

Developing lifelong education in the SMEs

A work-in-progress program in Italy

Giuseppe Perrone¹

Abstract

This communication reports on a work-in-progress project involving managers of Small and Medium Enterprises (SME) located in four Italian Regions: one of them is a historically less advantaged location. The research attempts to explore needs of training and education of managers and executives in the framework of a new approach to lifelong learning established by the Social Partners. Based on mail surveys and face to face interviews the research try to identify the knowledge and skills that are necessary for effective management in the current business environment. A practical and extensive test on the use of e-learning technologies was also performed.

Entrepreneurs and managers in a global economy based on information need more than entrepreneurship and management training: they need a consistent general education; the ability to work in different cultural and linguistic environment and to create networking opportunities; the capacity to find information rather than having the knowledge.

E-learning is considered a fundamental factor for the participation of all in the information society. The potential of distance learning in management education of SME's executives is fully exploitable only if a solution comprehensive of both technologies and face-to-face approach is used.

Keywords

Lifelong learning; Management education; Social Partnership; E-learning

¹ Fondirigenti, Rome, Italy - webpage: <http://www.fondirigenti.it>
and
University of Tuscia, Viterbo, Italy - e-mail address: g.perrone@unitus.it
Tel: +39 335 1314 353

Background

Since the beginning of the 1980s, technological innovation (mainly in ICT, information & communication technologies) and liberalization of the regulatory context have kept pace. Many authoritative investigations demonstrate how this evolution opened up new markets and possibilities for investment and innovation. Enterprises have a key role in the development in open economies: their activities have a crucial impact on future patterns of economic and social relations, skill development and employment.

Frictions in the labour market exist that may lead to a slow reallocation of labour in response to technological progress. However, in economies with active innovation, new employment opportunities frequently occur, but at the same time old jobs get destroyed as a result of the arrival of new technologies.

The transformations have been creating new demands for more adaptable, multi-skilled and innovative labour. These considerations produce additional questions. What type of education is desirable in an economy that is subjected to rapid technological change? Should schools emphasize general training as opposed to the development of specific skills? Should on-the-job training play a larger role? Information is a component of education, and education is a component of innovation: investment in human resources is the key tool in ensuring the implementation of any development strategy of any business. Training and education of key personnel in the advantages and utility of technology is essential. Changing business practices, market structures and human learning experiences are key in supplementing technological advances.

Role of the Associations

The shift from resource and productive sector domination of economies and labour forces to the knowledge-based service sectors needs growing co-operation between the education institutions and employment authorities as well as industries. As the impact of technological modernization and economic restructuring affects more and more nations, implementing economically appropriate human resource policies requires a high level of institutional capacity for economic and policy analysis, planning, and management of resources. The dividing line between education authorities and economic sector as well as between public and private responsibility is likely to become even more blurred. It is for this reason that many Nations have adopted a governance model with representation of employers, labour, government and educational institutions. In general, both public and private sector share in the funding, decision making, curriculum development, and, in some cases, delivery of adult re-training.

"Social partnership" as a philosophy for dealing with social conflict between capital and labour has diverse intellectual roots. Ideological currents, especially in Catholic social theory (see the Pope's Enciclica Rerum Novarum published in 1891), reform liberalism, reformist wings of the Trade Unions and socialist parties are some examples. In more contemporary terms, conflict between capital and labour is not regarded as a zero-sum game, in which one party gains only at the expense of the other, but as a synergy in which both parties stand to gain from co-operative solutions (or both might lose as a result of non-cooperative behaviour). The common interest of the Social Partners is in the economic prosperity of the firm, industry and national

economy. Social Partners are increasingly taking the lead to empower members with new skills to meet the changing demands of a new economy. More and more Unions are taking on the role of providing education and training services for the professional development of their members. Creating partnerships between Unions and also with education institutions are vital ingredients in the development of skills.

Social partnership in Italy

The main elements that mark the context in which social partnership was applied in Italy are:

- The Italian Social Partners re-launched the bilateral cross-industry social dialogue on education and training by a follow-up to the agreement on principles dated 23 January 2002.
- A cross-industry agreement on continuing training in SMEs was concluded on 12 July 2002 by the Industrial SME Confederation with the Trade Unions.
- The government passed, at the beginning of 2003, a law on the labour market and employment and some months later a law on education and vocational training systems allocating resources to cross-industry Foundations for continuing training.

Further to the various bilateral agreements these Foundations will support training programs at different levels: economic/industry sector, geographic territory, or single company.

Fondirigenti operates within this framework. It was established in 1998 as a non-profit organization, under the control of the Labour Ministry, by Confindustria (the association of more than 111,000 companies, employing 4.5 million people) and Federmanager (the federation of the 80,000 industrial managers). The Foundation has the aim to increase the enterprise attitude to innovation and development, through the life-long education of their managers. Fondirigenti promotes research projects and services on management education and skills analysis. One of these projects is discussed here after.

The "E-Manager" project

Preliminary findings

Effective managers are essential to any organisation's overall success, regardless of whether it is a global giant or a small enterprise operating locally. Indeed, having talented people is so important to the success of a business that the ability to attract, develop and keep talented people is one of the key factors used to identify the top companies. We believe that continual development of managerial competencies is essential because the challenges every manager faces on the job are constantly changing. In addition, to ensure that any organization (specifically any SME) keeps pace with these changes, its management must improve its performance. To identify strengths and development needs is the first important step in the process of improving managerial performance. We are committed to helping managers to develop their management and leadership skills. Based on personal needs assessment, we can help de-

sign a program geared toward a specific managerial or leadership skill. We have developed a competency-based, self-scoring, online, diagnostic tool that will give executives and business owners an evaluation of their own competencies. The project aim was to analyse and verify this tool. Here some results are shown.

- The Italian manager profile

The 80.000 executives represented by Federmanager work mainly in companies in the industrial sector. 93% of them are male; 63% are employed in SMEs; 40% work in enterprises with more than 250 employees. The percentage of managerial positions varies according to the industry sector. The top three are: mechanical and manufacturing (22%), process - chemicals, plastics (17%), Information and Communication Technology (13%).

Some changes are emerging. A decrease of the average age is rising mainly in the new economy sectors, as is the female incidence, the educational level and the mobility.

Because ICT should be implemented in the role of providing businesses and institutions with the capacity to capture market share in the global marketplace, we used the ICT skills to cluster the population and we identified three main clusters: on one side we can distinguish the “traditional” manager who holds consolidated traditional managerial skills. At the far end we find the “e-managers” who are able to integrate traditional abilities with the e-business environment. They have the ability to develop alliances with external groups (e.g., other firms, governmental agencies ...), to engage in cross-functional activities and find common ground with a widening range of stakeholders. The “in transition” managers are, of course, in between the first two categories. The “traditional” profile is 68%; managers “in transition” are 16% and the “e-profile” accounts for 16% only.

- Analysis of the educational needs

Investigating the basic competences of the 80,000 managers and considering the level of their formal education, we discovered that scientific and technical degrees account for 43%; economic degrees 10% and high school certificates 40%.

The formal educational level seems to be low. Very few managers hold an MBA or other equivalent degree. The basic training comes mainly from the individual experience gained from work activities.

Less than half of the management population, in fact, followed at least one formal training in 2001; in 2002 the percentage rose to 60%. The 2003 picture is still the same and the average number of hours spent is only 45, which accounts for 4.5% of the overall working hours.

It is often the same managers who follow several training activities, and there are others who never do so. In general, managers consider training as a “benefit” and in crisis time they sacrifice this cost. Only the younger managers (under 38 years) are not concerned by this sacrifice and they are still the best trained.

This situation puts forward many questions: do managers need more formal skills? at which level? how do they manage new technologies? are they able to invent innovative use of those technologies?

Managers' training is very closely linked to the company's immediate needs. It mainly concerns professional techniques and methods. An important increase in training needs concerning governance and organization can be observed. This reflects the necessity for managers to have a global view on business concerns.

- Using e-learning technologies

E-training was relevant for only 2% of the trained managers.

A two step approach was followed to identify the main strengths and weaknesses of e-learning technologies. Initially a review of the status of the art in the use of ICT for education was done in order to assist researchers in selecting both managers and contents to test.

Some fifty SME managers, assisted by a team of experts able to recognize all aspects - including behaviours, simplicity to use, costs, etc. - tested a set of five packages in four Italian Regions.

The results are meaningful. Software is very expensive and rigid especially for the SMEs. It is incomplete in content, difficult to access, little flexible because generally it is not tailored to the SME's needs. Trainers and developers often lack specific experience.

Software alone is not enough as a learning tool; a combined solution comprehensive of both technologies and "in person" approach is needed. Successful management learning requires being extremely choosy about technology partners; high emphasis must be put on training the online trainers because only they will make e-learning good, make it work.

Next step

We believe that learning must be continuous throughout life, convenient, less expensive, in-time, and accessible to all through distributed services everywhere.

Physical infrastructure and technologies are important, but so are processes and involvement. This encourages Fondirigenti to setup "human style" learning communities where any party can meet, discuss and contribute to find the right solutions.

Based on the findings of the first phase of the project, we will concentrate on the creation of a network of businesses and management development institutions able to support our life-long educational programs.

We plan to have an ITC based platform to support the Nation-wide network of tutors able to setup pilot communities of learners by the first quarter of next year.

Any contribution and co-operation from other Organizations are warmly welcomed.