

# Exploring Training and Development in Queensland SME Training and Development Innovators

A dissertation submitted by

**Jeremy p. Novak**

*MMgt, PGrad Cert Mgt (USQ), Dip. Elec.*

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Faculty of Business, University of Southern Queensland

## **Abstract**

There has been considerable international and national interest in recent years in the role of training and development (T&D) in Small and Medium size Enterprises (SMEs). This growth in interest is primarily owing to the recognition of the importance of SMEs to economic regeneration, the contribution of T&D to productivity and efficiency, and the role T&D could play in bridging skill shortage gaps and skill development in organisations. Furthermore, T&D practices are crucial in the growth of SMEs. Despite the importance of SMEs to national economies, the academic and professional discipline of HRM, while well-established, remains embryonic when translated to SMEs in contemporary dynamic environments. Specifically, studies on training and development have predominantly focused on larger organisations and have been limited in SMEs. This research is the first of its type in Queensland and in Australia to examine the T&D practices of SME innovators that have either received awards or have been publically recognised for their T&D support.

The overall research objective of this study is to examine the T&D processes and practices within Queensland SME training and development innovators SMEs. This is done in order to identify good practice regarding training and development in the Queensland SME sector. Four research questions were developed to inform this research objective, including: RQ1: What are the drivers (internal and external) of training and development in innovative SMEs?, RQ2: What are the characteristics of a training and development climate in innovative SMEs?, RQ3: What are the characteristics of training and development processes and practices in innovative SMEs?, and finally RQ4: What is the perceived role of T&D practices in organisation performance. Eleven sub research questions were also developed.

This study employs a qualitative methodology since the field of T&D does not have a single, rigid methodology, and the use of interpretive methods are welcomed. This approach facilitates a more in-depth understanding of the complex nature of training and development. The research adopted a phenomenological approach, building up ideas and accumulating material from multiple interviews with SME

managers or their designated representative. The overall approach followed was a multiple-case research design where each mini-case case was considered as an independent experiment in generating the necessary information for the purposes of analysis. An in-depth semi-structured interview program was conducted with 30 SME owners/managing directors or their representatives responsible for T&D in the firm. The thirty SME mini-case studies formed the context of analysis for T&D in these organisations. The following criteria were applied in selecting interviewees: SMEs that have been publicly recognised for their T&D practices; organisational size ranging from 10 - 200 employees; SMEs within the State of Queensland; and any ABS industry categories excluding agriculture.

Content analysis was performed on the interview data and secondary data using NVivo qualitative analysis software. Data strips were identified as themes and sub-themes from the interview transcripts were entered as direct quotes into a matrix representing the categories.

The results indicated that the T&D in Queensland SME innovators have some similarities and differences from the general SME population. It was found that presence of a HR manager and government requirements were the predominant internal drivers and external drivers of T&D respectively. In exploring the attitudes of SME managers in innovative T&D SMEs, the results showed that all the study participants possess a passion for T&D. This overall passion seems to be a major determinant of the T&D culture in their firms. Managers who possessed diploma levels and higher seem to display a more positive attitude towards T&D and valued formal T&D or a combination of formal and informal T&D approaches more, than interviewees with lower levels of qualification.

Within the context of the T&D process, there was very little demonstration of objectives established for work behaviour, skills, attitudes, specific knowledge and learning outcomes that they needed to achieve at the conclusion of their T&D activities. As with T&D objectives, less than half of the participating SMEs claimed to have a written T&D policy.

The finding that participating T&D SMEs generally did not engage in TNA and those who did, did so in an informal manner, paint a less than positive picture for the

effective T&D in participating SMEs. Since TNA is an important input into other aspects of the T&D process, a lack of attention to this aspect could have a negative flow-on effect on the other aspects of the T&D process such as T&D design and implementing appropriate T&D practices. Ultimately this could result in ineffective T&D.

Regarding the issue of T&D design, the majority of SME participants designed their T&D both internal to the firm and by employing an external T&D expert such as a Registered Training Organisation (RTO). Internally designed T&D seems to be most valued by interviewees and has been identified as a strength by the majority of SMEs. SME participants did not see the value of engaging an expert to capture important information feeding into the T&D designing process.

Regarding the characteristics of the T&D practices in innovative T&D SMEs, all participating SMEs indicated that they use both internal and external trainers. Those that utilised internal trainers described this practice as a cheaper option and internal trainers understand the SME requirements better. Those that utilised external training providers did so because they saw the external trainer as the expert in training. All participating SMEs used formal off-the job training and all but one SME used informal and formal on-the-job training. This was closely followed by mentoring, temporary assignments, and job rotation. The use of both informal and formal T&D practices paint a positive picture for participating SMEs since their importance in achieving sustainable competitive advantage is stressed by several authors.

Participating SMEs did not utilise evaluation and feedback for strategic purposes. This lack of systematic evaluation may impede a clear understanding of the effectiveness of T&D in participating SMEs.

Despite a mixed reaction to the role of training and development in organisational performance, the majority of interviewees expressed the view that T&D activities helped their firm to be more competitive and it assisted in enhancing their competitive advantage in a globalised world.

## Certification of Dissertation

I certify that the ideas, experimental work, results, analyses, software and conclusions reported in this dissertation are entirely my own effort, except where otherwise acknowledged. I also certify that the work is original and has not been previously submitted for any other award, except where otherwise acknowledged.

*J. P. Novak.*

Signature of Candidate

**21/2/2012**

Date

### ENDORSEMENT

.....

Signature of Supervisor/s

.....

Date

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**“What the mind can conceive the body will achieve”**

John Joseph Novak my Dad.

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