



Why Learning Should be Part of a SMEs culture



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As Millennials form a bigger part of our workforce and SMEs an increasing role in the labour market, it is imperative that businesses consider how to retain 'early careers' talent by embracing a learning culture. This article explores why this is so important and some of the options available.

Millennials are now replacing baby-boomers in the workforce: by 2020, millennials will make up 50% of the global workforce.¹ This trend is pushing companies to rethink their attraction, selection, and retention strategies. Research shows that Gen Y and Z place personal and professional development at the very top of their priorities when choosing an employer.²

The UK Department for Business, Energy and Industrial Strategy reports that as of October 2016, small or medium-sized (SMEs) businesses account for 99.3% of all private sector businesses, representing 60% of all private sector employment.³ Whilst large businesses make a major contribution to employment and turnover, SMEs account for three fifths of employment and almost half of employee turnover in the UK Private sector.

So what do Millennials think of working for an SME?

According to a recent online research survey conducted by graduate-jobs.com, 73% percent of respondents said they thought: working for an SME is much riskier than working for a large company, with better career prospects at the latter.⁴ Surprisingly, the same research demonstrates that an overwhelming percentage of participants believe they would learn more at an SME, and yet, 86% believe working at a large company is more prestigious.⁵ There is no wonder that recruiting and retaining talented millennials is a major challenge facing SMEs.

Large businesses with strong brand names are at an advantage in attracting high calibre talent since this generation is attracted to sustainable companies they admire as consumers. It's true, in many cases, these corporations have bigger budgets to spend on structured learning and development programmes.

The CEO of Futureboard Consulting, a specialist 'early careers' graduate recruitment firm supports this point: "In my 10 years of working in graduate recruitment, I know the majority of candidates primary goal is to start their careers at large, FTSE organisations. They are heavily influenced by brands and experiences of their parents. However, on talking to students directly about specific opportunities, they can quickly switch their viewpoint if they are presented with an opportunity that includes great career development, an international secondment or a really well thought out rotational programme. In my view SMEs need to work a bit harder at getting their message across to this group."

1 PWC. "Millennials at Work Reshaping the Workplace." (n.d.): n. pag. 2016. Web.

2 Ibid.

3 "Statistical Release: Business Population For the UK and Region 2016." (n.d.): n. pag. Department for Business, Energy, & Industrial Strategy, 13 Oct. 2016. Web.

4 Howell, James. "SME Jobs." *Graduate Jobs*. Graduate Jobs, 16 Sept. 2016. Web. 17 Oct. 2016.

5 Ibid.

The Perspective of the SME

A recent report from the Federation of Small Businesses suggests 91% of small businesses recognise the value of staff training, both in terms of increasing the value of an employee's contribution to the business and in terms of employee retention, but only 43% of British SMEs are actually investing in training and development.⁶ The main reason being the cost of training.⁷ Many SMEs prioritise 'on the job' and 'peer to peer' learning as it suits the operational nature of many small businesses.

Whilst employers might respect the experience an employee is getting, it is often hard for someone early in their career to appreciate the significance of what they are learning. There is also limited scope for employees to use such experience to gain formal recognition or qualification for such work experience⁸. This may shift in the UK with the introduction of the apprenticeship levy.

Ben Lobel states on smallbusiness.co.uk "as prices and product innovations can easily be copied in today's digital age, the only competitive battleground left is customer experience." This competitive edge can only be achieved if employees are given the relevant skills and are adequately trained to complete their roles. Whilst theoretically understood by many SMEs, achieving this in practice can be hard for a resource stretched business.

Many small businesses operate with either no, or very lean, HR functions, which means generating learning initiatives to support future growth often gets pushed down the priority list. The Sunday Times 'Best Companies' to work for rankings suggests the small companies that embrace learning/professional development as part of their corporate culture/mission are most successful and have the best track record for hiring and retaining happy employees. In these examples, there is evidence that every single person in the business has a role to play in developing such an environment, not just HR. See here for the current list: thesundaytimes.co.uk/best100companies. It is also clear from these rankings that a holistic approach to motivating staff that includes: giving back, creative leadership, excellent reward/fair pay are also key to high levels of employee engagement.

MOOCs

A relatively cheap and accessible learning resource for SMEs is Massive Open Online Courses or MOOCs. A plethora of subjects are offered, in areas as broad as accountancy, engineering, finance, general business, coding, procurement, mostly for free, and some from world renowned institutions like Harvard, MIT and University of London. The benefits include: remote learning, flexibility, many offer a system of testing, grading, peer to peer learning and accreditation or often a Certificate of Completion, which is something an employee can keep. If SMEs are tight on budget but prepared to allow employees time to study, MOOCs are an excellent way for individuals to build their knowledge of specific subjects.

Those that sign up to a MOOC often do not complete: fewer than 10% of participants will finish

6 "Leading the Way: Boosting Leadership and Management in Small Firms." FSB, Mar. 2016. Web. 12ed t Insights: and Development to Attract Millennial Talent

7 Ibid.

8 Skills Development and Training in SMEs. N.p.: OECD Publications Centre, 2013. 2013. Web.

and fewer will pass the examination to obtain the certification.⁹ Although corporate learners are five to ten times more likely to finish. If you are thinking of incorporating such training into your business, you will need to think about how you encourage participants to the course through to the end. An idea could be to connect people within your business that have successfully completed online courses with those that are just embarking on one.

MOOCs have proven to be most effective in teaching hard skills; companies such as Google have signed up as many as 80,000 employees to partake in an HTML5 course, whereas Bank of America uses MOOCs to train its employees in financial literacy.¹⁰ Although companies do use MOOCs to support learning in leadership, collaboration, and customer service, they tend to be used to compliment soft skills development rather than be used in isolation. In reality, development of soft skills is best achieved via face-to-face interaction and by using authentic business situations.¹¹ MOOCs would be a partial response to building a learning culture in an SME.

Continuous Feedback

According to a PWC report on millennials, receiving continuous feedback is amongst the top requirements the generation has from their employer.¹² Rather than relying on annual performance reviews, continuous feedback can break down barriers of communication and fosters peer-to-peer learning in the workplace. For example, you could have team members asking each other questions such as: "what should I keep doing?", "what should I stop doing?" and "what should I start doing?" at the end of projects as a way of capturing specific, relevant and timely feedback. The timely nature of such feedback can be more powerful than feedback that is delivered at the end of the year. An SME should consider providing skills workshops to all employees on how to give/receive feedback to ensure that you are fostering an environment of constructive feedback. Poorly delivered feedback can otherwise have the opposite effect on someone's performance.

Facebook is a great example of a company that has utilised peer-to-peer feedback, which they believe has improved internal communication, improved personal accountability and created a more transparent culture. Arguably it is easier to introduce such feedback in a smaller business where there is more visibility over what people are doing, but it's important to remember that such practice needs to be demonstrated throughout a business...leaders need to set a good example in this regard.

Collaborate with other organisations

An option for SMEs could be to collaborate with other organisations to support with the development of specific skills and at the same time offer an opportunity to network outside of the immediate organisation. This may seem counter-intuitive initially, but there are a number of interesting examples in existence now.

For example, Google's Squared¹³ which was first developed to address a talent gap at entry level within the marketing and advertising industry: it welcomed a cohort of practitioners from

9 "Is a MOOC Right for Your Training Program? 3 Pros and Cons." Capterra Blog Is a MOOC Right for Your Training Program 3 Pros and Cons Comments

10 Josh Bersin, Principal and Founder, Bersin by Deloitte Keynote Author Follow. "Workforce Training (adapted) Jardine." Workforce Training (adapted) Jardine. N.p., 09 Dec. 2013

11 "A Little Bit More Conversation: The Limits of Online Education." The Conversation. N.p., 17 Oct. 2012. Web

12 Pwc. "Millennials at Work Reshaping the Workplace." (n.d.): n. pag. 2016. Web.

13 "Google Squared." Impact International. Impact International, n.d. Web.

a variety of agencies and corporates (many of which were from competitor organisations) and up-skilled them with digital and technical knowledge, whilst also empowering them to lead, challenge and inspire within an established and traditional industry. It is a six-week full-time programme that not only gives participants a strong grounding in digital marketing and leadership skills, but also challenges them to think more creatively and work collaboratively.

During the programme, participants work in teams on a series of real projects, join panel sessions, experience solo reflection sessions, workshops, hear from guest speakers and receive one-to-one feedback, coaching and mentoring. Results of the programme show that 84% have been given more responsibility or promoted whilst 92% feel more confident discussing digital strategy and execution. The model could be adapted to other industries facing skills gaps due to digital disruption. The advantage for an SME is that they often have a more flexible approach to doing things differently and are not bound by so much internal bureaucracy.

Blended Learning

The learning and development community widely accept that individuals have a range of learning styles and Millennials in particular enjoy a level of 'self-directed' learning. As a result, it is important to consider building training initiatives that use a blended approach to developing skills.

An interesting example is 'The Ignite Graduate Development Programme'¹⁴; an open programme that combines one-on-one coaching, practical skills development, experiential learning, peer-to-peer feedback, ongoing self-reflection and networking. This is an open programme, which allows SMEs to offer a learning experience comparable to blue-chip companies but at significant lower costs.

Each step of the programme challenges graduates in a variety of ways and seeks to develop skills such as self-awareness, relationship building, networking, teamwork, and influencing. From tasks that reveal the importance of corporate values to digging into the ways in which graduates deal with ambiguity in stressful situations away from their comfort zone. Ignite provides a structured opportunity for individuals to transition from student to professional.

14 "IGNITE: NEW GRADUATE OPEN PROGRAMME." *Impact International*. Impact International, n.d. Web.

Conclusion

As Millennials reshape the workforce, companies are adapting HR strategies to suit this group in order to compete and retain talented individuals. SMEs recognise that they need to invest in training in order to attract and retain such talent but also to stay competitive in the marketplace. Millennials desire a workplace that can offer them training and development, on the job challenge and the opportunity to grow as professionals.

Larger corporations often have bigger budgets and more internal resources to play with, but SMEs have less bureaucracy and can be more adaptable to change. Through the options described in this article: MOOCs, continuous feedback, peer-to-peer learning, collaboration with other organisations and blended learning can offer more cost effective learning solutions and can mean small companies can punch above their weight in the marketplace.

There is no doubt that all organisations find retention of top talent a challenge but an SME should have the clear advantage of being able to listen to the needs of millennials and adapt HR practices accordingly.

You may also like to read: [7 ways to compete with larger businesses for talent](#)



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Get in touch

For enquiries call Katherine Travell, CEO on +44 (0) 203 179 4501
or email kt@futureboardconsulting.com

Futureboard Consulting

2nd Floor, Harella House, 90-98 Goswell Road, London, EC1V 7DF
futureboardconsulting.com

