Training in small companies:
a reflection of their strategic positioning

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.

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

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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.

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

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

**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.

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

For more detailed data refer to the digital supplement in French available at www.cereq.fr
4 The human resources of small companies

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

Example: 75% of companies had recruited new employees in the past 3 years or since the company was founded.

Source: Défts 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 little relevance for traditional small companies, they tend to 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


Read also


References

[Défts entreprises, CNEFP-Céreq, 2015. Scope: all companies with between 3 and 49 employees in the relevant sectors.]

Scope:

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