



1402366572



**SWP 3/89 OPEN DOOR TO SUCCESS:
DISTANCE LEARNING FOR SMALL
BUSINESS MANAGERS**

**COLIN GRAY and PAUL BURNS
School of Management
Open University
Milton Keynes**

Tel: 0908 74066

OPEN DOOR TO SUCCESS: DISTANCE LEARNING FOR SMALL BUSINESS MANAGERS.

Colin Gray, Open Business School (OBS).

Paul Burns, Cranfield School of Management (CSM).

Abstract: A series of well-publicised reports in recent years have highlighted the comparative weakness of management training in Britain, especially in smaller firms. Despite the investment of large sums of public money, wide agreement on the main small business problem areas and the involvement of thousands of skilled trainers, conventional small business management training courses have failed to attract large numbers of small business managers and have proved to be expensive to operate. Seeking a cost-effective route to a small business management mass market, the Department of Employment funded the development of the distance-learning Small Business Programme and has high hopes that the multi-media approach (videos, audios and workbooks) will appeal to large numbers of existing businesses. Research conducted to evaluate the early modules and the likely market suggests that there are grounds for optimism. The research was based upon a pilot study involving 33 target firms from Bristol, Bedford, Blackburn and Stirling and a national survey of 4,000 small businesses. Although the potential market is rather fragmentary and distance-learning fairly unknown among even dynamic small firms, there is a strong core of interest in open-learning material as a means for improving business performance. Interest in marketing and selling was widespread but there were also clear differences in attitudes to training and perceived training needs according to size, region and industrial sector.

OPEN DOOR TO SUCCESS: DISTANCE LEARNING FOR SMALL BUSINESS MANAGERS.

THE NEED FOR SMALL BUSINESS MANAGEMENT TRAINING.

Recent reviews of management training in Britain make it clear that virtually all firms should improve their training of managerial skills. Taken as a whole, Britain's 2.75 million managers spend an average of only one day per year on formal training (Constable and McCormick, 1987; Handy, 1987). This falls well below the standards set in most other major industrialised countries and cannot be blamed on low awareness or poor provision of training facilities. Private employers spend an estimated 14.4 billion a year on training and the Department of Employment a further 3 billion, representing 7.8 per cent of Gross Domestic Product (GDP) - about average for Britain's competitors (Training Commission, 1988). The challenge is not merely to provide more training but to ensure that management training is both appropriate and cost-effective.

As the size of the firm diminishes, the need for even basic management training increases and the problem of designing suitable training becomes more acute (Mangham and Silver, 1986). Around 80 per cent of big companies (those employing more than 5,000) do provide management training but only one quarter of companies employing less than 1,000 people make provision for such training (Mangham and Silver, 1986;

Handy, 1987). The proportion shrinks to 18 per cent for small firms with fewer than 10 employees and even less for the self-employed (SBRT, No.1, 1988).

A Gallup survey of 2,500 self-employed, most of whom employ no other people, revealed that no more than 8 per cent had received any form of training from either public or private sources (Legal and General, 1985). The Department of Employment Agency (formerly the Manpower Services Commission, then Training Commission), which provides vast majority of management courses for small businesses, is the first to admit that these courses each year have reached less than 1 per cent of all established small businesses in Britain.

However, it would be a mistake to assume that all small firms actually want to expand or are keen to improve their management skills. The most common small business ambition is for independence and autonomy rather than profits or growth (Bolton, 1971; Stanworth and Curran, 1973; Bechhofer and Elliott, 1976; Gray and Stanworth, 1986; Curran, 1988). In fact, most small firms have only local horizons, a weak grasp of technological and business principles and little desire to expand (Binks and Jennings, 1986; Storey, 1986a). Only one third of Britain's 3 million self-employed provide jobs for other people and many of those jobs are part-time, while only 2 per cent employ more than 25 people (Creigh et al., 1986). Similarly, only 29 per cent of the respondents to the Gallup survey of 2,500 self-employed indicated that they were interested in expanding or taking on staff (Legal and General, 1985).

Unfortunately, those that do want to grow face formidable barriers. Analysis of British data from the credit rating agency, Dun and Bradstreet, indicates that firms employing 11-19 are rather dynamic but that few are likely to grow into the 20-49 employee size band (Doyle and Gallagher, 1986). Other studies, mainly in the manufacturing sector, broadly support these findings (Storey, 1986a; SBRT, 1988). As the vast majority of businesses in Britain employ fewer than 5 people, these 'threshold' firms have been estimated to number only about 70,000 - no more than 5 per cent of all firms (Storey et al., 1987). However, it these dynamic small firms which stand to benefit most from management training - not only as a boost to their own performance but also for the broader development of the small business sector. It appears that they are instrumental in spawning other successful new firms (Storey and Johnson, 1987).

Consequently, the small firm managers most responsive to training are likely to be employing 10-25 people. Certainly, in a recent Small Business Research Trust Quarterly Survey, which included questions about training, two-thirds of the respondents with annual turnovers of less than 150,000 and two-thirds employing fewer than 15 people had no technical or general business training. Less than half the respondents with fewer than 10 employees extended training to their workforce whereas two-thirds of those employing more than 10 people did provide some training for their employees.

The owners of growing firms were more likely to have received some training yet more than 60 per cent of those who had taken on more employees had not had any business training (SBRT, 1988). Owner managers of 'threshold' firms are likely to have higher levels of business experience and expertise and, therefore, have more sophisticated training needs (Curran 1988). The challenge to all small business management trainers is to convince these reluctant or busy small business managers that training will help them.

For instance, it is generally recognised that most small businesses could benefit from training in finance - planning, raising and controlling - and that training is effective in this area. Yet, for a number of reasons - ignorance of the perils, fear of figures, reluctance to give up autonomy, and so on - finance remains a mystery to most small business owner-managers (Curran, 1988). In fact, it is generally recognised that small business training, including open-learning, can only be successful if it satisfies the small business manager's own perceived needs in providing solutions to current practical problems (Hodgson, 1985).

THE TRAINING NEEDS OF SMALL BUSINESS OWNER MANAGERS.

Apart from technical matters specific to the business, most small business management problems fall under three key functions - finance, marketing and people. However, it is probably wise to draw the distinction between a problem and a training need. A problem is a situation that the small business manager has to deal with, such as finding new finance or new customers, but its solution may rest more with hard work or perseverance than with training. Training teaches a skill but the skill must be capable of being taught. It may be difficult to teach the ability to unearth new sources of finance, to concoct new ideas or to smell a good deal but the basic skills needed to manage finance, marketing and people are being taught successfully every day.

Moreover, there is solid research evidence that the focus of small business management training must be on marketing, people and accounting skills. Indeed, these functions were identified more than 15 years ago in the Bolton Report among the most important small business management deficiencies (Bolton, 1971):

Table 1. Bolton Committee small business problem areas.

- i. Raising and using finance;
- ii. Costing and control information;
- iii. Organisation and delegation;
- iv. Marketing;
- v. Information use and retrieval;
- vi. Personnel management;
- vii. Technological change;
- viii. Production scheduling and purchase control.

Fifteen years later, a review of post-Bolton small business research concluded that, despite a significant increase in knowledge about the sector, the broad problem areas remained much the same (Curran, 1986). For instance, a number of recent research studies indicate that owner managers have poor financial control of their businesses (Hankinson, 1985; Arnold et al., 1985). A slightly earlier review of various studies of small business failure found that accounting problems were those most frequently mentioned (Berryman, 1983). A survey of bank managers on the reasons for the failure of their small business clients consistently highlighted 'undercapitalisation' as the prime cause despite significant industrial differences on other causes for failure (LBS, 1987). The undercapitalisation is the bankers' eye view of poor financial management, which is hardly surprising as many owner managers rely on out of date accounts from their auditors as their only source of financial information about their own firms.

Accounting skills are indispensable for owner managers intending to introduce professionalism into the management of their businesses. Not only is financial control crucial for survival and expansion but accounting problems may also be symptoms of other underlying business deficiencies, such as poor marketing performance (Burns, 1988). Indeed, 'marketing/selling/finding new customers' is the management function usually identified by owner managers themselves as their single most important small

business problem for which training would be suitable (Gray and Stanworth, 1985; Chisnall, 1986; Carswell, 1987). Growing small businesses - dealing with younger, less experienced, lower qualified workforces and anxious to avoid disruptions due to high labour turnover and absenteeism - have an increased need for 'people' skills as they move from a personal style of management to the adoption of a more professional management approach (Curran and Stanworth, 1973; Churchill and Lewis, 1983).

However, in a recent study which compared the training needs of textile and engineering firms - as subjectively perceived by the owner managers and as objectively measured by consultants - 'marketing and sales' came out top on both counts although the owner managers were keener on improving this management function than the consultants felt they needed to be (Carswell, 1987). Significantly, the consultants felt that textile firms considerably understated their actual needs for skills in 'financial controls' even though, objectively, this function represented their biggest management problem. According to the consultants, the owner managers also understated their need for training in managing people, which was far more important to their businesses than they realised (Carswell, 1987). This mismatch between actual and perceived training needs - which certainly poses problems for people who design, deliver and market small business courses - may be due to relative inexperience or to low awareness of the importance of each management function.

Indeed, the respondents to a recent Confederation of British Industries (CBI) survey of small business management training - the majority of whom were from well established firms with plenty of experience and growing (in the sense of increasing market share or diversifying new products) - identified 'planning and raising finance, project appraisal' as the principal problem ahead of 'marketing, selling, exporting', with 'personnel management/industrial relations' in third place (CBI, 1986).

The results of the CBI survey were particularly interesting in relation to the 20 employee 'barrier' to small firm growth. Nearly two thirds of the owner managers from these smaller, growing firms recognised a need for training in finance, followed closely by marketing and a large proportion (42 per cent) in people skills. The owner managers of small firms with more than 20 employees were also interested, albeit to a lesser extent, in further developing their financial skills but, presumably having introduced some form of delegation and personnel control, were much less interested in the marketing (27 per cent) and people (12

per cent) functions, which were seen to be the province of their staff managers. A separate survey of young, growing firms in northern England produced a similar pattern of training needs - 'finding new customers' followed by 'employees' then 'new capital' (Chisnall, 1986). These findings conform to a widely supported model of small firm growth which sees the owner managers' willingness to delegate as the key managerial factor in the transition from the start-up phase through the take-off phase to further expansion (Churchill and Lewis, 1983).

The CBI survey also confirmed the existence of wide industrial sector differences in the need for some training areas. For instance, financial training for small professional services (81 per cent) and distribution firms (65 per cent). The latter had an even stronger need for marketing/selling training (90 per cent) while construction firms felt a need for training in law (50 per cent). Distribution and professional services were strongly in favour of training but manufacturers showed the least inclination to make time available.

Indeed, it is no coincidence that time management is frequently raised as an issue by small businesses which creates real problems for small business trainers in recruiting for their courses and maintaining attendance. The experience of the Department of Employment (either as the MSC or the TC or in its own right) in promoting the Private Enterprise Programme (PEP) - a series of one-day training modules for established firms in the 5-50 employee size band - is instructive. In descending order of popularity based on the volume of current sales, the one-day PEP modules are:

Table 2. Best selling PEP modules.

- | | |
|-------|--------------------------|
| i. | Book-keeping; |
| ii. | Selling; |
| iii. | Marketing overhaul; |
| iv. | Sales promotion; |
| v. | Basic accounting; |
| vi. | Financial control; |
| vii. | Computers in business; |
| viii. | Employing people; |
| ix. | Taxation; |
| x. | Sources of finance; |
| xi. | Computerised accounting; |
| xii. | Managing change; |
| xiii. | Finding new products. |

The two best selling PEP modules could be just as suitable for employees as for owner-managers which may explain the rather anomalous popularity of book-keeping. Indeed, it would be fair to say that the sales of most modules have been patchy. To date, no research has been published to show whether this is due to

quality, mode of delivery or lack of small business interest. However, the positive lessons to be drawn from PEP indicate that modular programmes could well be the most effective approach to delivering training to established small firms - especially if the delivery of the modules does not clash with business commitments (Curran, 1988). Indeed, there is some evidence that the flexibility of open-learning management training makes it particularly suitable for effectively tackling this task (Hodgson, 1986).

DISTANCE LEARNING AND SMALL BUSINESSES.

Given the widely noted tendency of small business owner managers to preserve their personal independence, often resorting to home study (mainly books) to solve problems, it seems likely that distance learning should have an important role to play in small business training. Research indicates that busy managers from large and medium sized firms do, in fact, find the distance learning approach attractive (Hodgson, 1986). Indeed, the rapid growth of the Open Business School (OBS) since 1983, with some 20,000 student managers enrolled in courses (21 per cent of which are from firms employing fewer than 100 employees), demonstrates the advantages of distance learning for management education.

There is no doubt that, in general, the distance learning courses offered by the Open University (OU) do meet the educational needs of a large cross-section of society. Nearly three-quarters (74 per cent) of OU graduates have improved their career prospects, including the 2 per cent who opted for self-employment (Woodley, 1988). Management students are no exception to the general rule, with 77 per cent citing career reasons for enrolling on a management course (Thorpe, Giles and Dyer, 1986). Also, individual companies regard open-learning as an effective method of management training, provided the material reflects the company's particular requirements (Asch and Smith, 1988).

The advantages that distance learning offers small business training are fairly evident:

Flexibility - research conducted for the Department of Employment, plus the experience of PEP, strongly indicates that training must be offered at a convenient location outside business hours (which vary enormously from business to business);

Autonomy - with total control over the time, location and pace of learning (which varies even more than the wide variation in educational backgrounds of owner managers), distance learning allows owner managers maximum leeway in preserving their independence;

Innovative - because distance learning is sufficiently different from 'traditional' forms of training and makes use of modern technology, small business trainers and owner managers can both use it to vary their training programmes, tailor the training to the more specific needs of particular firms and overcome an over-formal approach - owner managers often have unpleasant memories of school and feel that tutors lack business 'reality' (Keisner, 1985).

Economical - provided there is sufficient take up of the programme, distance learning offers the prospect of reducing the unit cost of training and providing the owner manager with an information resource for future use, instant revision and the basis of an in-house staff development training programme.

The big problem is not suitability but awareness. Evidence suggests that there is currently a low small business awareness of existing open-learning packages (Watkins, 1983; Carswell, 1987). It is not clear, however, whether this low awareness is due to lack of information, lack of interest or to the lack of open-learning material specifically designed for small business use. Only 20 per cent of the respondents to the CBI survey on small business managerial training were aware of the OBS courses whereas more than half (55 per cent) were aware of small business training from local universities or polytechnics. Awareness was lowest (12 per cent) among those who had never received any training.

Also, there were clear differences between industrial sectors with fairly high awareness in the professional services (46 per cent) and very low awareness in the engineering (13 per cent) and distribution (8 per cent) industries (CBI, 1986). These figures are in line with the low awareness (7 per cent) of distance learning among engineering and textile firms (Carswell, 1987). Whatever the cause, this low awareness clearly presents a marketing problem. Indeed, less than one third of the CBI respondents (30 per cent) felt that open-learning style home study would be appropriate for them compared with 40 per cent who would prefer a one-week continuous course. The CBI concluded that OBS courses should be better publicised.

Similar criticisms have been voiced about the relatively poor response to the OBS Startup Your Own Business course, which was launched in 1985. An ambitious programme spread over 9 months, with the

aim of producing an effective business plan, the initial annual target was 500 new businesses each year. The total, after three years, is only now approaching that initial annual target. However, the programme should not be regarded as a failure in that it has apparently tapped a previously hidden market - experienced employees in larger firms who yearn to start their own businesses yet cannot take time off work to attend training courses - and it has highlighted the crucial importance of marketing to the eventual success of any distance learning programme for small businesses.

The Small Business Programme.

Description.

Fortunately, any such marketing effort will not be conducted completely in the dark. The lessons from previous research have been taken into account in the course design - both in the structure of the programme as a whole and in the production of each of the 26 modules. The result of a £800,000 development programme, conducted jointly by the Cranfield School of Management and the School of Management of the Open University and funded by the Department of Employment, Training Agency, the Programme aims to provide distance learning material for existing small businesses employing 5-50 people. Produced as a series of independent but linked modules which may be followed in any order or combination to suit the user, the Programme has been designed to meet the particular needs of small, growing, 'threshold' businesses - which benefit most from training and are least resistant to it - in achieving their growth objectives and managing their problems of control.

The modules, consisting typically of a workbook, audio cassette and video cassette, have been organised in the three main areas - marketing, finance and people. In addition there are process modules on control and planning, plus a number of sector specific modules and modules dealing with managing business facilities (see appendix 1). All workbooks, which are supplemented by audio cassettes and - where appropriate - video cassettes, use action-learning exercises to personalise the material and break up the work into reasonable time units. As part of the Open University developmental procedure for any new course, a pilot study on the suitability of course material is usually conducted.

The Pilot Study.

Two modules - accounting and marketing - were each piloted with two separate groups. The four groups comprised 33 participants. These were made up of:

Owner-managers of growing businesses	26
Own-managers of static businesses	1
Start-ups	<u>6</u>
	<u>33</u>

Of these, 27 participated in follow-up discussions. The four pilots were held in Bedford, Bristol, Manchester and Stirling.

Participants were briefed, during which period a "rough-cut" version of the video was shown. They were issued with "diaries" to allow them to make comments as they progressed through the material. A detailed questionnaire was included at the end of the diary. Participants returned 4-6 weeks later for follow-up discussions on this work.

The research yielded valuable detailed information that will be incorporated into the design of the material. However, on a more general level, the participants' reaction to distance learning material was very favourable. Only one knew in advance what was meant by distance learning. At the end of the pilot, overall, they tended to agree that they would be interested in buying more distance learning material. Some of these results are summarised in Table 3.

Table 3: Pilot Response to Distance Learning Package

	Overall response*
● Message relevant to their business	1.8
● Exercises helped them extract useful information about their business	1.9
● As a result, they will introduce some changes into their business	2.0
● Distance learning is a very useful way to learn new business skills	1.7
● I would now buy more distance learning material	2.1

* Overall average response from 27 participants
1 = strongly agree, 2 = agree, 3 = neutral, 4 = disagree, 5 = strongly disagree

It was significant that the start-up participants did not share this general consensus. This underlines the importance of material being properly focused and pitched since it is clear that small business owner-managers are not as homogenous a group as some think.

The pilot highlights the low awareness of distance learning among small firms. However, once persuaded to try this teaching medium, they appear to like it.

Discussions revealed a number of other interesting insights. Firstly, a strong feeling that the material should be supplemented with workshops. Secondly, an indication that participants worked on the material mainly during evenings and other unsocial hours. There was also a feeling that interest in the material would be seasonal, with the summer months unpopular. Finally, it emerged that there were wide variations in the time taken to complete the workbooks.

Even if it is accepted that the pilot businesses were reasonably representative and that they found the Small Business Programme both attractive and relevant, there are still enormous marketing problems to be overcome. The four training bodies did manage to recruit a wide selection of businesses but it was not easy and they had to work reasonably hard at maintaining motivation. In all cases, they had a number of inducements they could offer. Obviously, it would be difficult to sustain that kind pressure over time on a national basis. Even more to the point, without self-motivation the main rationale for a distance-learning Small Business Programme is lost. Again, more information needs to be obtained about the types of business which are likely to be spontaneously attracted to distance-learning.

THE MARKETING SURVEY.

Method.

To obtain basic background information on the types of firms likely to be attracted the Small Business Programme and some estimate of small business awareness of distance learning, a short questionnaire was sent to the full Small Business Research Trust database. The aim of the questionnaire was not so much to provide definitive answers about marketing strategy but to provide basic information about the potential market. Less than one fifth of the self-employed (roughly 500,000 on present estimates) are within the Small Business Programme target employment-band of 5-50 employees and, on the available evidence, only a small proportion of these firms are likely to have concrete plans for expansion.

Apart from the usual demographic questions (industry, location, size of workforce, age of firm, and so on) and performance questions (changes in workforce and sales turnover), the questionnaire focused on present training practice, areas of training need and the likely attractions of distance learning packages like the Small Business Programme modules. In addition, respondents were asked to provide their telephone numbers if they were prepared to discuss distance learning and other training issues at a later date. Should

important questions remain after the questionnaire data has been analysed, it may be appropriate to conduct group discussions with specifically targetted groups.

Subjects.

The database consists of 4,017 small business respondents to SBRT surveys printed in the National Westminster Small Business Digest (500,000 nationally distributed copies) who agreed to participate in further small business research. The regional and industrial distributions of the database broadly correspond to those of the Census of Employment, Census of Production, VAT registrations and the self-employed (Department of Employment).

Results.

Altogether 1,488 small business owners replied, some 37 per cent of the entire database. More than half of the respondents (55 per cent) were from firms employing 5-50 people (the target for the Small Business Programme), with the a large proportion of respondents (45 per cent) employing less than 5 people and just 43 (3 per cent) employing more than 50.

The size effects on attitudes towards the benefits of business training, which have been a feature of a number of studies on small business management training, were clearly apparent (Mangham and Silver, 1986; SBRT, No.1, 1988). Nearly one third (31 per cent) of firms employing less than 5 stated that they had little or no interest in using training to boost their business performance.

Table 4. Importance of training by firm workforce size.

Firm size. (employees)	importance of training (% across row).			
	very	quite	not	waste of time
1-4	28	38	28	3
5-9	33	41	22	2
10-14	33	50	16	-
15-24	33	50	16	-
25-49	35	57	7	-
50-99	53	37	7	3
100+	46	46	8	-
Overall	31	43	22	2

These results are based on the total workforce - both fulltime and part-time. Even though there were only about one dozen firms employing more than 100, the size effects on attitudes towards business training are evident. If the size of firm is confined to only fulltime employees - which would ignore the patterns of

labour market developments in recent years - the size effects are less marked. If a turnover definition of size is used - which may be a better measure across industries - the size effect is not so pronounced but clearly present.

Table 5. Importance of training by firm turnover size.

Firm size (sales)	importance of training (% across row).			
	very	quite	not	waste of time
>20,000	34	33	28	3
20-49,000	30	40	25	1
50-149,000	34	36	25	3
150-349,000	30	47	20	2
350-749,000	27	55	16	2
750-1.5mil	33	50	16	-
1.5mil+	30	52	15	4
Overall	31	43	22	2

Apart from the big firms (annual sales turnover of more than 1.5 million), the firms which reported annual sales between 50,000 - 350,000 were most keen on training; more than one third of them felt that training was very important. The size effects were also demonstrated with the 13 per cent of respondents below the VAT threshold (presumably self-employed) being the biggest proportion of respondents who had no interest in training. Just under one third of the respondents (30 per cent) were expanding in terms of both sales and staff, and not surprisingly, more than half (59 per cent) of them were either strongly in favour or quite in favour of training.

Just under one third of all respondents (31 per cent) spent nothing on training and, not surprisingly, just under one half (48 per cent) had little or no interest in business training (yet 19 per cent of them felt that training was very important). The same proportion (31 per cent) spent less than 1 per cent of the annual sales turnover but those not interested in training had dropped to 22 per cent which was exactly matched by those who thought training was very important. Of the remaining respondents, who spent between 1 - 5 per cent only a handful, which declined from 6 per cent to nil, did not believe that training was important. As would be expected, expenditure on training increased with firm size.

More than half (54 per cent) of those who had received no formal training themselves (36 per cent of the sample) believed that training would be very or quite useful for their businesses. However, a slightly higher proportion of those who had received training themselves also believed it would be useful in improving

their business performance. In keeping with other reports of low small business awareness of distance learning, only 4 per cent of the trained respondents had some experience of training by distance learning. More than three-quarters (79 per cent) of these respondents believed that training was very or quite useful as a means to improve their business performance. Indeed, 88 per cent of those who felt strongly that Small Business Programme-style modules would be a very useful method of training (they represented 27 per cent of the total), also believed that training was very important in improving business performance.

The survey distribution of replies varies slightly from the Department of Employment regional distribution of self-employed (which resembles the Census of Employment and the regional distribution of VAT-registered firms [SBRT, No. 1, 1986]). However, the changes in self-employment since 1984 - which last year saw 12 per cent growth of self-employment in East Anglia, 10 per cent in the South East and around 8 per cent in the Midlands but virtually no growth in Wales and Scotland - could account for some of the minor differences (LMQR, July, 1988). It should be apparent from the following table that there are some interesting regional differences in attitudes to training and distance learning.

Table 6. Small business training attitudes by region.

Region	Population Survey %	DE 1984 %	Proportion considering training very, or quite important % distance learning very, or quite, useful %	
North	3	4	82	61
Yorks	7	8	82	63
N West	9	11	75	58
E Midland	8	7	80	51
W Midland	9	8	81	55
E Anglia	7	4	71	53
S East	36	35	70	57
S West	12	10	70	53
Wales	4	6	79	52
Scotland	4	8	66	54
Total	100*	100*		
Overall			74	56

* Rounding errors
Total Response: 1468

The most important point to note is the importance given to small business training in the North, Yorkshire and Humberside, and East and West Midlands. Scotland was least convinced on the merits of training with nearly one third of respondents (30 per cent) not interested at all. To some extent this may be due to the

different structures of the local economies. Manufacturing is above the national average in the Midlands and in northern regions while services heavily dominate the south-eastern economy. These variations are reflected in the differences in the perceived importance of training.

These differences between industrial sectors are also significant and have a strong bearing on the variety of marketing strategies which may be adopted.

Table 7. Small business training attitudes by industry.

	Survey Population	Proportion considering training very, or quite important %	distance learning very or quite important %
Agriculture/Forestry/Fisheries	2	75	43
Manufacturing	16	80	58
Transport	3	68	49
Construction	7	72	49
Wholesale	5	64	51
Retail	13	72	54
Business Services	19	76	58
Other Services	16	75	54
Catering/Restaurants	2	80	60
Other	17	70	60
Total	100		
Overall		74	56

From tables 6 and 7, it can be seen that there are significant variations in attributes to distance learning, with a disproportionately high interest in the south east, and a significantly low interest in agriculture etc., transport and construction. In fact, the interest in distance education generally increases as the proportion of turnover spent on training increases. What is more, as shown below, the interest also increases with size of firm. The lack of interest in the largest firms in our survey (100+employed) remains unexplained, however, the total survey population in this category was only 13 firms.

Table 8. Small business interest in distance learning

Firm size (employees)	Survey Population %	Proportion considering distance learning very or quite important (%)
1-4	45	54
5-9	25	56
10-14	10	54
15-24	9	60
25-49	7	63
50-99	2	64
100+	1	31
Total	100	
Overall		56

From table 9, the seven top training needs stand out - *marketing, selling, computers, advertising, time management, people* and *accounting*. What is more, these needs remain most popular/^{even}for those firms with more than four employees. Although *people* increases significantly in popularity. These training areas appeal to roughly one quarter of the respondents or more and they correspond to the most commonly mentioned small business problems and training needs in previous studies (Bolton, 1971; Gray and Stanworth, 1985; Chisnall, 1986; CBI, 1986; Carswell, 1987; Curran, 1988). Apart from *book keeping*, the top 7 are also consistent with the best-selling PEP modules which has a similar target market (the PEP does not have a *time management* module). Book-keeping moves further down the popularity list for firms with more than four employees at the same time as *people* and *quality control* move up. Table 9 also shows that accounting related subjects were generally considered the most suitable for distance learning purposes.

Table 9 Small business training needs

Training Area	% Mentions *	Proportion considering training very or quite important %	distance learning very or quite important %	% Mentioned * (Firms with over 4 employees).
Marketing	38	84	65	39
Selling	35	80	64	37
Computers	27	80	65	28
Advertising	24	78	67	21
Time Management	23	85	67	26
Accounting	21	81	72	22
People	20	86	65	29
Pricing	16	76	65	13
Budgeting	12	81	74	14
Quality	11	93	64	17
Bookkeeping	11	75	68	8
Product Dev'tment	10	83	65	11
Recruitment	10	86	66	12
Debtor Control	9	68	54	9
Office Mgmt.	8	83	67	11
Premises	8	82	56	9
Exporting	7	82	59	7
Stock Control	7	81	67	10
Design	5	89	71	5
Others	19	-	-	17

* Sums to more than 100 because respondents tick any number of areas.

Some of the differences between industrial sectors shed light on the popularity of some of the training areas. For instance, manufacturers show above average interest in *marketing, selling, computers, quality, people, and product development*. All these modules would appeal to at least one quarter of the manufacturers. By contrast, none of the areas appealed to even one quarter of the construction firms which were well below average for all the top 7 except for *marketing*. Indeed, construction firms had below average interest in all areas other than *pricing, budgeting, debtor control and time management*.

There were also some differences between wholesaling and retailing in the distribution sector. Both were very strongly interested in *selling, advertising, computers and stock control*. Wholesalers were very keen on *marketing, accounting, and debtor control* whereas retailers displayed a strong interest in *computers, budgeting and organising premises*.

In the services sector, there were also differences between the business services and other, personal services. Business services, which is a growing sector, showed below average interest in *marketing, advertising and promotion, pricing and budgeting*. They showed above average interest in *computers, time*

management, and office management. Other personal services were interested in *marketing, accounting and pricing.* Not surprisingly, neither sector was interested in *product development, premises, stock control, quality control and using design.* Many of these tendencies reinforce the results of other surveys (CBI 1986)

DISCUSSION

This paper has reviewed the literature on small business training and provided initial details of an extensive survey on attitudes to training and in particular distance learning within the sector. It has confirmed much of the evidence from previous studies.

The marketing survey confirmed that there are significant differences in attitudes towards training between small firms of different size. Not only does this reflect itself in attitudes, but also on proportion of turnover spent on training as well as training needs. Training needs were also shown to vary between industries and regions. However, the two functional areas of marketing and accounting remain important for all firms in all regions.

The survey also confirmed that distance learning is little understood. Interest in distance learning increases with size of firm. However, the pilot showed that, when tried, very positive responses to distance learning resulted. The pilot also provided an insight into how the material is used and confirmed some of the advantages claimed for it.

However, the problems for the Small Business Programme remain formidable. It is to be launched as a national programme in 1989 and many of the issues raised in this paper could materially effect the marketing and ultimate use of the material. Indeed, some of the issues also raise questions about the use of other forms of management training within the small firm sector. Never the less the acid test for the Small Business Programme will be not just how will it is taken up, but also how effective the material proves to be at improving the performance of small firms.

REFERENCES.

Arnold-McCulluck R and Lewis J, "Standards of Financial Management in the Younger Enterprise", paper presented to the National Small Firms Policy & Research Conference, Ulster 1985.

- Asch D and Smith R. "Management education: another way forward?" February 1988. Open Learning. Volume 3. Number 1. Pp 23-28.
- Bechhofer F and Elliott B. "Persistence and change: the petit bourgeoisie in industrial society". 1976. Archives of European Sociology. XVII. Pp 74-99.
- Berryman J, "Small Business Failure and Bankruptcy: A survey of the literature", European Small Firms Journal, Vol 1, No 4, 1983.
- Binks M and Jennings A. "Small firms as a source of economic rejuvenation". 1986. in Curran J, Stanworth J and Watkins D. op. cit.
- Burns P, "Strategies for Success and Routes to Failure", chapter 3 in Burns P and Dewhurst J, "Small Business and Entrepreneurship", Macmillan 1988.
- Carswell M. "Management training needs of small firms: a study of the engineering and clothing & textile industries". 1987. Paper presented to the *10th UK Small Firms Policy and Research Conference*. Cranfield School of Management. Milton Keynes.
- Chisnall P. Manchester Business School New Enterprise Programme Participants Survey: 1977-1983. 1986. MBS. Manchester.
- Churchill N C and Lewis V L. "The Five Stages of Small Business Growth", Harvard Business Review, May - June 1983, p 30-50.
- Confederation of British Industry. Management Training for Small Businesses. 1986. CBI. London.
- Constable J and McCormick R. *The Making of British Managers*. 1987. BIM/CBI. London.
- Curran J. "Training and research strategies for small firms". Journal of General Management. Vol. 13, No. 3. Spring, 1988. Pp 24-37.
- Curran J, Stanworth J and Watkins D (eds). *The Survival of the Small Firm*. 1986. Gower Publishing. Aldershot.
- Doyle J and Gallagher C. "The size-distribution, potential for growth and contribution to job-generation of firms in the UK, 1982-84". July 1986. Research report 7. University of Newcastle upon Tyne. Newcastle.
- Ganguly P. *UK Small Business Statistics and International Comparisons*. 1985. Harper and Row/SBRT. London.
- Gray C and Stanworth J. *The London Enterprise Programme: a follow-up research study*. 1985. PCL. London.
- Gray C and Stanworth J. *Allowing for Enterprise: a qualitative assessment of the Enterprise Allowance Scheme*. 1986. SBRT. London.
- Handy C. *The Making of Managers*. 1987. NEDO. London.
- Hankinson A. *Pricing Behaviour, A study of Pricing Behaviour of Dorset-Hampshire Small Engineering Firms*.
- Hodgson V E. *The Relevance and Effectiveness of Distance Teaching for Management Education*. 1986. FME.
- Hodgson V E. "Distance learning and management education". 1985. Journal of Innovative Higher Education. Volume 2. Number 1. Pp 19-24.
- Keisner W F. "Small Business Course Content, Timing and Other Critical Factors in the Success of Small Business Training Courses", paper presented to 30th Annual World Conference of the International Council for Small Business, Montreal, Canada 1985.
- Legal and General Assurance Society Ltd. *The Self-Employed Report*. 1985. London.

- Mangham I and Silver M. **Management Training: context and practice.** 1986. ESRC/DTI. London.
- Small Business Research Trust. **The Quarterly Survey of Small Business in Britain.** 1985-88. Volumes 1-4. SBRT. London.
- Stanworth J and Curran J. **Management Motivation in the Smaller Business.** 1973. Gower Publishing. Aldershot.
- Stanworth J and Curran J. "Growth and the small firm". 1986. in Curran J, Stanworth J and Watkins D. op. cit.
- Storey D. "Entrepreneurship and the new firm". 1986a. in Curran J, Stanworth J and Watkins D. op. cit.
- Storey D. "New firm formation, employment change and the small firm: the case of Cleveland county". 1986b. in Curran J, Stanworth J and Watkins D. op. cit.
- Storey D, Keasey K, Watson R, and Wynarczyk P. **The Performance of Small Firms,** London, Croon Helm, 1987.
- Thorpe M, Giles K and Dyer G. "Open for business - delivering the goods in management education." February, 1986. Open Learning. Volume 1. Number 1. Pp 5-9.
- Watkins D S. "Development, Training and Education for the Small Firms: A European Perspective", *European Small Business Journal*, Vol 1, No 3, 1983.
- Woodley A. "Graduation and beyond." February, 1988. Open Learning. Volume 3. Number 1. Pp 13-17.

BROADCAST
MODULES

GROWTH

CONTROL

PERSONAL DVT

MAIN
MODULES

M1 MARKETING

M2 PRODUCT/SERVICE DVT

M3 USING DESIGN

M4 PRICING

M5 ADVERTISING/PROMOTION

M6 SELLING

A1 ACCOUNTING

A2 FINANCIAL DECISIONS

A3 BUDGETING

A4 BOOK-KEEPING/ACCOUNTS

A5 TAXATION

A6 DEBTOR CONTROL

A7 STOCK CONTROL

P1 PEOPLE

P1 SELECTING EMPLOYEES

P2 TIME MANAGEMENT

P3 LEADERSHIP

SUPPORT MODULES

APPLICATIONS MODULES

A1 THE BUSINESS PLAN

A2 FINANCING GROWTH

A3 CONTROL THE BUS.

FACILITIES MODULES

F1 PREMISES

F2 OFFICE MANAGEMENT

F3 USING COMPUTERS

SECTOR MODULES

S1 RETAILING

S2 PRODUCTION

