

Training in small companies: a reflection of their strategic positioning



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It's an old truism that small companies in Europe provide less training for their employees than the largest ones. In France, the training practices of companies with fewer than 50 employees turn out to be very diverse. New data, drawn from the Défis surveys, show that this diversity is mainly linked to that of companies' development strategies.



VERY SMALL COMPANY

COMPANY-BASED
VOCATIONAL
TRAINING

COMPANY POLICY

DEFIS SURVEYS

A series of qualitative studies of small companies, conducted by Céreq [1], have highlighted the importance of strategic positioning and mode of management in a company's training policy. Céreq's training and employee trajectory surveys (*Dispositif d'enquêtes sur les formations et itinéraires des salariés* or Défis), the «companies» section of which has been extended to cover these aspects, now provides statistical data that support these studies (see box below).

More specifically, analysis of these data enables us to identify three company configurations in which training practices are matched to particular development strategies and which substantiate the typology initially proposed on the basis of the qualitative approaches. The first configuration includes the so-called «managerial and training» companies, i.e. those whose training practices come closest to those of large companies. The small companies that provide little in the way of training can be grouped into two separate configurations. One of these includes the so-called «traditional» companies, in which training is limited to what is required by law or regulation. The other one includes those whose more specific competence requirements cannot really be met by the standard training provision. These companies tend to concentrate more on work-based learning.

Small managerial companies that provide as much training as the largest companies

This first configuration, which accounts for 37% of small companies, is characterised by the highly specific profile of its directors, the vast majority

of whom are university graduates whose main objective is to increase their company's activity. To that end, they attach great importance to all the strategic levers, including price competitiveness, innovation and product or service originality. Consequently, these companies stand out by virtue of a training policy that is every bit as developed and institutionalised as those of large companies, which is reflected, for example, in the appointment of a dedicated training manager. These characteristics, taken in conjunction with those highlighted by the qualitative studies mentioned above[2], justify the designation of these small companies as «managerial» or «managerialised».

With an average of 9 employees, these companies are slightly larger than those in the other types. More than one in three of them are part of a group, a chain or a franchise arrangement. A number of these «managerial and training» companies are providers of specialist services, such as accountants, pharmacists, opticians and lawyers. Some of them might be described as «small professional businesses», linked to the liberal professions (such as architectural practices, estate agents or chartered accountants). The construction sector, in contrast, is underrepresented in this configuration and the share of manual workers is lower than in the other configurations. These small companies operate primarily in their local markets, but a quarter of them operate nationally and more than one in ten of them internationally. The favourable economic prospects that many of them proclaim attest to their dynamism.

With a very high share of them (81%) providing training, these companies put on a wide range of

1 The data drawn from the training and employee trajectory surveys (Defis)

The study presented here is based on an analysis of the «Companies» section of the survey and is concerned with small and very small companies, i.e. those with between 3 and 49 employees. This is the first time that the questions on the directors' profiles (level of qualification, modes of accession to the top position in the company) and their development strategies have been included in the analysis. These questions were designed on the basis of the qualitative studies carried out at Céreq [2].

For reasons of sample size, the scope of the study was restricted to those sectors with significant shares of small companies: food industries, construction, specialist construction, sale, maintenance and repair of motor vehicles, wholesale trade, retail trade, hotels and catering, estate agencies, legal and accountancy services and architectural and engineering services and related technical testing and analysis. A total of 1719 companies were included in the study.

The proposed typology is based on an ascending hierarchical classification, which in turn is based on the company director's profile and their development strategy. The active variables are those given in Table 3.

[] The numbers between brackets refer to the bibliographic references listed in the final insert Further reading.

training measures. Their positioning in innovative strategies and specialist services helps to make the development of their employees' competences a key issue. Thus their directors are less likely than others to state that they do not have particular competence requirements.

Although 23% of them take the view that competences are acquired principally in initial training and 16% through continuing training, it is these companies that provide the most training for new recruits (more than three quarters). The attention paid to training can also be linked to the dynamism of employment in these companies: more than one quarter of these companies have seen their workforce increase in size over the past three years, and three quarters have recruited new staff.

Particularly when they are part of a group or chain, these companies' training dynamic can also be

seen as the mark of a managerial rationalisation that leads them, despite their small size, to adopt sophisticated management systems. Thus half of these companies' directors state that they analyse their employees' competence needs. In 71% of cases, human resources management, which frequently includes training policy, is the responsibility of a named member of staff. Furthermore, following the example of large companies, companies of this type frequently call on all the employment-training partners (OPCAs*, training organisations, the chambers of commerce and industry (CCIs), employers' organisations and consultants) to support them in constructing their training policies.

More limited training needs in the traditional small companies

These companies are the oldest ones, and have in many cases been passed down from generation to generation or been the object of a takeover. Their directors, few of whom have much in the way of post-secondary qualifications, are seeking above all to maintain business levels. They recruit few staff and also state that their training needs are negligible. This is reflected in their practices: only one employee in every four undertook training in 2014 and most training is undertaken in order to comply with regulations.

With a mainly manual workforce (45%), these companies operate in all the sectors in which small companies are concentrated, notably traditional restaurants, construction and automobile repairs. They tend to be more strongly rooted than the others in their immediate locality and very few of them operate outside of their local markets.

A quarter of them say they are in bad shape and only 10% had increased the size of their workforce

2 Small companies' training policies

In %	The 'managerial' trainers	The 'traditional' companies that focus on regulatory requirements	The 'entrepreneurial' companies looking for specific competences	Total	
Share of training companies*	80	54	58	65	Example: 80% of managerial companies provide training.
Share of employees receiving training	44	24	31	34	
Share of companies having financed compulsory training	53	61	57	56	
Main reason for not training (% of non-training companies)	Competences matching needs (35%)	Competences matching needs (36%)	On-the-job training (38%)	Competences matching (33%)	Source: Defis entreprises, CNEFP-Céreq, 2015.
Share of companies that state:					Scope: all companies with between 3 and 49 employees in the selected sectors.
Competences acquired mainly through work	55	54	57	55	
At least one employee designated trainer or tutor	39	23	41	34	
Employees' competence requirements are analysed	49	29	38	32	*Companies that provided at least one training measure in 2014 as a share of all the companies.

3 The three types of companies by the four active variables used

	The «managerial» trainers	The «traditional» companies that focus on the regulatory requirements	The «entrepreneurial» companies looking for specific competences	Total
Director's level of education:				
Bac+2 or higher	81	32	25	48
Lower-secondary or bac or lower	19	68	75	52
Mode of accession to directorship:				
Founder	17	31	80	41
Takeover	65	34	18	41
Succeeded to position	18	35	2	18
Director's declared objective for company:				
Development of activity	68	18	39	43
Maintenance of business levels	12	62	40	37
Productivity	18	19	14	17
Change of direction	2	1	7	3
Great or very great importance attached to:				
Price competitiveness	89	55	56	68
Novelty and innovation	78	21	69	57
Personalisation, originality	86	24	95	69
Total	37	32	31	100

Example: 81% of the directors of managerial companies have a qualification requiring at least 2 years' post-bac study.

Source: Defis entreprises, CNEFP-Céreq, 2015. Scope: all companies with between 3 and 49 employees in the selected sectors.

in the previous three years. It is significant that these traditional companies, which have no declared strategy apart from a commonplace one of the cost competitiveness type, are the ones most likely to state that they have no specific competence requirements. Despite their unfavourable economic situation, half of these traditional companies put on at least one training event in 2014, with at least one quarter of their employees being involved. However, 41% of these companies provide training mainly in order to comply with regulatory requirements, for example in order to update electricians' certifications or safe driving certificates. [3]

These companies seldom recruit and when they have to do so it is mainly to replace employees who have left. Whether or not they are seeking to fill skilled jobs, they encounter little difficulty in recruiting; to a greater extent than the other companies, they use the most ubiquitous and least personalised recruitment channels, particularly temporary employment agencies. Nor do they seek out support or guidance in order to obtain information or advice on training. Thus they have recourse to the OPCAs, the chambers of commerce and industry or consultants much less frequently than the others and consult their accountants when they have to fulfil their regulatory obligations. For these traditional small companies, their training provision is matched to a situation in which they

are seeking to survive and they offer the bare minimum required to comply with their regulatory requirements.

Entrepreneurial companies seeking specific competences

Like those of the traditional companies, the directors of the small entrepreneurial companies have few post-secondary qualifications. However, 80% of them founded their own company, often on the basis of an idea for a product, service or market. Thus the majority state that they wish to develop the company's business on the basis of an original project or the personalisation of the product or service to be produced. Set up by their current directors, and based on a strategy of differentiation or specialisation, these companies can be described as entrepreneurial. However, they do have some points in common with the «traditional» companies: they operate in the same sectors and their employees hold relatively unskilled jobs. However, they differ from them in having been established more recently, in positioning themselves in larger markets (23% are active in the national market and 10% internationally) and in having better economic dynamics, as evidenced by their expanding workforces, healthy financial situation and economic prospects that are more frequently positive than those of the «traditional» companies.

For more detailed data refer to the digital supplement in French available at www.cereq.fr

* OPCA: Authorised joint collection body, set up to collect, pool and redistribute employers' training levies. Now replaced by the OPCOs.

4 The human resources of small companies

	The «managerial» trainers	The «traditional» companies that focus on the regulatory requirements	The «entrepreneurial» companies looking for specific competences	Total
Favoured recruitment channel*	Unsolicited applications	Temporary employment agencies	Family, friends, word of mouth	-
% share of companies that				
had recruited new employees	75	59	72	69
train all new hires	58	51	56	55
have dedicated HR staff	52	34	44	44
or department	71	52	63	62

Example: 75% of companies had recruited new employees in the past 3 years or since the company was founded.
Source: Défis entreprises, CNEFP-Céreq, 2015. Scope: all companies with between 3 and 49 employees in the relevant sectors.
*The relatively most used mode of recruitment compared with other types of companies.

Although they attach considerable importance to compulsory training, these companies also apparently seek to develop competences through and in work rather than within an organised framework. Most of their directors (57%), like those of the managerial and traditional companies, believe that competences are acquired mainly through work. However, these companies make greater use than the others of work-based learning (34%), and 41% had appointed a member of staff as trainer or tutor (compared with only 23% of the traditional companies). Furthermore, even when they are not identified as training companies, they are more likely than the others to have trained employees on the job (38 %). More surprisingly, they set themselves apart by their expectations of «effectiveness», as evidenced by their efforts to evaluate the impact of training measures on employee competences and company performance.

These entrepreneurial companies recruit frequently (72% had hired one or more members of staff over the previous three years) and most of them provide training for new hires: in a quarter of cases, the new hires did not have adequate qualifications. In order to recruit these new employees, who have to fulfil specific competence requirements, the directors rely mainly on personal networks (47%). They also state that they frequently turn to outside organisations for advice on developing their training policies. Despite their limited use of training,

these companies often create specific expertise through the work process itself. It is perhaps in this configuration that, in addition to the frequent use of apprenticeship contracts, informal and unconventional types of training can be observed.

However, the allocation of a company to one or other configuration is not set in stone. A change of market positioning, the development of a new product or a change of director are all factors that will influence a company's training practices. The diversity of small companies' development strategies and of the part that training plays in them poses a challenge to public policies seeking to encourage access to training for their employees. Such policies may have little relevance for traditional small companies whose competence requirements are limited. They do not always seem essential for the managerial companies, which are already well provided for. However, such policies can be an important source of support for those involved in developing specific and, in some cases, original activities and that are seeking to develop specific competences for their employees. Thus the services provided by the new vocational training support agencies (*opérateurs de compétences* or OPCOs) are still an important issue. The recognition of work-based training, introduced as part of the recent reform of vocational training, could also have a particular impact here by encouraging the formalisation and development of such training practices. —●

→ Further reading

- [1] *Les mondes sociaux des TPE et PME. Modèles et logiques d'action*, E. Bentabet et M. Gadille (sous la direction de), Toulouse, Octarès Céreq, 2019.
- [2] *Gestion des hommes et formation dans les très petites entreprises*, E. Bentabet, S. Michun, P. Trouvé, Céreq, coll. Etudes n°72, Marseille, 1999.
- [3] « Les formations obligatoires en entreprise : des formations comme les autres ? », D. Béraud, *Céreq Bref* n°350, 2016.

→ Read also

- « Variété des politiques de formation continue dans les petites entreprises », I. Marion-Vernoux, *Céreq Bref* n°310, 2013.
- « Diriger une PME. Introduction », T. Amosse, *Travail et Emploi* n°130, 2012.

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T&E N°142 | 2019 | Newsletter on employment and training research from Céreq

Publications manager:
Florence Lefresne
Translation:
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