

WORKPLACE LEARNING STRATEGIES OF SMALL BUSINESS OWNERS/MANAGERS: FURTHER EVIDENCE

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ABSTRACT

The owners of 19 small businesses in the Halifax Regional Municipality were interviewed regarding their workplace learning. Of particular interest were their learning strategies and the roles of social networks in the learning process. Results indicate that owners/managers engage in both formal and informal learning activities however, the informal play a much larger role than the formal do. Experience, learning from others and reading were key informal learning activities. Informal social networks were central to learning. Implications of these findings are discussed.

INTRODUCTION

The concept of workplace learning has become quite prevalent in the literature on learning in organizations [3] [15] [17] [25]. As suggested by Rowden much research on workplace learning has focused on larger organizations and not a lot of research has considered the small business perspective on this issue [31]. However, research on small business owners and their workplace learning has increased. For example, Cseh and Fenwick and Hutton identified types of learning outcomes of small business owners/managers as a result of workplace learning [5] [13]. More recently, Doyle and Young examined various workplace learning strategies and their outcomes and also identified and described a variety of barriers to and facilitators of workplace learning [9] [10]. Further, Fenwick described the forms of innovation in workplace learning and how it can be fostered [12].

Workplace learning is likely crucial to the small business sector given the large and important role that sector plays in the Canadian economy [20], and given the high failure rate of small business and its relationship to management incompetence [19]. Consequently, this paper continues an examination of the workplace learning strategies of small business owners/managers and then considers the role of social networks in workplace learning.

Small Business, Workplace Learning Strategies and Social Networks

Workplace learning is defined as

a process whereby people, as a function of completing their organizational tasks and roles, acquire knowledge, skills, and attitudes that enhance individual and organizational performance. This learning often occurs as a function of interacting with other people and can result from participation in formal and informal activities at the actual work site or at other locations [10, p. 3].

Historically, small business owners/managers have employed a variety of workplace learning strategies both formal and informal [1] [4]. Despite long-standing and recent, but similar

criticisms of formal educational activities [28] [36], small business owners/managers do continue to engage in formal learning activities such as taking courses and workshops from external providers of education and training [9] [12].

However, the question of the importance of formal learning to owners/managers and the types of formal learning activities they use needs to be explored further.

Much learning in organizations occurs through informal means [9] [27] [32]. Broadly speaking informal learning strategies include observation of others [17] [23], trying to complete new tasks [23], or working in teams [7] [24], reflection [17], practice [17], action learning [26] and career development and planning [3]. Hara has also argued for the development of communities of practice to blend the formal and informal learning of professionals [17]. Other strategies include networking [8], mentoring [3] [6], and seeking information from co-workers [17] [23].

Small business owners/managers have also used informal learning strategies such as application of past learning and experience [4] [5], mentoring [4] [30] and intuition [4]. Reading [5] [13] and field trips and market research are other strategies used [5] along with informal trial and error [4] [13] [30].

The various informal workplace learning strategies of small business owners/managers also require further study. What are the current informal learning strategies?

Learning in small business often occurs as a result of people working with others [29] and owners/managers have often relied on their links to experienced others, that is the people in their personal and professional networks, for much of the knowledge they have acquired [4] [5] [13] [27] [30]. Consequently, owners'/managers' social networks figure very prominently in their workplace learning.

Social networks are defined as "... patterned relationships between individuals, groups, and organizations" [11, p. 305] and the entrepreneur's network is "The group of people with whom entrepreneurs discuss ideas about business matters and from whom they obtain resources ..." [33, p.74]. Further, these personal networks can be considered in terms of formal elements (e.g., government agencies, banks, lawyers, realtors, and Chambers of Commerce) and informal elements (family, friends, business and social contacts) [2]. Entrepreneurs might participate in networks because of services, advice, or support received from network members [11] and they might also learn about entrepreneurial opportunities [33]. Doyle and Young identified five types of benefits that entrepreneurs receive from their networks: information/feedback, sales/growth, social support, development of trust and rapport, and financing [8]. Others have shown how "business success or survival are achieved by making relationships ..." with others [16, p. 60]. Further, it has been suggested that entrepreneurs "... use social networks to create competitive advantage ..." [14, p. 24]. The roles of social networks in small business owners'/managers' workplace learning also require further study and this paper examines those roles.

METHODOLOGY

The methodology was exploratory in nature and examined a number of case studies [22] [35]. The basic procedure was multi-site, qualitative research that permitted in-depth description of specific cases and "cross-site comparisons without necessarily sacrificing with-in site understanding" [18, p.14].

In-depth interviews with owners/managers of 19 small businesses in the Halifax Regional Municipality (a major financial, government, retail, industrial, military, university, and health-care center in the Atlantic provinces of Canada) were completed using an interview guide consisting of open-ended and closed-ended questions to determine select demographic and business information as well as issues related to informal workplace learning. Interviews took approximately 60-90 minutes and were tape-recorded (with one exception). All interviews were transcribed verbatim and tapes and transcripts are kept in a locked filing cabinet in the office of the first author. Interviews were completed with men and women from a broad cross section of the small-business community.

A small business was defined in this paper as one that was independently owned and operated, had fewer than 100 full-time-equivalent employees, and had less than \$5 million dollars per year in sales. Lastly, each small business was in operation for at least one year.

RESULTS

Participants in this study were 20 owners/managers, 13 men and 7 women, representing 19 firms, the two owners of one firm, a man and a woman, were jointly interviewed. In terms of industry type, seven firms were retailers, six were combined manufacturing and retail operations, two were manufacturing firms, two were in the hospitality sector, and two were personal service firms. These firms had been in business on average 14.1 years and business age ranged from one to 27 years. In terms of sales three firms reported annual sales between \$100,000 and \$299,999, one firm had sales between \$500,000 and \$999,999, seven had annual sales, between \$1,000, 000 and \$1,999,999, and eight had sales between \$2,000,000 and \$5,000,000. On average firms had 18.7 full-time employees and ranged from having no full-time employees to 75 full-time employees.

To examine the first two guiding questions of this study regarding formal and informal learning, participants were asked how they had learned knowledge and skills since starting the business.

How Learning Takes Place

Learning occurred through both formal and informal activities. Raymond expressed this duality of learning activities, "I did some university but mostly you know, like evening classes and ... management training courses, business development courses and this sort of thing ... " "I learned by doing it, yeah ..." "I've also had consultants come in here and ... I certainly learned from my father a lot of things." Ian was another example of this combination as he had a strong business background with a commerce degree and accounting designation coupled with many years experience. However most of his learning since establishing his firm has been through experience. He has learned through others, "... the interaction of the other entrepreneurs ... I've used this individual as a sounding board on a lot of different things involving the business." He also learns from reading, "I've also been pleased with some of the business magazines ... and some of the local ones ...you can learn a lot ..."

By far, the vast majority of learning activities mentioned were informal. Experience and learning as you go were two themes that emerged from the interviews. For example, Jane emphasized that experience was a major contributor to her learning, "And that's only because of what I've experienced." Kathryn is another example, the "day-to-day experience of running the business and being "hands on" with the products." were important, but, she has taken courses offered through trade shows and attended industry seminars and read magazines oriented to generic crafting. These activities provide most of her learning.

However, when participants discussed how they learned, they also mentioned past formal learning activities and/or formal short learning activities such as trade show seminars. For example, Mary discussed formal learning, and Hazel also valued her past formal learning as she indicated the importance of having a degree in costume studies, which provided her with strong technical skills, but she needed to develop business skills and so she took a variety of courses at a local university. She attributes much of her learning to reading, "... you know, read a lot of books on that type of thing ...". She has also attended a variety of seminars on management.

Formal Learning Activities

The formal activities that the participants engaged in were primarily seminars at trade shows and seminars offered by trade associations, and short seminars and courses offered by the Chamber of Commerce, government or local universities. Although almost half of the participants initially said they didn't engage in formal learning activities, most of them then went on to describe a course taken in the past or industry seminars attended. Two however indicated that they never engaged in formal learning activities. Ian simply responded, "Zero." and Patrick said, "No, because they are totally inapplicable."

By far the most-attended formal activity was short seminars offered at trade shows or at other times by trade associations. Francine and Fred said they did engage in formal learning activities and mentioned trade shows and Fred said "I have gone to a couple of little short workshops on say mainly merchandising or doing a display ...". However, they now tend not to go to any formal learning events. According to Walter, industry associations have put on various programs, "They bring speakers in, so I've done a lot of that..." Raymond also used trade seminars, "There's an Industrial Fabrics Association that they have a convention every year and gone a number of times ... at these conventions they hold seminars ..." Mary also finds various trade-show seminars useful, "You have different displays and you see the kind of new trends and stuff ..."

Several indicated that they took formal seminars in order to obtain and/or maintain a license or certification. Mary's comment was that in order to maintain her certification, "I still have to do courses every now and then, to keep up, like every three years I have to go to a 10-hour seminar." Ophelia was similar, "But we didn't go anywhere to learn anything ... unless there was a program put forth to us on the agricultural end of it that we had to take like our spray certification ..." Walter said, "I gotta get my spray license. I don't know anything about pesticides or anything so I went out and took a course, wrote my license and got it."

Jane, who responded "no" when asked if she engaged in formal learning activities, mentioned seminars offered by government, "I have attended a few sessions like Worker's Comp, things that are put on by the government if they come along..." Others mentioned seminars and courses offered by universities and other organizations. Vernon mentioned courses he taken at a local university, "So I took a couple of these courses, and actually I enjoyed them immensely because after I had been working in business for some time, I was really open to the concepts ... and I just took the two courses actually." In addition he spoke of seminars offered by various firms, "I've taken a couple of those kinds of things but I haven't taken any other, um, diplomas or any other classes or universities or anything of that nature."

There was resistance to formal learning activities mentioned by a number of participants. Fred and Francine no longer go to any formal learning events, "... it's not the financial cost as much as the time cost." This was echoed by Lenny who was too busy but does attend occasional seminars on marketing. Robert had taken a variety of courses and seminars over the years, but got little from them, "I found that

I used up my time that could have been better spent.” Jane who had taken the occasional Worker’s Comp session indicated “...to get into any formal training like university or anything like that since we took this business on, there’s just no time to do that kind of thing.”

Informal Learning Activities

The foremost informal learning activity was experience as it was mentioned by 12 of the owner/managers interviewed. As Raymond said, “I learned by doing it...” According to Fred, “Experience is a big part”. Frank has “...learned from the school of hard knocks” and Ophelia indicated, “...we learn as we go.”

The second informal learning activity was learning from other people. These other people included experts such as accountants and lawyers, participants at trade shows, owners/managers of similar businesses in other parts of the world, clients, family members, board members, mentors, members of a business group and internet contacts. In addition, three participants mentioned learning from employees and three mentioned hiring staff with the required skills.

Eight participants mentioned the use of experts. Consulting experts included both experts in a particular industry and experts in a particular area of business such as accounting. Gina learned, “...to find credible experts and listen to them” while for Mary much of her learning was informal through everyday business contact, “...my accountant, our lawyer, because we know them both really well”. Raymond indicated, “I’ve also had consultants come in here...”

Visiting similar businesses in other locations was a learning experience for three participants. Patrick said, “I went over to England and apprenticed with him for a while to get ... the basic business principles” and Robert indicated “We brought in some skilled builder from the States...and “a visit to a similar operation in Toronto helped...”

Trade shows were mentioned by three participants as well. Mark expressed it quite well when he said, “Listening and learning and going to a lot of trade shows ... trade shows is where the information is. And all of them have a lot of salesmen who are old-timers who have been around the block a few times and if you know what questions to ask, they always have the answer.”

Other people that the participants learned from were mentioned once each. These included clients, a board of directors, a mentor and a business group.

The third informal way of learning was by reading. This was mentioned by eleven participants. Lenny said, “The only thing that I really learned from is by reading” while Kathryn finds the majority of her learning is reading magazines oriented to her business. Steve also reads a lot “...It’s my job to sit here and read what is going on in the industry...”

The fourth and last way of learning was from employees or by hiring the expertise needed, each of which was mentioned by three participants. Patrick hired the expertise, “and this chap ... brought a whole world of experience in here...” Walter hired a foreman “...he was a perfectionist and a real funny guy...but I learned a lot about the right way to do stuff from here.” Mark learned from staff members who have been with the business for a while “...you can ask somebody we’ve got this problem here and they will, “Oh remember...didn’t we do this then? Oh, yes, that’s how we solved our problem.”

Networking

Participants were also asked about their personal and professional networking activities. Very few belonged to formal networking organizations. Mary was once a member of the Chamber of Commerce and five participants mentioned industry associations. Walter felt, "So you learn a lot there...so we go away to conferences and you learn about growing sod."

Most participants formed their own informal network of people that they could contact for information, for help with a problem or for feedback on an idea. Friends and family headed the list, however often they had expertise as well as being a family member or a friend. Ian met a number of people through family connections, "... and one individual who was fairly well connected introduced me over the span of the first few years to a lot of different people. And those things have become, you know, invaluable networks. And if you need some information ..." Nolan had family expertise to call upon, "My father is a CA and my brother is just finishing his MBA ...so I just speak to them about stuff I need to know ..."

Many talked about networking at social and business events. Mark is an example of this type of networking, "I go out of my way to meet people that are totally non-connected and we will, I don't know play golf once a week or we will go ... like I'm to go to Kiwanis in a minute, people like that, and we'll shoot the breeze about totally unrelated things to that venue but that might teach me something else in the future."

Other informal networks included suppliers or sales representatives, trade show exhibitors, accountants, trade show exhibitors, people in other businesses and school classmates. Each participant had a different combination of people that formed their informal network. As Raymond said, when faced with business problems he often relied on others, "Mainly other employees or other ... other businessmen ... if you don't actually learn how to solve the problem ... at least you feel better about it, you're not sitting there saying I'm the only one with this problem." The network is mostly informal, "... some business connections, some would be suppliers ... and some would be personal friends ..." "I don't belong to any of these network organizations although we tried some of them over the years ... you know, they were really not doing anything, not for me anyway."

DISCUSSION

The finding that learning activities are a mixture of formal and informal reinforces previous studies [1] [4]. The participants did engage in formal activities as was noted in previous studies [9] [12]. Although the vast majority of participants indicated they did not engage in formal learning activities, they often went on to describe past educational experiences or short seminars offered by industry associations. Based on the comments by the participants, formal learning activities need to be relevant and are often seen to be relevant if offered by industry associations. These learning activities are often very focused on issues specific to certain industries or business types. Another advantage of industry association offerings is that they tend to offer short seminars which do not require too much time.

Most of the participants' learning was through informal activities, similar to the findings of a number of writers [9] [27] [32]. Experience was the most oft-quoted way of informal learning. Experience can result from observing or from participating. This is consistent with informal learning strategies identified in the literature such as observation of others [17] [23], trying to complete new tasks [23], or working in teams [7] [24], reflection [17], practice [17], and action learning [26].

Learning from others was the second type of informal learning activity. Learning from others such as experts, clients, other businesspeople, board members, mentors, business groups and trade shows is often accomplished through the use of networks. Participants seem to mainly participate in networks so that they could learn from other people. Although some participants used formal industry associations as part of their network, they tended to rely more on informal rather formal networks. This is consistent with the findings of Doyle and Young for micro entrepreneurs [8]. Each participant developed a unique network of friends, family, experts, businesspeople, suppliers and other contacts that they could turn to for information and advice.

The third type of informal learning activity was reading, an activity identified by others [5] [13]. The fourth type of informal learning activity was from employees or from hiring the necessary expertise. Although several studies found learning occurred by seeking information from co-workers, none of the studies reviewed indicated that hiring people with the required learning was a learning strategy used [17] [23].

Those individuals and agencies interested in the development of entrepreneurs and small business owners might be more effective if they can identify the right types of experience and then help participants learn from those experiences. Further, helping small business owners/managers to better know and manage their social networks could result in more ties that produce more and perhaps better and different information. One possible way to address experience and networking issues is through the development of communities of practice [34], perhaps based on industry type, business type or geographic location. Financial and other types of support could be provided by government and trade associations. These communities, built around people with common interests in a field of practice who volunteer to participate and do so through discussions that can occur through various means including, in person, e-mail, and chat rooms, can positively impact business performance [21].

More research needs to be done to determine the effectiveness of the informal learning strategies. Are there ways to internalize the experiences so that more learning occurs and that it occurs in a shorter period of time? As Lenny said, "I learned from making mistakes and losing money and being stressed out and working 70, 80 hours a week, and not getting anywhere, right." Are there ways to develop a network of formal and informal contacts so that information and advice is more readily available? Ian had "one individual who was fairly well connected introduced me over the span of the first few years to a lot of different people." More research on ways to more effectively learn informally and ways to manage the knowledge function of small and medium-sized businesses would be useful to policy makers and to small business advisors.

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