



SMEs training staff a win-win

Imogen Atkins

Staff development is essential for small and medium enterprises (SMEs) as they form 97% of businesses in New Zealand.

Massey University human resources management and employment relations Professor Jane Parker says many employees and managers in small businesses undertake a wide range of functions and activities; they are the 'Jacks and Jills' of all trades.

"They need training across an array of skill and work task areas, particularly in start-ups, self-employment and in businesses eyeing expansion locally or overseas.

"They are often operating in a dynamic context and need their staff to be well-versed in areas such as time, change, task and succession training."

Although some firms may react to a challenging economic climate by cutting back on training to save money, others see staff training as fitting into a much larger strategic context – not just meeting today's needs but what is needed year after year," Ms Parker says.

This can help to inculcate strong loyalty among workers and good staff relations.

Ms Parker points to Optimal BI, a small Wellington-based business intelligence firm, as a good example. She says the company recognises people will eventually move on, so its staff coaching is targeted on growth in skills and capabilities that often end up in new service opportunities for the firm.

Yet, because of their limited scale, SMEs



PROPER TRAINING NEEDED: ASPEQ chief executive Bruce Heesterman



REAL GAP IN MANAGEMENT: ServiceIQ chief executive Dean Minchington



JACK AND JILL MANAGERS: Massey University human resources management and employment relations Professor Jane Parker

often encounter difficulties in training employees.

ServiceIQ chief executive Dean Minchington says time is one of the contributing factors to the reluctance of SMEs to train staff. "Everyone is time-poor but a business has to make the decision to do it."

The size of an SME can also mean they do not have human resources management, a training department or a manager dedicated solely to staff development and thus lack well-developed or accepted strategic human resources processes.

Their managers may also not have the resources or expertise available to train

in-house. A 2014 MBIE report shows training and development are often ignored by many small business owners because it is seen as too time-consuming or expensive.

Compared to large firms, smaller firms focus more of their innovation investment on marketing. The need to market and sell is universal and the barriers to undertaking at least some marketing activity are low.

However, while many SMEs don't have formal HR functions, the absence of an HR manager does not necessarily indicate human resources isn't considered a strategic issue in the organisation.

In SMEs, a manager's closeness to staff can often enable a solid understanding of development needs, and nurture training to better fit the employee and the business.

Small businesses also respond better to a tailored approach. A generic training initiative isn't more likely to yield benefits to small firms.

For example, the workplace is an option for staff development if the company is concerned about time and value as it enables the SME to train specifically for a role.

ASPEQ chief executive Bruce Heesterman says a common challenge SMEs face is finding courses that both help the individual and remain cost-effective at the same time. "There is a lot of training on offer and finding something suitable and worthwhile can be difficult, time-consuming and expensive if you get it wrong."

If SMEs can't do it in-house, they can arrange a partnership with local training providers and local authorities.

In New Zealand, some government agencies and other parties provide employment and staff development information, advice and support, often with subsidies.

"SMEs can't afford to have staff, not at 100% on top of their game. So, if you want to grow, how else would you do so without proper training that increases knowledge,

decreases turnover and expands productivity and innovation?" Mr Heesterman says.

"The investment in time and effort taken to train staff will pay back incrementally over time."

A Goldman Sachs small business study in 2016 found SMEs which invest in training are more likely to report growth.

"It's a win-win for employees and the business," Ms Parker says. "More than 85% of those surveyed offer training to all or most of their employees, but acknowledge uncertainty around process and practice."

The Goldman Sachs study also emphasised small business owners face challenges in how to approach and afford training and also navigate decision-making concerning what, where, when and by whom.

Mr Minchington says there is a real gap

Investment in time and effort taken to train staff will pay back incrementally over time

– Bruce Heesterman

in management and leadership areas in New Zealand. For SMEs, enhanced management leadership training will have a direct impact on productivity and profitability.

"The need for talent is a key ingredient for success and has the potential to limit New Zealand's growth. But the battle is fought a bit differently between small and large enterprises," Mr Heesterman says.

"SMEs probably won't win the battle of paying more but they can provide more experience earlier, empower people and create greater significance to all employees."

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