications – certification, whereas on the other there are those that do not. The former can be offered through course that have some form of structure, as provided locally and richly contextualised in the work in which small business workers engage. Here, local provisions aim also to meet these workers’ needs who might otherwise be disadvantaged in securing formal qualifications but in ways that best address issues of relevance, small business characteristics and access to small business workers and owners. These approaches permit small business workers to participate in the very life long learning that governments and others now seem to be supporting. As noted above, there is a growing acceptance that individuals learn much of what is required for vocational performance while engaged in workplace activities. Moreover, this type of learning may be the only form of development some small businesses workers will be able to access. The recent Australian experience, and that of other countries, has been that marginalised workforces who are temporary and/or part-time (i.e. separated from traditional employer-employee relationships) are not being provided with structured training. That is learning arrangements based on networks and problem-focussed process-based approaches and those premised on guidance of others could be adopted to respond to small business needs unencumbered by rigid frameworks. However, for small business workers who desire credentials they may have to also participate in the first kind of provision.

Consequently, there is a need to fracture the orthodoxy of market-based provisions to adopt a process of support and facilitation to help realise the important strategic goals of assisting with small business growth and meeting their workers’ need for skill development. Precedents already exist. The current apprenticeship numbers are supported by interventions into the market in the form of group apprenticeship companies that have helped maintain overall numbers in the face or declining enterprise commitment to entry-level training. Hence, support and facilitation at the local level, not market-based provisions can be justified if government are serious about enhancing small business participation in VET.
In sum, the evidence suggests a number of key policy assumptions are ill-focused and will likely inhibit further the participation by small business in VET. Taking this evidence, some new ways of approaching this problem are proposed. Essentially, these ways focus on broadening the definitions and support from VET provisions for small business; on establishing a local focus for the provision of courses and support; and adopting a more strategic orientation to the development of skills within small business. Of course all the impediments to small business participation will not be removed by such approaches. However, if participation can be improved it seems that more participation is a likely outcome thereby potentially assisting small business and small business workers. On the other hand, all of this is might be a ‘too hard ask’. Instead, the advice might be accepted of those who say government should not become involved in supporting VET in small business. This will more clearly reveal governmental priorities adherence to confounding and at time contradictory policies or strategic goals.

Acknowledgement. I would like to acknowledge the contributions of both Barbara Kempnich and Elaine Butler to this work. Much of the thinking here reflects the outcomes of collaboration on earlier work.

References
ABS. (1995a). *Small Business in Australia*, (Cat No 1321.0)
ABS. (1996). *Small and Medium Enterprises, Business Growth and Performance Survey, Australia*, (Cat No 8141.0)


