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TOWARDS A LIFELONG LEARNING SOCIETY IN EUROPE:

**Formal continuing education within
small and medium sized enterprises**

**Sheila Riddell, Linda Ahlgren and Elisabet Weedon
Centre for Research in Education Inclusion and Diversity
University of Edinburgh**

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This briefing presents the findings from a qualitative study that formed one of the subprojects within a European Sixth Framework project entitled: Towards a Lifelong Learning Society in Europe: The Contribution of the Education System (www.lll2010.tlu.ee). The project is being conducted in 13 geographically diverse European countries and consists of five inter-linked subprojects. The main aim of this subproject (subproject 4) was to examine the role of formal education in workforce development in small to medium sized enterprises (SMEs). This briefing focuses on case studies of six Scottish SMEs which are used to identify some of the reasons underlying inequalities in access to workplace learning.

Main findings

- Workplace learning is identified by UK and Scottish Governments as an important means of achieving social mobility and a more equal society. Analysis of large scale survey data at European and Scottish levels shows that existing inequalities are further entrenched by differential access to and participation in workplace learning.
- Whilst all of the SMEs in our study had a positive approach to employee development, they differed in the type of work they undertook and the composition of the workforce.
- Employees in knowledge intensive organisations were immersed in a culture where on-going learning was an expected part of working life, and was driven by both employers' and employees' expectations.
- More traditional manufacturing and training organisations had a more restricted approach to learning, encouraging employees to undertake courses which would give them the skills to do their jobs more effectively, but with less focus on their wider growth and development.
- All firms treated lifelong learning with some degree of scepticism, ultimately prioritising company profitability over individual employee development.
- Given the Scottish Government's desire to promote the demand side of skill development, the barriers posed by employers' attitudes need to be addressed, particularly in relation to lower-skilled workers in manufacturing firms, who might have less intrinsic motivation, but are also less likely to receive support from their employer.

Introduction

The extent of equality or inequality in societies may be measured in different ways. Those concerned with equality of outcome are likely to focus on income distribution, which appears to have become more unequal over time in many European countries (OECD, 2008). Another means of measuring inequality is to examine social mobility over time, which is seen as a hallmark of a society which provides its citizens with equality of opportunity in key areas such as education and employment. Research findings which indicate that children from socially disadvantaged backgrounds who were born in 1970 were less likely to achieve a better job than their parents compared with those born in 1958 (Blanden et al., 2005) have alarmed policymakers in the UK. More recent research suggests that the decline in social mobility may have flattened out, although there are as yet no signs of improvement (Blanden and Machin, 2008). Both Westminster and Holyrood Governments are keen to increase social mobility, and workplace learning has been identified as a vehicle for achieving this goal (Cabinet Office Strategy Unit, 2008; Scottish Government, 2007a). As the majority of the workforce of the next decade is already aged over 25, it has been suggested that it is unrealistic to expect workers to up-skill by undertaking full-time courses in further or higher education. Rather, increasing social mobility will require a significant expansion of opportunities for progression in the workplace, which are currently unequally distributed.

The research

The main aim of this subproject was to examine the role of formal education in workforce development, i.e. learning leading to certification within the Scottish Credit and Qualifications Framework (SCQF). Attention was also paid to the role of non-formal learning, which includes CPD activities, and informal learning, such as personal reading projects or learning from observing or talking to colleagues at work.

The research findings draw on case studies of six SMEs: three businesses categorised as high skilled 'knowledge economy' organisations, in which almost all employees had degree-level qualifications; and three organisations classified as predominantly medium skilled enterprises, including some employees with tertiary level qualifications whilst others were recruited with few or no qualifications, but went on to acquire specific skills. Appendix A provides further details of the SMEs.

The case studies were based on semi-structured interviews with managers, line-managers and employees focusing on employee participation in formal education leading to a qualification. A total of 24 interviews were conducted; eleven with employers/managers; thirteen with employees. Within each firm, the main criterion for selecting employees for interview was that they were undertaking formal learning leading to a qualification. The study therefore makes no claim to represent the SME sector or indeed employees participating in formal workplace learning. Background documents including company websites and published material, including course material and official statistical information, were also analysed. Each company was visited several times, and employers were generous in allowing their employees to have time to speak to us. The study was undertaken between February and June 2008.

Scottish Government policy on formal learning in the workplace

Recent Scottish economic strategy states a commitment to making Scotland a smarter, wealthier and fairer country (Scottish Government, 2008). The Scottish Government sees lifelong learning as a social policy arena where it is able to exert some degree of economic control, and various strategies (Scottish Executive, 2003; Scottish Government, 2007a, 2007b) have been devised in order to raise the qualifications and skills of the working age population. Whilst supply side issues have been addressed by encouraging individuals to improve their qualifications, the Government believes more work needs to be done in stimulating employer demand for skills and using them more effectively. The Government's Skills Strategy identifies further education colleges and universities as essential in the development of a highly qualified workforce, but employers are less inclined to use formal education provision, preferring to purchase bespoke training from private training providers. A survey of employers showed that 63% used private training providers with only 26% using colleges and 11% using higher education institutions. Staff on site were used by 53% and 34% used industry bodies or professional associations (Scottish Government, 2009).

The range of educational provision available to people in the workplace is complex, and understanding the range of available options is clearly challenging for employers. For example, further education colleges offer mainly vocational courses from basic to sub-degree level and some non-vocational non-advanced courses. The National Training Programmes such as Modern Apprenticeships, Get Ready for Work and Training for Work, focus primarily on young people or provide job-related training for adults to help them enter or re-enter the labour market. In addition, efforts are being made to provide more accredited workplace learning through the use of the Scottish Credit and Qualifications Framework and some further education colleges have developed links with employers to accredit work-based learning.

Funding for workforce development is also complex. Since 2005, Scottish colleges and universities have been funded by the Scottish Funding Council, whereas workplace learning and training is funded by the Scottish Executive and/or by employers. However, different arrangements apply to specific programmes. For individual learners, there is also a complex patchwork of support. Learners who have a limited income or are unemployed may be able to access a range of allowances. All Scottish and EU students, but not those from the rest of the UK, are entitled to free tuition up to Masters level, however, this applies only to the first degree and to full-time students.

As these patchy arrangements suggest, there are on-going debates about whether work-related training should be funded by the state, the employer or the individual beneficiary and decisions seem to be based on precedent rather than principle. Furthermore, there is clearly some degree of uncertainty about whether training needs should be determined by the market or by the state.

Findings

Managers' views of formal learning

Different benefits of formal learning were identified by the knowledge intensive and traditional organisations. The knowledge intensive organisations mentioned the advantages of bringing new knowledge into the business to update all employees. For example, one manager encouraged employees studying for their professional exams to feed their up-to-date knowledge in areas such as legislation and new technologies required by the professional body into CPD activities for other employees. Employees in these firms were expected to take on additional responsibilities on completion of their course. Conversely, another manager had encouraged all employees to pursue a formal management qualification (SVQ level 4), since, in his view, employees lacked business acumen and commercial skills.

Within the traditional medium skilled organisations, emphasis was placed on the accreditation of learning. However, tensions were evident between statutory training requirements, the training needs of the firm and the challenges associated with accessing public funding to cover costs. Operating within niche markets, these organisations required very specific training and sometimes the courses run by further education colleges were simply too general to meet their needs. Since their prime concern was survival in the market place, providing their employees with portable qualifications to enhance their future employment prospects was a very low priority. In all organisations it was emphasised that the learning must not impinge on the main activity of the business but this tension appeared greater in the traditional manufacturing/training organisations.

Employees' views of formal training

In knowledge intensive organisations, the employees had chosen their courses to provide them with the qualifications required by the professional regulatory body and were willing to sacrifice their free time to study. They generally felt supported within the companies and, if they delivered, the company would reward them with promotion and allow them greater freedom to contribute to the business.

Generally, highly educated employees appeared more likely to participate in formal learning and be pro-active in finding an appropriate course, but our study showed that employees from non-traditional learning backgrounds might develop an increased interest in learning if they were given the right support from management, training institutions and colleagues.

Some of the managers highlighted a tension between the training the employer thought it worthwhile supporting and the personal interests of the employee. Whereas the employers focused on job-specific training, employees who had the opportunity to participate in formal learning appreciated the portability and the wider and more general understanding promoted by externally run courses, such as the Modern Apprenticeships.

The organisation of work and the status of workplace learning

The knowledge intensive firms fulfilled many of the criteria that characterise organisations with an expansive approach to workplace learning. They represented new-capitalist firms (Sennett, 2006) that focused on innovation and risk taking and expected employees to reflect these characteristics in their general disposition. The board of directors constantly re-assessed the employee profile and instigated redundancy programmes when deemed necessary to ensure future profitability. Just as they did not promise a job for life to their employees, they expected employees to progress their careers by seeking promotion with other firms possibly overseas.

In the knowledge intensive firms the organisation of work often encouraged employees to engage in multiple and overlapping communities of practice through the organisation of work and the office layout which facilitated informal learning and sharing of ideas.

In the traditional manufacturing firms, the layout of the workplace also facilitated informal learning, but only between particular grades of worker. Whilst people on the shop floor worked closely together, managers were not routinely consulted about work-related issues. There was also a division in the factory between the male manual workers and the female administrative staff, with the latter having fewer opportunities to participate in formal learning. The organisation of work and strictly divisional meetings offered limited opportunities for cross-communication in the company.

Human resource management and employee autonomy

All the firms in this study had HR departments with an interest in employee development and company training policy. However, the extent to which HR departments directly managed employees' learning varied across companies. Within knowledge intensive organisations, the employee took a large degree of responsibility for their own professional development which often took place, at least in part, in the employee's own time often associated with their commitment to becoming members of a professional community. At the same time much informal learning took place on a day-to-day basis. There was an expectation that the employee would be interested in learning and motivated to pursue formal learning outside working hours, since this would be of significant benefit to themselves as well as the firm.

Within the traditional manufacturing companies, learning tended to be restricted to the workplace or to external training courses run in company time. These companies generally employed a skilled or semi-skilled male workforce and there was a perception that these employees needed more encouragement to engage in lifelong learning. The training was driven by statutory training requirements or the need for a specific set of job-related technical skills and more broadly based formal qualifications were seen as having little value.

Managers of traditional medium-skilled firms recruited people from vocational educational routes and encouraged them to up-skill in order to carry out their job more effectively. Although employees sometimes felt that they were obliged to undertake particular courses, and so embarked on them somewhat grudgingly, they often became enthused once the training had commenced, recognising the value of having a wider understanding of their work.

Tensions around the benefits of lifelong learning to the individual and to the company appeared to exist in all organisations. Whereas the Scottish Government (2007a) tends to view lifelong learning as inherently beneficial to the individual and the organisation, companies are clearly balancing the costs and benefits, and are more concerned with the firm's well-being than the individual's career progression.

Summary and conclusion

The Scottish Government has set out a bold agenda for workforce development and for stimulating employer demand for highly qualified employees. However, it was clear from our study that these company managers still nurtured some degree of scepticism about lifelong learning.

In our study, even organisations which prided themselves on their flexibility and innovation, preferred to recruit people with the necessary skills and qualifications already in place, so that they could immediately contribute to the firm's profitability without further distraction. Employees in these firms were clearly undertaking further qualifications, but this was driven by their personal interest and ambition, rather than encouragement from their employer.

In more traditional manufacturing firms, employers recognised that they were likely to have to train up their staff, but again the focus was on allowing people to gain the skills to do particular tasks, rather than a more expansive view of learning.

Fear of losing out in the global economy was most evident amongst employees who saw themselves competing for elite, knowledge economy jobs, rather than those who saw themselves spending the rest of their working lives in a particular manufacturing occupation. Future economic policies on lifelong learning, particularly during the present period of recession, need to take into account the barriers which continue to exist in both employers' and employees' mindsets.

There is a need for further research on the relationship between participating in workplace learning, including that leading to a qualification, and job mobility. Survey data suggests that investment in employment training enhance staff retention, however the relationship between workplace learning and job mobility is complex and ambiguous (Deardon et al, 1997). Ultimately, there may be a clash of interests between those of an individual employer, who worries about spending time and money training an employee only to lose them to another firm, an employee with an interest in enhancing their individual human capital, and the state, which wishes to increase the knowledge and skills of its citizens, regardless of the interests of individual employers.

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Appendix A

	Company A: Manufacturing company	Company B: Manufacturing company	Company C: Oil and gas exploiter	Company D: Architect	Company E: Archaeologist	Company F: Vocational training provider
Nature of the Enterprise:	Producer of hot water copper cylinders	Producer of large-scale refrigeration	Exploration and exploitation of gas & oil	Commercial architect firm	Commercial archaeologist firm	Commercial training provider - in the construction industry
No. of Employees 2008:	35 (90 % male, 65% blue collar and 35% white collar workers)	250 (50% male, 50% blue collar and 50% white collar workers)	70 (50% male, 100% white collar workers)	30 (50% male, 100% white collar workers)	50 (50% male, 100% white collar workers)	10 (90% male, 65% blue collar and 35% white collar workers)
Interviews with management:	2	1	3	2	2	2
Employee 1-position:	Welder	Senior control systems engineer	Account Statutory Reporter	Qualified Architect	Post-excavation Divisional Manager	Training provider
Nature of the course undertaken:	Modern Apprenticeship (ISCED level 5a). Provided by FE College. Funding by company and public funding	Distance course: Microsoft Certified Developer (ISCED level 5a). Provided by a private training institution. Funded by company	ACCA (Association of Chartered Certified Accounts, ISCED level 5a). Provided by a private training provider. Funded by company	Professional Examination in Architecture (APEAS, ISCED level 5a). Provided by a University. Funded by company	SVQ 4 (Management, ISCED level 5b). Provided by a private training provider. Funded by company	Health and Safety (ISCED level 5a). Provided by a FE college. Funded by company
Employee 2-position:	Welder	Mechanical fitter	Commercial analyst		Senior Manager	Training provider
Nature of the course provided:	SVQ 3 (Welding and Fabrication, ISCED level 3c). Provided by a FE college. Funded by company	Engineering Management (ISCED 5a). Provided by a FE College. Funded by company	MBA (Master of Business Administration, ISCED level 5a). Provided by a University. Funded by company		SVQ 4 (Management, ISCED level 5b). Provided by a private training provider. Funded by company	NVQ 3 (City & Guild in Occupational Health and Safety, ISCED level 3a). Provided by a FE College. Funded by company
Employee 3-position:					Archaeological consultant	
Nature of the course undertaken:					SVQ 4 (Management, ISCED level 5b). Provided by a private training provider. Funded by company	