

# The relevance of Healthy Learning Environment within European SMEs

## Comparative Report



**Project Number: DE/11/LLP-LdV/TOI/147 420**  
**Project Promoter: Deutsche Angestellten Akademie Berlin  
Brandenburg-West (DE)**  
**Period of reference: 1 December 2011 – 31 May 2012**

## 1. Introduction

The “Healthy Learning in SMEs” (HLS) Project identifies in Lifelong Learning an effective resource in order to strengthen the competitiveness of European SMEs. Usually, though, European SMEs are relatively unaware of the importance of learning: the creation of a working environment that promotes sustainable learning is, most of the time, a minor concern for European SMEs managers. Therefore the project main objectives are:

- To raise awareness within SMEs of the importance of learning at the workplace
- To train SMEs in setting up prerequisites for learning at the workplace
- To establish the prerequisites for creating a sustainable learning environment at the workplace

The project also seeks:

- To improve the general health of employees in SMEs
- To improve the competitiveness of SMEs

Deutsche Angestellten Akademie is the project promoter and coordinator. The project idea was developed by DAA by adapting the former European Project “Health Tutor in Adult Education” - which focused on setting up a healthy learning environment in adult education institutions - to the needs of SMEs. The project activities are based on a constant cooperation between the project partners and each of them is actively contributing to the development of the project application. The following institutions are involved in the project:

- Deutsche Angestellten Akademie (DE)
- Florida Centre de Formació (ES)
- Pixel Associazione (IT)
- University of Information Technology and Management in Rzeszow (PL)
- C.I.D.Af - Centrul de Inovare si Dezvoltare de Afaceri - CIDAF (RO)
- Makro Yonetim Gelistirme Danismanlik Limited Sirketi (TK)
- Edinburg Napier University (UK)

The project revolves around four main activities:

1. Regional analysis investigating the relevance of a healthy learning environment within SMEs in 6 European Countries
2. Comparative analysis of European SMEs, based on the results of the various Regional analysis
3. Creation of a training package based on the conclusions drawn by the partnership.
4. Delivery of a training course to the SMEs involved in the project.

The following report aims at summarizing the results of the various Regional reports, provided by the partners involved in the project.

## **2. Characteristics of the Regional Analysis and Involvement of SMEs in the project**

In order to collect information for their Regional Analysis, project partners have chosen to rely both on secondary data and on direct enquiry. The existing literature helping to get an overview of the Regional Workplace Culture and the Relevance of a Healthy Learning Environment within SMEs was taken into account and reviewed in the various countries. Typically this was identified in sources such as:

- National legislation regulating training within SMEs
- Statistics on economic and educational trends within SMEs drawn by Public Bodies and Chambers of Commerce in the various countries object of the analysis
- Studies on the subject conducted by Universities and other Educational institutions in the various countries object of the analysis

In addition to this, and as a confirmation to the information previously collected, the partnership got also involved in a direct enquiry with a certain number of European SMEs. The enquiry was conducted in the various countries on the basis of a common template, prepared by Pixel with the assistance of Edinburgh Napier University and feedback by all the other partners. The template includes:

1. An SMEs employer-addressed questionnaire
2. An SMEs employee-addressed questionnaire

SMEs were contacted at a very early stage of the project, in order to involve them in the whole process right from the start. This way the partnership aims at assuring the long term involvement of SMEs and the sustainability of the project.

The partnership contacted a total of 69 European SMEs.

- 3 SMEs were contacted in Germany
- 8 SMEs were contacted in Italy
- 23 SMEs were contacted in Poland
- 17 SMEs were contacted in Romania

- 8 SMEs were contacted in Turkey
- 10 SMEs were contacted in the UK

The partnership has chosen to address the questionnaire to both employers and employees in order to collect different (at times opposite) points of view on the same issues. The questionnaires were used by the partnership as an enquiry tool during:

- Face-to-face interviews with managers and employees of SMEs
- Telephone interviews with managers and employees of SMEs
- E-mail interviews with managers and employees of SMEs

Both during the collection of secondary data and during direct interviews with SMEs representatives, the partnership focused on information which might help to:

1. Have an overview on the if and how in-house training activities are implemented within SMEs
  - *Current trends (e.g. Prevalence of formal or informal learning)*
  - *Public bodies in charge of supporting training services for SMEs*
  - *Initiatives implemented to promote in-house training activities within SMEs and the results reached.*
2. Understand the Regional Workplace Culture
  - *Nature of the businesses*
  - *Internal working relations*
  - *Management style*
3. Investigate the relevance of Healthy Learning Environment in the planning of in-house training activities within SMEs
  - *Connection between learning issues and training environment at the workplace*
  - *Relation between learning environment and effectiveness of training activities on employees*
4. Identify Best Practices in the field

As far as the questionnaire goes, these needs were addressed by organizing the enquiry into 4 main sections:

- Section 1 (about the interviewee) investigates the characteristics of the interviewee: gender, age, permanence within SME and, as far as employees are concerned, type of contract. Its aim is to understand if learning issues within SMEs might be influenced by factors such as sex and age. This

section also aims at understanding how aware of the company's working culture an employee (and in a certain measure an employer) might be. Typically, employees working part-time, with limited duration contracts are less committed than employees working full time with unlimited duration contracts.

- Section 2 (characteristics of the SMEs) is meant to give a general picture of the SME taken into analysis. The nature of the business, the permanence on the market and the number of employees are all factors taken into account. Great emphasis is also put on the percentages of internal and external turnover. In fact, these might help understanding to what degree the management is willing to invest in human resources.
- Section 3 (Workplace Culture) investigates aspects related to the degree of wellbeing within the SME taken into account. The management style, the relations between management and employees, the degree of satisfaction felt by employees about their job and to what extent employees are encouraged to take over new, difficult tasks are all factors taken into account. The degree of awareness of company's objectives on employees' side is also analyzed. Psychological factors, in fact, might be relevant obstructions to the establishment of a Healthy Learning Environment within a SME.
- Section 4 (Learning at the Workplace) specifically addresses learning issues. It aims at understanding whether within the SMEs taken into account it is possible to learn at all and in which way is this done. It also aims at understanding the degree of awareness employees have of learning activities they go through, and if these same activities are effective or not as far as their job is concerned.

The employees addressed questionnaire contains an additional section (Health Tutor Related Training) concerning the impressions of the interviewee (both in sanitary and psychological terms) on the learning activities he or her went through in the previous 12 months.

### **3. The Results of the Enquiry**

#### **3.1 The Situation in Germany**

In Germany traders, enterprises, and handicraft are organised in chamber of handicrafts and the chamber of commerce. The membership is compulsory. These are the main providers of vocational trainers for SMEs, but apart from these statutory bodies there is a wide range of vocational training institutions such as churches, unions, social welfare and private institutions. Most vocational training institutions are certified according to certain standards, e.g. quality management which is a prerequisite for working with the employment agency or other public bodies.



As far as the legislation goes, all companies have to stick to the rules set up by Occupational Health and Safety (OHS). The safety at work act consists of different regulations such as workplace regulations, construction ordinance, noise and vibration at work legislation, load handling regulation, computer work regulation, and so on. Apart from these general regulations there is no particular regulation concerning health addressing vocational training institutions.

Nevertheless, according to an on-line survey made by the Chamber of Commerce in 2011 taking into consideration 14.299 enterprises, 98% of all enterprises were aware of the necessity of vocational training / learning. Larger enterprises proved generally more aware of this necessity and more willing to plan and invest in vocational training than the smaller ones. According to a survey conducted by the Ministry of Education and Wealth on a sample of 7.035 employees from the age of 18 to 64, only 28% of interviewees working in SMEs up to 10 employees took part in work related training in 2010, while the amount rises up to 50% in companies with 250–999 employees. The same survey states that in 2010, 42% of the interviewees were taking part in a formal or non-formal learning activity. This is a bit lower than in 2007, where the %age rate was 44%.

There has been an increase of short-term training (just lasting a couple of hours), which rose from 41 % to 47 % but a decrease of training lasting for a couple of days, which went down from 34% to 27%. Two groups with the lowest participation rates in continuous vocational training can be identified: these are the group between the age of 18 and 24 and those who are between 60 and 64. It might be assumed that the age group of 18 -24 has just finished their apprenticeship or university degree and are not yet promoted by the employer to take part in additional trainings, since they have to get established in the company first. On the other hand, the age group of 60-64 is close to retirement and either no longer promoted and encouraged to take part in vocational trainings, or no longer interested.

There is also a distinction between the number of men and women participating in vocational training. While in 2010 28% (2007 / 33%) of male employees took part in continuous vocational training, the percentage rate of women taking part was 23% (2007 / 25%). But since the number of men who are working full-time (92%) is much higher than the number of women (46%) this is not a question which can be directly related to gender but to the discrepancy between full-time and part-time jobs. In fact those working full time have usually better access to continuous vocational training than those working part-time

Generally speaking, German SMEs are well aware of the fact that they need well-trained staff for staying competitive. To achieve that goal, offering trainings is a common means. So far, though, the relevance of informal learning (main learning source in smaller enterprises) at the workplace seems not to be in focus. Since informal learning is usually unintentional on the part of the learner, it means that most employees are neither aware of the fact that they are learning nor able to pinpoint what they have learnt. It can be further

assumed that most of the employers / managers cannot tell if and what their employees are learning at their workplace. This is a drawback for both sides. So, apart from raising awareness for the aspect and importance of informal learning, one should think of ways to make the content and results of informal learning results visible for both sides.

In this framework it is important to notice how psychosocial issues influence not only the level of general motivation and health, but also learning and its possible outcomes. According to the 03/2011 IAQ (Institut Arbeit und Qualifikation) report, job satisfaction of employees in Germany is continuously going down since the 80s. This is in particular true for employees above the age of 50. Job satisfaction does also depend on the qualification of the employee (the higher the qualification, the higher the job satisfaction), but does hardly depend on the size of the company. Only companies with more than 2000 employees seem to offer more job satisfaction in general.

Among the reasons identified for dissatisfaction we find: discrepancy between company profit and the stagnation of the real wages, increasing job pressure and stress, fear of job loss, increasing workload and responsibility, time pressure and deadlines, missing approval. According to a survey carried out in 2011 by the Fehlzeiten Report of the AOK (one of the large health insurances in Germany) involving 147 companies with all in all 28.223 employees, 54,5% of the employees hardly ever or even never receive any approval from their superiors. 41,5% say, they are never asked to give their opinion regarding important aspects and 35,5% think that more engagement of the management (caring more for the employees) would improve the health situation at the workplace.

These data seem to match the results of the direct enquiry conducted by DAA. The SMEs took into account operate in the education, social services and services sectors. Within the SMEs the study focused on those employees working in administration. None of the SMEs is a start-up company. Instead, they are all well established on the market and in the region. The size of the SMEs varies between 50 – 250 employees. The managerial style of the SMEs was said to be collegial and all SMEs do company manpower planning. Furthermore it is possible within all SMEs to take part in formal and/or non-formal vocational training. This takes either place in-house or at a different location. The frequency cannot be generalized, and varies from company to company, from monthly trainings up to trainings taking place less than once a year. Some employees were not sure if the workplace enables them to develop further skills and competences. This would in turn mean that the workplace is not seen as a place for informal learning. Generally speaking, informal learning is not a real topic yet, and if so takes place mostly by learning by doing.

Not in all SMEs employees can be said to be highly motivated. This seems to depend on the type of work (*"is this the job I really want or I am just doing it because of the money?"*), the gratification (salary) but also on the already mentioned aspects such as job security, the amount of workload stress, time pressure, and

acknowledgement of one's work. Not only these aspects are the main hindrance for job-satisfaction, but also prevent from establishing a healthy working environment and a situation which might enable employees to continuously learn.

### 3.2 The Situation in Italy

The Italian legislation does not include compulsory training programs addressed to SMEs, except when concerning issues such as Sanitary Standards, First Aid, Fire Hazard, and Safety on the Job. According to IRPET (the Tuscan Regional Institute for Economic Planning), in Italy the large majority of active work-supporting policies involve tax allowances for companies (40% of the total amount of active work-supporting policies, as opposed to a European average of 25%), while only a small portion of them are dedicated to implementation of innovation programs and promotion of continuous learning activities. As far as the situation in Tuscany goes, IRPET reports that 219.286 active work-supporting policy actions were put in practice for the years 2010-2011, but that only a small percentage of these actions were aimed at supporting Lifelong Learning Programme activities, either by providing short-term training initiatives (5,2% of total) or long-term

In 2009 IRPET reports 16.000 contacts between Tuscan enterprises and local Employment Agencies (the public institutions entitled to provide, both for employees and for enterprises, information about training initiatives available at Regional level). This datum underlines a steady decrease in the number of requests for counseling activities from enterprises: 30% less compared to 2008 and 72% less compared to 2007. This decrease might be in part due to the recent economic crisis, as enterprises are less willing to allocate budget for training of the personnel when they are going through periods of financial losses. It must be also considered that enterprises are less dependent than workers on public bodies for the organization of learning initiatives, as they can rely on their trade associations of reference.

According to an analysis conducted by IRPET on an enterprises' sample, the majority of Tuscan businesses have less than 10 employees (57,9% of the sample), falling therefore under the micro enterprise category. A significant portion of businesses have less than 50 employees (28,5% of the sample), and can therefore considered as small enterprises. As far as the economic sectors are concerned, the majority of Tuscan firms (82,7%) operate in the tertiary. The survey on SMEs conducted by Pixel in the Florence Area seems to match these results: the regional economy relies mainly on small businesses (employing less than 50 workers). All the companies taken into account are well established on the market and operate in the tertiary sector, either in tourism or providing counselling/training/research services to various trade associations.

As far as the distribution of the workforce within the enterprise is concerned, IRPET points out how around half of the considered employees (49,7%) are hired on the basis of unlimited duration contracts, while 34,6% of them are free-lancers and 15,7% of them have limited duration contracts. 15,4% of the employees which

are part of the sample are working part-time. Nevertheless, according to IRPET, 44,9% of male and 43,1% of female Tuscan part-time workers declare they work part-time only because they could not find anything else, and that they would rather work full-time if they had the opportunity.

As far as the Pixel analysis is concerned, the large majority of companies taken into account rely on a full-time workforce, hired on the ground of unlimited duration contracts. The working population is mainly composed of employees between 35 and 49 years of age. According to both employers and employees all companies present significantly low percentages of external and internal turnover. This means that, although workers enjoy a certain degree of job security, they do not change their position within the firm very often. This might presumably imply that they do not have many opportunities to learn at the workplace.

Although the large majority of employees interviewed by Pixel declare they actually enjoy their job, 62,5% of them thought of leaving it due to work related reasons. According to the reports, employees do not feel their work is appreciated enough and often think their necessities are overlooked by managers. In relation to the regional learning-by doing culture, this means that most of the time encouragement to do more and to learn new things comes out of necessity rather than from management initiatives. In fact, in 50% of the cases, employees do not feel they have sufficient conditions to carry out their duties. According to employees' opinion relying on managers in order to fix the situation is difficult, either because they are unaware of employees' working conditions, or because the bureaucratic structure of the company reduces communication opportunities.

The majority of employers seem to rely on formal training. This is especially true for larger structures. Data suggest that employers are aware of the necessity to invest on human capital and that - to a certain extent - they are willing to allocate financial resources on it. On the other hand, though, managers' paternalistic approach reduces effectiveness of training activities. When asked about relevance of training activities to their job, almost 40% of employees gave a negative response. Among the main reasons reducing effectiveness of learning the following were mentioned:

- Training activities were of no use and had poor relevance to employee's job.
- Training activities were too much based on theory and were poorly related to employee's job concrete reality.
- Training activities were carried out during working hours and, therefore, had to be continuously interrupted in order to take care of usual tasks and duties.
- Training activities were in contrast with company's workplace culture.

According to the large majority of employers (87,5%), informal training is taking place within their company at least once a week. When asked about it, though, only 62,5% of employees agreed on this estimate.

According to almost 40% of employees, then, informal training activities are not taking place more often than once a month. This seems to suggest that either in-house learning is not considered relevant to the job by a significant proportion of workers, or that employees are not aware that they are learning - even when they are doing it - and therefore are not able to apply their knowledge to work. Both cases indicate that establishing a healthy learning environment at the work place on a day-to-day basis is not a major concern for employers.

Encouragement to learn cannot exclusively come from necessity (e.g.: increased amount of work) and more recognition from managers is needed. In fact, when asked about it, 50% of employees said they do not receive any approval for their work. It is interesting to notice that recognition is not necessarily identified by employees with economic gratification. One identified good practice which allows avoiding the risks of a paternalistic approach is relying on questionnaires filled in by employees for the internal evaluation of learning activities carried out. This is an easily transferrable practice which could be applied to any company and any economic sector. It has also been noticed how employees react positively to team building activities (especially when supported by psychological counselling). This in turn leads to rely on employees themselves for the organization of training initiatives. Colleagues, in fact, seem to be more entitled than managers to take care of employees' training, as they are more aware of job's concrete nature.

### 3.3 The Situation in Poland

Among the EU countries Poland has a very low level of participation in lifelong learning. According to Eurostat, in 2010 the percentage of people between the ages of 25 and 64 taking part in any form of education or training in Poland amounted to 5.3%, while the EU average is 9.1% and the 2020 target is 15%. The low level of participation in LLP by adults in Poland is maintained by the lack of a well-developed system for identification, evaluation and recognition of competences attained outside the formal learning system. Missing are also regulations under which learning at work, related to ongoing training and upgrading of vocational skills, could be considered as important as formal learning in higher education. The separation of the formal and non-formal systems is disadvantageous as is the non-recognition of the outcomes of informal learning. In fact, while jobs-focused orientation is treated marginally in the educational process, education achieved within Universities and other academic institutions does not meet the needs of the job market.

Adult vocational training and adult general education can be provided both in the school and out-of-school forms, in primary schools, gymnasia, basic vocational schools, upper secondary and post-secondary schools, and in higher education establishments. Vocational training and general education for adults in out-of-school forms (except post-graduate studies) can be provided by public education institutions or non-public education institutions (social organizations and associations, religious organizations, individuals)

Participation of the adult population in continuing education in out-of-school forms is relatively low (in comparison with other EU countries) at 5.6 %. The low level of involvement in learning mostly concerns the part of the population aged 45-64, namely persons who have completed their education in the previous system. Shortcomings in their education are related to language and ICT skills, as well as to the skills demanded by the labor market. The relatively low participation in formal continuing education may result from low interest and activity of employers in this regard as well as low awareness of such a need from the side of people with low qualifications.

The weakest point of Polish policy on LLP is building a system for recognition of qualifications attained outside of the formal system. The greatest issue is the recognition of qualifications achieved informally through self-education and job experience. A serious problem is also the construction of a cohesive system for evaluation of learning outcomes, understood as an actual level of competences achieved. Standardization of learning outcomes achieved in various manners and various places and their clear evaluation will provide a way to go beyond the monopoly of the formal education system

University of Information Technology conducted a direct survey on 23 SMEs representatives in the Podkarpackie Region. The vast majority of them were business owners (18 respondents), followed by directors/managers of companies (3 people) and other staff (2 people). All represented the micro and small business (none of them employed 50 or more people). The SMEs represented various industries (services, production, trade) and the study population was dominated by men, who constituted 69,7% of the sample.

The research points out that the training process in the companies is generally connected to the development strategy. The creation and realization of the right strategy of human resource management is related to the training plans. Those tasks have not been undertaken by a significant majority of SMEs. Their needs for training are satisfied on an ongoing basis. This is highly evident in the small companies that do not have organizational departments responsible for human resources and thus for employee education. The lack of education strategy of the enterprise is a consequence of their unawareness of the benefits they could possibly gain by training staff. The idea of lifelong learning is weakly recognized, by the employers and managers as well as by employees.

The interviews showed that the most common stimulus to invest in career development is a formal requirement, imposed on employers by policymakers, and a firm's need linked to the character of the industry. This situation is mainly a result of the lack of the appropriate financial opportunities. The lack of financial resources was pointed out as the primary barrier to the learning activities. It was pointed out more often in the smaller enterprises than in the bigger firms. Employers finance trainings from their own resources and sometimes by using special grants. There is also a possibility to co-finance learning processes by employees, which could be linked to transferring by the employers some of the costs to the person who has the will to improve or change qualifications. During interviews SMEs pointed out that the

possibility to use grants is sometimes hindered by time consuming and ineffective, bureaucratized procedures to obtain them, but also because there's no practical knowledge on financing training. Employers don't know where to find this information, which is symptomatic especially for small companies, not having in their structures specialized departments to indicate training needs and setting further courses of education for employees.

On the basis of desk research works and interviews conducted, the following incentives for SMEs to actively engage their employees in learning processes can be mentioned:

- Open access to information on the possibilities of co-financing of training: employers, especially small and medium enterprises should be directly supplied with information on training opportunities, especially the possibility of their funding.
- Databases with educational institutions and their training offers, accompanied with training quality assessment.
- Dissemination of knowledge among employers about the situation on local labour markets (the results of monitoring of surplus and shortage occupations, and the results of other studies in this area). This would allow reducing the gap between skills achieved in formal education and those required in the workplace.
- Reduction of the obstacles and costs of educational activities by facilitating access to external funding of training; linking educational activities with respect to employees of the tax system by introducing a tax exemptions from income tax (CIT); reducing of social security contributions in the entities funding the training of workers; financial assistance for enhancing the qualifications, in particular addressed to low-income groups and low-skilled (eg, training vouchers, scholarships, tax credits for income tax PIT).

### 3.4 The Situation in Romania

In Romania in-house training activities of SMEs are not a top priority in terms of public policy and organizational culture. A main disadvantage is that SMEs are not encouraged to, or assisted in developing learning environments. The two indicators measuring training and skills development show similar results: the proportion of enterprises providing vocational training to their employees is below the EU average (40 % vs. 58 %), and Romanian micro firms are even less inclined to ensure that their employees participate in lifelong learning activities than their peers in other EU countries.

The national and regional authorities (mainly the Ministry of Labor, Family and Social Protection and particularly the National Council of Professional Development of Adults) tend to channel their efforts in perfecting standards and methodological norms mainly related to acquiring new classified qualifications, to

the detriment – to some extent – of developing programmes and instruments to promote and sustain alternative, informal or in-house learning activities at the workplace.

CIDAF conducted a regional survey on the subject in the Bucharest area, involving SMEs operating in the professional, scientific and technical sector (70%), administrative sector, support and services sector (10%), other sectors (20%).

Within the SMEs taken into account the overwhelming majority of the employees have full-time jobs with unlimited duration contracts. Most of the employees managed to keep their workplace (80%), while the rate of preferment is below average, as in more than half of the companies less than 20% of the employees were promoted in the last 5 years. A more articulate overview shows how, among the employees that managed to keep their workplace in the last 5 years, only senior personnel had the highest rate of preferment (40% of more).

As far as Planning and Strategy are concerned, a research undertaken during February and March 2009 on a sample of 200 respondents from different regions of the country indicates how planning is used in 45.5% of the cases, although 90% of the interviewed employers stated the company has a strategic plan. Moreover, a career plan for employees exists in only 18% of the firms and there is a small linkage of the human resources recruiting strategy to organizational objectives. By their nature (with reduce dimensions and small number of employees), SMEs have a less rigid business work frame, and compared to the large companies, the management of the SMEs is in these conditions is mainly intuitive, does not apply the rules and rigors found in large companies. In fact, the ways the employers define their strategic plans are rather superficial and often refer to making profit as like mean and purpose. Accordingly, the majority of SMEs interviewed by CIDAF lacks specific strategic knowledge and instruments. Only 60 of the employers declare to have an employment plan, but not even these ones are talking about a real document and in some cases a form of principle.

Concerning the same issue, although 94% of the employees declare that they are acknowledged about their company's objectives, most of them are not referring to proper strategic objectives, while some of the answers call for "prosperity", "making profit", "optimism" and "help". Findings of different studies in strategic management conclude that the local SMEs` organizational culture is often lacking specific tools for strategic management. One can often encounter biases between instruments such as "vision", "mission", "strategy", and "action plan".

Data collected consolidate the image of a healthy work environment in which the employees are both encouraged to improve and rewarded for their work (76% of them). The various examples of rewards consist mainly in "trust", "compliments", "remunerations" and "promotions".

This healthy environment in terms of job (not especially training) is built also with the contribution of collaboration practices based on freedom of speech and good relations between the employees and the employers. Hence, 88% of the respondents claim that they are free to approach their managers when facing difficulties in their work. At the same time, the majority of the employees (a cumulative % of 94%) have good and very good relations with employers. Another good signal from the regional SMEs is that the employees in their majority (70%) are encouraged to attend new or more complex tasks.

In the framework of the research conducted in 2009, all of the interviewed employers said they offer some kind of internal or external training to their employees and, according to their answers, 60% of them organize training sessions once a year, within the company. This percentage is emphasized by the 58.8% of the employees interviewed by CIDAF, who stated that the company offer trainings once a year or more often.

In the majority of cases the organized learning activities were of formal kind, and 55% of them were organized in-house by the SMEs, while in 45% of the cases the learning programs were provided by external organizations. As far as the employees are concerned, the learning activities that they attended were of relevance to their jobs (100% of valid responses).

The clash between employers and employees opinion is more evident when addressing informal learning. According to 70% of the employers, the informal know-how transfer sessions within the company reach a frequency of one per month. On the other hand, only 35.3% of the employee's answers state the same thing. According to data the majority of the employees are involved in this kind of activities lower than once a month. Nevertheless, it can be kept in mind that the definition of know-how transfer, being also labeled as informal, does not meet a general consensus. In effect to that, the respondents might not have a common understanding of these learning activities, especially when talking about the daily ones. Therefore, the data might be somehow misleading. This shows the need of the management to improve communication with the employees and continue developing in-house learning activities, methods and tools.

This can be translated into the acknowledgement of the importance to collect data from the environment and the interest for innovative information technologies. Although most of the firms do not collect external data on a regular basis, the entrepreneurs are aware of the importance of the new communication and information technologies to the development of the firm.

### 3.5 The Situation in Turkey

The Turkish regulations about the in-house training activities are limited to the obligations of the labour law. The content of the trainings is mostly about the health and safety regulations. Beside compulsory obligations, various training possibilities exist. The major bodies supporting training services are:

- Turkey's Small and Medium Enterprises Development Organization (KOSGEB)

- Ministry of Economy
- Turkish Labour Agency
- Regional Development Agencies (RDAs)
- Ministry of Science, Industry and Technology, General Directorate of Efficiency.

KOSGEB is the major public institution which deals with the development and support of SMEs. The scope of its supports has a wide spectrum, covering almost all activities of an SME during its business life.

Although in the country there are plenty of opportunities and supports designed for SMEs from the perspective of increasing their competitiveness, not much is known about the extent of employee training in Turkey. The most recent and comprehensive study conducted in Turkey is Continuing Vocational Training Survey in Enterprises 2007, which was carried out by Turkish Statistical Institute (TurkStat) and which was published in 2009. This survey covers the enterprises with 10 or more persons employed. Therefore, it does not give indicators on micro sized SMEs. According to the survey, 68% of the Turkish companies have not provided training for their employees in 2007. Larger enterprises tend to involve more trainings than smaller ones. While 46,6% of those employing more than 250 personnel are providing in-house trainings, only 29,4% of those employing between 10 and 49 personnel are doing the same.

According to KOSGEB, 98,5% of the enterprises in Turkey are SMEs. Small and Medium Enterprises (SMEs) often face problems that is uncommon to the larger companies and multi-national corporations. These problems are various and include; lack of financial resources, lack of human resources, lack of marketing abilities, lack of formal procedure and discipline, insufficient management skill, etc. Beside these factors, though, it has to be mentioned that most of the SMEs in Turkey are family businesses. Therefore, the majority of managers and workers are from the family, close relatives or their social circle. This is an advantage for some companies if the family members are well educated and if they seize the company. Sometimes this is a disadvantage, because the family force under qualified members to work for the company just because of they are family members or close family friends. In this case even training would not be a solution.

Generally the workplace culture within Turkish SMEs is highly traditional. There are limited functions in terms of management and marketing is perceived as the most important function which has to be carried by the employer. It has been observed that the owner and family members have influences on all the decisions taken and the owner-manager is generally unwilling to delegate authority. Employers usually learn their job from the previous generation or in the form of learning by doing. They do not have professional management education. For these reasons, conservative behaviours are dominant and the management is not decentralized.

Turkish entrepreneurs display highly paternalistic tendencies. Since they consider themselves responsible for “providing the workers’ bread” they also take supporting roles in their workers’ special situations like marriage ceremonies, male children’s circumcision, sickness, etc. Such supportive and protective attitudes can increase the respectability of an entrepreneur in his region of business. A supportive and protecting entrepreneur also has an increased chance of becoming the sole authoritative voice that ensures the harmony in the workplaces. Generally Turkish SMEs owners display high power-distance tendencies and execute their own decisions as “the person who speaks last”. They usually avoid referring to the opinions of their employees. These tendencies are advantageous for preventing conflicts but establish a centralized management approach in the workplace.

Workers’ job satisfaction is highly influenced by the owners’ socio-cultural orientations. Owners’ paternalistic tendencies and workers’ expectations toward a paternalistic supervision are compatible and that determines the overall job satisfaction. This compatibility between workers’ expectations and owners’ behaviour may imply that paternalism is a characteristic that workers have come to expect to see in their employers’ behaviour. In a socio-economic environment lacking satisfactory social security and strong workers’ organizations and in a face of a chronic unemployment problem, workers come to expect a supportive attitude from their employer and the paternalistic owner becomes the most important factor in workers’ job satisfaction.

There are few attempts toward employee training on employers’ side. Most of the SMEs owners think that the existing skills and competences of the persons employed correspond to the then-current needs of their enterprises. They also declare that the preferred strategy for them is to recruit individuals with the required skills and competences. When training is provided, the unskilled workers are trained by the owner-managers on the job. External or internal courses which are clearly separated from the active workplace, take place in locations specially assigned for learning (a class room or training centre) and exhibit a high degree of organization by a trainer or a training institution are not a common practice. Very few SMEs have an individual training plan. Among all enterprises which employ 10 and 49 persons, only 7,7% have training plans. A gender factor influencing learning activities can also be identified. In SMEs employing between 10 and 49 persons, the participation rate of women to continuous learning initiatives is half of the participation rate of men. This gap has not arisen in the larger scaled companies.

### **3.6 The Situation in the United Kingdom**

In Scotland and the UK, SMEs provide a majority of the employment. 99.3% of all businesses are SMEs and they provide 53.6% of employment and 36.5% of turnover. Despite high levels of public sector employment, there were 307,770 private enterprises in Scotland in 2011.

The Health and Safety Executive (HSE), the UK national body that regulates work-related health, safety and illness, is the most common source of advice and training for SMEs. Almost 45% of respondents had made use of the HSE. However, with respect to the focus of the Healthy Learning in SMEs project, the training and advice provided by the HSE is broadly based on ensuring SMEs compliance with statutory workplace health and safety guidelines.

Beside statutory requirements, though, SMEs have access to several sources of training for employees within the UK. These are provided both by the public and the private sector. The private training providers may themselves be SMEs and therefore they usually have a good understanding of the training needs of businesses. Anyway, the most frequently accessed sources of training are those provided by government and public bodies. Although SMEs do perhaps view these training sources as having knowledge and expertise in their respective area, it is also likely that much of the training and learning opportunities provided will come at a low or no cost to the SME. This would be consistent with the main factor representing a barrier to the organization of learning activities: limited financial and human resources. Human and financial resource constraints limit opportunities for employees within SMEs to engage in training. Costs are a concern both in terms of the opportunity cost of an employee leaving the position to complete training and the cost of the training itself.

It is interesting to note that medium sized businesses are twice as likely to access training provision from private providers than are small businesses. This finding presumably reflects the greater level of capital and human resources within larger firms that enable them to allocate a higher proportion of their revenue to training opportunities. With respect to the HLS project, it seems likely that opportunities to create healthy learning environments in SMEs will be strengthened by being able to offer these services at no additional cost to small businesses.

The training activities conducted within SMEs, including those with a health dimension, differ significantly from those which are provided in large firms. Evidence suggests that within small firms there is a greater focus on the informal transfer of skills, training and knowledge among employees. While large firms have been shown to focus on the provision of formal qualifications as an outcome of training activities, SMEs training activities may not be as identifiable or clear cut as those taking place in larger firms.

The main factors affecting the willingness of SMEs to consider issues around workplace health are summarised as follows:

- Company size (small and medium sized enterprises being significantly more likely than micro businesses to proactively adopt measures other than those linked to legislative compliance)
- Level of knowledge and understanding of workplace health issues. SMEs interpret 'workplace health' in a narrow way and associate it mainly with health and safety legislation. This creates a

hierarchy of concerns, where compliance with legislative aspects of health and safety receives the highest priority. Only once such matters are addressed is there the potential to consider 'occupational health', with health promotion and wellbeing/psychosocial issues remaining a peripheral concern (particularly for micro sizes businesses) – the latter dimensions being areas where employers' understanding is far less developed.

- Productivity. Where SMEs perceived an opportunity to improve the productivity of employees through a healthier, happier and more motivated workforce then workplace health was recognised as an important factor. Several SMEs had made a link between a healthier and more motivated workforce and opportunities for reducing the level of absenteeism and the economic benefits that flowed from this.
- Business ethos. A motivator for creating a healthy learning environment for SMEs was the opportunity it created for improving the ethos or culture of the organisation. A healthy learning environment is a way of improving staff morale and creating a generally happier workforce. This is seen to have business benefits in terms of improving staff retention and lowering staff turnover.
- Competitive differentiation. Several SMEs understand the role of a healthy learning environment in terms of improving the image of the business. Effective healthy learning programmes are seen to have a benefit in terms of the way in which they could improve the brand of the business and act as a way of positively differentiating the business from others.

Research with SMEs highlighted the importance of providing quick and easy access to sources of information on improving health in the workplace. Unsurprisingly, the internet and email are considered to be the most effective means to learn and share information on workplace health. Approaches that adopt modern technology are seen to provide a greater level of control and convenience for SME owners and managers who have limited time and resources to devote to understanding the issue of HLE in the workplace. Interviewees were less supportive of face-to-face consultations with individuals or organisations that were perceived to require a greater level of time commitment. It was clear too that SMEs are concerned with the way in which their business is perceived both by customers and existing or potential competitors. Public credibility and trust are seen to be important aspects of developing sustainable and profitable businesses. The creation of a healthy learning environment is perceived to create an opportunity for businesses to demonstrate their commitment to a workplace where employees are motivated and healthy.

Research also suggests that SMEs attitude to the use of HLE issues in the workplace may also be explained by the extent to which they can be viewed as being innovative and early adopters of new ways of working. Those SMEs that are classified as 'early adopters' and 'innovators' are most receptive to the consideration of work-related health issues. The importance of these innovators is that they drive forward the adoption of

innovative training programs among firms that may be considered slower to adopt new procedures. If HLS related training could be introduced into early adopter and innovative firms, there would appear to be greater scope for acceptance of the need for such training in the firm but also that training may have a trickle-down effect, normalizing the use of health learning training in SMEs.

Employee willingness to participate in and engage with new forms of learning has been proved vital to the effectiveness of learning outcomes within the SME. Where employees understand a link between learning, skills development and career progression they are more likely to engage in learning activities. Employers that establish a clear link between engagement in training, the acquisition of skills and improvements in job prospects are likely to create strong incentives for engagement in learning activities. Employers could improve incentives for engagement in learning activities by aligning training and qualifications with work practices. The provision of access to training and qualifications that enables employees to develop existing knowledge and skills make training activities more relevant.

## **4. The Situation in Europe**

### **4.1 The Regional Workplace Culture within European SMEs**

All the countries taken into account reveal economic systems mainly based on SMEs, as the large majority of companies operating on their respective territory employ less than 250 workers. Despite this common factor, though, the companies taken into account in the various countries display different features: while Germany show a preponderance of medium businesses (between 50 and 250 employees), in countries such as Italy or Poland the economy mainly relies on micro businesses (less than 10 employees). The companies taken into account mainly operate in the secondary and tertiary sectors, with a preponderance of the latter. The Scottish case highlights high levels of Public Sector employment.

Low percentages of external and internal turnover have been noticed in many cases, especially in Eastern and Southern Europe (Poland, Romania, Italy, and Turkey). This means that, although workers enjoy a certain degree of job security, they do not change their position within the firm very often. This might presumably imply that they do not have many opportunities to learn at the workplace. It has also been noted that employees are most of the time aware of the company's objective only in very general terms, being poorly involved in company's policies. In turn, many company owners (especially those in charge of smaller firms) revealed to conduct their activities without the aid of specific tools for strategic management, such as business or manpower plans. Again this is especially true for Eastern and Mediterranean countries.

The Italian, Turkish cases showed evidence of paternalistic approaches on the employers' side, based on a hierarchical and formal management style. This is especially true for Turkey, where the majority of businesses

are family businesses and the working relationships are based on relative connections. This situation might have very different outcomes.

As far as the Turkish case goes, despite the low salary level, the employees are satisfied with their jobs and alienation is at the lowest level. In fact workers' job satisfaction is highly influenced by the owners' socio-cultural orientations. When facing chronic unemployment in a socio-economic environment that lacks satisfactory social security and strong workers' organizations, workers come to expect a supportive attitude from their employer.

In Italy, on the other hand, employees do not feel their work is appreciated enough and often think their necessities are overlooked by managers. In relation to the regional learning-by doing culture, this means that most of the time encouragement to do more and to learn new things comes out of necessity rather than from management initiatives. In fact, in 50% of the cases, employees do not feel they have sufficient conditions to carry out their duties. According to employees' opinion relying on managers in order to fix the situation is difficult, either because they are unaware of employees' working conditions, or because the bureaucratic structure of the company reduces communication opportunities.

A certain degree of dissatisfaction is also evident as far as German employees are concerned. Most of them hardly ever receive any approval from their superiors, are seldom asked to give their opinion on company's policy and think that more engagement on the management side would improve the health situation at the workplace. Some employees are not sure if the workplace enables them to develop further skills and competences, meaning that the workplace is not seen as a place for informal learning. Increasing workload, the burden of increasing responsibility, time pressure and tight deadlines are also mentioned as causes for dissatisfaction.

## 4.2 The Relevance of Healthy Learning Environment within European SMEs

A common trend in Europe is the lack of a specific legislation, regulating the promotion of wellbeing at work. Occupational health is usually interpreted by legislators in a narrow way, being identified with matters such as sanitary standards, first aid, safety on the job etc. These subjects are actively promoted by Public Bodies with specific compulsory training courses addressed to SMEs. The legislation, though, tend to consider psychological issues as peripheral concerns.

As far as vocational training is concerned, in most countries non-compulsory LLP training programs addressed to SMEs are offered. In Romania and Turkey the Government is the main provider of this kind of activities, while in Germany and Italy SMEs tend to rely more on Chambers of Commerce and their trade associations of reference. In Poland and Scotland SMEs can rely both on private and public sector for the

organization of learning activities, but those organized by Public Bodies are more likely to be considered as the usually come at lower or no cost for the employer.

The Romanian cases highlighted the tendency of the national and regional authorities to channel their efforts in perfecting standards and methodological norms mainly related to acquiring new classified qualifications, to the detriment – to some extent – of developing programs and instruments to promote and sustain alternative, informal or in-house learning activities at the workplace. In Poland the lack of a well-developed system for identification, evaluation and recognition of competences attained outside the formal learning system is the main cause of low participation in LLP activities. Formal Education maintains the monopoly over the organization of training initiatives, even though it cannot seem to address properly the actual needs of the economic sector.

Within all the countries taken into account, larger companies tend to invest more than smaller ones in training initiatives. Lack of financial resources, in fact, seem to be the main cause preventing SMEs managers from taking part to training activities in all the countries taken into account by the analysis. SMEs owner are mainly concerned about the costs training might imply, even in terms of opportunity costs of an employee leaving his/her position in order to attend courses. Nevertheless, even when possibilities of co-financing are available, other factors preventing learning initiatives to take place within SMEs can be identified.

The Turkish case highlights poor interest of managers and low levels of investment on human capital due to the preponderance of highly traditional management structures. The Polish case highlighted limited access to training programs information and the possibility of co-financing. In Italy, although employers seem to be willing to engage in the organization of training initiatives and - to a certain extent - to allocate resources on it, managers' paternalistic approach reduces effectiveness of training activities. Most of the time employers are not aware of employees' actual needs and tend to channel resources in the wrong direction.

Employers and employees alike tend to identify learning on the job mainly with the participation in formal training activities. Evidence, though, seems to suggest that within small firms there is a greater focus on the informal transfer of skills, training and knowledge among employees. These training activities may not be as identifiable or clear cut as the former and, most of the time, interviewees themselves might not have a common understanding over the issue. The German, Italian, Romanian and Scottish cases revealed that, within the same firm, employers and employees may have a very different perception of the frequency with which informal learning is taking place. While employers, when asked about it, assessed informal learning to happen weekly - if not daily - within the company, employees believed it to happen not more than once a month.

This seems to suggest that either in-house learning is not considered relevant to the job by a significant proportion of workers, or that employees are not aware that they are learning - even when they are doing it - and therefore are not able to apply their knowledge to work. In fact, informal learning is usually an unintentional process on the part of the learner and is very likely to be influenced by factors such as stress, time pressure, job insecurity, lack of recognition etc. As it was pointed out above, these factors deeply affect a worker's general motivation and health. As far as informal learning is concerned, it appears clear that any possible outcome is influenced by these factors in a negative way.

Employee willingness to participate in and engage with new forms of learning is another crucial factor affecting learning outcomes within European SME. The Scottish case teaches that where employees understand a link between learning, skills development and career progression they are more likely to engage in learning activities. Employers that establish a clear link between engagement in training, the acquisition of skills and improvements in job prospects, therefore, are likely to create strong incentives for engagement in learning activities. Employers could improve incentives for engagement in learning activities by aligning training and qualifications with work practices. The provision of access to training and qualifications that enables employees to develop existing knowledge and skills make training activities more relevant.

A gender factor affecting the participation in vocational training can be identified in some European Countries. In Germany, while in 2010 28% of male employees took part in continuous vocational training, the percentage rate of women taking part in the same activities was 23% (2007 / 25%). Since the number of men who are working full-time (92%) is much higher than the number of women (46%), though, the data are reliable only to a certain extent. In fact, the employees working full time have usually better access to continuous vocational training than those working part-time. In Turkey, within SMEs employing between 10 and 49 persons, the participation rate of women to continuous learning initiatives is half of the participation rate of men. This trend might be due to the aforementioned highly traditional management structure of Turkish SMEs.

## 5. Conclusions

As it has been mentioned, the cost of organizing training initiatives is a serious concern for an employer, both in terms of the opportunity cost of an employee leaving his position in order to complete training, and the cost of the training itself. Also, among managers in SMEs, there is a lack of knowledge about training opportunities. Managers are in many cases unaware of what training is most relevant to the needs of the business and are confused about sources of information. The sum of these two factors prevents many SMEs managers from taking advantage of training initiatives. For these reasons employers should be directly supplied with information on training opportunities, especially for what concerns the possibility of their funding. Dissemination of knowledge among employers, concerning the situation on local labour markets, would allow reducing the gap between skills achieved in formal education and those required at the workplace. This in turn would allow more consistency between training programs and companies' actual needs.

Another way of doing so could be relying more on employees themselves for the organization of training initiatives. This way activities could be organized taking into account workers necessities and would surely prove more effective, according to the nature of their job. The process would also reduce the risk of a paternalistic behaviour and the distance between management and employees.

A way of cutting the costs has been identified in those approaches that adopt modern technology. The use of ICT and computer based learning has the potential to offer an accessible, affordable and flexible solution to training within SMEs. However an ICT based approach to learning assumes the presence of sufficient IT capacity and connectivity within the firm. Where these are absent there will be barriers to the delivery of training through ICT.

In general terms, where SMEs perceived an opportunity to improve the productivity of employees through a healthier, happier and more motivated workforce then workplace health was recognised as an important factor. In fact a healthy learning environment is a way of improving staff morale and creating a generally happier workforce. This is seen to have business benefits in terms of improving staff retention and lowering staff turnover. Therefore, employers that establish a clear link between engagement in training, the acquisition of skills and improvements in job prospects are likely to create strong incentives for engagement in learning activities. Accordingly, where employees understand a link between learning, skills development and career progression they are more likely to engage in learning activities.

This is especially true as far as informal learning is concerned. Even where SMEs are well aware of the fact that they need trained staff in order to stay competitive, even where training on a regular basis is a common feature, informal learning is not entirely in focus. Apart from raising awareness of the importance of informal learning, one should then think of ways to make the results of informal learning properly visible, both for



DE/11/LLP-LDV/TOI147 420

employers and employees. What is lacking at the moment is a system of promotion, identification, evaluation and recognition of the outcomes of workplace-based learning.

Another good reason for making the results of informal learning visible is the fact that employees do not feel their work is appreciated enough, and often think their necessities are overlooked by managers. In relation to the regional learning-by doing culture, this means that most of the time encouragement to do more and to learn new things comes out of necessity rather than from management initiatives. Therefore, the necessity of linking productivity to an incentive system (not necessarily economic) should be a top priority for European SMEs.

Finally, developing programmes and instruments to promote and sustain alternative, informal or in-house learning activities at the workplace would be an excellent way of cutting the costs of formal training of staff, and would allow European SMEs to allocate resources where they are most needed.

