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Training and learning strategies of family businesses: an Irish case

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Abstract

Purpose – The purpose of this paper is to examine the training and learning strategies adopted by family businesses in Ireland.

Design/methodology/approach – In order to implement the study a database of family businesses was compiled. A number of sources were used to compile the database. Primary data from a stratified random sample of independent unquoted businesses were collected. Data were collected from 121 family businesses using a postal questionnaire.

Findings – The key findings of this study are that family SMEs appear to prefer an informal learning strategy than a formal strategy and family SMEs are hindered by the lack of financial resources so as to enable learning and training to occur within the business.

Research limitations/implications – This study used a single-respondent, self-administered questionnaire. Future research should incorporate analysing other members of the family business – family and non-family members – so as to get a “wider” understanding of learning and training in family businesses in Ireland.

Originality/value – This paper presents original findings in a highly relevant, but under-researched field – family businesses in Ireland, the issue of learning and training of family businesses.

Introduction

In a society with continuing economic and social changes, spurred on by the globalisation process and technological developments, training plays an increasingly important role in business success. In fact, a society based on continuous training and learning is necessary to meet new challenges. Companies, and family SMEs particularly, are increasingly dependent upon the skills and commitment of each individual employee to achieve success. According to Cullen and Elmore (2005) family-owned firms make up 90 per cent of the indigenous business sector in Ireland, and provide around 50 per cent of employment. With such a large contribution being made by family SMEs to the Irish economy, one could deduce that learning and development activities within these companies would be prominent, structured, and strategic in their approach, and reflect the diversity of the markets in which they operate and the customers that they serve. Chaston et al. (1999) refute this deduction as they suggest that SMEs generally do not have lifelong learning cultures that support learning and development activities. Thus, the aim of this paper is to examine what, if any, learning and training strategies are adopted by family businesses in Ireland.

Family businesses defined

There is no generally accepted definition of a family business due to a lack of conceptual clarity. Many scholars have tried over the years to define this complex phenomenon. For example, Churchill and Hatten (1987) define family businesses as a founder-operated business where there is the anticipation that a younger family member will assume control of the business from an elder member. Rosenblatt et al. (1985) defines a family business as a company that is still managed by the founder's family after being successfully perpetuated from one generation to the next, and in

which majority ownership or control lies within a single family; this holds true regardless of whether or not other family members consider it a family business. Handler (1989) identified four dimensions used by writers in the family business literature to define the family firm:

- degree of ownership and management by family members;
- interdependent sub-systems;
- generational transfer; and
- multiple conditions.

She observed that although there is no consensus as to what uniquely defines a family business, there seems to be a general agreement that the dimensions to be considered are the first three. Handler's (1989) attempt provides a conceptual clarification of the dimensions involved in defining the family business. Some authors use only one of the aforementioned dimensions to define a family business although their writings do recognise the importance of the others. Based on the presentation of Handler's four dimensions, some dimensions are treated as variables for the definition of the unit of analysis presented in this paper, most notably ownership, structure, and family size. For the purpose of this study the following definition of family businesses is being adopted:

A family business can be defined as one where the family body has a considerable impact on the ongoing and future operations of the business and can also be considered where any one of the following three criteria are true: a single family owns more than 50 percent of the voting shares and/or a single-family group is effectively controlling the business and/or a significant proportion of the business's senior management is drawn from the same family (Leach, 1991, p. 4).

The rationale for choosing this definition for this paper is due to the fact that it adheres to three out of four of Handler's dimensions: the family is to be active members in the family business through its ownership structure, and/or has a controlling interest in the business and/or the management structure is composed of family members. Furthermore, the unit of analysis for this study is segmented to investigate family businesses that fall under the definition of small and medium-sized enterprise (SME). The definition of SME's used in this paper is as per the European Commission's (2002a, p. 5) which is any business that employs less than 250 employees with an annual turnover not exceeding ECU 50 million, or an annual balance sheet not exceeding ECU 43 million. The rationale for segmenting the unit of analysis into that of family SME is because as previously stated by Cullen and Elmore (2005) the majority of family businesses in Ireland fall under the SME category and this therefore warrants the segmentation of the unit of analysis into that of family SMEs.

The importance of learning for SMEs

In a society with continuing economic and social changes, spurred on by the globalisation process and technological developments, learning plays an increasingly important role. In fact, a society based on continuous learning is necessary to meet the new challenges. Companies and especially family SMEs are increasingly dependent on the skills and commitment of each individual employee. It is possible to identify a number of reasons that explain family SMEs' increasing attention to developing the knowledge of their employees, developing the skills and aptitudes serving the businesses' productive purposes and therefore its competitiveness (European Commission, 2003a):

- New technologies (especially information and communications technology) are introducing new competence and organisational requirements at the work place. The success of technological and organisational innovations within an enterprise depends to a large extent on the ability, skills and intellectual capacity of individuals at all levels to absorb change and interpret the rapidly changing environment.
- In some countries, family SMEs seem to be particularly affected by the inability of the formal education system to match the enterprises “current needs”. This in turn, implies an added need for family SMEs to engage themselves in learning and training activities.
- Management literature increasingly underlines that competitive advantages built on capabilities, knowledge and skills are often less visible to competitors and more difficult to imitate, providing therefore a base for a sustainable and robust advantage.
- The increasing internationalisation of markets and the subsequent competitive pressures faced by family SMEs, as well as the changing legal requirements they permanently have to deal with, are resulting in added competence and training needs. It is therefore not surprising that family SMEs face important difficulties in recruiting and/or retaining competent staff.
- Another important reason is related to the ageing process of the European workforce. Ageing entrepreneurs may cause an important part of the enterprises' key competencies to be lost, this loss may have negative consequences on competitiveness, productivity and efficiency. Therefore, the preservation and development of competencies are critical issues to these enterprises.

The current economic environment is characterised by global competition, fast technology developments, shorter product life cycles and more demanding consumers. In this competitive and complex environment, human capital is increasingly recognised as a key engine for economic growth (European Commission, 2003b). Workers are obliged to acquire new knowledge and to learn new methods. Without sufficient people having adequate skills, the ability of SMEs and particularly family SMEs, to remain competitive and grow is threatened. Shortage of skilled labour is one of the major problems for SMEs (family and non-family) and without a properly functioning labour market; this lack of access to skilled labour will put a long-term constraint on the growth of SMEs. Based on the literature review, the following discussion of learning strategies is presented indicating the enablers and disablers of these strategies.

Formal learning strategies – enablers and disablers

Formal learning strategies involve training that is structured, formal and entails a defined curriculum with specific training goals set and evaluative criteria established. It may be conducted by supervisors, company training centres, businesses, schools and associations. Formal training includes classroom work, seminars, lectures, workshops, and audio-visual presentations. The European Association of Craft Small and Medium-sized Enterprises (UEAPME) report (UEAPME, 2001) identified that continuous training has to be an opportunity for the entire SME work force, equally open to entrepreneurs as to highly qualified and less qualified employees. Continuous training is very important for family SMEs since they need to acquire new skills in order to be able to face the new challenges of globalisation and the information society. The European Commission (2003a) identified that a barrier to learning is that

SME entrepreneurs are often not able to diagnose their own learning needs effectively. The owner/managers limited information and contact with sources of learning results in a limited overview of the opportunities available. Furthermore, SMEs very often feel reluctant to invest in people, as they fear the possibility of skilled labour being “poached” by competitors.

Owing to their size, family SMEs often encounter greater difficulties in organising outside training and in a lot of cases the training provided is very often unsuited to the family business. The times and places for the courses are too inflexible; they require the staff to be away from work for too long periods of time, the content is too theoretical and too formal. Altogether, this means that if alternatives do not exist, even the training courses or programmes available will not be used by SMEs (European Commission, 2002b; Goss and Jones, 1999). SMEs have more difficulties than larger businesses in finding time and money for the development of these skills, which are so important for the competitiveness of their enterprises (UEAPME, 2001). The European Commission (2002b) further support this finding of the UEAPME because they found that the main reasons for not carrying out formal training activities is related to lack of time considerations. Other important reasons found were: insufficient financial resources, lack of planning and lack of relevant training courses. The report observed that the typical SME (both family and non-family) is driven by short-term business pressures and is looking for quick and easy solutions that very often, cannot be provided.

A study by ECOTEC (1999) identified that in order to benefit from learning, the SME would need to develop a culture that intrinsically incorporates a more structured approach to learning and Baskin (1998) also supports this view. He suggests that organisations can develop a “corporate DNA” that holds the organisation together. Learning needs to be a more conscious process facilitated by appropriate organisational structures and working routines.

Paulsen (1994) maintains that training deficits are symptomatic of many SMEs and can be attributed, in part, to shortcomings in the education and training market, a general lack of demand for training and a lack of specialist human resource development facility to provide structured and planned training. This sentiment is further supported by the findings of the European Commission (2002b) and Goss and Jones (1999). Paulsen (1994) further contends that personnel planning and development is weak in European SMEs and it is well documented that less formal training takes place in SMEs than in larger organisations. This may be due to time and cost pressures and the perceived need for immediate pay back. Yet formal training and development provides only a small part of what is learned at work and the potential for informal on-the-job learning is much less constrained by organisational size (Eraut, 1999). The significance of such informal learning is currently increasing and it has been argued that this type of learning is more appropriate to the needs of the SME and its employees (European Commission, 2002b; Goss and Jones, 1999; Penn et al., 1998).

Informal learning strategies – enablers and disablers

Informal learning strategies are rather casual and incidental. Typically, there are no specified training goals as such, nor are there ways to evaluate if the training actually accomplished these goals or not. Informal learning typically occurs so naturally that

many people probably are not aware that they are in a training experience at all. Probably the most prominent form of informal training is learning from experience on the job. Examples are informal discussions among employees about a certain topic, book discussion groups and reading newspaper and journal articles about a topic. According to Goss and Jones (1999) informal learning is a feature of learning in SMEs. They identified a number of factors that influence informal learning – senior management's attitudes towards learning and training, the culture and structure of the organisation – and they all have a part to play in the adoption of formal training and the effectiveness of informal learning. Firstly, attitudes towards learning and training are closely related to the expectations entrepreneurs have regarding their business. Where it is to provide a living, then the need for training associated with growing the business is perceived as irrelevant. Secondly, the culture of entrepreneurial firms is typically paternalistic. Coupled with an informal approach to planning, such cultures are characterised by activity for the “here and now” with an almost abhorrence of analysis and reflection.

Sweringa and Wierdsma (1992) identified that in SMEs, experiential learning is where most real learning takes place. The only way to learn how to run an SME is by doing it. Many who start on this route are highly competent in a restricted field and suddenly have to develop a whole new range of competencies. Brown and Keep (1999) identify that experiential learning is part of the process of managing the job, dealing with the challenges and problems that arise from the very nature of the work and the environment in which it is taking place.

Informal learning is reactive rather than proactive and it does not address the long-term needs of the organisation that is the need to anticipate change and the implications on skills and knowledge needed by the organisation in order to manage change successfully. Consequently, survival depends upon the ability of the organisation to learn from critical events and adapt behaviour accordingly, to recognise and use the wealth of knowledge created by such events so that opportunities can be maximised (Goss and Jones, 1999; Sweringa and Wierdsma, 1992).

It could be argued that family SMEs offer a richer environment for learning on-the-job. Smaller size typically results in jobs that are broader and depend on a wider range of skills than in larger organisations and hence the individual may experience a wider range of potential learning opportunities. In addition, a wider job description and less well-defined job boundaries may result in closer contacts amongst employees and between employees, customers and suppliers (UEAPME, 2001). These close contacts could enable a better opportunity to learn from experiences as individuals are in a better position to learn from others and more importantly to gain feedback on the consequences of their actions. Such on-the-job, continuous learning depends on individuals having jobs which challenge and stretch them and it is often argued that owner-managers of SMEs find delegation of decision-making more difficult through their insistence on “personal contact and control” (Bosworth and Jacobs, 1989).

It is also argued that informal and self-directed learning may require learners to develop their thinking and learning skills if they are to become independent learners. Thus, it is unlikely that informal learning will have a great deal of impact unless it is supported and Eraut et al. (2002), for example, argue that benefits may not be realised

if managers are perceived as permissive, rather than positively supportive, in terms of self-directed learning. Such organisational and personal support demands sophisticated management skills and yet the qualities of owner-managers have been shown to be more to do with entrepreneurial abilities than managerial ones (Penn et al., 1998). This suggests that owner-managers may benefit from guidance and support in creating an environment which supports informal learning, in planning learning and capturing it, in learning support skills (for example, listening, questioning, constructive feedback, facilitating) and in using/supporting diagnostic learning tools.

The above discussion has highlighted that informal training is less effective than formal training if one should intentionally be learning a specific area of knowledge or skill in a timely fashion. Hardly any thought is put into what learning is to occur and whether that learning occurred or not. However, this form of training often provides the deepest and richest learning because this form is what occurs naturally in life. Nevertheless, training employees generally brings a win-win scenario. Employees are more productive for the firm because they are better skilled to do their job. Employees feel better about themselves because the company is taking an interest in their personal development. For the employer, he/she has a happier, more skilled workforce, with better productivity and lower costs as a result.

Training and development interventions in Ireland

The Irish Government established an organisation called the Expert Group on Future Skills Needs to assist in the development of national strategies to tackle the issue of skills needs, manpower needs estimation, and education and training for businesses (Ireland, The Expert Group on Future Skills Needs, 2000). In their report they identified that the location of the SME adds to the cost and time pressures associated with training and makes it more difficult to access the full range of training that would be available. Many companies have difficulties finding time for their employees to do enough training. Senior managers reported that rapid change has created learning needs that they do not have time to address (Ireland, The Expert Group on Future Skills Needs, 2000). They also found that the cost of training constrains less profitable companies and companies that do not have a good understanding of how to profit from training. As the trainee and society, rather than the company, capture some training benefits, there is a tendency to avoid incurring costs associated with these benefits. Furthermore, they found that the training that is useful to the SME was either excessively difficult or costly to access, and that some types of training are not even available within Ireland. Finally, the report found that companies have difficulties in finding the training they need and in being assured in advance that the training they are buying is relevant and of good quality. They concluded by stating that in some companies the volume and quality of training is undermined by an ad hoc approach.

The Small Firms Association (SFA) in Ireland, in association with Skillsnet - the Irish body that facilitates industry-led training – funded a major research project on training and development in the SME sector in Ireland (Skillsnet, 2003). The objective of the project was to encourage SMEs to engage in discussion about training and to actively encourage small companies to undertake more training of their employees. The findings of the research identified that a very high proportion of Irish SMEs devoted insufficient attention and resources to the training and skills enhancement of their employees.

Forbairt, through the Forbairt ADAPT project in 1999, conducted research on SME training so as to develop an understanding of how small businesses learn to use the internet and endeavoured to develop training tools for acquiring the skills necessary to do so (Ireland, Forbairt ADAPT, 1999). The findings of the Forbairt ADAPT project were that managers and most staff in small companies are multi-skilled, have little if any “spare time” and often little back-up information for technology support. The Forbairt ADAPT project also found that the typical SME, or particularly the micro-enterprise, can rarely afford to invest in formal off-site group training sessions. Forbairt identified that SMEs need training that takes the minimum amount of time away from the workplace, delivers only the required skills, responds to individual objectives and needs, can be changed at short notice and is inexpensive. Forbairt proposed that internet training would be the most efficient medium to use for SMEs as a training tool. The reason being is that it can be accessed at any time and can be tailored to their individual/company needs, thereby offering a customised approach to learning (Ireland, Forbairt ADAPT, 1999). The findings of the Forbairt report concur with the report written by the Expert Group on Future Skills Needs (2000), whereby both reports found that SMEs believe that the type of training they need is expensive, time is difficult to devote to the training available, and sometimes the training is not even relevant to them.

Research methodology

The methodological approach adopted for this study was that of a mail survey and personal interviews[1]. According to Gill and Johnson (1991) research methodology refers to the logic of interpreting results and analysing findings. One of the main complexities of undertaking research is choosing from the myriad of methods available to the researcher. When faced with the choice of methodology, the main principle informing the researcher should be that the method used fulfils the information requirements of the specific piece of research and not merely the current “popular” method. One of the research methods adopted for this study was that of a survey. Oppenheim (1966) defines a survey as a form of planned collection of data for the purpose of description or prediction as a guide to action or for the purpose of analysing the relationships between certain variables. Surveys can be either descriptive or analytic depending on the aim of the research. Oppenheim (1966) describes the descriptive survey as fact finding and actuarial, endeavouring to identify trends over time. The analytical survey explores the relationship between particular variables, usually set up to explore hypotheses. Using Oppenheim's classifications, this study could be described as descriptive as it endeavours to ascertain certain facts and figures.

A total of 500 postal surveys using a single respondent resulted in a total of 121 valid responses, which is a response rate of 24.2 per cent. Alpar and Spitzer (1989) reviewed over 50 reports in all volumes of *Frontiers of Entrepreneurship Research* from 1981 to 1988 by researchers who sampled actual entrepreneurs in a mail survey. They found that studies in which no additional contacts with entrepreneurs occurred and in which no addresses were obtained from a commercially available database achieved response rates of 8.0 per cent to 26.5 per cent. Thus the response rate of 24.2 per cent can be considered acceptable for this sampling procedure and data-source of addresses.

The other research method adopted for this study was that of personal interviews. Yin (1994) identified three forms of interviews that can be conducted so as to gather qualitative research data. An open interview is one in which the researcher asks the respondent for facts as well as opinions about certain events. A focused interview is used to corroborate certain facts that the researcher already thinks have been established. A structured interview applies rigour to the questioning of the respondent and entails more structured questions along the lines of a formal survey. In this study a focused interview is selected for two reasons. First, the results of the literature review and mail survey have provided a detailed description of exactly what the composition of a family business is. Secondly, the main goals of the case study are to illustrate and enrich some of the survey findings and focused interviews are a useful research tool to corroborate these findings.

The objective of conducting personal interviews is to minimise the weaknesses of the mail survey methodological approach. A weakness of the mail survey is the inability to get close to the research subject and to ask specific questions of the respondent. The personal interviews therefore enable more in-depth answers to be sought from the respondent that will enrich the findings of the mail survey research. On the basis of Eisenhardt's (1989) premise that a study of between four and ten cases is suitable for qualitative studies, a total of six family SMEs were interviewed. Six semi-structured, in-depth interviews were conducted with owner-managers of selected family businesses. An interview schedule was designed and focused on probing into the learning and training strategies of the family business. The interviews were held at the premises of the interviewee. Each interview lasted approximately two-and-a-half hours and was recorded using a Dictaphone. In keeping with the case study method, multiple sources of data collection such as documents, website and archival records were also used to overcome the limitations of any individual source if possible.

Respondents profile of the mail survey

As previously mentioned, 121 valid responses were received from the mail survey. In total, 76.9 per cent of respondents were the owner-manager of the family business and the remaining 23.1 per cent were either related to the owner or were in Directorship positions. The majority of businesses were started in the 1970s, 1980s and/or 1990s. Tertiary level qualifications accounted for the highest educational award received by 33.9 per cent of respondents, followed by having a secondary level education (31.4 per cent). Vocational training or technical training was accomplished by 10.7 per cent of respondents. A secondary level education and vocation or technical training accounted for 10.7 per cent of respondents. Primary level was the highest academic achievement received by 2.5 per cent of respondents. The remaining respondents (10.8 per cent) identified a mix of options given within the questionnaire, which identified that the remaining respondents had a secondary level education and other as their minimum academic achievement.

The respondents were questioned as to what business sector their business could be categorised as. The Standard Industrial Classifications (SIC) Index identifies agreed and acceptable classifications of businesses and these classifications were used within the questionnaire. The respondents were asked to choose from one or a combination of the following categories: manufacturing, construction, services, transportation, retail trade, wholesale trade, agriculture and forestry, finance and investment and other. The majority of respondents (71.9 per cent) are to be found in the following

business sectors: manufacturing (17.4 per cent); construction (18.2 per cent); services (14.9 per cent), retail trade (10.7 per cent) and wholesale trade (10.7 per cent). The remainder are a combination of the above business sectors mentioned. The unit of analysis adopted for this study is the family business, however, this was further segmented into those family businesses classified as an SMEs. The number of people employed by the respondents family business is illustrated in Table I.

	Number of employees	Frequency	Percentage
Table I. Size of family business by employee numbers	Less than 10 employees	38	31.4
	10 less than 50 employees	57	47.1
	50 less than 250 employees	26	21.5
	Total	121	100

Table I Size of family business by employee numbers

As Table I identifies 31.4 per cent of respondents are from a micro family business, 47.1 per cent from a small family business and 21.5 per cent from a medium-sized family business. Some 39.7 per cent of respondents were the first generation running the family SME, 30.6 per cent are being run by the second-generation and 11.6 per cent by the third-generation. A total of 5 percent are fourth-generation family SMEs and 5.8 per cent are run by a combination of generations. Of respondents, 18 percent identified that the fourth-generation or more is running the family business. This finding suggests the majority of family SMEs have a long history in terms of their existence in the Irish economy.

Family businesses are closely held organisations in which multiple generations and/or a number of family members serve as employees or are dependent upon the business for financial support. This is true for the respondents of this study since 95 per cent of respondents have family members working in the family SME and the remaining 5 per cent were shareholders. A total of 31 percent identified that there was no minimum level of education required for a management position in the family business. A total of 41 percent identified a secondary level education was required, 11 per cent identified a tertiary level education was required and 4 per cent identified “other professional qualification's” were necessary for a management position in the family business. Some 4 percent identified a combination of secondary and/or other professional qualifications or tertiary level education, 1 percent identified that it was the individuals experience with training that got them a management position. The remaining 9 per cent did not reply to this question. This finding indicates that the respondents family business prefers to take the grass-roots approach and nurture the family members into the family business.

Respondents profile of the personal interviews

A total of six personal interviews were conducted throughout Ireland. Of the respondents, four are the owner-managers of the family business. The interviewee of Wm Walsh Ltd was a joint owner with her husband. Mr O'Shea, of O'Shea Group Engineering Ltd, was the founder of the family business but now holds the position of non-executive Chairman. The interviewees educational status reflects the findings of the mail survey respondents as three out of the six had acquired a tertiary level education. A secondary level education was the highest educational attainment for two interviewees and a trade for one interviewee. Of the businesses interviewed, two

can be categorised as “micro” family businesses since they employ less than ten employees – O'Brien Smoked Fish Ltd and Delcor Ltd. Wm Walsh (Limerick) Ltd and Dan Conway Construction Ltd can be considered a small business since they meet the criteria of having less than 50 employees but more than ten employees. The remaining two family businesses – Carousel Ltd and O'Shea Group Engineering Ltd – can be considered medium-sized family businesses as they employ more than fifty employees. The majority of case study businesses were established in the 1960s. A cross-section of the industry sector was achieved through having respondents from four industry sectors: the food industry, the construction industry; the leisure industry and the engineering sector. All interviewees identified that the family was either involved or very involved in the day-to-day running of the family business.

Training initiatives adopted in family businesses

Respondents of the mail survey were asked if members of the management team attend formal training programmes and if training of family and non-family employees was an important element of their business. The following analysis is based on the segmentation of the unit of analysis based on the three size criteria discussed (micro, small and medium-size family SMEs).

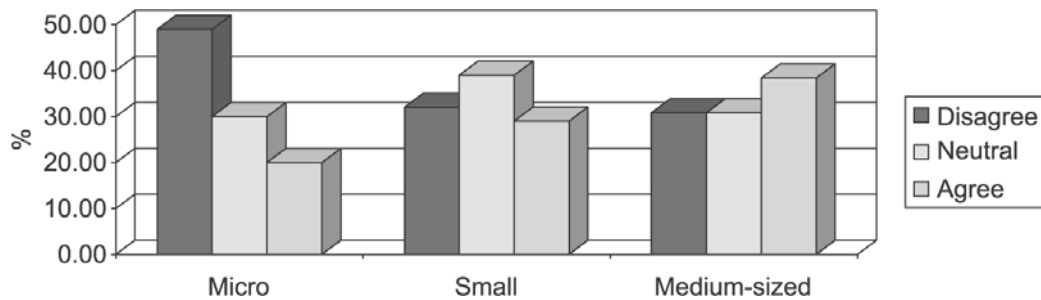


Figure 1 Members of the management team regularly attend formal training programmes

Figure 1 above illustrates that 49 per cent of micro family businesses disagree that members of the management team regularly attend formal training programmes. The two micro case study respondents (Mr Sheahan of Delcor Ltd and Mr O'Brien of O'Brien Smoked Fish Ltd) also disagree that the management team in their business attend formal training programmes. They both stated that the majority of management training courses are too expensive to attend and do not meet their needs as a micro business. The minority of micro family SMEs agree (20 per cent) that members of the management team regularly attend formal training programmes. This therefore indicates a lack of formal training at the micro family business level. Furthermore, Figure 1 identifies that more small family SMEs disagree (32.2 per cent) than those that agree (28.6 per cent) that members of the management team attend formal training programmes. This therefore means that small family SMEs tend not to send members of their management team on formal training programmes. However, when compared to the micro family SME, small family SMEs tend to agree more than micro family SMEs. In medium-sized family SMEs more respondents agree (38.4 per cent) than those that disagree (30.8 per cent). However, this finding still indicates that members of the management team in medium-sized family SMEs do not attend formal training programmes. Based on these findings, micro, small and medium-sized family businesses in Ireland tend not to send members of their management team on formal training programmes.

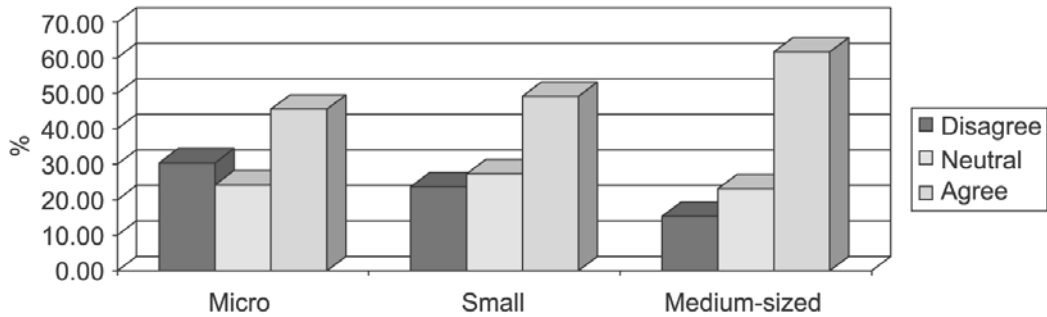


Figure 2 Training of family business members is an important element of our business

Figure 2 identifies that 30.4 per cent of micro family SMEs are of the belief that training is not important for family members. Additionally, 15.2 per cent of micro family businesses agree that they employ family members even if their skills and experience do not fit a particular opening in the business. However, 45.5 per cent agree that training of family business members is an important element of their business, however this training is done on an informal basis more so than formal. This finding therefore infers that formal training is not important and more importance is placed on informal training. Figure 2 further identifies that 23.6 per cent of small family SMEs disagree that training family members is an important element of their business. Additionally, 23.2 per cent of small family businesses agree that they employ family members even if their skills and experience do not fit a particular opening in the business. However, 49.1 per cent of small family SMEs agree that training family members is an important element of their business. Some 61.6 per cent of medium-sized family SMEs agree that training family members is an important element of their business. However, 15.3 per cent disagree with this statement. Furthermore, 11.5 per cent of medium-sized family businesses agree that they employ family members even if their skills and experience do not fit a particular opening in the business.

The above findings indicate that as the business grows in size the greater the level of importance of training family members. This would indicate that size does influence the training strategy of family SMEs. However, some family businesses, in all three size categories, employ family members even if their skills and experience do not fit a particular opening in the business. This indicates that family firms are nepotistic in their recruitment practice therefore favouring family members over non-family members even though their skills and experience might not fit a particular position in the business.

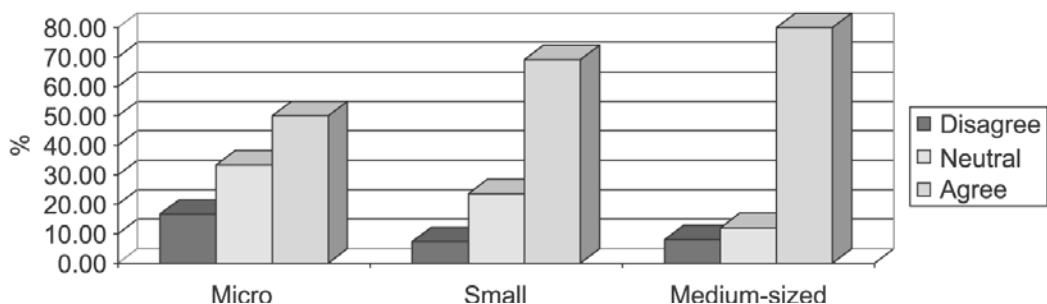


Figure 3 Training of non-family employees is an important element of our business

Overall, Figure 3 above illustrates that the majority of micro (50 per cent), small (69.1 per cent) and medium (80 per cent) sized family SMEs agree that training non-family employees is important. On further exploration of the findings it appears that as the size of the family firm increases, the level of importance increases as well. The anecdotal responses from the case studies at the micro level identifies that training of family members and non-family employees is an important element for their business. However, more emphasis is placed on informal training rather than a formal training strategy. This is evidenced by the following comments from the two micro family SME interviewees. Mr Sheahan of Delcor Ltd states:

Training does not really happen in the company, it is done on a needs basis and at the moment its has not been necessary. Furthermore, a lot is learnt from trial and error. I tend to learn on the job and my experience in the business has taught me a lot.

Mr O'Brien adopts a similar strategy to Mr Sheahan by adopting a "trial and error" approach to learning. Mr O'Brien states:

Most of the tasks are learnt on the job, therefore training does not formally occur rather it is informally conducted by employees learning on the job.

The small family SME interviewee, Mr Conway of Dan Conway Construction Ltd, explained that all employees would have to have certain certificates and skills so as to carry out their job. He would encourage training to be done by his employees and he himself has done training in the past. In the case of the other small family SME, Wm Walsh Ltd, Mrs Walsh states that training is happening at an integral level within the family business. Employees are constantly being updated in terms of their responsibility within their own fields. However:

[...] training has to be conducted off-site primarily abroad as training for our business is not offered in Ireland.

This therefore puts a strain on the family business as Mrs Walsh identified that the training is expensive due to the fact that they would have to travel abroad. The first medium-sized family SME, O'Shea Construction Ltd, Mr O'Shea states that managers are constantly doing courses and all employees are doing courses for their trade:

We continuously invest in learning because things are constantly changing, so if you want to keep up with it you have to do these courses.

The learning strategy employed within Carousel Ltd, a medium-sized family SME, was that of a "hands-on" approach. Employees would learn from each other and would learn from those who have the experience of working in the business. Mr Tell further identified that no formal management, staff, or owner training occurs within the business. Employees that work in this family business (Carousel Ltd) learn on the job. In a sense the family members act as mentors to the employees as the family members would know the "inside out of the business and the equipment".

The findings of this section indicates that training is conducted within the family businesses interviewed and the respondents surveyed. However, what appears to be more prevalent is that of an informal training strategy rather than a formal strategy.

The reasoning behind this was that formal training is not necessarily suited to their business, the family SME already has experienced individuals within the business and they can act as mentors to employees thus using an informal training approach rather than a formal strategy or the expense of formal training prohibits it occurring within the family business.

Family business approach to employee learning

Respondents were questioned as to the learning strategy adopted within their business. A number of questions were posed pertaining to the systems the family business has implemented within the business so as to assist employees in learning and Table II illustrates the responses.

	Micro family (%)	Small family (%)	Medium family (%)
<i>Employees openly discuss mistakes in order to learn from them:</i>			
Disagree	8.3	5.5	7.7
Neutral	22.2	27.3	19.2
Agree	69.4	67.3	73.1
<i>Employees identify skills they need for future work tasks:</i>			
Disagree	20.0	12.7	20.0
Neutral	28.6	34.5	28.0
Agree	51.4	51.4	52.0
<i>Employees can get money and other resources to support their learning:</i>			
Disagree	29.4	12.7	4.0
Neutral	29.4	21.8	36.0
Agree	41.2	65.5	60.0
<i>Employees are rewarded for learning:</i>			
Disagree	12.5	9.1	12.0
Neutral	37.5	29.1	24.0
Agree	50.0	61.8	64.0

Table II.
Learning strategies and systems to employee learning

Table II Learning strategies and systems to employee learning

Table II identifies that on a macro level, family businesses appear to have developed a culture and climate within their business so as to encourage employees to avail of and share learning. On a micro level, it is encouraging to find that all three sizes of family businesses (micro, small and medium-sized) have a culture that enables employees to openly discuss mistakes. Furthermore, employees are aware of the benefits of discussing these mistakes since employees can learn from them. Therefore, mistakes are viewed as opportunities for learning by employees and the family business culture therefore promotes inquiry and dialogue. However, when this question was posed to the interviewees it elicited a number of gasps from them. Interviewees were of the opinion that they would not encourage staff to make mistakes as this could be detrimental to the existence of the business and also to customers. Interviewees stated:

In our business we can't have mistakes. We are very much a cash business and we can't encourage staff to make mistakes, said Mrs Walsh.

No, employees are not encouraged to make mistakes otherwise the public might sue us, said Mr Tell.

You would never encourage people to make mistakes. Unless you know they are capable of doing something you would have to supervise their initial attempts. To do

otherwise would be dangerous in our line of work. Generally they must be capable of doing the job, said Mr O'Shea.

This identifies a culture within the family businesses for not tolerating mistakes. However, two family businesses displayed a tolerance of mistakes, Mr O'Brien identified:

We learn from our mistakes. I don't mind in the slightest if my employees make mistakes. I believe that the consequences of the small mistakes are far greater than the big mistakes as they impact on the consumer.

Mr Sheahan explained that within his business mistakes are made daily:

We make mistakes everyday and we would learn from those mistakes always. We would not necessarily encourage mistakes to be made but sometimes it's inevitable.

These findings identify that family businesses are aware that mistakes are made in business and some tolerance of mistakes being made is evident in these businesses.

Across all three business sizes, the majority of mail survey respondents agreed that employees identify the skills they need for future work tasks. All interviewees agreed that staff are encouraged to take responsibility for their own personal growth, however in the case of Mr Sheahan and Mr O'Brien they stated that it would be limited to how they could assist in that growth due to financial constraints of the business. Mrs Walsh agreed that staff are encouraged to take responsibility for their own personal growth:

[...] staff are encouraged to take responsibility for their own personal growth. Training is given gradually we don't force them to do it all at once.

Mr Tell identified that the majority employees in the family business are part-time and the business moves around the country so the staff might be different in various locations however more responsibility would be given to long-term staff. Concerning full-time employees, Mr Tell identified that the majority were family members and any learning requests for personal growth would be looked upon favourably. Mr O'Shea explained how they would encourage their staff to take responsibility for personal growth by saying:

Anyone who would manifest themselves as being talented we would encourage. Good people are scarce: if you are a good businessperson, good people will stay.

Resources are necessary for learning to occur and the majority of small and medium-sized mail survey respondents agreed that employees can get money and other resources to support their learning. Some 41.2 per cent of micro family SMEs also agreed with this statement, however 29.4 per cent disagreed. The disagreement by micro family SMEs reflect the findings of the literature review whereby micro SMEs are confined by resource implications for learning and training opportunities. So as to investigate the availability of learning the case study interviewees were questioned as to what resources are available for staff to use for learning. Mr Sheahan, Mrs Walsh and Mr O'Shea identified that resources were available for staff to use for learning.

Mr Sheahan explained that his business does not have a budget for learning however manuals and documents are available to review, which he identified as a resource tool for learning. In the case of Mrs Walsh and Mr O'Shea they stated that the family business has a yearly budget devised dedicated to learning and training and staff also knows this. Mr Tell identified that there are "informal" resources available through a mentoring system within the family business whereby a new member of staff would be able to access the knowledge of experienced family members.

Discussion and recommendations

Family SMEs are a quintessential element of the Irish economy due to the fact that the majority of the indigenous business sector is composed of family businesses. The literature review presented in this paper identifies that learning plays an important role in ensuring businesses remain competitive in today's environment. A number of reasons for adopting a learning and training strategy within a business were identified and these included the advent of new technologies; the effects of an aging population; the impact of competitive pressures and the internationalisation of markets. Concerning the training demands in Ireland, the literature review discussed in this paper has indicated that there are a number of key factors that affect the adoption of a training strategy by family SME in Ireland (Ireland, The Expert Group on Future Skills Needs, 2000; Ireland: Forbairt ADAPT, 1999; European Commission, 2003a; b). Factors such as difficulties in accessing training, difficulties in finding time for their employees to do enough training, rapid changes causing significant adjustments to training needs; cost of training prohibits some firms from engaging in training; and they can rarely afford to invest in formal off-site group training sessions. It has been recommended by the Expert Group on Future Skills Needs (2000); and Forbairt ADAPT (1999) that if training is to be offered to SMEs it should encourage as little time away from the workplace; it should be flexible and inexpensive.

The findings presented in this paper identifies the importance placed on the role of the family in the business by maintaining ownership within the family and/or providing a source of employment for family members. Further conclusions that can be derived from analysing the personal background of the respondent and the business are that owner-managers of Irish family businesses are well educated, family businesses are dominant in all sectors of industry, the majority ownership is vested in family members and family businesses can be classified as micro, small and/or medium sized enterprises.

The key findings from the primary research methodologies adopted identify that family SMEs do not send members of their management team on formal training programmes and training is done more so on an informal basis than formal basis. This may be due to the fact that the training available is not suitable, it takes too long to conduct; it may be inaccessible and may be too expensive for the family business to afford. These findings substantiate the findings of the Expert Group on Future Skills Needs (2000), the Small Firms Association and the Forbairt ADAPT (1999) report.

The following recommendations are posed so as to devise a learning and training strategy within family SMEs. These recommendations stem from the literature review and from the findings of the primary research methodologies adopted in this paper:

Allocate financial resources and other resources to employees to support their learning. Family SMEs should devise a yearly budget so as to allow employees to support their learning. It is also important that family SMEs communicate to its employees that the budget is available for their use.

Problems should be viewed by employees as an opportunity to learn. The literature review presented in this paper identifies that informal learning strategies are commonplace in SMEs. Therefore, family SMEs need to adopt a “buddy system” or a “mentoring system” within the business. This would enable on-the-job training by experienced staff to those less experienced.

Reward employees for learning. Rewards, either financial or non-financial can act as motivating factors for employees. By having a rewards scheme within the family SME can lead to employees being more motivated and “feeling” a part of the family firm due to being recognised for the learning they have achieved.

Employees need to ask what others think whenever they state their views. By enabling this within the family SME, the business is allowing employees to gain productive reasoning skills to express their views.

Identify best practices in other businesses. Family SMEs should adopt a strategy whereby they identify a company that is renowned for its “best practice” and analyse their strategy and adopt principles of business similar to that company. Furthermore, constant evaluation of the internal operations of the family SME will identify areas that are weak and need new systems to overcome those weaknesses.

Encourage employees to give open and honest feedback to one another. Family SME should ensure a communication system exists that enables feedback to be given to employees and to each other. This can be formalised through regular meetings with employees or through bulletin boards etc.

Provide variation to the roles within the business. The family SME should rotate responsibilities within the family business thereby establishing trust within the firm. Furthermore, the family SME should attend “retreats” whereby employees and management work and play together to achieve certain goals and objectives and these events can enable team building to occur and a result of this would be respect between employees and managers.

Two-way communication needs to be established. Family SMEs should implement a communication system whereby employees can directly communicate with each other and/or with management. These systems can take the form of e-mails (which requires an IT system in place); suggestion boxes, bulletin boards and/or open meetings.

Enable employees to get needed information at any time quickly and easily. Family SMEs should ensure that information they receive is accessible to employees. This can be in the form of electronic or paper storage of information.

Maintain an up-to-date database of employees skills. By maintaining an up-to-date database of employees skills, the family SME can monitor employees abilities and

identify gaps in learning. This can be maintained on electronic format or paper storage.

Make lessons learned available to all employees. If learning occurs within the family business it is recommended that those lessons learned are filtered down through the business. This can take the form of having meetings after training has been conducted and the “fruits” of that training are conveyed to employees.

Measures the results of time and resources spent on training. The case study interviewees identified that the difficulties they have in attending training programmes is due to financial constraints. Thus if members of the family business attend training programmes it is important that they measure the results of the training they have conducted. The measurement tools can take the form of benchmarking and/or having standards that need to be met once the training has been accomplished.

Need to support requests for learning. It is recommended that family SMEs ensure they have a communication system through which requests for learning can be conveyed to management. Furthermore, management should communicate to employees the outcome of their requests – be it positive or negative. Requests for learning should be evaluated based on the impact it will have on the employee, the family firm and the costs involved.

Management and mentors coach those they lead. The literature review presented in this paper identified that informal learning strategies is a typical learning strategy adopted by SMEs. It is suggested that family SMEs use members of the management team as coaches for their employees. This in a sense is a “free” form of learning for the family firm.

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