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Small firm training: just meeting the day-to-day needs of the business

Small firm
training

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Abstract

Purpose – The purpose of this paper is to explore what the attitudes of small firm owner-managers are to developing the skills of their key resources and then examine how these and other factors affect owner-managers' preferences for training these employees.

Design/methodology/approach – This study of training in small road transport firms in West Australia is cast in light of the literature on human resource management in small firms underpinned by insights drawn using the resource based view of the firm. Small firms (less than 20 people) dominate this industry, while the increasing freight task, and extreme distances between West Australian ports, towns and mines highlight this sectors' importance. Survey results from 39 small road transport firms and interviews with nine owner-managers are analysed.

Findings – Legislative, regulatory and licensing requirements were shown to be a key determinant of skills development. Employers ensured that basic standards for employee certification and qualification were met, as the penalty for not doing so would be too high. Regulations drove the need for certain types of training – licenses, fatigue management, occupational health and safety, handling dangerous goods, the Maritime Security Identification Card card, forklift license, mine site inductions – while owner-managers knew where to get the training their staff needed. Although regulation appeared most visible in prescribing what happened in relation to training for drivers, the relevance of owner-managers' attitudes could not be ignored, nor could conditions in the firms external environment as this shaped how these requirements were met.

Research limitations/implications – The RBV is useful in showing how skill development enabled similarity in skills across firms, while the attitudes owner-managers and economic and social conditions meant what happened in firms around skill development varied. The importance of small firm owner-managers' attitudes are clearly highlighted and shown to influence organizational decisions and choices around training, but these were not independent of the regulatory framework and the economic and social conditions within which the firm operated. The small firms in this study did engage workers in formal training when necessary but it was put in the context of the idiosyncratic approach of the owner-manager and the day-to-day needs of the firm. "Training" was essentially about ensuring certain types of skills were held by employees and then passing on knowledge to ensure the behavior of employees was consistent with the owner-manager's vision for the firm in its current environment.

Originality/value – Ways industry and government can encourage training activity that goes beyond the day-to-day firm needs are suggested.

Keywords Interviews, Training, Small firms, Attitudes, Survey, Transport industry

Paper type Research paper

Introduction

Improving productivity through training and skill development is an aim of many governments (Bryson, 2013; Keep and Mayhew, 2010; Keep *et al.*, 2006; Stone, 2010), Australia included (Australian Workforce and Productivity Agency (AWPA), 2013).

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The assumption is that training leads to improved firm level performance and hence to better economic performance. But in an economy like Australia's the majority of firms are small (less than 20 employees) and as studies repeatedly show, formal training is less likely to be provided in small firms (for reviews see, Dawe and Nguyen, 2007; Johnson and Devins, 2008; Storey, 2004), can this aim be achieved? The purpose of this paper is to explore what the attitudes of small firm owner-managers are to developing internal resources through training and then examine how these and other factors affect owner-managers' preferences for training employees. This paper reports the findings of a study of training in small firms in the West Australian road transport industry: an industry sector where formal training programmes exist and are aimed at skilling key workers – drivers.

Literature review

The study is cast in the light of literature on human resource management (HRM) in small firms as training is an element of a firm's HRM system and skills must be understood in terms of broader questions of work organization and firm management (Ashton and Sung, 2006; Bishop, 2012; Keep and Mayhew, 2010; Keep *et al.*, 2006; Kitching, 2008). As the HRM literature suggests, firms can reap long-term benefits from training in terms of increased job satisfaction, loyalty and lowered employee turnover (Huselid, 1995; Wright *et al.*, 2001), but only if it is integrated into, and supports other aspects (such as career development, pay and rewards, performance management) of the small firm's HRM system (Barrett and Mayson, 2007, 2008; Mayson and Barrett, 2006a, b; Sels *et al.*, 2006a; b). However "training" can be defined in a range of ways. Formal training is often seen as a means of providing structured learning that typically takes place outside the workplace which may lead to a qualification, award or certification (Kitching, 2008; Tocher *et al.*, 2007). This can be distinguished from informal learning that generally takes place on-the-job, involving guidance by others and with reflection on actions (Kitching, 2008; Tocher *et al.*, 2007). Implicit in both definitions is learning as the outcome of training whether it is formal or informal.

For this study the focus is on drivers, who are key workers in, and a vital internal resource for, road transport firms. When drivers lack certain skills, firms and individuals can attract penalties. For example, driving a truck with the wrong class of license can lead to significant penalties for the driver. A roll-over, losing an insecurely tied load, or an accident such as one caused by driver fatigue can lead to loss of life for the driver or other road users, reputational damage and other significant costs for firms. As such there is a range of very specific legislative, regulatory and licensing requirements (or skills) for drivers that employers in the industry cannot ignore. These regulatory requirements act as "table stakes" (Boxall and Purcell, 2003) although there is still choice for small firm employers about how they ensure their drivers develop these skills.

Choice exists in terms of how skills are developed as what the small firm owner-manager thinks, values and believes matters in relation to organisational decisions (Baron and Hannan, 2002; Drummond and Stone, 2007; Edwards, 2010; Jansen *et al.*, 2013; Jennings and Beaver, 1997; Lee and Tsang, 2002; Mayson and Barrett, 2006a, b; Moran, 1998). Their attitudes towards people have considerable and long lasting effects on the development of the organisation (Baron and Hannan, 2002; Drummond and Stone, 2007) and affect their preferences for action. Indeed the management of small firms is "characterized by the highly personalized preferences" of the firm's owner-manager (Jennings and Beaver, 1997, p. 64), and so the nature and

purpose of training is likely to be affected by the owner-manager's attitudes (Bishop, 2012; Kitching and Blackburn, 2002) and their personal idiosyncrasies (Edwards, 2010).

Formal training for road transport drivers exists in relation to licenses, occupational health and safety matters, transporting dangerous goods, loading for export, fatigue management and accessing mine site or secure ports. In Australia, this formal skill development is linked to competency standards which are embedded within national vocational qualifications that flow from the Transport and Logistics Training Package (Transport and Logistics Industry Skills Council (TLISC), 2013a, b). As the TLISC describes, this training package is an industry-based, "nationally endorsed, integrated set of competency standards, assessment guidelines and Australian Qualifications Framework qualifications" (TLISC, 2014). The package covers different sections of the transport and logistics sector with the relevant qualifications relating to different levels of qualifications around driving operations and logistics. Each qualification is made up of a variety of "units of competency that identify discrete workplace requirements and include the skills and knowledge that underpin competency. Skill sets are then made up of individual or combinations of units of competence and link directly to a defined industry need or licensing or regulatory requirement" (TLISC, 2014). As the TLISC argues, these competencies are relevant to most firms as the common core model in the training package "enables flexibility and transferability of skills and knowledge across a wide variety of individual private, public and vertically integrated organisations" (TLISC, 2013a, b, p. 6).

Despite the existence of this means of formal training to develop drivers' skills, the skills and/or behaviours of workers required within the firm, including those that are, and those that are not mandated, are likely to be affected by the attitudes of the owner-manager themselves and their preferences for how they wish their firm to operate. Bacon and Hoque (2005, p. 1989) point to the employee "skill-mix as an important predictor" of adoption of HRM practices. Skills could be developed through formal or informal HRM processes and so the purpose of this paper is to explore what the attitudes of small firm owner-managers are to developing the skills of their key workers – drivers – and then examine how these and other factors affect owner-managers' preferences for training employees.

As mentioned earlier, this study is located in the literature on HRM in small firms. While this literature points to a lack of formalized HRM systems in small firms (Barrett and Mayson, 2008; Cardon and Stevens, 2004), the resource based view (RBV) of the firm (Barney, 1991) suggests that even in small firms, human resources can be a source of competitive advantage (Barrett and Mayson, 2008). While there are critiques of the RBV (Boxall and Purcell, 2003; Priem and Butler, 2001 amongst others), the key issue here is that it serves to focus attention on the active creation of the firm's internal resources for firm success. For small firms, their general inability to dominate their environment means internal resources are likely to be a key to competitive advantage or at least longer term survival (Alvarez and Busenitz, 2001). The purpose of the paper is not to test the RBV as a theory, but to use it as a lens through which small firm training, as an element in the firms HRM system, can be examined.

There is some ambiguity in the studies that purport to show a link between training and performance generally (e.g. Bryson, 2013; Grugulis and Stoyanova, 2011) and in small firms specifically (e.g. Ashton *et al.*, 2005, 2008; Kitching, 2008; Kitching and Blackburn, 2002; Storey, 2004; Tocher *et al.*, 2007). Results depend on what sort of training is undertaken, the quality of the delivery, firm characteristics, nature of competitive advantage, the firm's strategy and the match between training and other

elements of the firm's HR system (Tocher *et al.*, 2007; see also Croucher *et al.*, 2013). But if we look at training through the lens of the RBV, then arguably the existence of the Transport and Logistics Skills Package means all firms can develop their key resources in the same way.

However, the findings of sectoral studies of small firms such as those by Marchington *et al.* (2003) and Edwards *et al.* (2010) where the RBV has been used, suggest not. For example, Marchington *et al.* (2003) most effectively used the RBV to frame their study of how small firms recruit and retain drivers in the UK road transport industry. As they argue, drivers are "a critical resource" (p. 5) and therefore satisfy Barney's (1991) conditions of being valuable and rare as they are essential to business but hard to recruit. Moreover, drivers are non-substitutable in the road transport sector (as opposed to some parts of the mining sector where autonomous trucks are used for haulage). But whether drivers are inimitable is questionable as they can be poached by rivals. However, as Marchington *et al.* (2003) argue, it is through the adoption of "astute, largely (but not entirely) informal HR strategies" (p. 19), one of which is training, that "encourage(s) them [drivers] to remain with the firm and to perform well" (p. 19). These HR strategies contribute to making drivers inimitable and therefore drivers are a resource underpinning firm survival but are not sufficient to guarantee that survival. As a result Marchington *et al.* (2003) conclude that while the RBV is a useful framework for analysis it needs extension to "consider the forces that promote similarity rather than difference among firms in an industry" (p. 20).

These forces are likely to be external. Edwards *et al.* (2010) explored this by looking at the linkages between the internal strategies of the firm and the external sources of knowledge to develop resources in 89 small firms in three sectors: food manufacturing, media and information and communications technology in the East and West Midlands of the UK. They show that the RBV needs to be placed in context as small firms in different sectors vary in the niches they occupy and therefore the resources they deploy and develop. While clearly industry sector plays a critical role in understanding the interplay between the internal and external in understanding resource development and deployment, so too do other factors such as product and labour market conditions (Edwards *et al.*, 2010).

While not drawing on the RBV, Barrett and Rainnie (2002), Harney and Dundon (2006), Bacon and Hoque (2005) and Wapshott *et al.* (2014) have all shown the necessity of exploring the effect of the small firm's internal and external contexts on the emergence and nature of HRM or employment relations. Building on this research to date, the purpose of this study is to explore the interplay of contexts in relation to training in small firms. Or as Edwards *et al.* (2010) would suggest, the study is about understanding "how choices [around resources] come to be made" (p. 19). Skill development and enhancement is a place where the RBV ideas can be contextualized and the road transport sector in Western Australia in the middle of a resources boom provides an interesting context to explore how all these factors come together. In the next section of the paper the research design used to answer these questions is outlined.

Research design

While we know small firm owner-managers attitudes matter, we do not know specifically what these are or how they translate as preferences for training. A mix of quantitative and qualitative data can be used to explore what the attitudes are and then elaborate what this means for preferences. In this section of the paper the research design is outlined before the results of the survey of small (employing less than

20 people) West Australian road transport firms and interviews with owner-managers in that industry sector are reported.

Quantitative data were collected through a paper and online survey of a random sample of small West Australian firms listed on a database purchased from Dun and Bradstreet. A questionnaire was developed by drawing on various studies of training in small firms (see Kitching and Blackburn, 2002) and HRM in small firms (see Barrett and Mayson, 2007) as well as Storey and Westhead's (1997) two explanations for small firm training (or lack thereof). The questions were agreed in conjunction with the funding body to meet their needs. Data were gathered on the nature of the firm and owner-manager demographics as these can impact on the availability of resources for training as well as attitudes more generally to employee training. The majority of the questions addressed the supply of and demand for training in the context of the firm's HRM system as well as the owner-manager's attitude towards training. The questionnaire contained 62 questions although not all questions required answering by all respondents. The questionnaire was converted from paper to an online version using the Qualtrics Online Survey software.

In August 2011, 486 print questionnaires were mailed out with an information letter and a reply paid envelope to facilitate return while 159 electronic questionnaires were also sent to those with electronic addresses. Of the mailed questionnaires, 68 were returned to sender, and of the electronic ones, six were undeliverable. Reply rates are low in small firm research generally, and this was the case for this project. A total of 574 questionnaires reached their destination and 72 questionnaires were returned – 62 paper, 10 online. This represents a reply rate of 12.5 per cent. This problem was foreseen and was part of the reason why qualitative data was also gathered through interviews with owner-managers. As will be shown, the qualitative data collected served to enhance the reliability of the quantitative data.

Questionnaire data analysis

Questionnaires responses were entered into SPSS and uni-variate and multi-variate analysis undertaken. Of the 72 returned questionnaires, only 39 were used as 11 were incomplete and another 22 questionnaires were from firms employing 20 people or more. Categorical data (frequencies) were reported for a range of variables.

SPSS version 21 was used to undertake factor analysis to see the relationships between different variables and the ways they loaded together the different attitudes of small firm owner-managers to training. Both Exploratory Factor Analysis (EFA) and Principal Components Analysis (PCA) were used. EFA underlies significant factors that have been explored from a large set of variables to explain the original data set. EFA was selected over confirmatory factor analysis (CFA) because the nature of CFA is to confirm with a set of pre-established theories. While owner-managers' attitudes to training matter, it is not clear from the literature what these attitudes are or how they affect preferences for training and therefore CFA could not be adopted. PCA, on the other hand, explains the maximum amount of variance in owner-manager attitudes to training (in this case) by minimizing the underlying factors (Field, 2000).

For factor analysis to be conducted there is not a definite answer for "how big should a sample be?". Field (2000) suggests there should be "at least 10-15 subjects per variable" (p. 443): a condition satisfied with the available data. Moreover as the communalities were high then the small sample size became less problematic (Field, 2000). EFA together with orthogonal Varimax rotation was performed. Missing values were replaced by the mean. The number of factors extracted was constrained by

excluding those with eigenvalues less than one. The reliability of the components was further examined by Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy test, which measures the variables to see if they are suitable for a factor analysis. The KMO calculates whether the studied variables are highly correlated and in a study such as this, a KMO value of 0.5 or higher is considered to be satisfactory (Field, 2000).

Interview data analysis

Interviews with nine owner-managers of small road transport firms – four in metropolitan Perth, two in southern and three in northern West Australia – were conducted to investigate in greater detail issues found in the analysis of the questionnaire. The Dun and Bradstreet database was used to identify potential participants. Five owner-managers were recruited through a process of cold calling, while the other four participants indicated a willingness to be interviewed on their returned questionnaire. However interview and questionnaire responses could not be linked as all questionnaire data was de-identified. Brief details of the participants are listed below in Table I.

Semi-structured interviews were conducted with all nine owner-managers. Five interviews were undertaken face-to-face at the workplace, while four were telephone interviews as the firms were between 400 and 2,000 km from Perth, the state's capital city. The purpose of the interview was to gather a narrative account of the firm's development over time, the owner-manager's attitude to training, and assessment of formal and informal skills development and training within the firm and its impact on firm level outcomes. The focus of the discussion was on drivers as the firm's key worker. Face-to-face and telephone interviews ranged between 30 minutes and two hours. The project was explained to each of the participants and their consent to participate and have the interview taped, was sought and gained from all nine participants. Participants were free to withdraw at any point without penalty. All the interviews were recorded and transcribed verbatim.

The data analysis was a "fluid" process of making sense of the texts and a form of content analysis (Tharenou *et al.*, 2007) was employed to organise the data into general themes. This analytic approach relied on reading and re-reading to search for and categorize common themes found through common-sense associations indicating mutually reinforcing assumptions about training. While there were only a small number of participants (and this was a limitation of the study), the standard is not number of participants but rather data saturation (Guest *et al.*, 2006) and there was sufficient data for analysis for this to be achieved.

Questionnaire results

A range of demographic details of the firms responding to the survey, including size, are shown in Table II. These firms were most likely to be private companies (26 or 66.7 per cent, $n = 37$) rather than sole proprietors or public companies. The oldest firm was established in the 1940s, while the newest was established in 2008. Since the 1990s, 26 of the firms ($n = 38$) had been established. However the small size of the firms was not reflected in the turnover for the financial year of 2009-2010 as Table II shows.

As to the respondents themselves, 35 (89 per cent, $n = 39$) were owner-managers of the firm, while the remainder were in managerial or supervisory roles. These participants had spent many years in the industry with 35 (89 per cent, $n = 39$) having served five years or more in the industry. None had been in the industry less than one year. Respondents were asked to indicate the single most important issue driving

Code	Interviewee	Gender	Firm legal form	Activity	Decade firm established	Number of employees	Number of drivers	Interview type
North 1	Owner-manager	F	Private company	General freight (agricultural and mining)	2000s	10	7	Telephone
North 2	Owner-manager	M	Private company	General freight (food)	1980s	12	9	Telephone
North 3	Owner	M	Private company	General freight	1990s	16	12	Telephone
Perth 1	Owner-manager	M	Private company	Freight own product (timber)	1940s	19	5-8	Visit
Perth 2	Owner-manager	M	Private company	General freight	1980s	16	13	Visit
Perth 3	HR manager	M	Private company	General freight (construction)	2000s	18	14	Visit
Perth 4	Owner-manager	F	Private company	General freight (long haul)	1980s	20	15	Visit
South 1	Owner-manager	M	Franchise	Furniture removal	1980s	12	8	Telephone
South 2	Owner-manager	M	Private company	General freight (agricultural)	1970s	16	12	Visit

Table I.
Interviewee demographics and firm details

ER 37,5		Number	%
	Firm size ($n = 39$)		
	1-4 employees	12	30
	4-9 employees	9	23
	10-19 employees	18	46
554	Turnover ($n = 38$)		
	Less than A\$500,000	9	22
	A\$500,000-A\$999,999	4	10
	A\$1million-4,999,999	22	57
	More than A\$5million	3	7
	Competitive success ($n = 36$)		
	Customer service	16	44
	Price	7	19
	Quality staff	6	16
	Quality products/services	6	16
	Brand	1	2

Table II.
Surveyed firm
demographics

their firm's business strategy. There are a range of generic strategies firms can pursue, the classic example being Porter's (1985) cost leadership, differentiation or focus strategies which imply downstream HRM activities (see Schuler and Jackson, 1987), especially the focus for any training, if undertaken. Respondents were given the choices as shown in Table II and customer service was a key source of competitive advantage for these small firms.

Only eight respondents (20 per cent, $n = 39$) had a dedicated budget set aside for training. Moreover, that training budget was small with none spending more than A\$30,000 in the 2009-2010 financial year. Respondents were asked to rank the importance of factors determining the training needs in their firm (see Table III). Their ranking showed that training needs were primarily determined by legislative, regulatory or licensing requirements. Specifically driving this assessment of training needs would be the need for a certain class of driver licence depending on the trucks operated by the firm, the requirement for a Maritime Security Identification Card (MSIC) to transport freight to or from sea ports and occupational health and safety matters such as fatigue management training as well as induction to deliver freight onto or off mine sites in remote parts of Western Australia and beyond.

	Most important	Important	Least important
Legislative, regulatory or licensing requirements	73	18	9
Employee appraisal	37	25	38
Launch of new products/services	20	60	20
New jobs/roles in the business	14	29	57
Respond to market needs	10	40	50
Requested by suppliers/alliance partners	–	67	33
Employee flag own training requirements	–	50	50

Note: $n = 39$ survey respondents

Table III.
Owner-manager
responses on
what determines
training needs

Two questions dealt with the supply of training. The first asked about the ease of finding suitable training for employees on a six-point scale (1 = extremely difficult to 6 = extremely easy) and the mean was 2.82 ($n = 39$). The second question asked about the ease of finding good training providers, again using the six-point scale with the mean being 2.95 ($n = 39$). Essentially employers were confident they knew what training their employees needed and where to find it. This was despite the fact that insufficient funds were the key difficulty in actually providing training for staff (see Table IV).

With nearly 40 per cent of respondents indicating they had insufficient funds for training (see Table IV), there was a clear indication that government should support firms' training efforts. So for example, amongst the respondents there was overwhelming support for the view that government did not provide financial support for training: using the six-point scale (1 = none to 6 = enough assistance) the mean score was 1.55 ($n = 39$). Moreover, using the same scale, with the mean being 1.95 ($n = 39$), there was a view that government did not do enough to help suitable training packages to be found.

Attitudes towards training generally

The aim of the study was to explore small firm owner-manager attitudes to training. Attitudes were measured using 28 statements and the mean score based on a six-point scale (1 = strongly disagree and 6 = strongly agree) are listed in Table V. As this Table shows, the item with the highest mean score suggests owner-managers understood the connection between training and productivity (Item 1). However the issue of paying for training was identified as problematic as the item with the second highest mean score shows (Item 18). There was an acknowledgement that training needed to be specific to the immediate requirements of the job (Item 6) and enable employees to do their job (Item 28).

Attitudes towards training: factor analysis

Using EFA the 28 statements were reduced to recognize underlying patterns in owner-managers attitudes to training. Through EFA eight factors emerged that explained 77.3 per cent of the variance in owner-managers attitudes to training. Considering the effectiveness of the result interpretations, only the first two factors are presented. These factors were made up of 18 of the 28 questions (see Table VI). Factor 1, labeled as "Firm benefits from training", consisted of nine items and it explained 29.4 per cent of variance with loadings ranging from 0.563 to 0.915. The items making up this factor pointed to the range of benefits firms can reap from training: productivity, short- and long-term benefits, loyalty, retention and employee performance. Factor 2, labeled "Training costs outweigh benefits", consisted of nine items and explained 13.5

	Number	%
Insufficient funds	13	38
Requirements of the job would see a drop in productivity	11	32
Other	4	11
Cannot find suitable training packages	3	8
Cannot find suitable training provider	3	8

Note: $n = 34$ survey respondents

Table IV.
Owner-manager
responses to the
difficulty in
providing training

Attitude statement	Mean
Training increases productivity of the business	4.81
The business would provide more employees with training if government offered incentives/subsidies	4.76
Employees only attend training, which is useful to their current work	4.57
Training is an effective tool for lifting employees' performance at work	4.46
In our business money spent on training is seen as an investment	4.35
It takes time to find suitable training packages	4.33
The business will benefit from training over the long term (5-10 years)	4.19
Employees will use newly acquired skills from training they get in the business as a means to seek another job	4.16
Training can lift staff morale	4.05
Training can help retain good employees in the business	4.00
Well-trained employees are less likely to stay in the business	3.97
Training brings immediate benefits to the business (less than 1 year)	3.94
It is better to employ someone new who has the ability to perform well at work, than offering training to existing staff	3.86
If we train employees, then we need to offer a career path for them in this business	3.86
The business does not have sufficient resources for training	3.84
Investing money in training would be the last resort if staff wanted to quit the job	3.83
Training is a waste of resources because employees will leave when they have skills	3.81
In this business we do not have opportunities for employees to develop their career	3.70
In this business employees are seen as part of our family; thus, job-unrelated training is provided, even if that training brings minimal benefits to the business	3.66
There is a positive relationship between training and employee loyalty to the business	3.57
If employees perform well at work, then there is no need for training	3.54
Training is a reward for loyal employees	3.46
Training would be provided if the business was making a profit	3.43
Employees are paid time-off to study for courses related to business needs	3.33
Employing trained staff increases our business costs beyond the benefits we could reap	3.30
There are no immediate benefits to the business from investing in training	3.27
It is an unwise investment of money in training if the aim is to improve my business image/reputation	2.73
The business would offer training if our competitors did	2.08

Table V.
Owner-manager
attitudes to training

Note: $n = 39$ survey respondents

per cent of variance with loadings from 0.546 to 0.893. The items making up this factor addressed: the lack of time and resources to invest in training and employees leaving with training investments.

Essentially these two factors showed that owner-managers attitudes to training centred on training bringing benefits to their firm, where the benefits were long- and short-term by being able to retain employees with skills to perform their tasks. But there was also a concern that investment in training may not be effectively realized by the firm. This latter point also came through strongly in the interviews as will be shown below. In the next section of the paper the interview data are analysed in light of the attitudes of owner-managers' to training and the effect on preferences for training.

Interview findings

The nine small firms that engaged in the interview process all operated in the road transport sector of the larger transport and logistics sector. Studies of this sector

Factor Label	Attitude statement	Factor loadings	Factor loadings
Firm benefits from training	Training can lift staff morale	0.915	
	In our business money spent on training is seen as an investment	0.866	
	Training increases productivity of the business	0.800	
	The business will benefit from training over the long term (5-10 years)	0.794	
	Training can help retain good employees in the business	0.742	
	Training brings immediate benefits to the business (less than 1 year)	0.690	
	Training is an effective tool for lifting employees' performance at work	0.675	
	There is a positive relationship between training and employee loyalty to the business	0.612	
	Training would be provided if the business were making a profit	0.563	
Training costs outweigh benefits	Training is a waste of resources because employees will leave when they have skills		0.893
	There are no immediate benefits to the business from investing in training		0.761
	It takes time to find suitable training packages		0.755
	If employees perform well at work, then there is no need for training		0.729
	Employees will use newly acquired skills from training they get in the business as a means to seek another job		0.621
	If employees perform well at work, then there is no need for training		0.607
	It is better to employ someone new who has the ability to perform well at work, than offering training to existing staff		0.577
	The business does not have sufficient resources for training		0.548
	Well-trained employees are less likely to stay in the business		0.546

Table VI.
Factors explaining
owner-managers'
attitudes to training

show it has faced shortages of drivers (Centre for the Economics of Education and Training (CEET), 2013; TLISC, 2013a, b), who work long hours and can be away from home for stretches at a time. The workforce is ageing and it is difficult to employ young people as drivers because of the licensing requirements and high insurance costs of doing so (Barrett *et al.*, 2006; Barrett and D'Urbano, 2006). In West Australia the pay rates for drivers in road transport companies are the same as for drivers in other parts of Australia but low in comparison to what the large resource sector firms offer drivers.

Using the RBV, Marchington *et al.*'s (2003) study of road transport firms pointed out that the identification and development of resources in these small firms was a variable not a constant. Drivers are a key resource but how their skills are developed depends on a range of factors internal and external to the firm (see also Edwards *et al.*, 2010). The three key themes that emerged in relation to training reveal attitudes and highlight the interplay with different contextual factors that contribute to preferences for training. These three themes are elaborated below with quotes from the interviewees used for illustration.

Theme 1: "requirements" for training

The requirement for a driver to hold a particular license class depends on the trucks operated by the firm. West Australia's licensing requirements are documented at www.transport.wa.gov.au/licensing/20672.asp. Drivers can progress from a car license to Light Rigid (LR), Medium Rigid (MR), Heavy Rigid (HR), Heavy Combination (HC) and finally to a Multi Combination (MC) license. Some drivers held a license class higher than they needed to do their current job but as one Perth based manager made clear, "We're never going to be employing someone who doesn't have it [license] and then train them, because that's a big risk to the business" (Perth 3). Outside Perth, where drivers with appropriate license classes were less likely to be available, employers were willing to work with drivers who showed initiative, to help them achieve their next license class. For example, in the Pilbara where trained workers are not readily available and where firms experienced high staff turnover due to competition for staff from resources sector firms, one owner-manager said, "[...] quite often we do start people just with a car licence and we actually train them up and put them through their truck driving" (North 2).

While a license (of some form) was required, the formal recognition of driving skill that a license conveyed was not all a driver needed to undertake their job. As one owner-manager explained:

We have hydraulic loading trucks and they need to be trained with that. All of this gears very expensive gear, so you need to be confident that when you walk away well, and they're on their own, that they can do what they do [...]. And, yeah some very good drivers can't handle customers. So it's just general training on equipment, not so much on how to drive 'cause they've applied for a job and they can obviously drive, so they should be able to (South 2).

Of particular importance were loading, unloading and tie-down skills. As one owner-manager very emphatically put it, "They can go to [X trainer] or [Y trainer] and anybody can get a truck licence. But, how do they tie their freight on?" (Perth 4). For this owner-manager, it was the safety of all road users that underpinned her attitude to training and getting it "right". As she said, "I can buy a truck anywhere: there's plenty of them in the shop. But I haven't found the person shop yet" (Perth 4). An array of other skills related to tie down and safety were needed, as was evident in the statement from this owner-manager:

They've usually got a fork ticket and a truck ticket but some of them you've got to show tie-down skills, how to tie loads on and off trucks, how to use a fork lift better. With the fork lifting, a lot of people can get a fork lift ticket just by driving a fork lift around the yard, lifting a couple of boxes. But with ours, we're unloading and loading trucks and it's a lot different, a lot of items can fall, so you actually spend a fair bit of time on them [...].

On the safety side, we need to make sure they've tied their loads on properly. If they head down the road, and go round the first corner and the load comes off the truck [...] Well it can be very costly (North 3). While regulatory requirements laid down the base for skills needed as a driver, the owner-managers' attitudes to training and the day-to-day requirements of the job prioritized training. As one said, "The biggest thing for us in terms of training are competencies for fatigue management. There's a medical basis for that but it's a law as well" (Perth 3). Another owner-manager explained:

I talk to my blokes every day, so I'll say, "unload this, but I want it done like this or that" or I'll say, "mate do these chains better, like that next time" or "this is how you do it". It's not documented nor is it officially training, but it's every day, on-the-job, learning (Perth 2).

Basic skills could be developed formally but on-going, on-the-job learning through conversation, guidance and reflection was undertaken in these small firms to ensure employees could do their job “properly”. Through those informal learning processes owner-managers were able to share the values they wished to see embodied in drivers’ behaviours: by explaining how jobs were to be done, the same values could be instilled in employees.

Theme 2: impact of the labour market context on training

All owner-managers agreed driving was not an attractive job to many. Moreover, skill development for drivers was age related: accessing a higher class license was dependent on having achieved the lower class license while drivers aged under 25 years attracted prohibitively high insurance premiums for employers. As a result drivers were likely to be older and have already developed basic skills. This affected what training could be offered. One owner-manager talked about the difficulty of building an apprenticeship scheme saying:

It’s just very difficult to put a [apprentice training] program into place to train future drivers because everybody wants fully trained drivers. Legislation and insurance makes it very difficult to take on somebody who hasn’t got experience. How do they get experience? (North 1).

Another manager talked about the effect of having older workers and their willingness to engage in training, saying:

Yes I am [willing to invest in the right person]. Yes. But some of them don’t want to be invested in. You get a person that’s 50 years of age they don’t want to go back to high school or do some training or anything else. They just want to get on and do what they know they’re good at and go home and see their family. They don’t want to do anything else, you know. The younger ones are probably the ones that want to do the training but unfortunately they’re not terribly stable (Perth 1).

The lack of “stability” meant this owner-manager was wary of investing in his drivers through training and as he explained, he needed to be sure some long-term benefit would return to the firm:

We’ll train people if we think there’s some merit in it, we’re happy to do that but we have to make sure we’re going to get some sort of return back for it. One’s always sort of mindful of the fact well if you train someone then they can move on [...] (Perth 1).

Competition from large resource sector firms for drivers meant small firm owner-managers found it difficult to keep employees while the costs of employment were increasing. This was particularly the case in the Pilbara (northern West Australia) where wage bills had increased significantly. As one owner-manager said, “We send out drivers every day doing deliveries, and any one that we get that’s any good gets offered jobs elsewhere. They’re continually coming back saying they have been offered jobs” (North 3).

Training decisions were affected by the conditions in the labour market as well as the economic and social conditions. Like the survey results indicated, these owner-managers were aware training could accrue benefits to the firm and individual, but they acknowledged that benefits from training to the firm may only be short- rather than long-term in the context of conditions in their current business environment.

Theme 3: impact of industry training offering

Most owner-managers were aware of available training courses and who (individuals or firms) provided certain skill development programmes, however none of the participants mentioned the competencies skills and qualifications in the industry sector's training package or when asked knew how any skills based training their drivers took could be recognized as prior learning through the training package.

As a result there were no drivers at any of the small firms where interviews were undertaken, engaged in any forms of formal training leading to certification. The only training courses employees attended were "on a needs basis" (North 1). Owner-managers of the smallest firms themselves had not, by and large, undertaken any business management or logistics training courses. Even in the firm with the most highly structured training (South 1), that training was conducted in-house and developed by the owner-manager.

From the interviews it was clear that any formalized training needed to be considered in light of the nature of work in the industry and the ability of employees to engage in training. As one employer said, "It would be good to see drivers with up to certificate four training but are there any individuals that want to sit in the hot seat and do their TAFE [Technical and Further Education] training at the same time? I don't know?" (South 2). Moreover, there was a view that the skills learned may not be put into practice when employees moved between firms given the unique qualities of, and nature of work in, firms within the industry.

As the survey results highlighted, legislative, regulatory and licensing issues underpinned the need for training, and once the required license was achieved and safety standards met, then there was little else in terms of generic skills that owner-managers wanted their drivers to develop. Most owner-managers were aware that formal, award based courses existed but the training package was not being utilized. That said there was a view shared amongst the employers that they needed support to train workers. However it was difficult to determine what that "support" looked like. One interviewee implied what he considered "support" to be and it was a form of compensation for small firms for training workers that did not stay and left to work for larger companies. As this Pilbara owner-manager argued, he trained workers but was unable to reap any benefits of his investment in training:

[...] in two, three weeks we can get them a truck ticket, while two to three weeks gets them a fork ticket and the day after that they don't come back. They've got their truck ticket and their fork ticket so they're in for a job with the big companies so we're virtually training up these people to go to the big companies. I think it should be like the football clubs. If an Aussie rules football league side pinches someone from the West Australian football league they pay compensation. But we get nothing (North 3).

The importance of this theme is that while small firm owner-managers were aware of the skills needed by their drivers and were aware training was available to develop those skills, contextual factors mattered in terms of whether formal training programmes would be utilized. The lack of awareness of the ways the industry's training package could be used suggests work needs to be done to sell the advantages (if any) to employers of having competent and qualified drivers.

Discussion

The purpose of this study is to explore what the attitudes of small firm owner-managers are to developing the skills of their key workers – drivers – and then examine how these and other factors affect owner-managers' preferences are for training employees. This study of small firm training, as an element in a firm's HRM system, is undertaken through the lens of the RBV which suggests human resources can be a source of competitive advantage for firms if they satisfy certain criteria of value, rarity, inimitability and non-substitutability (Barney, 1991). Used in this context the RBV argument is that the development of key workers can make a difference to the success of the firm. However Marchington *et al.* (2003) established that difference may not lead to long-term success but perhaps short-term survival. They argue the difference is made by the adoption of "astute, largely (but not entirely) informal HR strategies" (p. 19). While the RBV focuses on the internal context of the firm, Edwards *et al.* (2010) showed ways that the RBV could be contextualized to understand consequences of how resources are identified and combined for organisational performance. Similarly other studies have emphasized the need to look at HRM and employment relations in small firms in the context of their wider environment and single industry studies have been recommended (see Barrett and Rainnie, 2002). The contribution of this study is a contextualization of the RBV to show how small firm owner-managers' attitudes affect preferences in relation to skill development of key firm resources. From a HRM perspective this is important as the ways different dimensions or contexts affect various HRM policies and practices is not always visible and can be complex.

Analysis of the questionnaire results enabled the attitudes of small firm owner-managers operating in the WA road transport industry to be identified. The factor analysis showed one attitude to training being positive in that "the firm benefits from training" whereas the other attitude was "training costs outweigh benefits". However the interview data enabled insight into these attitudes and showed that skill development was practiced in these small firms, although purpose of the learning was to ensure that what the driver did was consistent with the needs and aims of the firm in the context of the environment in which it operated. Drivers learning drew on the experience and knowledge of the owner-manager to ensure they had certain skills (be they a specific class of license for example) and ways of working (how to tie down the type of load transported by that firm for example) suitable to the owner-managers' firm.

Legislative, regulatory and licensing requirements were shown to be a key determinant of skills development. Employers ensured that basic standards for employee certification and qualification were met, as the penalty for not doing so would be too high. Regulations drove the need for certain types of training – licenses, fatigue management, occupational health and safety, handling dangerous goods, the MSIC card, forklift license, mine site inductions – while owner-managers knew where to get the training their staff needed. Although regulation appeared most visible in prescribing what happened in relation to training for drivers, the relevance of owner-managers' attitudes could not be ignored, nor could conditions in the firms external environment as this shaped how these requirements were met.

The analysis of the attitudinal data gathered through the questionnaire showed owner-managers believed training was important for firm level success but it was not sufficient. So while owner-managers were conscious of the need to train, there were clear boundaries around the investment they made to ensure employees could do their

job today in the way the owner-manager wanted the job done. The attitudes of owner-managers of these small firms were reflected in the nature and type of skill development training that occurred within their firms. In the furniture removal firm, for example, the owner-manager's desire to consistently deliver a quality service for customers was apparent in the highly structured training all his staff undertook: as he said, "It's not like just chucking something on a truck and driving and throwing it off" (South 1). The owner-manager of the general long-haul freight company in Perth (Perth 4) had safety at the core of her business and this underpinned all the recruitment, selection, training and performance management activity within her firm. As her drivers generally worked in pairs, she was adamant that they would get a say on who worked in the firm as she would not send drivers out together if they did not respect one another, given one slept while the other drove.

Like Marchington *et al.* (2003) who argued that the RBV's focus on internal resources was not sufficient to ensure the survival of the firm, what this study shows is the awareness of the owner-manager of the limitations of developing their key resources in their specific context. Small firm owner-managers were not ignorant of the benefits of training to their employees or to their firm more generally – as the survey results clearly indicated. While they could have engaged in further training activity, they were aware of the conditions within the sector and the needs of their market segment such that more training was not necessarily going to achieve a long-term benefit. The results suggest the nature of the job, the culture of time served career progression, the relative newness of the competency-based training system and seeming lack of awareness of the array of competencies within the Transport and Logistics Industry training package and the economic pressures on firms to meet the freight task, all affected the nature and extent of training activity within firms. Enough training was undertaken to get the job done right today, but as the factor analysis revealed, owner-managers were aware benefits of training may not outweigh the costs.

The training undertaken within these firms was part of a strategy (conscious or unconscious) of engendering commitment and engaging the workforce through not only ensuring they learned what they needed to do but understood why they do it. This was apparent in the interview Theme 1 where "a license was not enough" and in interview Theme 2 where the labour market conditions of the time made drivers highly sought after and mobile. The RBV is useful in showing how skill development enabled similarity in skills across firms, while the attitudes owner-managers and economic and social conditions meant what happened in firms around skill development varied. The sum of the learning supported small firm survival but it did not guarantee it and the wider context within which the firm operated needs to be taken into account before long-term survival could be understood. The findings point to the limits of the RBV in the small firm context: resources are important in these firms, but their meaning depends on the interplay between the internal and external contexts of the firm.

Conclusion

The job related, day-to-day learning and skill development, idiosyncratic training found in this study is consistent with other studies of training in small firms. In particular it adheres to Bishop's (2012, p. 509) call for "more balanced and nuanced analysis" and shows the ways in which formal and informal training come together (Kitching, 2008; Tocher *et al.*, 2007) as a learning architecture in small firms. The importance of small firm owner-managers' attitudes are clearly highlighted and shown to influence organizational

decisions and choices around training, but these were not independent of the regulatory framework and the economic and social conditions within which the firm operated. The small firms in this study did engage workers in formal training when necessary but it was put in the context of the idiosyncratic approach of the owner-manager and the day-to-day needs of the firm. "Training" was essentially about ensuring certain types of skills were held by employees and then passing on knowledge to ensure the behavior of employees was consistent with the owner-manager's vision for the firm in its current environment.

This study suffered a number of limitations, none the least the small sample. Paper and online versions of the questionnaire were used in an attempt to mitigate the effects of one form only on the response rate; however the online version was singularly unsuccessful in generating significant numbers of responses. The small sample compromised the ability to undertake more sophisticated statistical analysis, however, guidance was sought and found (Field, 2000) around the possibilities of undertaking factor analysis. Interviews with owner-managers were undertaken and these showed remarkable correspondence to the questionnaire results. There was also considerable consistency between the interviewees on a range of issues which is why only three key themes were discussed. The employee voice was not heard and any further study should survey employees on their access to, and satisfaction with, training and assess what forms and how training can maximize their likelihood of staying.

The findings of this study can be drawn out in terms of practical and policy implications: there is a need to ensure small firm owner-managers are regularly made aware of formal training that is available to them but encouraging the take-up of training requires putting it in context and showing how the firm can benefit above what it will cost. There is a need to show owner-managers how training and other forms of learning can form part of a wider HRM system that, implemented appropriately, will lead to motivated, satisfied and loyal employees who desire to stay.

For policy makers who wish to see greater training activity in firms their focus on skills at the expense of other work organization and management aspects that influence productivity need to be tempered. Small firm owner-managers understand training is important, but there are constraints to making that investment. In the particular economic context at the time of this study, the constraint largely stemmed from the competition for workers that transport firms experienced from resource sector firms. Training incentives exist for firms and a competency-based training package has been developed specifically for workers in this industry. Government and industry councils could share in the promotion of incentives and benefits of competency-based training for workers and firms. But there also needs to be an acknowledgement that this on its own will not lead to long-term firm growth and survival. Instead, the ways in which different firms integrate training with ways of working and the benefits they achieve in terms of employee engagement, satisfaction, loyalty and tenure could be used as examples for others.

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