



Quality & Innovation  
in Vocational Training for  
Enterprise Cultural Heritage

## ENTERPRISE CULTURAL HERITAGE MANAGEMENT:

NEEDS ANALYSIS SURVEY RESULTS FROM THE UK, GREECE,  
ITALY, CZECH REPUBLIC AND FINLAND



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## 1. INTRODUCTION

MNEMOS project aims to develop an innovative vocational training approach which will enable small and medium size enterprises (SMEs) to exploit their enterprise cultural heritage (ECH) and improve the quality of vocational education and training practices for non-formal learning. The development of new competencies and skills, as well as more effective use of ECH will enhance the employability of individual workers, improve the competitiveness of SMEs and help to utilize the economic value of their unique cultural heritage.

For MNEMOS project the following definition for ECH has been constructed:

*Enterprise Cultural Heritage (acronym ECH) is a company asset that is derived from its historical evolution. This asset is made up of tacit and explicit knowledge. This knowledge focuses on products/services (and the overall brand identity of the firm), processes (and technologies), functions, and organisational structures. It can be used to underpin future competitiveness through originality, innovation and quality.*

Organisations that have been trading for decades have a quality that no newcomer has: their history and knowledge makes them stand apart. ECH is this competitive advantage. It is a company asset that derives from historical evolution, and is made up of tacit and explicit knowledge. This knowledge focuses on the products or services and the overall brand identity of the firm, processes and technologies, functions, and organisational structures. It can be used to underpin future competitiveness through originality, innovation and quality. Effective management of ECH can increase creativity and innovation, boosting the productivity and performance of SMEs with a long and rich history. The majority of these long established enterprises, however, find it difficult to identify and exploit the economic value of their cultural heritage, and may not even think of doing so.

MNEMOS project aims at producing learning material and practices that promote efficient management of ECH in SMEs. The target sectors of the project are food and beverages, textiles and wearing apparel, and ceramics and jewellery. As a basis of this work the awareness of the companies of the ECH management issues and the potential lack of skills must be charted. The needs analysis reported here will be doing that and will work as a starting point to ECH management methodology and learning materials.



## 2. DATA COLLECTION

In early 2010 a survey was conducted in order to gain knowledge of the awareness of the companies of ECH, the possible repositories of ECH they might have and their perceptions of the skills needed to exploit their cultural heritage as well as the level of those skills in the company. Also some basic information of the companies was collected as well as willingness for further co-operation with MNEMOS project. Companies not exploiting their ECH were asked to explain why. The data for the survey was collected in five countries: the UK, Italy, Greece, the Czech Republic and Finland. The survey was mostly conducted as a telephone survey; however some companies preferred to fill in the questionnaire on the internet, which was then enabled. The questionnaire was mostly populated with structured questions, but also some open-ended

The survey was aimed at SMEs at least 40 years old. The rationale behind the 40 years was that these companies are more likely to have had to pass on their product and services knowledge through at least one generation of employees. The EU definition for SMEs was used – that is enterprises employing only up to 250 people with annual turnover  $\leq$  € 50 million or balance sheet total of  $\leq$  € 43 million. The target group was limited to companies in the following crafts sectors: food, textiles, and other (ceramics & jewellery). Some 480 companies were identified using standard commercial directories. A total of 77 interviews were completed, each lasting between 30 and 45 minutes, between January and April 2010. This corresponds to a response rate of just over 16%.

Before the presentation of the findings some key limitations must be noted. Firstly, the data used are self-reported responses to a questionnaire. This raises two important considerations: self-report bias and self-selection bias. Considerable efforts have been made in the design and implementation of the research to address these issues. Thus, a number of controlled questions have been introduced in the instrument to monitor the responses given. In some instances corrective action has been taken when individual respondents made contradictory statements. As far as the issue of the self-selection bias is concerned, the organization of the fieldwork and the ensuing satisfactory response rate provide a considerable degree of confidence in the results. Secondly, the survey instrument provides a snapshot of firms at the time of the fieldwork research restricting the ability to capture processes that evolved through time.

The research is exploratory by nature. The phenomenon has been studied hardly ever before among SMEs. This research brings into light some new findings and increases the understanding of the awareness of the companies of the potentials of ECH and their perceptions of the skills needed in order to exploit that potential, as well as possible shortage of skills in SMEs of crafts sector. The results are good indicators of the state of art, even if we must bear in mind the limitations of the data, which are due to small number of respondents.



It is also worth pointing out that the data were collected in early 2010, a period of considerable economic adversity globally. This is a period of increased difficulty – for SMEs – to access finance and economic contraction. During the interviews the impact of hostile macro-economic conditions was raised extensively by interviewees. This may have affected findings somewhat, as levels of investment and growth levels may have been influenced as a result.

### 3. THE COMPANIES

In total, 77 companies were interviewed for the survey. There were 16 companies from the UK and Italy and 15 companies from Greece, Finland and the Czech Republic (see figure 1). Almost half of the companies was from the food sector (36 companies out of 77). The second largest group of companies were producing beverages (13 companies). The companies of those two sectors added up to almost two thirds of all companies interviewed. The producers of wearing apparel (10) and textiles (7) constituted about one fifth of the companies. Ceramics and jewellery producing companies were smallest groups, five and six companies of each, respectively.



Figure 1. The companies interviewed by country and industrial sector (% , n=67)

There were slight differences in the distribution of the sectors in each country. In the Czech Republic the share of companies producing beverages was substantial, where as in Greece the share of textile companies was larger than in other countries. There were also more food sector companies in the UK and the wearing apparel companies in Finland than in other countries.

The studied companies were different by their size and age in each country. The Greece companies were largest by annual turnover. The median of annual turnover of the companies interviewed in Greece was 17 million euro. In Finland the median was 7 million, and in the Czech Republic 2 million. The smallest companies were in the UK (median 1,4 million euro). Only five



Italian companies gave their turnover figures, so we don't have reliable data of the average of the turnover of Italian companies interviewed.

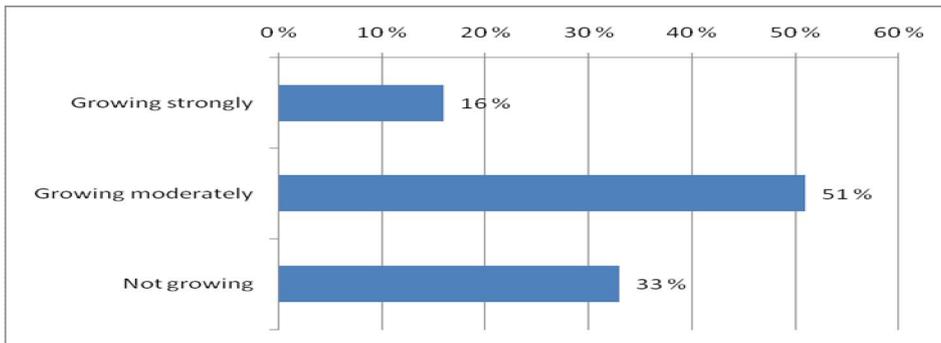


Figure 2. Companies' perceptions of their growth (% , n=76)

Even if the interviews were done during economically hard period, the companies were quite confident of their future. Two thirds of the respondents evaluated their company growing and only one third not growing at that time (see figure 2). The growing was most intense in food and beverages sectors and most moderate in wearing apparel and ceramics. Naturally, there are also national differences in the financial situation of the firms. Most stagnated the situation was at that time in the Italian and Finnish companies interviewed. All Creek companies, on the other hand, were growing (1/3 strongly and 2/3 moderately).

The average age of Czech companies was higher than the companies in other countries. The median on their age was 124 years. The average age of British, Italian and Finnish companies studied was around 80 years. The Greece companies were the youngest of the survey. Their average age was 46 years. The average turnover of all companies interviewed was five million and the average age of them was 73 years. Almost half of all companies marketed their products abroad.

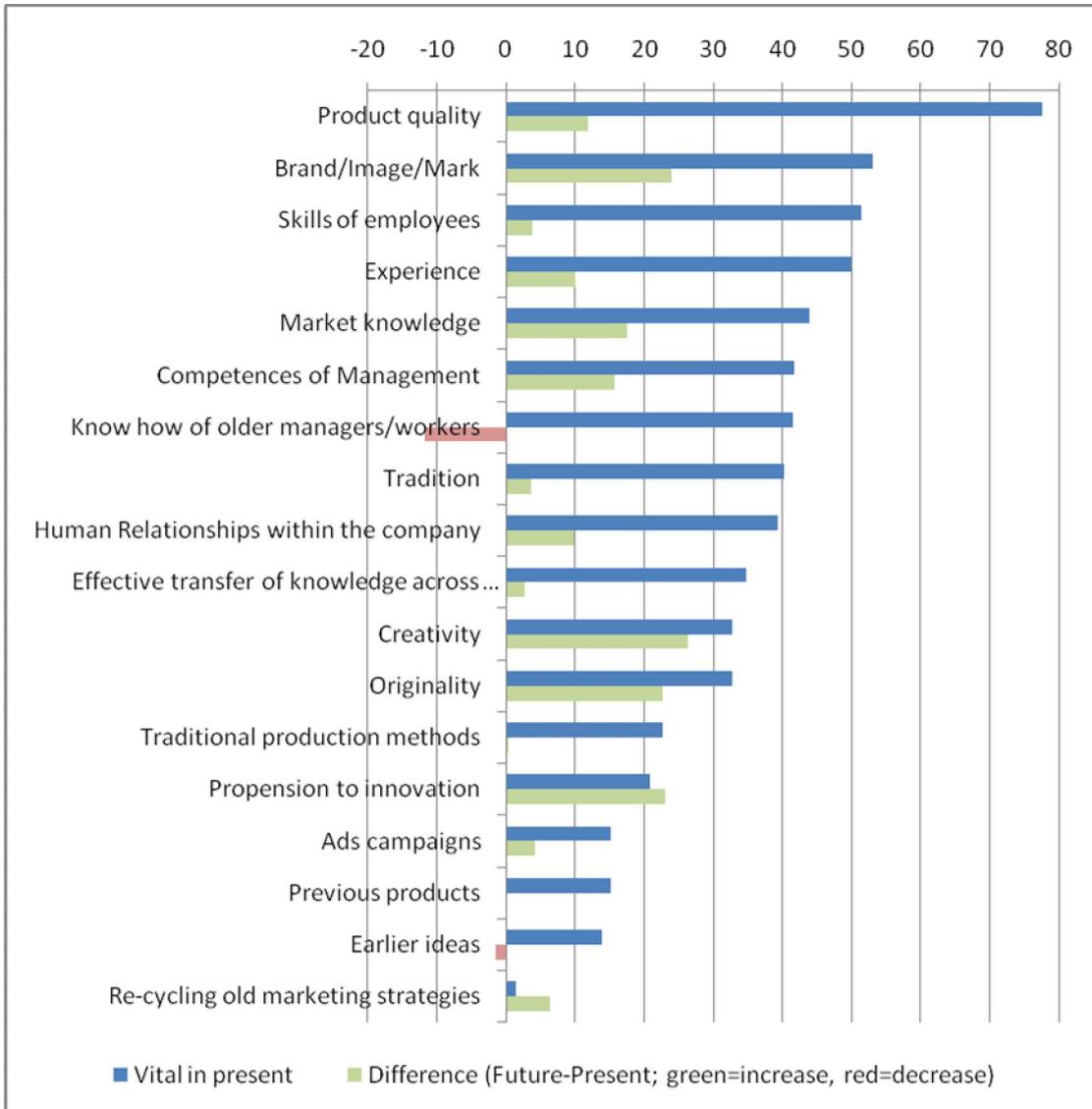


Figure 3. The companies' perceptions of the sources of their competitive advantage in present and the change in the future (%; n=67)

The representatives of the companies were asked to assess, what are the most important factors of their companies' competitive advance today and in the future. As shown in the figure 3, product quality, brand image and the skills of the employees were assessed to be vital to company's success in the markets by over a half of the respondents. Also experience was highly valued. What are interesting from the viewpoint of ECH management, are the quite low perceptions of the importance of traditional production methods, old ads campaigns, previous products and earlier ideas. The green and red bars represent the anticipated change in the importance of different factors. It is interesting to notice that the factors associated to innovation processes seem to increase their importance most notably. Those factors are creativity, propension to innovation, originality and brand image. However, the companies assess the know-how of older employees



and earlier ideas generated in the organisation to become less important for the competitive advantage of the companies in the future. Those factors are heavily associated with the utilisation of ECH.

## 4. AWARENESS OF ECH IN THE COMPANIES

The aims of the MNEMOS project are twofold: first the aim is to raise awareness of benefits of the more systematic utilisation of companies' cultural heritage and second to increase the skills needed in order to realise those potentials. There is quite a high awareness of the value and importance of the company's past among the respondents. There were 65 companies out of 75 who stated to have considered their enterprise cultural heritage to be a resource that can add value to their business (see figure 4).

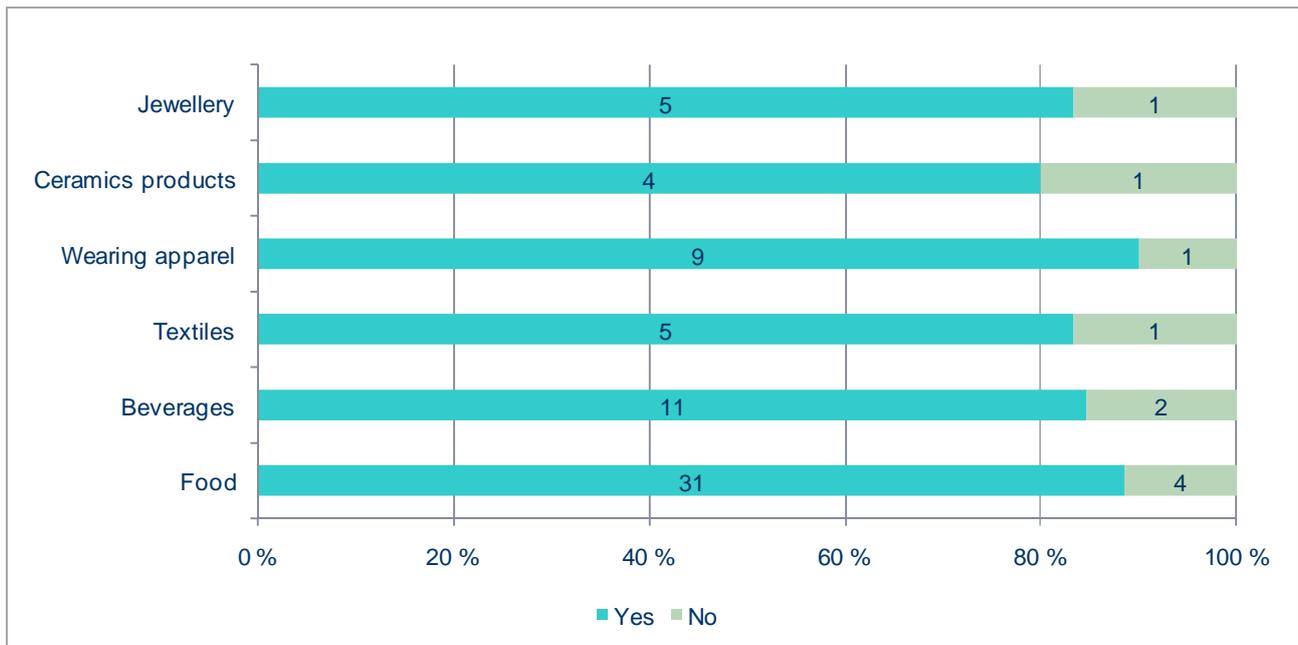


Figure 4. The awareness of the value of the company's historical and cultural background to the business by sector (n=75)

There are no big differences by sector in the awareness of the value of the company's historical and cultural background to the business. From the sectors of jewellery, ceramics products, wearing apparel, textiles and beverages there are only one or two companies in the data set, which have not considered the benefits of utilising their ECH. In the food sector there were four companies out of 35. Naturally, those ten companies did not utilise their cultural heritage then either.

The most common reason for not utilising the ECH, was lack of time. Seven companies (out of ten) stated that they were so pre-occupied in their other, daily duties that they did not have time or



energy to utilise their ECH. Four companies had not come to think about it, three did not see it important for the company’s success, two had a lack of skills and two companies had a lack of other resources. Even if the lack of skills was the most important reason not to utilise ECH only in two companies, eight companies (of 10) felt that they would need some additional skills in order to use their ECH. The most needed skills were the skills in managing the immaterial property rights (six companies) and abilities to recognise the economically valuable elements from the company’s past (five companies).

What kind of data and artefacts do the companies then use and how in creating new value? In figure 5 we’ll see that old brochures and ads are most commonly kept and stored by the companies. Also over half of the respondents had old working instructions such as recipes stored. In the category ‘other’ the most common artefacts were old photographs.

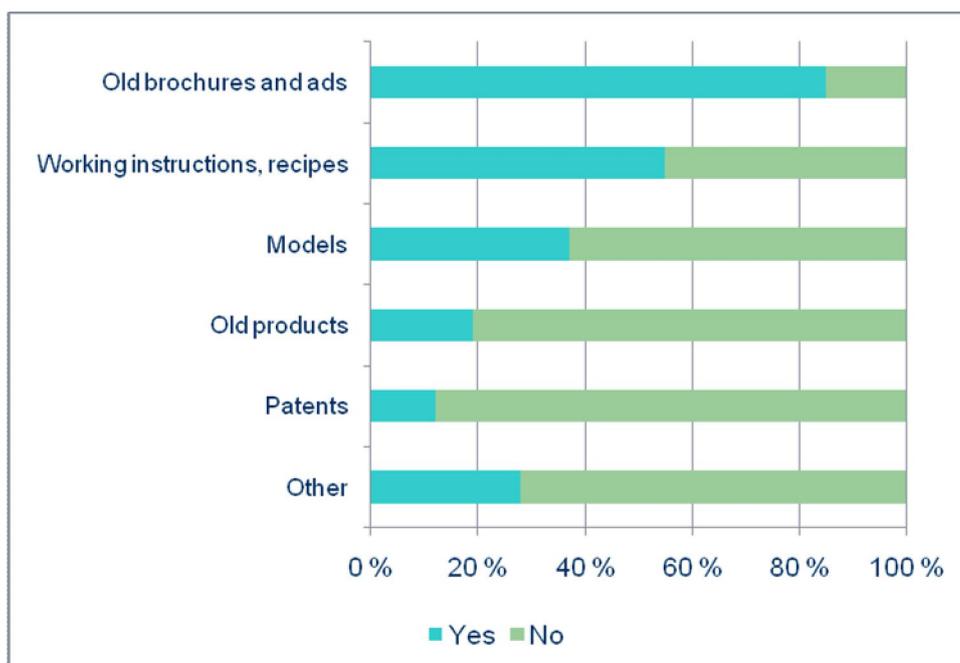


Figure 5. Artefacts of historical knowledge (% , n=65)

Physical archive was the most commonly used repository for old documents. Over 90 percent of the companies had a physical archive. However, also surprisingly many companies had also some kind of digital archive (48 %) or a web site (40 %) which has information of company history (see figure 6). Old machinery or infrastructure has almost half of the respondents. Every third company has a company history, and almost every fourth has some sort of company museum or gallery.

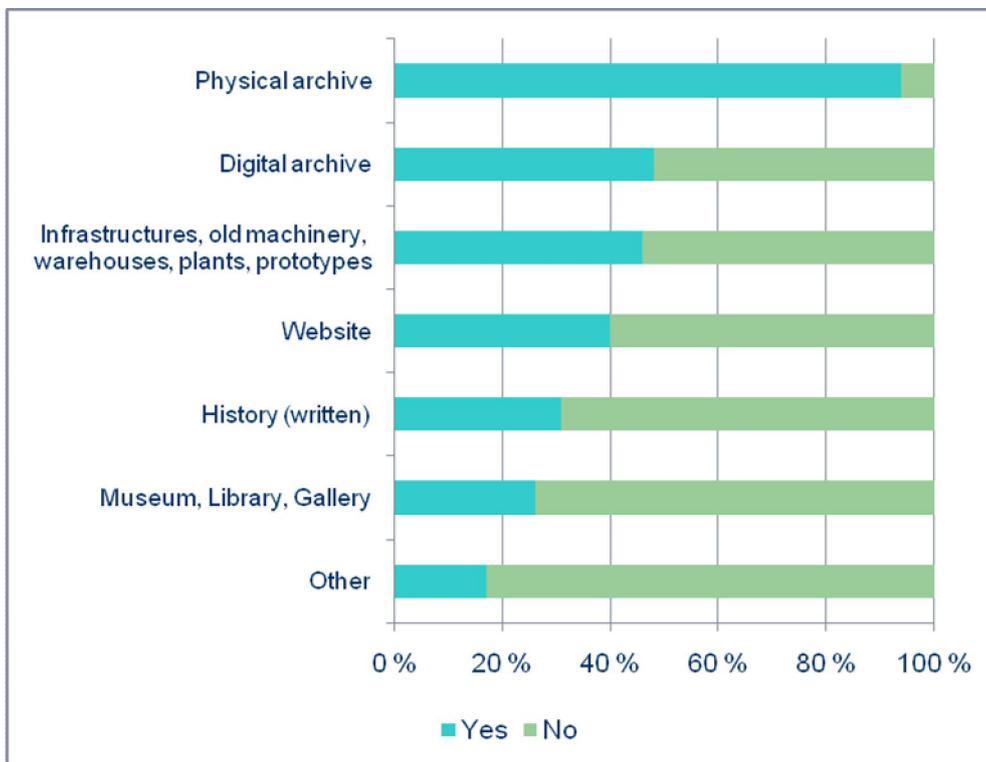


Figure 6. Companies' repositories of historical knowledge (% , n=65)

Having awareness of the potential benefits of ECH and collecting the pieces of history and storing them up is a good starting point for ECH utilisation. Some companies have, however, taken even one step further. There are 27 companies (39 %) among the respondents, who have appointed some staff to manage their cultural heritage. There are essential differences between different countries. About two thirds of Italian and Czech companies have some dedicated staff managing the historical elements of the company, where as in the UK and Greece there are hardly any (1/13 and 0/11 respectively), and in Finland one third of the companies. The persons responsible for those matters is usually the owner of the company in some cases also the artistic, marketing, product or communication manager as well museum assistant.

The share of companies that have invested in the preservation of ECH is smaller than the share of companies with ECH management dedicated staff. One third of the companies interviewed have made investments in the preservation of their ECH within last three years (see figure 7). There are again huge differences between the countries. Investing in ECH is most common in the Italian companies studied (60 %), where as in Greece it is quite rare (10 %). The share of companies who have invested in ECH was around 30 % in the Czech Republic, in the UK and in Finland.

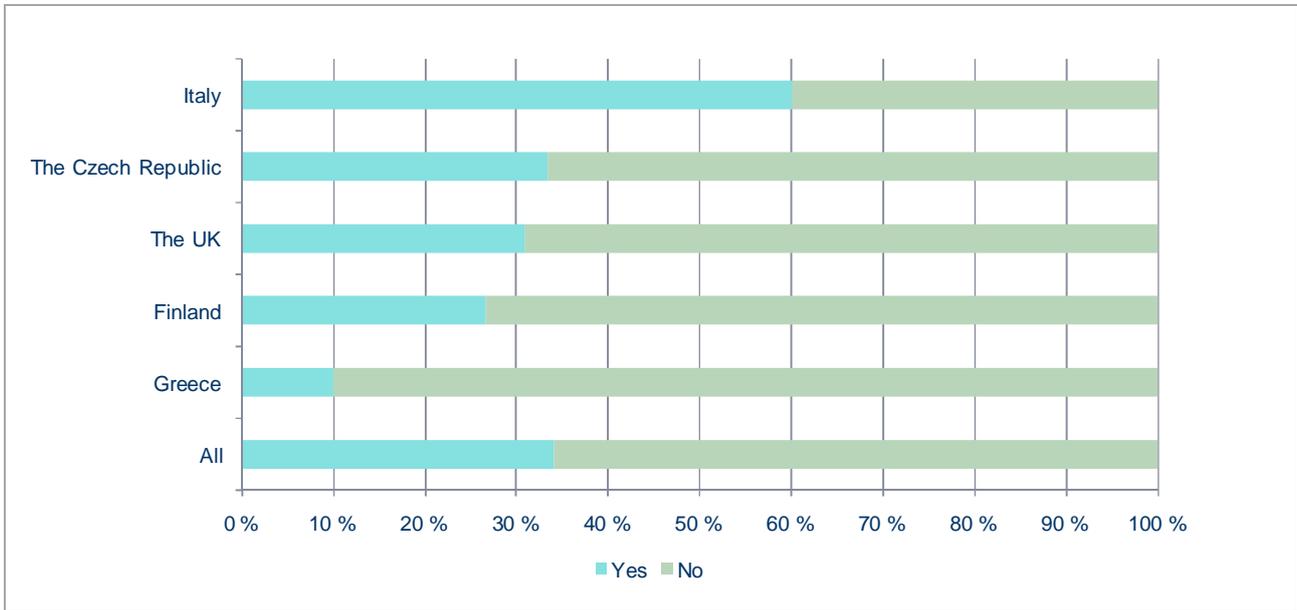


Figure 7. The investments in the last 3 years concerning with Enterprise History preservation or management for business purposes (% ,n=65)

The expected benefits of ECH management were measured with two questions. One asked the respondents to evaluate the importance of ECH in the various fields of business (see figure 8). The other one asked directly, which functions of a company benefit most of the usage of ECH. Enterprise cultural heritage was seen most important for the brand recognition and quality management. The usage of company history was seen to have least effect on pricing and marketing of new products.

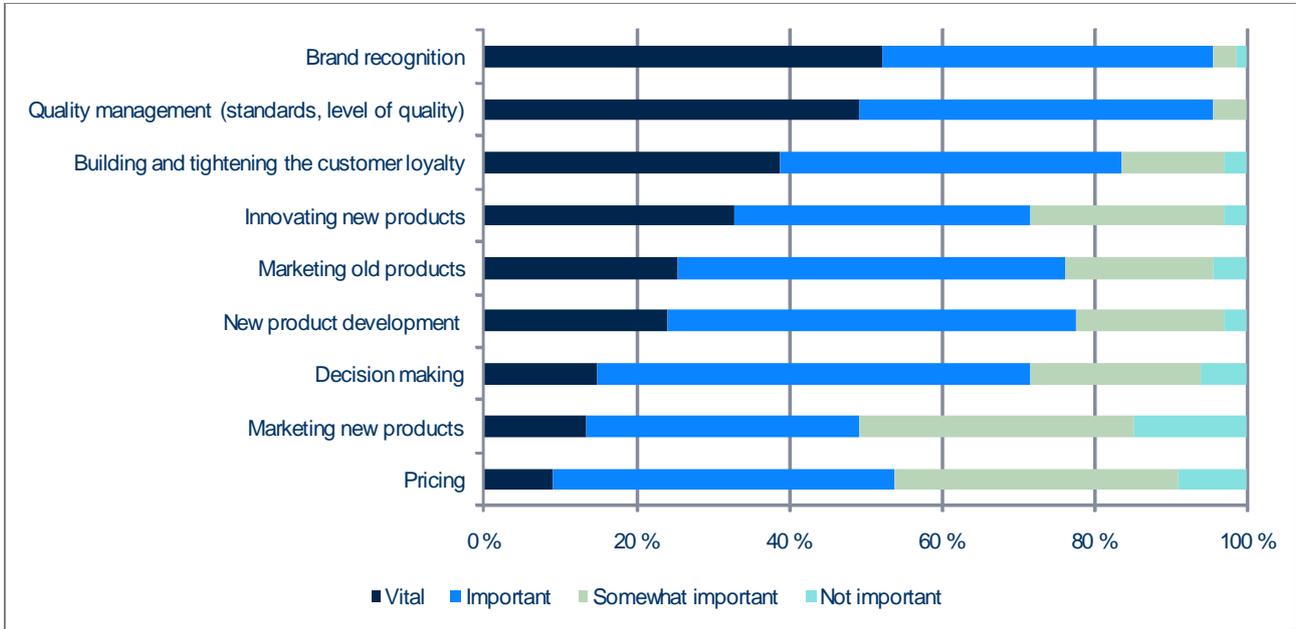


Figure 8. Importance of ECH in various fields of business (% , n=67)

What are then the expected benefits of ECH management? Over a half of the companies see that ECH can be used to build up customer loyalty, it enhances knowledge transfer from older workers to the younger and it increases employees' commitment to the company values and goals (see figure 9). The thought of ECH decreasing the costs of the company is quite rare.

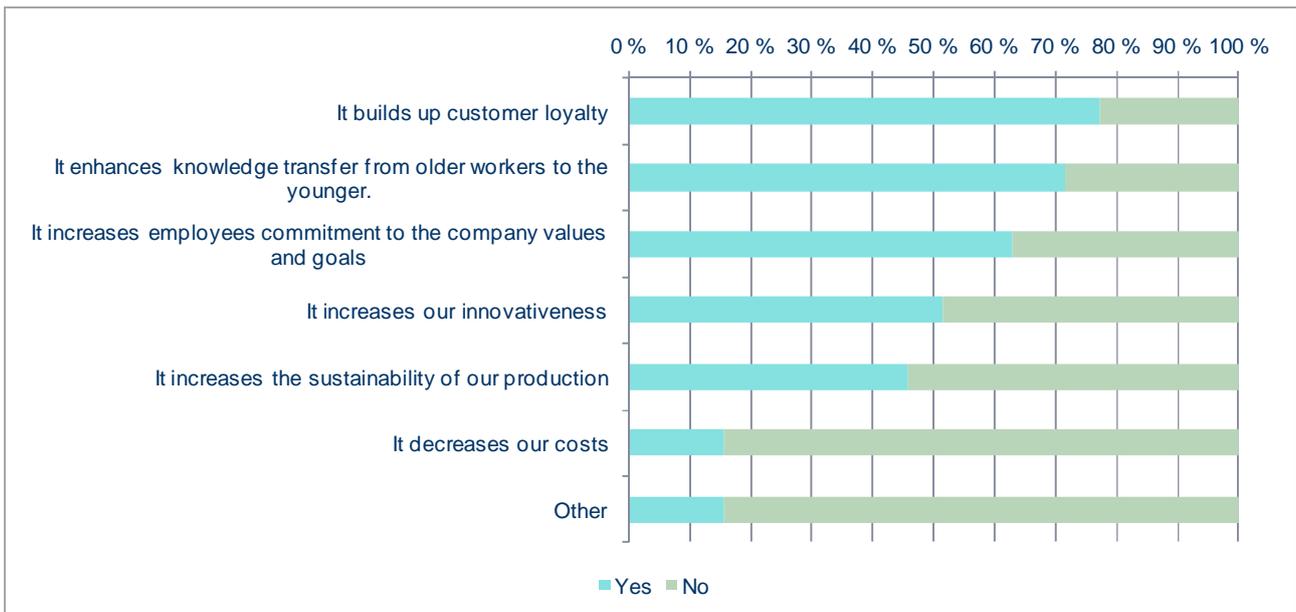


Figure 9. Anticipated benefits of ECH management for the company (% , n=70)



In many occasions company's cultural heritage is linked with the heritage and traditions of the region around the company. Region may produce essential raw materials, like spring water or grape yards. The regional heritage may be part of the company brand, or the other way round the company may be an essential part of region's identity. Some regions have traditionally strong clusters of certain industry, which means also a good supply of skilled labour. Only 15 percent of the companies interviewed were not linked in any way to the cultural heritage of the region around them. Almost 40 percent felt that their ECH was very significantly linked with the heritage of the place where they are located.

## 5. THE SKILLS NEEDED IN ECH MANAGEMENT BY THE COMPANIES

The companies value enterprise cultural heritage as an important asset for many fields of business. However, using ECH to gain competitive advantage and profit isn't easy. It requires many skills. To gather more knowledge, what are the skills needed at the company level, we asked the interviewed their perceptions of the matter.

Some skills needed are *directly associated* with the recognition and usage of the economically valuable elements of ECH (see figure 10). The skills in usage of historical heritage were seen either vital or important by over 80 percent of the respondents. Also the skills in recognising the economically valuable elements of company's past were important for over 70 percent of the respondents. Along with these special skills, there were skills associated with the more general company functions. In the previous chapter we found out that *brand recognition* was assessed to be the most relevant field of business where ECH could be used. In line with that is the result that most essential skill needed in order to use company's cultural heritage are the skills in managing the company brand in a successful way. Half of the respondents valued those skills to be vital in order to efficiently exploit ECH – and over 80 percent told it to be at least important. *Knowledge management* and *change management* were rated the next important skills. 'Other skill' which were not stated in the questionnaire were also seen important. Those were in many cases technical skills or interaction skills – skills to facilitate the transfer of knowledge from generation to generation. There are slight differences between the skills needed in different countries (see appendixes). Although, we must be cautious when interpreting these results, since there are so few respondents.

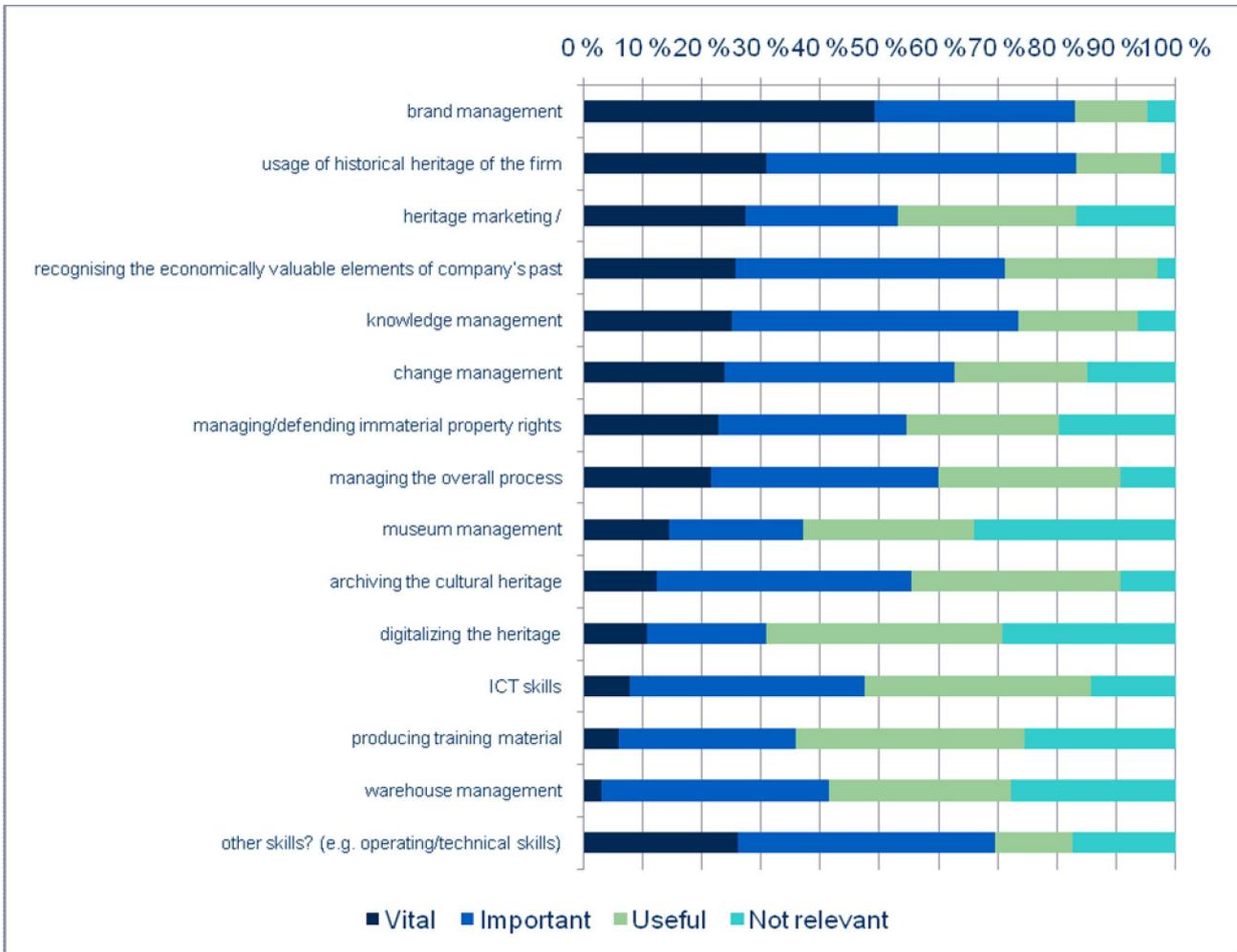


Figure 10. Skills needed in order to use company's cultural heritage to increase the competitiveness, all countries (% , n=66)

Half of the companies had lacked some skills while utilising their ECH. In food sector and jewellery the majority of the companies would have needed some skills that they did not master well enough. There was less lack of skills in the Czech Republic and in Greece. The greatest need for training was in the UK and Finland.

Over 70 percent of the companies were willing to consider training of their staff in order to fill in these skill gaps (see figure 11). There were some differences across the countries. Every Italian and Greek company which was interview was also willing to train their staff in ECH management. In Finland and the UK the share was between 45 and 60 percent. The need for training was greatest in textiles, food and jewellery sectors.

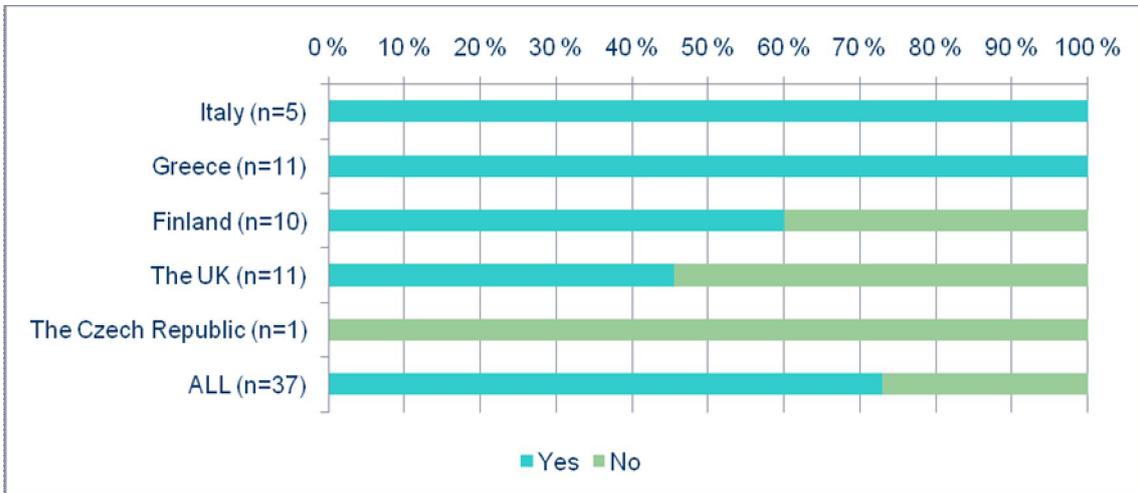


Figure 11. The willingness of the companies to train their staff in order to exploit the potential of you Enterprise Cultural Heritage for their (% , n=70)

About 80 percent of the companies would be ready to consider using new media for training purposes and sharing the information of the ECH to their staff (see figure 12). The most preferred new media platforms for training are the websites. Almost half of the companies were ready to use websites to share information of their past. Digital libraries and social web (web 2.0) were preferred by every fifth of the respondents.

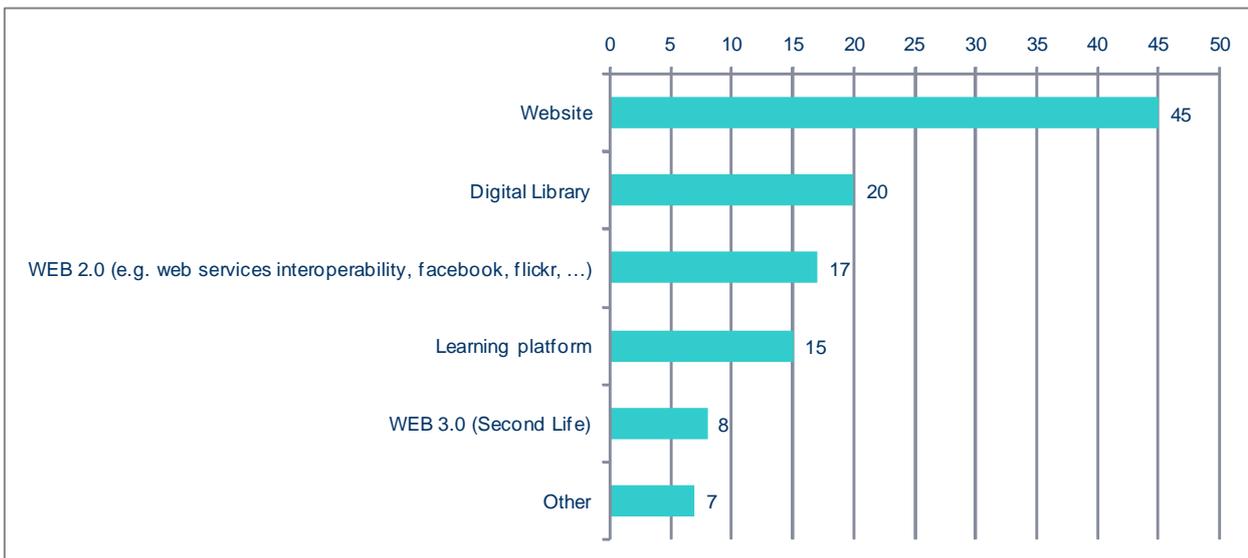


Figure 12. The preferred platform for learning (% , n=60)

This survey has given strong indications that the older SMEs in crafts sectors are interested in exploiting their cultural heritage. There are companies in different stages of the continuum from awareness to effective exploitation. There is some awareness of the potentials of ECH management among the companies, but the collection of the historical material is not systematic

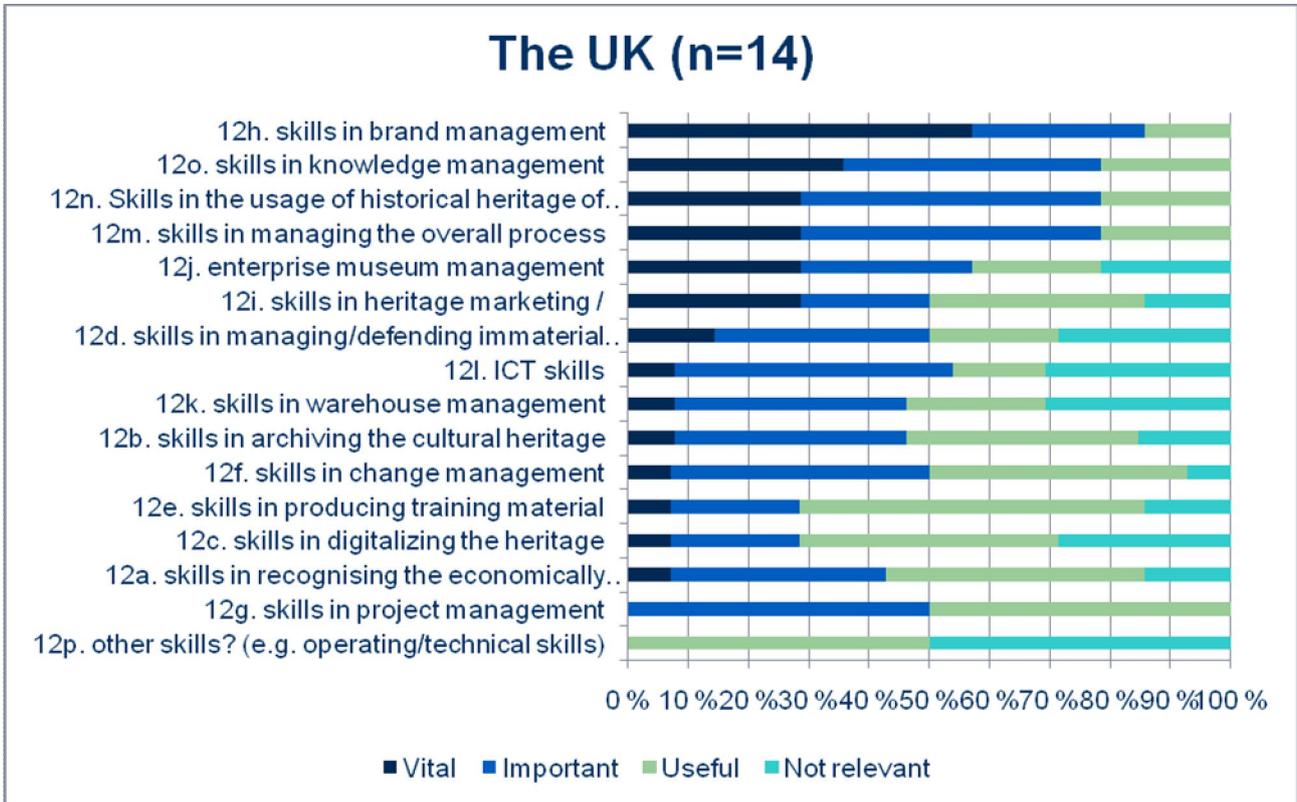


and there is a lack of skills in management of ECH and methods of transforming this asset into profitable business. One third of the companies had made investments concerning with enterprise history preservation or management for business purposes, which is already a strong indication of the awareness of the benefits of ECH management. However, there are clear differences in the familiarity of the subject in different countries. The Italian companies seem to be most aware of the concept and the Creek companies least aware. The Finnish companies argue to be aware, but have made hardly any investments on it.

Creativity, originality and innovation are regarded to have an increasing importance for companies' competitive advantage in the future. ECH has a potential to become an important asset for companies in those fields of business management if there are enough skills in the company to use the ECH in an effective way. The companies see most potential for ECH usage in marketing (brand building, customer loyalty), human relations and knowledge management, and quality management. Skills that are needed are also linked with the potentials of ECH management. More skills were needed in the fields of brand recognition, change and knowledge management as well as in general skills to realise the potentials and management methods for ECH management. The companies interviewed were also quite willing to learn more and train their staff in ECH management related skills.



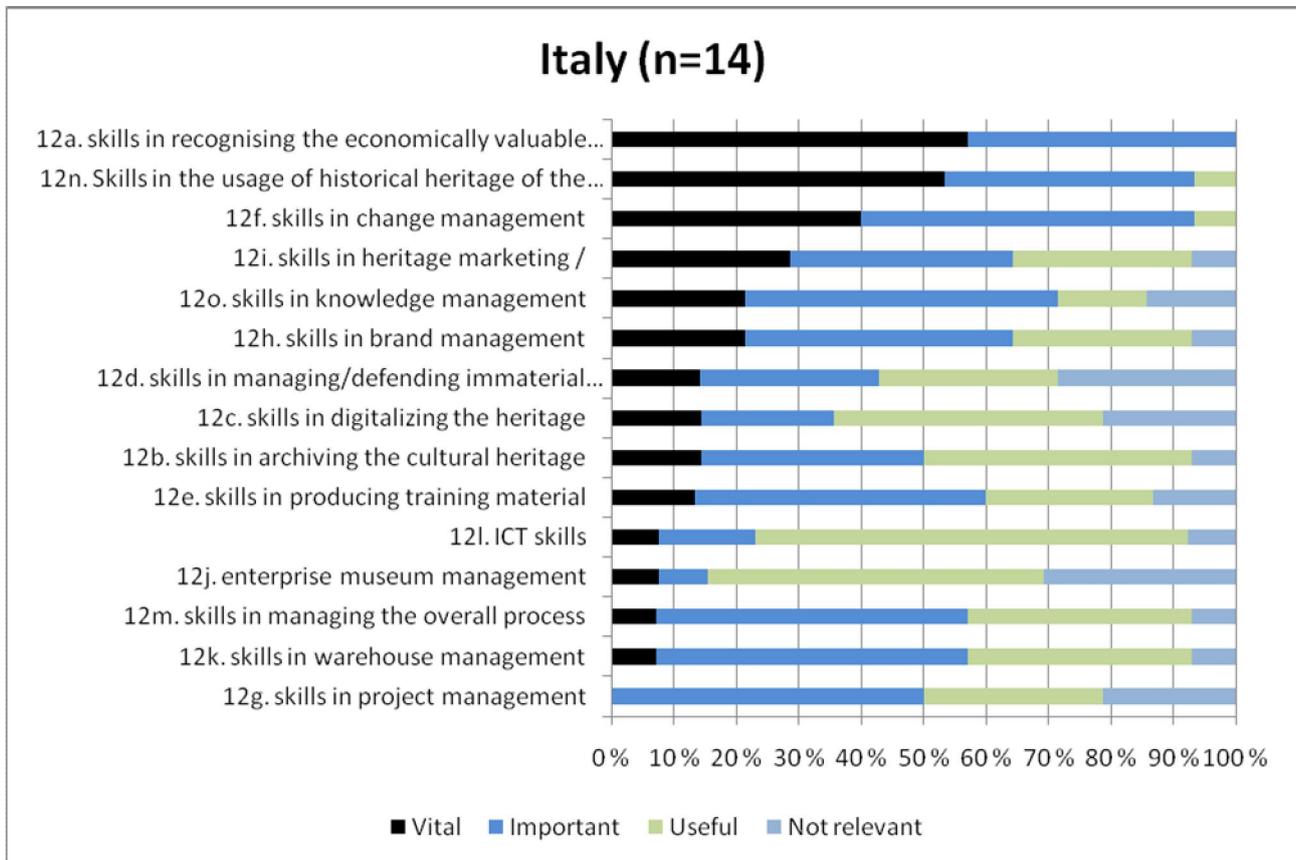
APPENDIXES



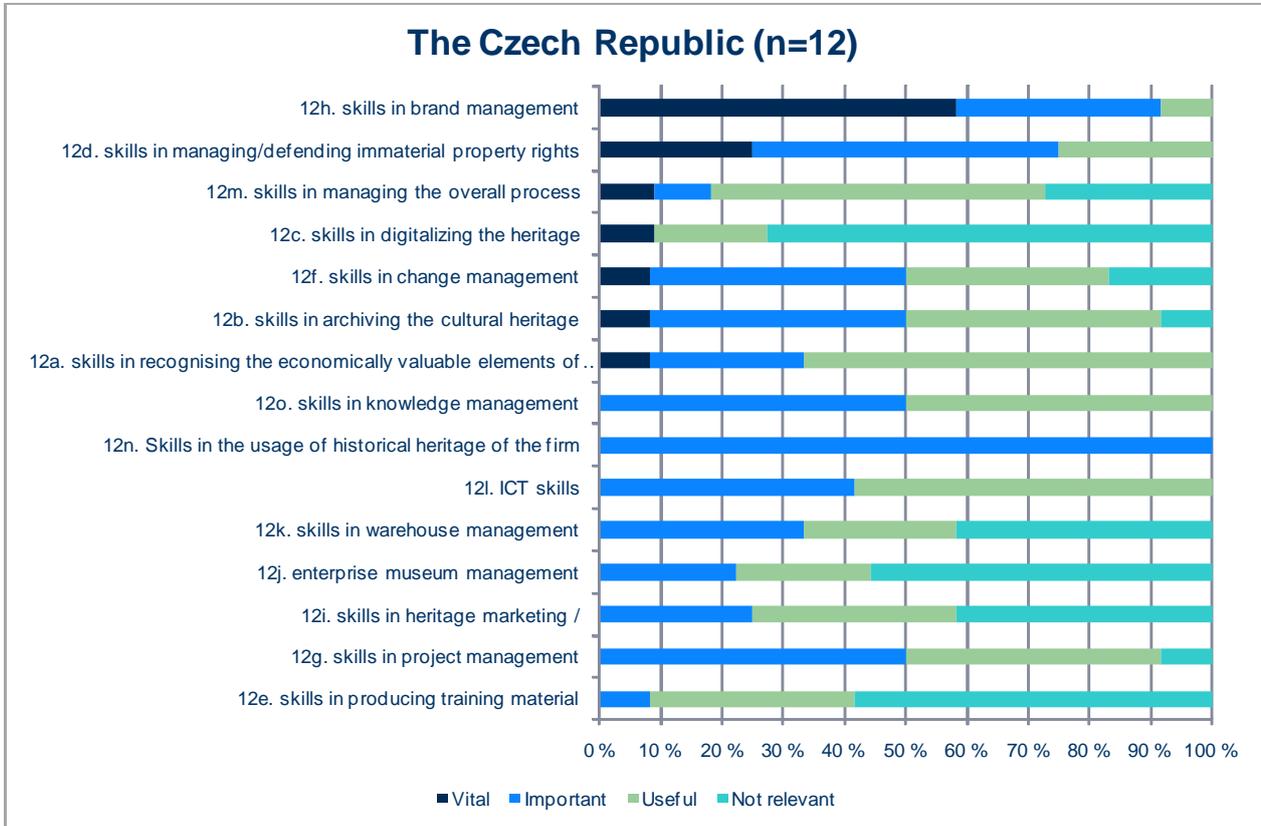
Appendix 1. Skills needed in order to use company's cultural heritage to increase the competitiveness, the UK (% , n=14)



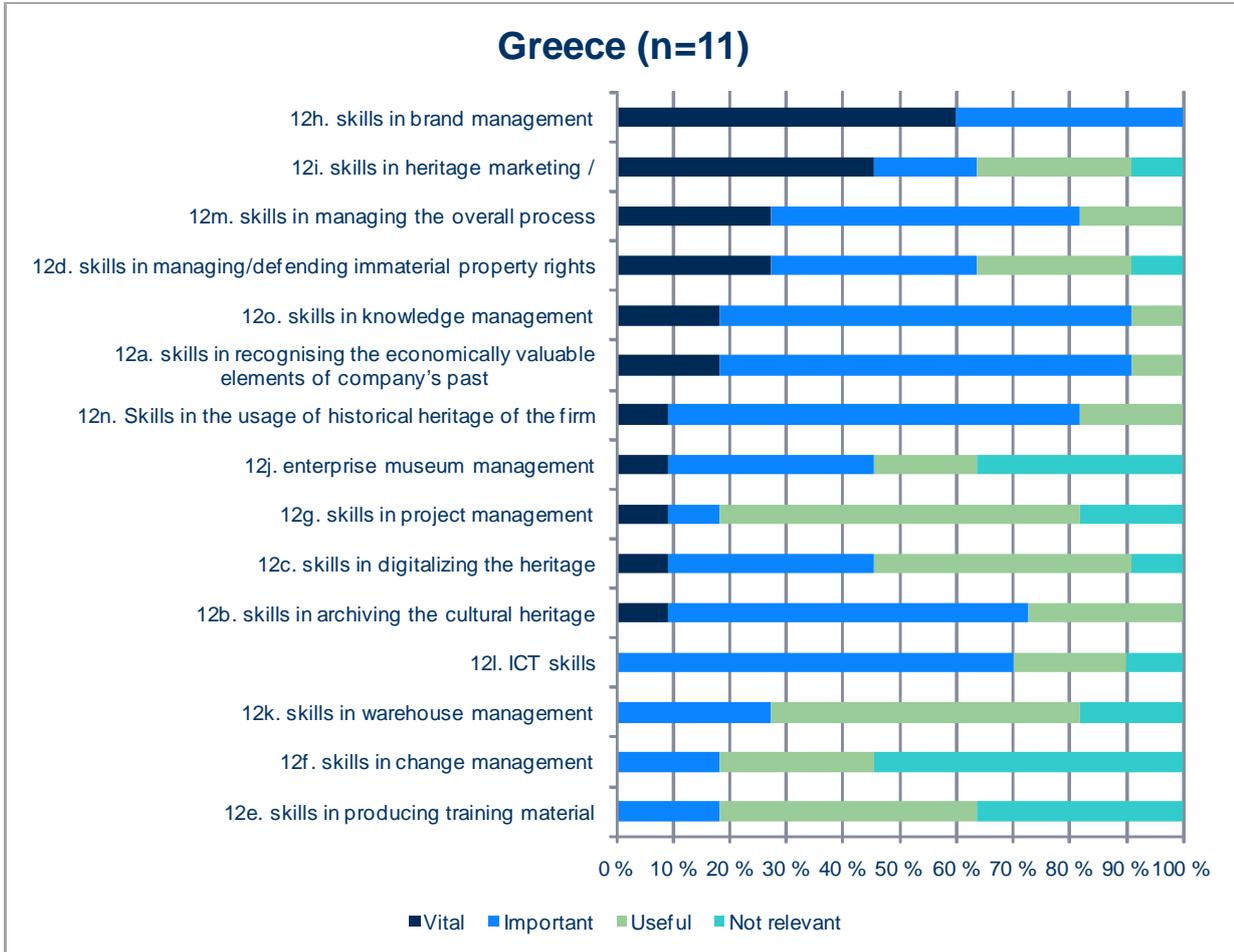
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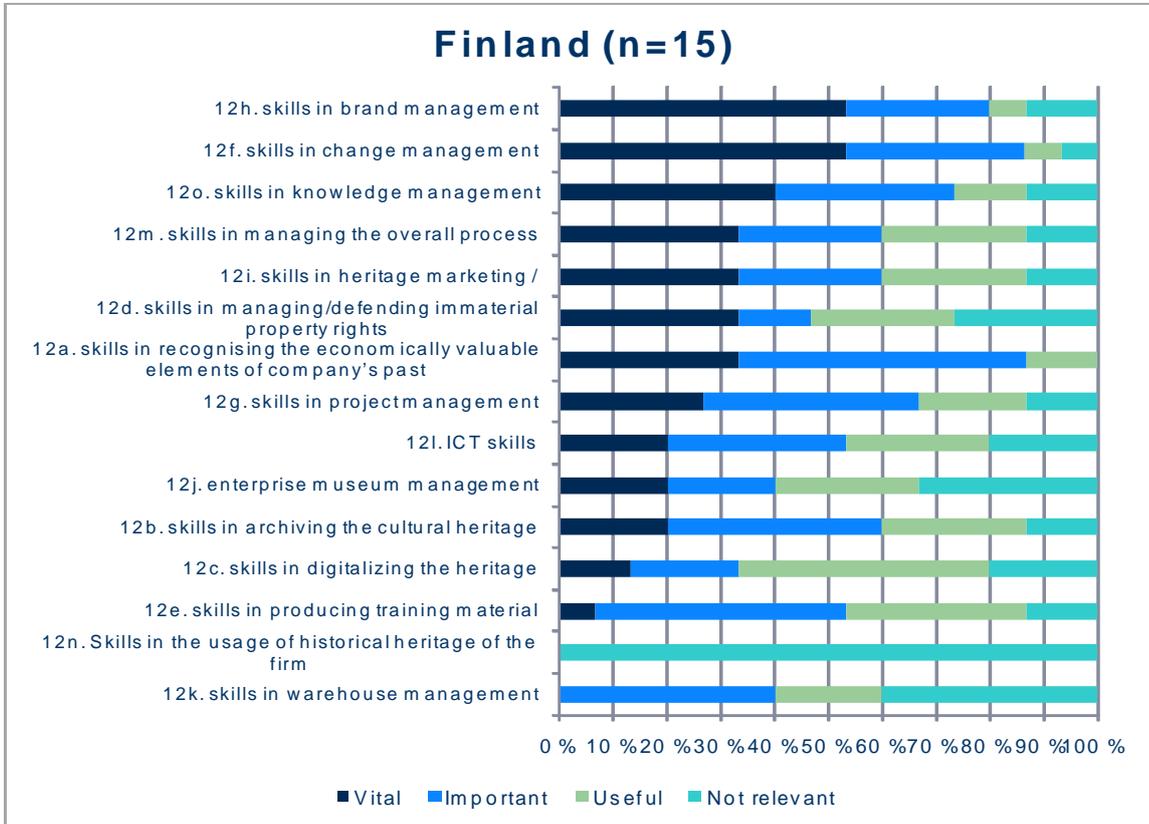
Appendix 2. Skills needed in order to use company's cultural heritage to increase the competitiveness, Italy (% , n=14)



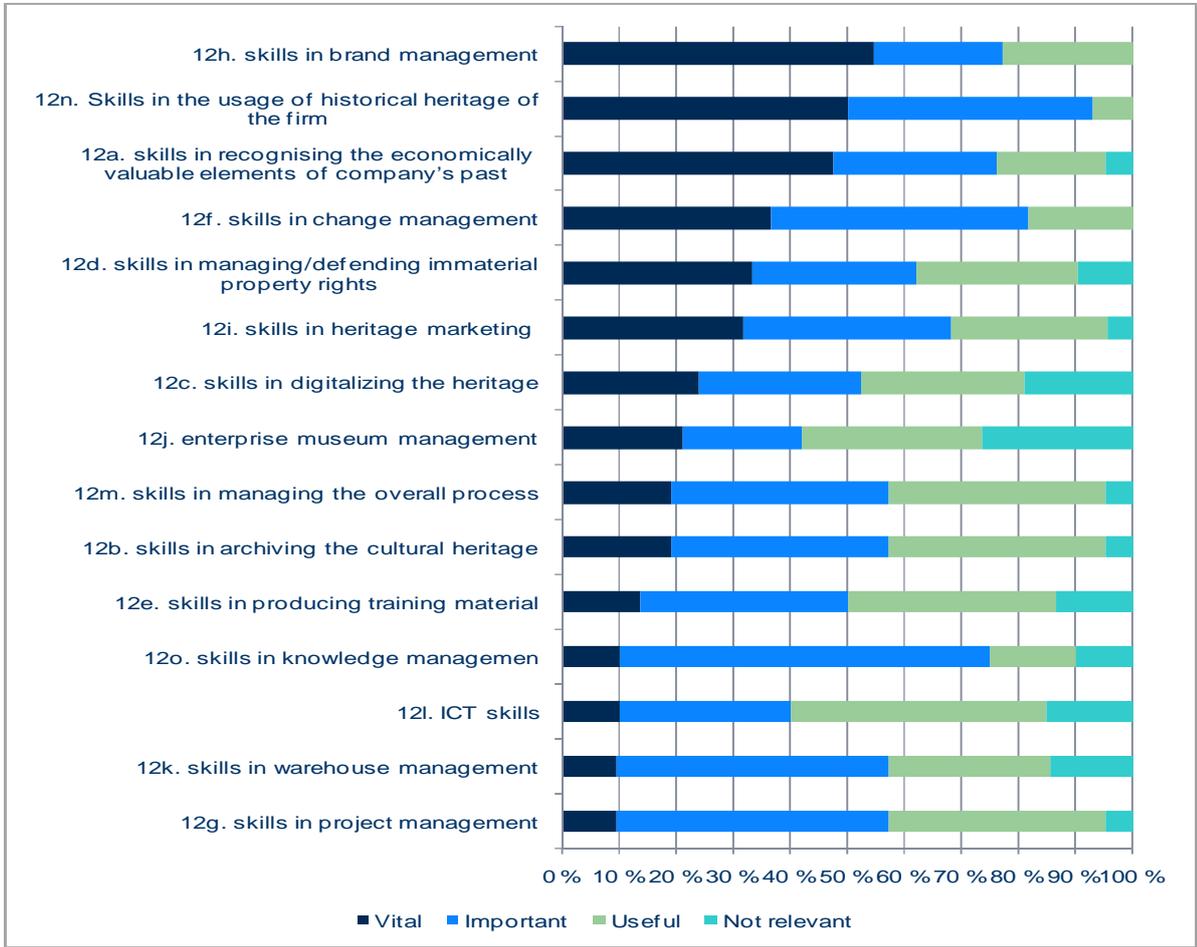
Appendix 3. Skills needed in order to use company's cultural heritage to increase the competitiveness, the Czech Republic (% , n=12)



Appendix 4. Skills needed in order to use company's cultural heritage to increase the competitiveness, Greece (% , n=11)



Appendix 5. Skills needed in order to use company's cultural heritage to increase the competitiveness, Finland (% , n=15)



Appendix 6. Skills needed in order to use company's cultural heritage to increase the competitiveness, companies who have invested in ECH management (% , n=22)