



**LEONARDO
PROGRAMME**

**Competence
Development in SMEs:
Practices and Methods
for Learning and
Capacity Building.**

National report

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EXECUTIVE SUMMARY

This is the executive summary of the French report realised under the project Agreement 2003-3462/001-001-LE2-51OREF passed between Ikei and the European commission in the framework of the second phase of the Community vocational training action programme 'Leonardo da Vinci' and named 'Competence development in SMEs: practises and methods for learning and capacity building'.

The research project took place between February and December 2004 and has consisted in conducting a literature review, a survey at 152 manufacturing SMEs and five in-depth face-to-face interviews with experts and stakeholders in the field of competence development. In addition, one best practise SME case study and one policy case study have been realised.

The main results of the research project can be summarised as following.

French manufacturing SMEs are convinced of the importance of competence development activities for sustaining their competitiveness. This is to be put in relation with the conviction shared by all stakeholders (representatives of employers and of employees and policy makers) that individuals will have increasingly to develop their competences and skills all life long in order for both employees and enterprises to respond to the needs of an increasingly global and competitive economy. This shared diagnosis has resulted in the implementation of a reform of the French vocational training system that aims at developing a real long life vocational learning for all.

SMEs show a clear interest for informal competence development activities such as on-the-job training, as they estimate that they are particularly relevant for them. Nevertheless, available information and statistics show that formal external training practises are still much more developed that informal ones in French SMEs. Therefore, SMEs should draw advantages from the above mentioned reform of the French vocational training system and, in particular, the recognition of competences acquired during professional experience. This can be done only if SMEs managers as well as employees receive proper and clear information on the different new tools at their disposal.



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French SMEs estimate that the level of competence of their personnel should be increased but they have some difficulties to define which types of competence need to be up-graded. They also quite often adopt a too short-term vision. SMEs clearly lack human, time and financial resources to implement a real prospective management of jobs and competences (GPEC). They must obviously be both incited and supported in this field. The generalisation of the implementation of the Prospective observatories for jobs and skills to all professional branches should constitute an interesting input in this respect, provided that the information produced is tailored for SMEs needs and well disseminated amongst them.

The results of studies conducted by these observatories should also help SMEs in their recruitment process. As French SMEs, and in particular the smallest ones, estimate they meet difficulties to find people with skills and competences required whereas at the same time they poorly developed formal recruitment processes.

In general, in SMEs development competence activities are still conducted at an individual level. That is to say collective development competence activities remain relatively rare in SMEs. Although formal knowledge management methods (such as those derived from ISO standard activities) might not be the most adapted to SMEs, small and medium sized enterprises should be supported to develop learning organisation. This also implies the development of tools and programmes tailored for SMEs needs.



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1. INTRODUCTION

The project Agreement 2003-3462/001-001-LE2-51OREF passed between Ikei and the European commission in the framework of the second phase of the Community vocational training action programme 'Leonardo da Vinci' and named 'Competence development in SMEs: practises and methods for learning and capacity building', aims to conduct a research on competence development activities carried out by manufacturing SMEs in Austria, Finland, France, The Netherlands and Spain.

This document constitutes the final report concerning France in the framework of the mentioned project. It has been prepared by Arielle Feuillas, Sarah Pasquier and Jean-François Papin on behalf of Citia.

The research project has consisted in five main phases:

- Phase 1. to carry out a literature review;
- Phase 2. to carry out a telephonic survey amongst 150 manufacturing SMEs;
- Phase 3. to conduct working sessions/interviews with a panel of target representatives and experts;
- Phase 4. to elaborate a good practice SME case study;
- Phase 5. to elaborate a case study on a relevant policy measure.

The results of the literature review are presented in Part 2 of this report whereas the methodology and results of the survey are presented in Part 3. Part 3 also contains the SME case study. Part 4 deals with the results of experts' interviews and the case study on the policy measure selected for France. Finally, conclusions and recommendations are presented in Part 5.

The research project has taken place from February 2004 to December 2004. It has to be noticed that during this period (and still) an important policy reform has been implemented in France which aims at developing a real life long vocational training for all (see Case study 2 in Part 4).

The authors of the report would like to thank all SMEs that participated to the survey, Mr CORNEJO from Les Laboratoires Brothier as well as Mr FALCK (MEDEF), Mr VEYSSET (CGPME), Mr REGNAULT (CGT), Mr SCHNEIDERMAN (Ministry of economy, finance and industry) and Mr VERGNET (Ad Arborem) for their fruitful participation to this project.



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2. WHAT DO WE KNOW IN FRANCE ON COMPETENCE DEVELOPMENT IN SMES SO FAR? RESULTS FROM THE NATIONAL LITERATURE REVIEW

2.1. DEFINITIONS USED IN THE FRENCH LITERATURE ON COMPETENCE DEVELOPMENT

AFNOR (French normalisation association) gives a general definition¹: "competence requires bringing into play capacities that make people exercise properly their function or activity in a professional situation".

Guy Le Boterf's definition² of competence has four aspects. Competence is a combination of four forms of knowledge:

- To "know how to react": it is necessary to be able to use the right knowledge or skill at the right time and in the right circumstances.
- To "know how to combine": a professional must be able to select pertinent information, organise it and use it.
- To "know how to transfer": competence must be transferable or adaptable.
- A proven and recognized "know how".

Guy Le Boterf also defines collective competence:

"Team competence cannot be reduced to the sum of its individual competences. It rather depends on the quality of the interactions between the individuals of the group. Collective competence evolves with experiment, time and collective practices".

Competence and qualifications are often mixed up³.

Historically, the term competence comes from the Latin verb *competens-competere* (to come back to). The term competence was used especially for human being. On the contrary, the word qualification (that comes from the Latin word *qualificatio* - appreciation) rather refers to an intellectual production or a product.

¹ Afnor, Normes Françaises NF X 50-750, July 1996.

² Le Boterf G., *Construire les compétences individuelles et collectives* (Building individual and collective competences), Editions d'organisation, Paris, 2000.

³ Ministry of economy, finance and industry, *Capital humain, mode d'emploi pour les PMI* (Human capital, guidelines for manufacturing SMEs), Paris, 2003.



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Competence has to be improved and developed so that SMEs increase their competitiveness. Indeed, competence development is necessary for several reasons: SMEs have to be more competitive at the international level (at least at the European level) and the new organisation of labour pushes workers to adapt themselves to sometimes contradictory needs: benchmarks/ flexibility, etc.

SMEs have two different ways of developing competences.

- They can either develop "in-house competence", that is to say upgrade the existing competence base of the company. People actually working in the company may use formal or informal means to improve their competence.
- SMEs also have the choice to acquire external competence by hiring people who correspond to the competence needs of the company (once the needs have been defined).

Competence development of the individuals is necessary but not sufficient to really improve the competitiveness and perspectives of SMEs. It is not an end in itself; on the contrary, competence development has to serve the collective performance.

Usually, SMEs do not really have a strategy for the competence development. They rather react case by case depending on the life of the company (staff departure) or the proposals of employees⁴.

Some SMEs –especially the largest- have a real training plan (with a precise strategy, "in-house" or external- or both). This kind of proactive approach (contrary to most SMEs' reactive approach) tends to be more common because of the actions of the State to encourage competence development. Their goal is to understand and anticipate the evolutions of the labour market and the economic environment⁵.

⁴ AGEFOS PME, *Perspectives 2004 : Emploi et formation dans les PME* (Prospects 2004: employment and training in SMEs), Paris, October 2003.

⁵ Aprodj, *Competence development in SMEs*, French contribution for the Observatory of European SMEs, Paris, 2003.



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2.2. DEGREE AND EXTENT OF INVOLVMENT OF FRENCH SMES IN COMPE- TENCE DEVELOPMENT ACTIVITIES

2.2.1. Identification of main methods used by SMEs for improving compe- tences

There are two main methods. Both of them are used by SMEs. The choice of one method or the other depends on the needs, size and sector of activity of the company.

The first method is *in house competence development*: 'train actual employees to new skills'. Training practices may be formal (such as external vocational training) or informal (example: on-the-job training).

The second method consists in recruiting external competences (qualified and operational personnel, apprentices, young graduates, etc.)

According to the surveys realised by AGEFOS-PME in 2002 and 2003, SMEs estimate that the most useful tool to meet their competences needs remains recruitment of new qualified and operational personnel.

Table 1. The two most adapted tools to meet competences needs by size-classes in 2002 & 2003 (in % of the respondents)

| | 2002 | | 2003 | | | | |
|---|------|--------|-----------|-----------|-----------|-----------|-----------|
| | 1-9 | 10-499 | 1-9 | 10-19 | 20-49 | 50-199 | 200-499 |
| Train actual employees to new skills | 61 | 63 | 45 | 61 | 60 | 76 | 75 |
| Recruit new qualified and immediately operational personnel | 70 | 73 | 73 | 73 | 74 | 61 | 66 |
| Recruit apprentices | 33 | 34 | 48 | 39 | 40 | 30 | 29 |
| Recruit young graduates | 22 | 22 | 18 | 17 | 19 | 26 | 27 |
| Others | 1 | 1 | 3 | - | 2 | - | 1 |
| No answer | 3 | 1 | 1 | 1 | - | 1 | - |

Source: AGEFOS-PME, *Perspectives 2004 : Emploi et formation dans les PME* (Prospects 2004: employment and training in SMEs), Paris, October 2003.



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2.2.2. Formal/informal training practices in SMES

a) *Formal training*

Since 1971, the French vocational training system encourages companies to develop formal training. Depending on their size (below or above 10 employees) enterprises have the obligation to spend a certain % of the total gross wages in vocational training. Formal training may be either internal or external. Vocational training is often seen as a problem for employers because the trainee employee needs to be replaced, which is difficult.

b) *Internal training*

This is poorly used by in SMEs because of the lack of means (both logistical and financial).

E-learning is the cheapest and most flexible way to train at times and with methods adapted to the company and the worker.

In 2002, only 2% of SMEs used e-learning. The main obstacle was the lack of IT equipment. Another drawback is the fact that the worker is isolated. However, e-learning allows an individualized training, without travelling.

c) *External training*

External training is the method most commonly used.

Several types of training exist, depending on the needs and age of the employee: sandwich training (especially for young people) or training periods, seminars and conferences.



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Table 2. Various methods of continuing vocational training paid by the employer

| Type of training | %(*) |
|--|-------------|
| Training in the framework of the 1971 law | 20 |
| Sandwich training | 0.4 |
| Individual training leave (CIF) | 0.3 |
| Training periods, courses, seminars, conferences | 19.4 |
| Other types of training | 9.3 |
| Training in the enterprise | 8.9 |
| Self-training | 0.6 |
| Total training paid by the employer | 27.3 |

(*) % of employees having completed at least one of these types of training between 01/99 and 02/00;
% do not add up, the person concerned may have undertaken several types of training

Source: Insee 2000 in Aprodi, Competence development in SMEs, French contribution for the Observatory of European SMEs, Paris, 2003.

The size of the company has a direct impact on the percentage of employees that benefit from training⁶. The figures show that employees working in a small SME receive less training than the others. However, the differences tend to diminish.

Table 3. % of employees benefiting from training according to the size of enterprises

| Size class | 1999/2000 | 1992/1993 |
|-------------------------|-------------|-------------|
| Less than 10 employees | 14.7 | 6.4 |
| 10-49 employees | 20.2 | 10.4 |
| 50-499 employees | 30.9 | 18.7 |
| 500 employees and more | 44.5 | 29.9 |

Source: Agefos-PME in Aprodi, Competence development in SMEs, French contribution for the Observatory of European SMEs, Paris, 2003.

⁶ INSEE Première, *Investir dans la formation continue* (Investing in vocational training), Paris, February 2000.



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2.2.3. Informal training

Informal training practices tend to be more and more common. The training expenses tend to diminish in France. Competence development is rather done on the work place: "self-training" or with the help of colleagues.

a) *On-the-job training*⁷

In some SMEs, employees have the possibility to take part to working groups. A collective dynamism may result from these groups, if there is a real recognition of their importance and efficiency.

Other initiatives such as switching job (for a limited time), self-training and quality meetings may contribute to competence development.

b) *Technological integration project*⁸

SMEs that want to integrate a new technology (such as microelectronics, Internet technologies...) need to improve the competence of their workers in order to ensure the successful integration of the new technology. A development strategy and a precise and carefully-thought training plan are necessary. The problem is that most SMEs, especially the small ones, do not have such training plans and need help for the overall approach to the project.

In order to meet this need, the French ministry for industry developed the programme ATOUT about fifteen years ago. In 2004, the budget amounts to € 20 million. This programme aims at providing a financial support and at engaging a development strategy in the SMEs. In ten years (1992-2002), 10,230 SME technological integration projects have been successfully achieved.

c) *Franchising*⁹

Most franchises are SMEs (an average of 12 employees). Franchising is a good way to transmit know-how and predefined skills to an SME, with the advantage of long-term technical support from the franchiser. Franchising is a way to transmit a "formalized, standardised know-how" in the different SMEs members of the network.

⁷ Céreq, *La formation dans les entreprises, entre réflexe et stratégie* (Vocational training : between reflex and strategy), April 2004.

⁸ Aprodi, *Competence development in SMEs*, French contribution for the Observatory of European SMEs, Paris, 2003.

⁹ Aprodi, *Competence development in SMEs*, French contribution for the Observatory of European SMEs, Paris, 2003.



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In the franchises, vocational training activities are made difficult by the limited time and budget. However, they are more systematic than in other very small SMEs.

d) *Methodological support by collective action*¹⁰

As we said before, most SMEs do not have a real human resources policy and do not elaborate a training plan. An initiative led in Bretagne region in the last five years called "Bretagne ressources humaines Plus" tried to solve the problem. It offered a "12-points diagnosis of the Human resources function" and the elaboration of an action plan as well as coaching sessions. This is only an isolated initiative but it shows that competence development may have different aspects. Private initiative may be very relevant.

2.2.4. SMEs' main sources for obtaining external competence

a) *Recruitment*

Over 70% of SME directors believe that the recruitment of qualified and immediately operational personnel is the best way to meet competence needs. The rate is even higher in small SMEs (less than 50 employees)¹¹.

Larger SMEs usually have a training plan and benefit from a carefully-thought human resources policy. They also have the possibility to hire young graduates.

The sector of activity has an incidence on the recruitment policy of the company. The sectors of construction tends to favour immediately operational staff (76%) or apprentices (50%). On the contrary, services look for immediately operational staff (77%) rather than for young graduates (23%) or apprentices (27%).

72% of SMEs seek to hire young people (under 26) or people over 26 (65%). The age of the new employees has an influence on their status (permanent contract, fixed term contract, qualification contract...) and therefore on the vocational training they benefit from¹².

¹⁰ www.performance-bretagne.net

¹¹ AGEFOS PME, *Perspectives 2004 : Emploi et formation dans les PME* (Prospects 2004 : employment and training in SMEs), Paris, October 2003.

¹² Observatoire des PME, *Gestion du personnel et de l'emploi dans les petites entreprises* (Human resources and employment management in SMEs) in *Regards sur les PME n°3*, Paris, 2003.



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Some skills are particularly rare and it is quite difficult for SMEs to find people that meet their needs¹³. Mastery of foreign languages, management and its multi-functional character are often indispensable but quite rare.

61% of SMEs that do not hire new staff renounce because they think that it is too difficult to find someone that meets the needs of the company. Some sectors of activities are particularly vulnerable to that problem: construction and transports.

Another obstacle to the recruitment of external competences is the level of social contributions: 81% of small SMEs that do not hire renounce because of the costs.

Table 4. What will SMEs do in the next six month regarding the staff (in %)?

| | 2003 | 2002 |
|-----------------------------|------|------|
| To hire new staff | 25 | 39 |
| To maintain company's staff | 63 | 54 |
| To reduce the staff | 12 | 7 |
| Altogether | 100 | 100 |

Source: AGEFOS-PME, *Perspectives 2004 : Emploi et formation dans les PME* (Prospects 2004: employment and training in SMEs), Paris, October 2003.

b) Partnership with skill centres¹⁴

A partnership with a skill centre may be necessary to solve the problem of "isolation of the SME". The partnership may aim at solving a technical problem or be a "more intensive contract-based collaboration" for a "development project, without the introduction of qualified staff into the company". This type of partnership is an alternative solution to hiring new personnel.

Another type of partnership, supported by the Ministry of research and industry, improves the companies' competences. It includes "the lasting presence in the SME of an engineer, a high-level technician, a scientist or a trainee". The person is there to develop a project. Skill centres are now used to working with SMEs and know how to meet their needs.

¹³ Aprodi, *Competence development in SMEs*, French contribution for the Observatory of European SMEs, Paris, 2003.

¹⁴ Aprodi, *Competence development in SMEs*, French contribution for the Observatory of European SMEs, Paris, 2003.



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Skill centres are university laboratories, major research agencies (CNRS, INRA...), Industrial technical centres; laboratories of large companies (Renault, Electricité de France).

The presence of an "external" qualified person in a SME may be the occasion to improve the dissemination of know-how within the company. Indeed, competence transfer is a real problem within SMEs. The temporary presence of a specialist can be a solution to this problem, even though it can never be guaranteed.

2.3. IDENTIFICATION OF COMPETENCE NEEDS AND PLANNING

2.3.1. Methods of identification of current and future skills gaps by the French SMEs

A great majority (almost 2/3) of SMEs directors are satisfied with the competence at their disposal in their company. 65% of small SMEs (less than 20 employees) are very satisfied.

51% of SMEs with over 200 employees declare that they need to improve and acquire new competences (37% in 2002)¹⁵. The privileged solution is to look for external competence: to hire new workers.

There are several ways of identifying skill needs. SMEs directors use one or several of the following means: spontaneous requests from employees, foreseeable changes in the activity/the branch, systematic inventory of employees' needs, proposals of the management team for all employees¹⁶.

The size of the company has a direct impact on the identification of the competence needs.

In general, small SMEs provide training to employees that have identified their own competence needs.

On the contrary, since 2003, SMEs with 50 employees and over have a greater tendency to express the need for new competences. They associate trainings with a general improvement of competences.

¹⁵ Observatoire des PME, Gestion du personnel et de l'emploi dans les petites entreprises (Human resources and employment management in SMEs) in Regards sur les PME n°3, Paris, 2003.

¹⁶ OPCA2, *Gestion et développement des compétences : nouvelles attentes, nouveaux besoins* (Management and competence development: new expectations, new needs), Paris, 2001.



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Identification of competence and professionally acquired skills¹⁷ (*validation des acquis de l'expérience – VAE*)

Since 2002, any person having exercised a professional activity for five years has the possibility to validate his/her experience. This procedure allows workers to have an access to a wide range of diplomas that they can gain in range. Workers with the lowest level of qualification and women (who are often less qualified than men) should have the priority because they do not have the same access to continuing training as qualified workers.

This procedure is particularly positive for workers that wish to progress in their professional life. It is also a mean of getting recognition.

However, too few SME directors know about VAE. To the question "do you know of the VAE process?" Only 47 % of small SMEs (less than 50 employees) directors answered yes. 90% of large SMEs (200 and over) know of the VAE but only 52% of them consider that they have enough information¹⁸.

2.3.2. Who is responsible for this identification?

Most SMEs clearly lack a person responsible for the identification of skill gaps and competence development needs.

Depending on the size and structure of the company, the training plan is elaborated by the director, or by all employees, or by the management team, or by the person in charge of human resources or... nobody¹⁹.

Two third of the smallest SMEs' directors decide on their own of the continuing training programme of their employees. Employees may take part to the training planning but they do not make the final decision.

¹⁷ Céreq, *Entre validation de l'expérience et formation* (Between validation of experience and training), n°203, December 2003

¹⁸ Agefos-PME, *Perspectives 2004 : Emploi et formation dans les PME* (Prospects 2004: employment and training in SMEs), Paris, October 2003.

¹⁹ OPCA2, *Gestion et développement des compétences : nouvelles attentes, nouveaux besoins* (Management and competence development: new expectations, new needs) ; Paris, 2001.



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2.3.3. Planned or ad-hoc competence development activities

a) Training plan

The size of the company has once again an important role.

Small SMEs do not have a human resources service and consequently do not really develop a competence development strategy. Companies with 10 employees and more must have a training plan. This training plan must be written in enterprises with 50 employees and more. Yet, 31% of small SMEs (10-19-employees) and 47% of medium sized SMEs (20-49 employees) have a training plan. Many employees amongst the less educated do not know anything about the plan. On the contrary, large SMEs tend to plan their competence needs and to develop a real strategy: 81% of companies hiring 50 to 199 employees and 91% of the largest SMEs.

Amongst companies that have a training plan, most of them have a formal plan of one year.

Table 5. Attitudes towards training plans

| Size-class | 10-19 | 20-49 | 50-199 | 200-499 |
|------------------------------------|-------|-------|--------|---------|
| Formal, written plan | 65% | 65% | 88% | 96% |
| Plan approved by union delegates * | 38% | 39% | 83% | 99% |
| Plan under one year | 32% | 28% | 8% | 3% |
| 1 year plan | 43% | 56% | 83% | 81% |

Source: AGEFOS PME, Perspectives 2003, (Prospects 2003), Paris, October 2003. * statutory obligation to consult union delegates in companies with over 50 employees.

b) Anticipated management of jobs and competences (GPEC)

GPEC aims at covering all aspects of competence development for the company: management of jobs and management of training plans. GPEC depends on the size of the company. An estimated 15% of SMEs anticipate competence development²⁰. Most of the time, competence management is linked to industrial strategy (not to a global human resources strategy).

²⁰ Céreq, *La formation dans les entreprises, entre réflexe et stratégie* (Vocational training in enterprises : between reflex and strategy), April 2004.



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Anticipated management of jobs and competences varies depending on the size of the company: the larger the firm, the higher the GPEC rate.

Table 6. **Anticipated management of Jobs and competences according to the size of enterprises (Private companies, agriculture and health sectors excluded)**

| Number of employees | % in the total number of enterprises | % of enterprises with GPEC | Access to training and courses |
|---------------------|--------------------------------------|----------------------------|--------------------------------|
| 10-19 | 26% | 9% | 18% |
| 20-49 | 49% | 13% | 25% |
| 50-249 | 21% | 23% | 38% |
| 250-499 | 2% | 26% | 58% |
| 500 & + | 2% | 40% | 58% |
| Altogether | 100% | 15% | 46% |

Source: CEREQ, on the basis of the results for France of the Continuous vocational training survey (CVTS-2) conducted for Eurostat, 2004.

Anticipation of competence development does not have the same importance in all companies. Therefore, GPEC is quite well developed in some sectors, very little in others.

Table 7. **GPEC and sector of activity. Proportion on companies that have used GPEC in 1999: that have evaluated their future competence needs**

| | |
|----------------------------|------------|
| Post and telecommunication | 28% |
| Finance, insurance | 27% |
| Car industry | 23% |
| Business services | 20% |
| Construction | 13% |
| Manufacturing industry | 8% |
| Average | 15% |

Source: CEREQ, on the basis of the results for France of the CVTS-2 conducted for Eurostat, 2004



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2.4. RATIONALE AND BARRIERS FOR SMES TO ENGAGE THEMSELVES IN COMPETENCE DEVELOPMENT ACTIVITIES

2.4.1. Rationale/reasons for SMEs to become involved in these activities: What do SMEs expect to obtain from them?

Competences development requires time and money. Companies that get involved in these activities expect a general improvement: individual competence development greatly contributes to the collective competence and performance. In all SMEs, foreseeable evolutions of the job market and the economic conjuncture influence the decisions of the companies to become involved in competence development.

In a survey²¹, SMEs have been interviewed about their motivation for developing competence (in a list of four items): 34% of companies quote changes in job specification, 25% changes in their market, 18% labour organisation and 17% new ICT.

Competence development may be linked to a long-term company project or aims at meeting immediate needs.

The accompaniment of a special project of the company encourages 22% of companies with 200 employees and over to organise competence development. Only 9% of small SMEs (10-19 employees) and 13% of medium sized SMEs (20-200 employees) also have a planned strategy.

47% of small SMEs have a strong tendency to meet immediate needs expressed by the employees. 30% of companies with 50 employees and over have the same ad-hoc strategy.

2.4.2. What results SMEs obtain from their involvement in these activities?

Competence development of individuals has an impact on the overall performance of the company. 94.6% of managers and employees estimate that they meet the needs of economic performance of the company²².

²¹ Aprodi, *Competence development in SMEs*, French contribution for the Observatory of European SMEs, Paris, 2003.

²² Agefos-PME, *Enquête nationale sur la formation professionnelle* (National survey on vocational training), Press release, September 2004.



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A majority of employees and managers believe that the benefits of the training are shared by the company and the trainee: both improve their competence and their performance. Upgrading the competence of all types of workers (from unskilled workers to managers) is crucial to company performance in "knowledge-based economies"²³.

An empirical research led by the University of Quebec²⁴ on 180 French SMEs has shown that companies that have a "good" training are more successful. The link between training policy and performance is acknowledged but it has to be studied with more details.

SMEs with a worldwide dimension, leaders in their activity often have the same policy, as far as training is concerned²⁵. Indeed, they are often making training investments; continuous innovation, specialization and technology may explain their training policy. A carefully-thought training policy is often the sign of the dynamism of the company. In leading companies, investment is crucial, not only physical investment, but also human investment.

2.4.3. Barriers for French SMEs to engage themselves in competence development strategies

Several causes explain that SMEs do not really plan their competence development: emphasis on short term and physical investment are often favoured over intellectual investment.

According to the results of the surveys conducted in 2002 and 2003 by Agefos-PME, recruitment difficulties and lack of time to train employees are the main difficulties for French SMEs in the field of the management of competences of their employees. The financing of training comes in third position.

²³ www.oecd.org

²⁴ Agnes Paradas, *Evaluer la formation dans des PME françaises* (Evaluating training in French SMEs), Presses de l'Université du Québec.

²⁵ Olivier Torres and Agnes Paradas, *Les politiques de formation des PME françaises de classe mondiale* (Training policy of French world-class SMEs), Presses de l'Université du Québec.



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Table 8. The two main difficulties faced by SMEs in the field of management of competences by size-classes in 2002 & 2003 (in % of the respondents)

| | 2002 | | 2003 | | | | |
|---|------|--------|-----------|-----------|-----------|-----------|-----------|
| | 1-9 | 10-499 | 1-9 | 10-19 | 20-49 | 50-199 | 200-499 |
| External recruitment of staff | 52 | 50 | 59 | 60 | 71 | 58 | 42 |
| Lack of time for employees training | 52 | 56 | 58 | 59 | 59 | 50 | 54 |
| Lack of corporate resources to finance training | 36 | 28 | 39 | 34 | 33 | 20 | 25 |
| Mobility or internal evolution of employees | 14 | 19 | 18 | 23 | 16 | 37 | 43 |
| Evaluating training needs | 5 | 14 | 9 | 13 | 11 | 16 | 29 |
| No answer | 8 | 1 | 6 | 3 | 2 | 7 | 2 |

Source: AGEFOS-PME, *Perspectives 2004 : Emploi et formation dans les PME* (Prospects 2004: employment and training in SMEs), Paris, October 2003.

We have already mentioned some of the obstacles that SMEs are facing when it comes to competence development.

a) Recruitment problems

Hiring staff is difficult and expensive. The cost of social contributions for the hiring of staff is mentioned by 81% of SMEs. 83% of SMEs would hire new staff if the social charges were not that high²⁶.

If they do not have a significant reason to anticipate an improvement of their activity, SMEs decide not to hire new workers.

Many SMEs renounce to hire a new employee because they believe that they cannot find someone that will correspond to their needs. A majority of SMEs look for immediately operational staff: 73% of small SMEs (10-49 employees) and 63% of medium sized SMEs (50-499)²⁷.

²⁶ Observatoire des PME, *Gestion du personnel et de l'emploi dans les petites entreprises* (Human resources and employment management in SMEs) in Regards sur les PME n°3, Paris, 2003.

²⁷ Agefos-PME *Perspectives 2004 : Emploi et formation dans les PME* (Prospects 2004: employment and training in SMEs), Paris, October 2003.



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b) Lack of time, problems of replacement

Training the company's employees is considered as a suitable mechanism to improve competences. However, the lack of time of employees is the main obstacle to training. An employee on training needs to be replaced, which is difficult and expensive. It is especially difficult in the smallest companies because each employee has a specific role.

The lack of corporate resources to finance training is also mentioned by 33% of SMEs.

2.5. TOPICS AND EMPLOYMENT CATEGORIES BENEFITING FROM COMPETENCE DEVELOPMENT ACTIVITIES

2.5.1. Main topic fields covered by the competence development activities

The size of the company has an impact on the topic fields of the competence development activities.

In the companies with 50 employees and more, predominant domains are quality, computer science, management and human resources.

Strategy and languages are specific to the largest SMEs (200 employees and more). In smaller companies, these topics are not really developed.

Smaller SMEs (20 to 49 employees) have a tendency to develop quality, especially in order to adapt to norms (such as ISO 9001 in its 2000 version).

The number of employees has also an impact on the share of employees that benefit from training.



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Table 9. Training domains in which SMEs expect to invest in the next twelve months by size-classes in 2002 & 2003 (% of the respondents answering 'yes')

| Size-class | 2002 | | | | | 2003 | | | | |
|------------------------------|------|-------|-------|-----|------|------|-------|-------|--------|------|
| | 1-9 | 10-19 | 20-49 | 50- | 200- | 1-9 | 10-19 | 20-49 | 50-199 | 200- |
| Quality | 16 | 23 | 23 | 32 | 30 | 40 | 53 | 60 | 47 | 53 |
| Technique | 21 | 36 | 42 | 52 | 53 | 48 | 61 | 68 | 76 | 80 |
| Computer science | 27 | 22 | 21 | 29 | 31 | 33 | 46 | 53 | 61 | 70 |
| Management & human resources | 9 | 14 | 17 | 30 | 43 | 11 | 18 | 29 | 54 | 66 |
| Marketing/sales | 23 | 30 | 24 | 19 | 26 | 15 | 23 | 24 | 30 | 25 |
| Languages | 7 | 7 | 8 | 24 | 30 | 9 | 8 | 9 | 21 | 41 |
| Finance | 7 | 7 | 9 | 4 | 6 | 18 | 24 | 19 | 25 | 37 |
| Strategy | | | | | | 9 | 8 | 9 | 21 | 41 |
| Others | | | | | | 1 | 3 | 2 | 4 | 5 |

Sources: AGEFOS-PME, 'Prospects 2004', October 2003 and AGEFOS-PME, 'Prospects 2003', October 2002.

2.5.2. Main employment categories benefited from these competence development activities

Data on the access to formal vocational training can constitute a proxy to answer the question of employment categories benefiting from competence development activities.

The size of the company influences both the share and the category of employees receiving a training: it also modifies the proportion of executives that benefit from training.

Large SMEs (200-499 employees) organise competence development activities for a majority of the executives and managers: 89%. On the contrary, small SMEs (10 to 50 employees) tend to develop in priority training for qualified manual workers and administrative employees²⁸.

²⁸ AGEFOS-PME, *Perspectives 2004 : Emploi et formation dans les PME* (Prospects 2004: employment and training in SMEs), Paris, October 2003..



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The expression of the need and the level of qualification are very closely linked²⁹. Executives and qualified workers are more willing to be trained than non-skilled workers. Vocational training is usually more seen as a complement than as a substitute to initial training.

Two thirds of executives express their need for training. Less than 50% of manual workers feel the need for training³⁰. A large majority of workers that do not benefit from training do not feel the need for it.

Table 10. Employment categories that will benefit from training in the next twelve months by size-classes in 2002 & 2003 (% of the respondents answering 'yes')

| Size-class | 2002 | | | | | 2003 | | | | |
|------------------------|------|-----|-----|-----|------|------|-------|-------|--------|---------|
| | 1-9 | 10- | 20- | 50- | 200- | 1-9 | 10-19 | 20-49 | 50-199 | 200-499 |
| Manual workers | 23 | 20 | 30 | 24 | 25 | 29 | 49 | 65 | 66 | 71 |
| Qualified manual | 30 | 29 | 31 | 49 | 42 | 39 | 59 | 66 | 70 | 81 |
| Administrative | 21 | 43 | 37 | 39 | 27 | 43 | 55 | 74 | 71 | 86 |
| Technicians & foremen | 13 | 26 | 32 | 42 | 54 | 20 | 40 | 66 | 74 | 88 |
| Engineers & executives | 13 | 25 | 20 | 32 | 41 | 20 | 28 | 42 | 66 | 89 |
| Management | 6 | 12 | 11 | 9 | 11 | 30 | 37 | 40 | 43 | 57 |

Sources: AGEFOS-PME, Perspectives 2004 (Prospects 2004), Paris, October 2003 and AGEFOS-PME, Perspectives 2003 (Prospects 2003), Paris, October 2002.

Management team's members is the category that beneficiates the less from training. However, studies show that "there is a positive correlation between the degree of management training and the bottom-line performance of a SME"³¹. Indeed, SMEs are particularly vulnerable in the early years and it appears that a properly trained manager "can reduce their failure rates".

²⁹ INSEE Première, *Investir dans la formation continue* (Investing in vocational training), Paris, February 2000.

³⁰ INSEE Première, *La formation en entreprise continue de se développer* (Vocational training keeps developing), Paris, February 2001

³¹ www.oecd.org



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2.5.3. Differences in the methods used for improving competences by the different job categories

Formal and informal training practices are complementary. Both methods have to be adapted to the needs and to job category of workers. Executives, engineers and management team's members, who have a more complete initial formation, benefit less from "traditional" competence development activities.

a) Management team's members and executives

Management team's members do not consider their own training as a priority. This does not mean that executives are not aware of their own needs.

A certain number of obstacles prevent them from following a "traditional training": lack of time, suspicion of the traditional methods in seminars, primacy of the short term over investment.

However, many top executives take part to clubs and networks where they can discuss their problems and exchange good practices. It is a good way for them to be in touch with the latest trends of competence development.

b) Manual workers and technicians

On the contrary, manual workers and technicians who receive a technical or computer science training are more likely to attend formal competence development activities. These categories of workers are more reluctant than the others to follow training: they either do not know about it or do not expect much of it³².

2.6. ORGANISATIONAL LEARNING IN SMES

Knowledge management consists in transforming individual knowledge into collective knowledge, in collecting and stocking information and personal experiences of each of the members of the company, in order to share them with the other members of the firm³³.

³² Céreq, *Aux origines de l'inégale appétence des salariés pour la formation* (Disparities in interest for vocational training), in Bref n°209, June 2004

³³ www.microsoft.fr



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It may seem quite simple but it requests important investments, both physical and human. Indeed, knowledge management requires a technological support so that all employees can have access to information. Of course this does not mean that all employees have an access to all information (some information has to remain "pre-served").

2.6.1. Practices of knowledge management

Knowledge management is perceived as a way to improve general knowledge within the firm. It requires important investments and therefore is not accessible to all SMEs.

However, some SMEs manage to achieve knowledge management. Motul³⁴ (a French SME specialised in lubricant for cars and industry), that wanted to improve its productivity and reactivity as well as to enhance exchange and circulation of information, is a good example of successful Knowledge management.

The first step consists in finding the right technical solution, which is not easy. The criteria can be a web solution, a system that does not require a heavy maintenance and that does not depend on I.T. scientists.

Knowledge management is not a simple intranet. It is a system of information that has to be supplied with all kind of information. Information has to be constantly added to the system. However, it is necessary to regularly control the pertinence of information. That is why "knowledge managers" may be necessary: they can help structure information.

Saving in time on production and research and access to information can be very important. Motul estimates that the savings on time approach 400%. It is particularly significant in subsidiaries abroad. The improvement of the reactivity of a SME can have a major impact on its competitiveness.

However, we have to mention that knowledge management is not possible in all SMEs, due to its cost and to the difficulty to impose changes in SMEs.

³⁴ Catherine Nohra-China, www.indexel.net, September 2004 and www.motul.fr



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2.6.2. Barriers

Knowledge management represents a very important financial investment for all companies. Technical solutions are very expensive and need to be perfectly adapted to the need of the firm, which requires a preliminary audit. SMEs have to master new technologies in order to be competitive, they do not have the choice.

A poll, conducted by the Centre des jeunes dirigeants³⁵ (CJD, association of young managers) shows that most SMEs do not find any technological solution adapted to their needs. Editors often offer solutions that are adapted to large companies, not to SMEs. They sometimes recommend complex tools of workflow while simple programme would meet the needs.

In France, information is often perceived as a way to control the situation. Most people who have access to information do not want to share it, which is the exact opposite of knowledge management. Opposition to changes is quite strong in all SMEs. Knowledge management is not only a tool. It is also a radically different way of working within companies. Individuals have to make the effort to share information with their colleagues. In exchange, they will have access to information that they ignored so far, which is very positive for everyone.

2.6.3. Storage and dissemination of the existing and new knowledge within the SMEs: practices and barriers.

As we have seen, knowledge management (as the introduction of a new system of information) is not very common. However, other forms of "lighter" knowledge management exist in most SMEs. Indeed, all companies need to improve the circulation of information within and out of the company (with their customers).

Organisation apprenante (learning organisation) is a form of knowledge management. This concept is based on the idea that the capacity of learning of an organisation is its main source of competitiveness³⁶. The acquisition of competence is linked to three key factors: the organisation, the groups and individuals³⁷.

³⁵ www.indexel.net, October 2001 and www.cjd.net

³⁶ En lignes, La lettre du Cedip n°14, *L'organisation apprenante* (Learning organisation), January 2001

³⁷ Anact, Comment mettre en place une organisation apprenante? (how to organise a learning organisation), in Travail et changement, July/august 2003



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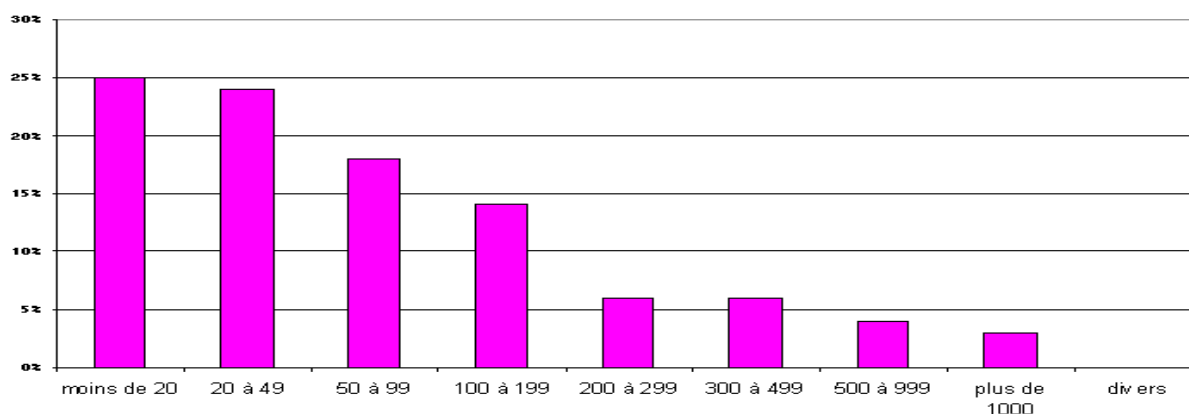
This form of organisation is the most evolved, as far as competence management is concerned. Learning organisation will give preference to collective "learning" in order to organise a collective development of competences. The perspective is not those of the individual but those of the organisation or of the team.

The project of the learning organisation is to organise a system that allow the development of collective competences. The manager plays a crucial role and a very good integration of training and GPEC is necessary.³⁸

One important key of the success of a learning organisation is the formalisation of procedures and processes. There can't be any memory nor any capitalisation without writing. Furthermore, the necessity to describe precisely what is done and how will favour the progress of methods through the participation of everyone as an actor of the process of competence development rather than as a spectator of a training session.³⁹

ISO 9000 certification can be considered as a proxy for the storage of process and procedure within an enterprise. It is therefore interesting to note that when comparing the distribution by size-classes of ISO certificates (see Graph 1 below) with the size-classes distribution of the number of enterprises, SMEs appears to lag behind LSEs. But, obviously SMEs can also implement storage tools and methods without implementing a certification process.

Graph 1. Distribution of ISO 9000 certificates delivered by AFAQ (French Agency for quality insurance, <http://www.afaq.fr>) by size classes (October 2004)



³⁸ En lignes, La lettre du Cedip n°14, *L'organisation apprenante* (Learning organisation), January 2001.

³⁹ En lignes, La lettre du Cedip n°14, *L'organisation apprenante* (Learning organisation), January 2001.



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3. COMPETENCE DEVELOPMENT ACTIVITIES IN FRENCH SMES: RESULTS FROM THE SURVEY

3.1. METHODOLOGY

The sample of the survey is made up by 152 manufacturing SMEs from the whole French continental territory and from 10 to 249 employees (the smallest enterprises being out of the scope of the study).

By size classes, the distribution is almost perfectly balanced, 49.3% of the surveyed enterprises being small firms (10-49 employees) and 50.7% being medium sized enterprises (50-249 employees) (see Table 11 below).

By economic activity sector, surveyed enterprises have been classified into seven main sectors: food and beverage, textile, clothing, leather and shoes, woods and furniture, paper and print, fuel, chemical and plastic, metal products, machinery and equipment, and electric and electronics. The respective shares of each of the sectors in the total sample range from 13.2% (fuel, chemical and plastic) to 16.4% (metal products, machinery and equipment).

Table 11. Sample breakdown by companies' size and sector

| COMPANIES' CHARACTERISTICS | NACE | Number of companies |
|---|-------------|---------------------|
| Size (Employment) | | |
| 10-49 | | 77 |
| 50-249 | | 75 |
| Sector | | |
| Food and beverage | DA | 22 |
| Textile, clothing, leather and shoes | DB,DC | 20 |
| Woods and furniture | DD,DN | 22 |
| Paper and print | DE | 23 |
| Fuel, chemical an plastic | DF,DG,DH,DI | 20 |
| Metal products, machinery and equipment | DJ,DK,DM | 25 |
| Electric and electronics | DL | 20 |
| TOTAL | | 152 |

Source: Ikei and Citia, CODE Leonardo project



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The survey has been conducted by telephonic interviews with the owner, general manager, human resources manager or another manager in the enterprise, following a fully structured questionnaire, during the months of April and May 2004.

It is interesting to first replace the results of the survey in the context of the presence and role of SMEs in France.

As shown by Table 12 below, in France - as in Europe as a whole - SMEs account for a huge share of the total number of enterprises, 99.8% of all French businesses being SMEs. More precisely, the vast majority of French businesses are micro enterprises (0 to 9 employees). Small enterprises (10 to 49 employees) and medium sized enterprises (50 to 249 employees) account for nearly 7% of French businesses, very near from the situation in Europe-19.

In terms of employment, French SMEs account for 59.2 % of the total number of employees: micro enterprises 21.3%, small enterprises 22% and medium-sized enterprises, 16.9%.

These figures must be compared with the Europe-19 data with caution in the sense that the French statistics do not include self employed.

Table 12. Percentage distribution of employment and enterprises, by size class. France and the EU-19. 2000.

| | Enterprises | | Employment | |
|-------------------|-------------|-------|------------|-------|
| | France | EU-19 | France* | EU-19 |
| Micro enterprises | 92.85 | 93.1 | 21.3 | 34.3 |
| Small | 6.00 | 5.9 | 22.0 | 19.0 |
| Medium sized | 0.97 | 0.8 | 16.9 | 13.1 |
| Total SMEs | 99.8 | 99.8 | 59.2 | 66.4 |
| Large enterprises | 0.2 | 0.2 | 39.8 | 33.6 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 |

Source: 'The 2002 Observatory of European SMEs', DG Enterprise and Agence des PME, 'PME: Clés de lecture', (SMEs: key facts and figures) in Regards sur les PME, Paris, 2001.

* wage-earners only



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As the survey do not concern SMEs as a whole but SMEs in manufacturing SMEs, it is also interesting to present the place of this sector of activity as compared to the whole SMEs.

Manufacturing SMEs account for 11% of the total number of SMEs and nearly 26% of total employment in SMEs (see Table 13 below).

Table 13. Share of manufacturing enterprises in the total number of enterprises and in total employment, by size class, in %, France. 2001.

| | Enterprises | Employment |
|---|-------------|------------|
| No employee | 7 | 14.5 |
| 1 to 9 employees | 12 | |
| Small (10 to 49 employees) | 25 | 27.0 |
| Medium-sized (50 to 249 employees) | 37 | 38.6 |
| Total SMEs (0 to 249 employees) | 11 | 25.8 |
| Large enterprises (250 employees & more) | 47 | 39.7 |
| Total enterprises | 11 | 31.4 |
| Source: Insee in Agence des PME, 'PME: Clés de lecture', (SMEs: key facts and figures) in Regards sur les PME, Paris, 2001. | | |

It is also worth mentioning that, within manufacturing industries, SMEs account for almost 50% of total employment, that is to say that almost 1 employee out of 2 in manufacturing industries works in an SME.

3.2. ATTITUDES OF THE ENTERPRISES TOWARDS COMPETENCE DEVELOPMENT ACTIVITIES

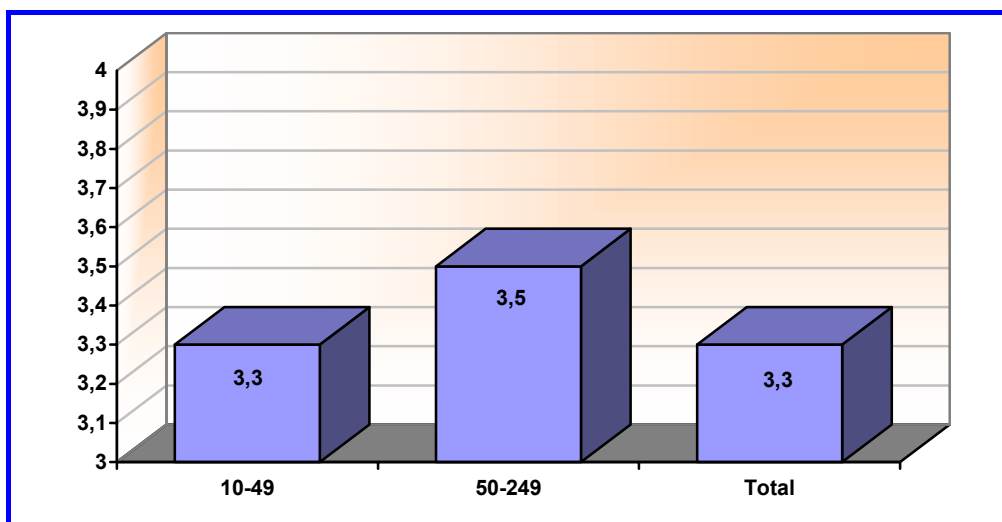
French surveyed enterprises were first requested to quote the importance of the competence development activities for sustaining their competitiveness, along a 1 ("not important for my enterprise") to 4 ("very important for my enterprise") scale:

The French surveyed small and medium-sized enterprises quote the importance of competence development activities for sustaining their competitiveness on average to 3.3 (see Graph 2 below). That is to say that competence development activities are considered as important, see very important, for sustaining the competitiveness of the French surveyed SMEs.



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Graph2. Importance attributed by enterprises to the competence development activities for sustaining their competitiveness, by enterprise size



Results from '1'= Not important to '4'=very important

All enterprises

Source: Ikei and Citia, CODE Leonardo project

This importance is even slightly highest for the medium-sized enterprises; they quote this importance to 3.5 against 3.3 for small enterprises.

3.3. ACQUISITION OF EXTERNAL COMPETENCE

Surveyed enterprises have been requested to rank the relevance of different actors as a source of knowledge and competences for their enterprise, from 1 meaning "not relevant for my enterprise" to 4 meaning "very relevant for my enterprise".

It appears that most actors are scored around 3 (see Table 14 below), meaning that they are considered as "relevant source of knowledge and competences for the enterprises". In a decreasing order of relevance, clients were quoted 3.2, suppliers 3.1, consultants and accountants/auditors 2.9, newly recruited external personal with new required competences 2.8, competitors and business colleagues 2.7, and universities and training centres 2.6.

Other actors were considered as less directly relevant, it is the case of business and trade association (quoted 2.4), R&D centres and business experts (2.2) and government and public agencies (1.9).



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Table 14. Relevance for the enterprises of different actors as sources of knowledge and competences, by enterprise size

| | Enterprise size | | |
|---|-----------------|--------|-------|
| | 10-49 | 50-249 | Total |
| Recruitment of new external personnel with required new competences | 2.8 | 3.0 | 2.8 |
| Suppliers | 3.1 | 2.9 | 3.1 |
| Clients | 3.2 | 3.2 | 3.2 |
| Competitors and business colleagues | 2.7 | 2.7 | 2.7 |
| Consultants and accountants/auditors | 3.0 | 2.6 | 2.9 |
| Universities and training centres | 2.6 | 2.4 | 2.6 |
| R&D centres and technical experts | 2.2 | 2.4 | 2.2 |
| Business and Trade Associations | 2.4 | 2.5 | 2.4 |
| Government & public agencies | 1.9 | 2.0 | 1.9 |

Results from '1'=not relevant for my enterprise to '4'=very relevant for my enterprise

All enterprises

Source: Ikei and Citia, CODE Leonardo project

No important differences can be detected when comparing the respective results for the small enterprises and for the medium-sized enterprises, except for "consultants and accountants/auditors" that are considered as more relevant by small enterprises (3.0) than by medium-sized enterprises (2.6). This could reflect the specific importance of the external accountants and auditors when they act as counsellors of the business managers of the smallest firms.

On the other hand, the importance of "new external personnel with new competences" is slightly more important for medium-sized enterprises (3.0 against 2.8 for small enterprises).

3.4. PRACTICES FOR INCREASING ENTERPRISES' COMPETENCE LEVELS

Surveyed SMEs ranked the relevance of various external or internal practices for increasing their knowledge, competence and skill base (see Table 15 below).

Practices internal to the enterprises are, on the whole, considered as slightly more relevant (with quotations established between 2.3 and 3.2, depending on the kind of internal practice) than external to the enterprise practices (quotations established between 1.7 and 2.7, depending on the kind of external practice).

Considered as more relevant are informal internal practices, such as "on the job learning" and "job/task rotation" (both quoted 3.2).



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Other internal activities, such as "self-study activities during working time" (2.8), "tutor/mentoring systems for new employees" (2.8), "coaching/guidance activities for staff by other people in the enterprise" (2.7), and "innovation + R&D activities (2.6) are also considered important.

Table 15. Relevance of different practices for increasing the enterprises' knowledge, competence and skill base, by enterprise size

| | Enterprise size | | |
|---|-----------------|--------|-------|
| | 10-49 | 50-249 | Total |
| External-to-the-enterprise practices | | | |
| Visits to expositions/trade fairs | 2.7 | 2.8 | 2.7 |
| Attendance to conferences/seminars provided by external personnel | 2.2 | 2.3 | 2.2 |
| Attendance to training courses provided by external-to-the enterprise personnel | 2.5 | 2.8 | 2.6 |
| Co-operation with other enterprises | 2.4 | 2.4 | 2.4 |
| Study visits to other enterprises/institutions | 2.3 | 2.2 | 2.3 |
| Job rotation and exchanges with other enterprises | 1.7 | 1.6 | 1.7 |
| Reading of information available in trade and sector magazines, publications | 2.6 | 2.8 | 2.7 |
| Reading of information available in Internet (websites, databases, etc) | 2.5 | 2.8 | 2.6 |
| Analysis of patents and licenses | 1.9 | 2.1 | 2.0 |
| Internal-to-the-enterprise practices | | | |
| Internal training courses/seminars provided by own personnel | 2.2 | 2.7 | 2.3 |
| Self-study activities during working time | 2.8 | 2.8 | 2.8 |
| On the job learning/learning in the daily work (for current personnel) | 3.2 | 3.3 | 3.2 |
| Job /task rotation (in-house) | 3.2 | 3.0 | 3.2 |
| Coaching/guidance activities for staff by other people in the enterprise | 2.6 | 3.0 | 2.7 |
| Tutor/mentoring systems for new employees | 2.7 | 2.9 | 2.8 |
| Apprenticeship schemes | 2.6 | 2.4 | 2.5 |
| Meetings amongst personnel for knowledge exchange/quality circles | 2.4 | 2.8 | 2.5 |
| Innovation and R+D activities | 2.5 | 2.7 | 2.6 |

Results from '1'=not relevant for my enterprise to '4'=very relevant for my enterprise All enterprises
Source: Ikei and Citia, CODE Leonardo project.

When considering external activities "visits to exposition/trade fairs" (2.7), which seems logical with the importance granted to clients and suppliers as a relevant external source of information (referring to the previous question), reading of information available in trade and sector magazines and publications (2.7), or in Internet (2.6), and attendance to training courses provided by trainers external to the enterprise (2.6) are the most relevant.



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One could note the little relevance granted to the job rotation and exchanges with other enterprises (1.7), probably related to the difficulty to share know-how and knowledge with potential competitors and/or to legal obstacles to the development of such practices.

Once again, differences between medium-sized and small enterprises are slight, the most significant ones being the greatest confidence of the medium-sized enterprises for some internal activities, such as "training courses provided by the personal internal to the enterprise" (quoted 2.7 by the medium-sized enterprises, against 2.2 for the small enterprises), "coaching/guidance" (3.0 against 2.6), and "meeting amongst personal for knowledge exchange / quality circles" (2.8 against 2.4). This could reflect that the largest the enterprise the more time and resources it can dedicate to such practices.

When asked if they consider as more effective formal training acquired in a course (internal or external), or informal training and knowledge acquired on the job, the enterprises mark a clear attachment for on the job the learning, as almost no enterprise declare training courses as the most effective practise: 38 % declare knowledge acquired on the job as more efficient, while 60 % of the enterprise declare that on the job practice and formal training courses as equally efficient (see Table 16 below).

Table 16. Percentage of enterprises, according to their preference of formal/informal training practices, by enterprise size

| | Enterprise size | | |
|---|-----------------|--------------|--------------|
| | 10-49 | 50-249 | Total |
| The formal training acquired in a course (external or internal) | 0.0 | 1.9 | 0.4 |
| The informal training and knowledge acquired on the job | 40.0 | 29.7 | 37.8 |
| Both equal | 59.1 | 65.7 | 60.5 |
| Don't Know/ No answer | 0.9 | 2.7 | 1.3 |
| TOTAL | 100.0 | 100.0 | 100.0 |

All enterprises

Source: Ikei and Citia, CODE Leonardo project

Not surprisingly, small enterprises are the ones that most frequently consider the on the job practices as the more efficient (40% of them, against 30% for the medium-sized enterprises).



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3.5. OCCUPATIONAL GROUPS BENEFITING FROM COMPETENCE DEVELOPMENT ACTIVITIES

Middle management and technicians, and directors and managers are clearly the main beneficiaries of external development activities (72 % of the enterprises mention them amongst the main beneficiaries), when compared to the manual workers and operators (only 30 % of the enterprises mention them as main beneficiaries), and especially when compared to the clerks and administrative personnel (mentioned as main beneficiaries by only 15 % of the enterprises, see Table 17 below).

In some way, this marks a difference between people supposed to have many relations with external partners (clients, suppliers: e.g. during commercial or technical contacts, trade fairs, etc.) and people often supposed to work inside the premises or factory with little external contacts.

When referring to the preferred "external activities" (getting information in reviews or in Internet, or attending to training courses), this also marks a difference between people most supposed to learn and thus make the enterprise evolve, and people mainly supposed to follow the evolutions.

Table 17. Percentage of enterprises, according to the occupational groups mainly benefited from enterprises' external and internal competence development activities, by enterprise size

| Group categories | External activities | | | Internal activities | | |
|----------------------------------|---------------------|--------|-------|---------------------|--------|-------|
| | 10-49 | 50-249 | Total | 10-49 | 50-249 | Total |
| Directors and managers | 70.2 | 75.9 | 71.4 | 47.2 | 33.3 | 44.3 |
| Middle management, technicians | 70.1 | 88.5 | 73.9 | 75.4 | 82.2 | 76.8 |
| Manual workers, operators | 32.6 | 21.5 | 30.3 | 47.6 | 62.4 | 50.6 |
| Clerks, administrative personnel | 16.1 | 9.6 | 14.7 | 16.8 | 11.3 | 15.7 |

Vertical totals may sum more than 100% as enterprises were requested to identify the two groups mostly benefited. All enterprises.

Source: Ikei and Citia, CODE Leonardo project.

Concerning the internal activities, the situation is slightly different.

The main beneficiaries are still the technicians and middle management (mentioned by 77 % of the enterprises), while the operators and manual workers reach the second position (mentioned by 51 % of the enterprises). This may probably be related to the "on the job learning", "tutoring", "job rotation" activities.



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The directors and managers appear in third position (mentioned by 44 % of the enterprises); finally, clerks and administrative personal are once again mentioned in the last place (by only 15 % of the enterprises).

Considering the differences between small enterprises and middle-sized enterprises, the structure of all previous remarks remain.

The differences are internal to some categories, technicians being a little bit more frequently beneficiaries in the medium-sized enterprises, administrative personal being on the contrary less often beneficiaries in the medium-sized firms than in the small firms, and manual workers benefiting (in medium-sized firms) more from internal activities and less from external activities.

3.6. FORMALISATION AND DIFFUSION OF THE IN-HOUSE KNOWLEDGE

3.6.1. Formalisation of in-house knowledge

Enterprises were asked if they were currently applying formalized management tools. On average, 71% of surveyed French enterprises have a quality management system (although 40% "only" are ISO certified), 65% have written manual(s) describing the main tasks and activities of each working post and 54% written manual(s) describing the productive standards and routines (see Table 18 below). But only 52% have a formal organisation chart and 35% have a formal strategic plan.

Table 18. Percentage of enterprises with formalised management tools, by enterprise size

| Variables | Enterprise size | | |
|---|-----------------|--------|-------|
| | 10-49 | 50-249 | Total |
| A formal organisation chart | 43.8 | 82.2 | 51.8 |
| A formal strategic plan | 28.4 | 60.8 | 35.1 |
| Written manual(s) describing the main tasks and activities of each working post | 60.6 | 82.3 | 65.1 |
| Written manual(s) describing the productive standards and routines | 48.7 | 72.4 | 53.6 |
| Quality management systems | 66.9 | 85.4 | 70.7 |
| ISO certifications (9000, 14000, others) | 37.3 | 52.1 | 40.4 |

All enterprises

Source: Ikei and Citia, CODE Leonardo project



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In fact, data reveal clear differences between size classes. It is worth noticing that for all management tools considered, a much larger share of medium-sized enterprises uses such tools as opposed to small enterprises. The differences are especially important as regards strategic plan (61 % against 28%) and formal organisation chart (82% against 44%).

When considering formalised human resources management tools (see Table 19 below), one tool is particularly used which is "meeting (s) to inform employees on changes/developments about job/enterprise". 78% of French surveyed SMEs declare to use it to be compared to "System(s) for collecting employees' suggestions related to work issues" used by 53.5%, "a written training plan" used by 46%, "formal system(s) for evaluating the personnel training needs" (41%), "formal systems for evaluating the personnel performance " (36%) and "defined process(es) for the recruitment and selection of personnel " (35%).

Table 19. Percentage of enterprises with formalised human resources management tools, by enterprise size

| Variables | Enterprise size | | |
|---|-----------------|--------|-------|
| | 10-49 | 50-249 | Total |
| Defined process(es) for the recruitment and selection of personnel | 31.7 | 47.6 | 35.0 |
| Formal system(s) for evaluating the personnel performance | 32.2 | 52.2 | 36.3 |
| Formal system(s) for evaluating the personnel training needs | 37.3 | 54.1 | 40.8 |
| A written training plan | 36.5 | 81.0 | 45.7 |
| System(s) for collecting employees' suggestions related to work issues | 51.6 | 60.7 | 53.5 |
| Meetings to inform employees on changes/developments about job/enterprise | 76.8 | 80.7 | 77.6 |

All enterprises

Source: Ikei and Citia, CODE Leonardo project

The use of all tools is more developed in medium sized enterprises. Whereas the share of enterprises using meetings are not very different between size-classes (77% of small French surveyed enterprises against 81% for medium sized enterprises), the difference are especially high for the tool "written training plan" (36.5% against 81%). This difference is certainly to be explained by the legal obligation made to enterprises with 50 employees or more to have a written training plan.

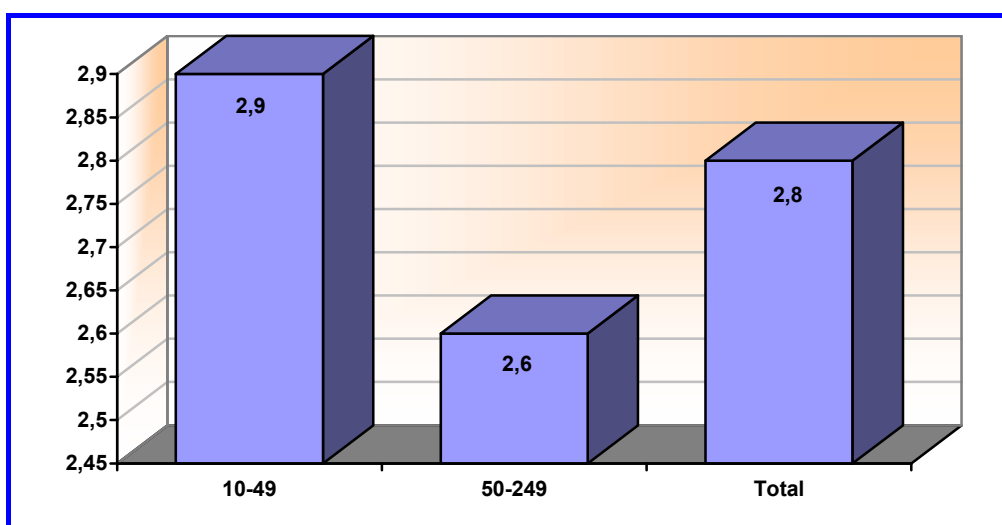


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3.6.2. Diffusion of the in-house knowledge

Enterprises have been asked if they agreed or not on the fact that, in their enterprise, relevant knowledge and information were well disseminated through the organisation. Results have been asked along a 1 to 4 scale, and reveals some difference between size-classes (see Graph 3 below).

Graph 3. Assessment of the degree of dissemination of relevant knowledge and information through the organisation, by enterprise size



Results from '1'= Very badly disseminated to '4'=Very well disseminated

All enterprises

Source: Ikei and Citia, CODE Leonardo project

The set of the small enterprises deliver an average quotation of 2.9 (3 corresponding to "I agree that it is well disseminated"), while the medium-sized enterprises show less confidence (with an average quotation of 2.6, nearly half way between 3 and 2 ("I tend to disagree with the fact that it is well disseminated").

Concerning the methods of dissemination of relevant knowledge and information within the organisation, enterprises were asked if the most useful were the formal mechanisms (intranets, manuals, internal newsletters ...) or the informal ones (informal meetings, daily interaction with people ...).



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Once again, a great majority of enterprises show their preference for informal mechanisms: 41 % of the enterprises declare that they prefer informal mechanisms, 49 % of the enterprises declare that they have no preference between formal and informal mechanisms, and 10 % only declare a preference for formal tools (see Table 20 below).

Table 20. Preference of enterprises of formal versus informal tools for disseminating relevant knowledge and information within the organisation, by enterprise size

| Variables | Enterprise size | | |
|-----------------------|-----------------|--------------|--------------|
| | 10-49 | 50-249 | Total |
| Formal mechanisms | 9.9 | 11.8 | 10.3 |
| Informal mechanisms | 41.9 | 36.3 | 40.7 |
| Both equal | 48.3 | 51.9 | 49.0 |
| Don't Know/ No answer | 0.0 | 0.0 | 0.0 |
| Total | 100.0 | 100.0 | 100.0 |

All enterprises

Source: Ikei and Citia, CODE Leonardo project

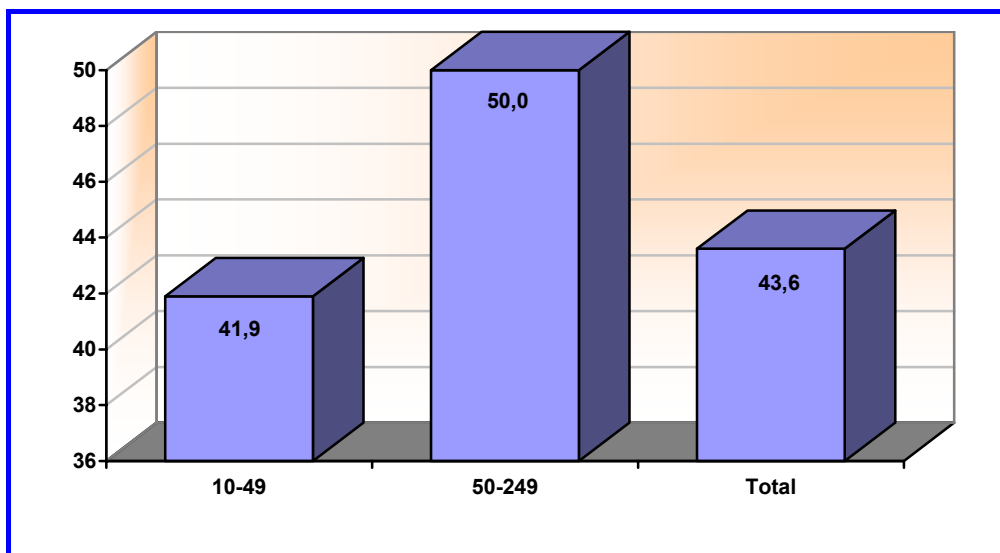
The results do not differ greatly between size classes. One can only note that smallest enterprises have a more pronounced preference for informal mechanisms.

On average 44% of French surveyed enterprises suggest having databases where relevant to the enterprise knowledge, experiences and documents are stored for subsequent use (see Graph 4).



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Graph 4. Percentage of enterprise who suggest to have databases where relevant-to-the-enterprise knowledge, experiences and documents are stored for subsequent use, by enterprise size



All enterprises

Source: Ikei and Citia, CODE Leonardo project

The share is higher in medium-sized enterprises (50 %) than in small enterprises (42 %).

In 93 % of French surveyed SMEs that have such databases, these are periodically updated (see Table 21 below). There is no difference between size-classes.

Table 21. Characterisation (updating and accessibility) of databases available within enterprises, by enterprise size (% of enterprises)

| Variables | Enterprise size | | |
|--|-----------------|--------|-------|
| | 10-49 | 50-249 | Total |
| Databases are periodically updated | 92.9 | 93.0 | 92.9 |
| Databases are accessible through ICT-based systems (i.e. Intranet) | 44.8 | 69.5 | 50.7 |
| These databases are accessible to | | | |
| All the enterprise's workforce | 40.7 | 26.4 | 37.3 |
| Only allowed personnel (including management board) | 48.0 | 65.1 | 52.1 |
| Only the management board | 11.3 | 1.5 | 9.0 |
| Don't know/no answer | 0.0 | 7.0 | 1.7 |

Data referred only to enterprises with databases

Source: Ikei and Citia, CODE Leonardo project



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In 70 % of medium-sized enterprises, these databases are accessible through ICT-based systems (i.e. Intranet); this is the case for 45 % of the small enterprises. This certainly reveals that more generally small enterprises still lag behind larger ones as regards the use of ICT.

In the majority of French surveyed SMEs with such databases, their access is reserved to allowed personnel (including management board) only (52%), whereas in over one third (37%) databases are accessible to all the enterprise's workforce and in 9% to the management board only.

There exist clear differences between size classes.

In 59 % of small enterprises, the access to such databases is reserved only to allowed personnel (and in 11 % of the cases the allowed personnel is reduced to the management board). This means that in 41 % of the small enterprises, the access is open to the entire enterprise workforce.

In the medium-sized enterprises, the free access to all members of the workforce is limited to 26 % of the enterprises, while it is limited to allowed personnel in 67% of the cases (but the allowed personnel is limited to management board in 1.5% of the cases only).

3.7. SCANNING COMPETENCE DEVELOPMENT NEEDS

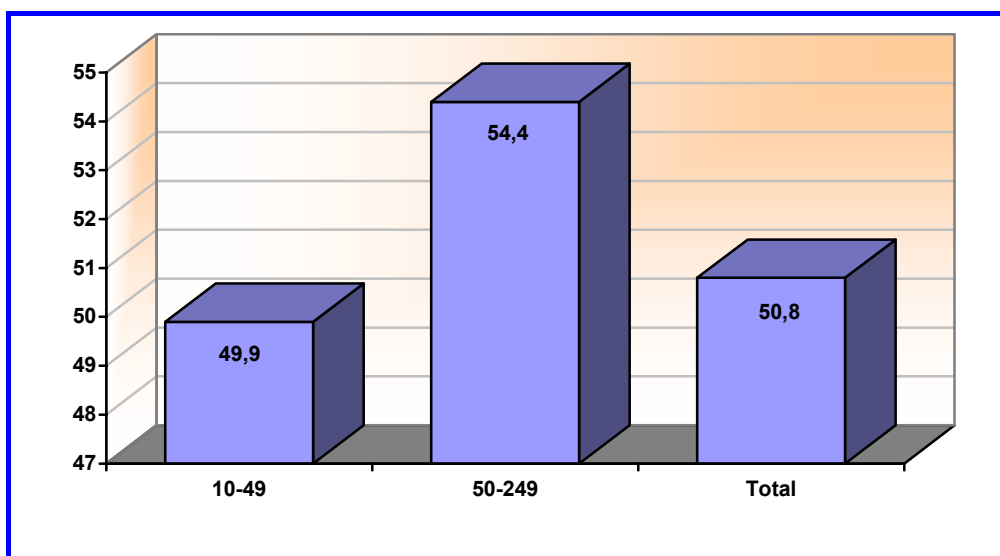
Concerning the evolution of the skills within the enterprises, 51 % of the enterprises suggest that they have a person or a group specifically responsible for the identification of current or future skill needs (see Graph 5 below).

This is most often the cases in medium sized enterprises but differences between the two size-classes are not very important (54.4% against 49.9%).



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Graph 5. Percentage of enterprises who suggest to have a special person or group responsible within the enterprise for identifying current or future skill needs, by enterprise size



All enterprises

Source: Ikei and Citia, CODE Leonardo project

On average, in those enterprises where such a person or a group exists, it is most often the management team that is responsible of this task (49% of the cases see Table 22 below). But there exists clear differences between size-classes.

Table 22. Percentage of enterprises according to the person/group(s) responsible of identifying current or future skill needs, by enterprise size

| Variables | Enterprise size | | |
|---|-----------------|--------------|--------------|
| | 10-49 | 50-249 | Total |
| The owner/ the general manager | 32.8 | 10.0 | 27.8 |
| The human resources manager/training director (if different from above) | 3.1 | 20.6 | 7.0 |
| The management team | 46.6 | 59.4 | 49.4 |
| A group formed by representatives of the management team and employees | 9.4 | 6.0 | 8.7 |
| Other | 8.1 | 4.0 | 7.2 |
| Total | 100.0 | 100.0 | 100.0 |

Only enterprises who have a special person or group for this task

Source: Ikei and Citia, CODE Leonardo project

In small enterprises, the person or group responsible of this task is : in 33 % of the cases the owner or general manager himself, in 47 % of the cases the management team, a human resources manager being indicated in only 3 % of the cases.



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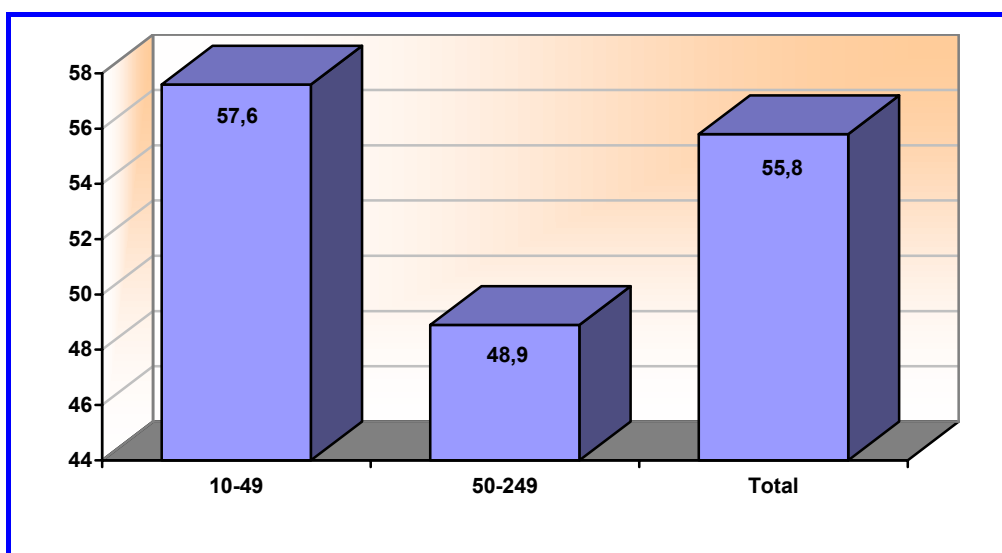
In medium-sized enterprises, the human resources manager (or training director) gains in importance with 21 % of the responses (which is normal due to the larger existence of such functions in the biggest enterprises). On the contrary, the general manager (or owner) tends to leave the responsibility for defining future skill needs (it is mentioned by only 10 % of the medium-sized enterprises), while the management team is more often involved (59 % of the cases) than in small enterprises.

Concerning the specific solution of a group formed by representatives of the management team and employees in order to define the future skill needs, this possibility is not often quoted (by 9 % of the small enterprises and 6 % of the medium-sized enterprises).

3.8. SKILL SHORTAGES/GAPS IDENTIFIED BY ENTERPRISES

A majority of French surveyed SMEs (56 %) declare that they agree with the fact that they are currently experiencing a lack (or shortage) of skilled labour (see Graph 6 below).

Graph 6. Percentage of enterprises agreeing or totally agreeing with the statement 'My enterprise is currently experiencing a lack (shortage) of skilled labour', by enterprise size



All enterprises

Source: Ikei and Citia, CODE Leonardo project

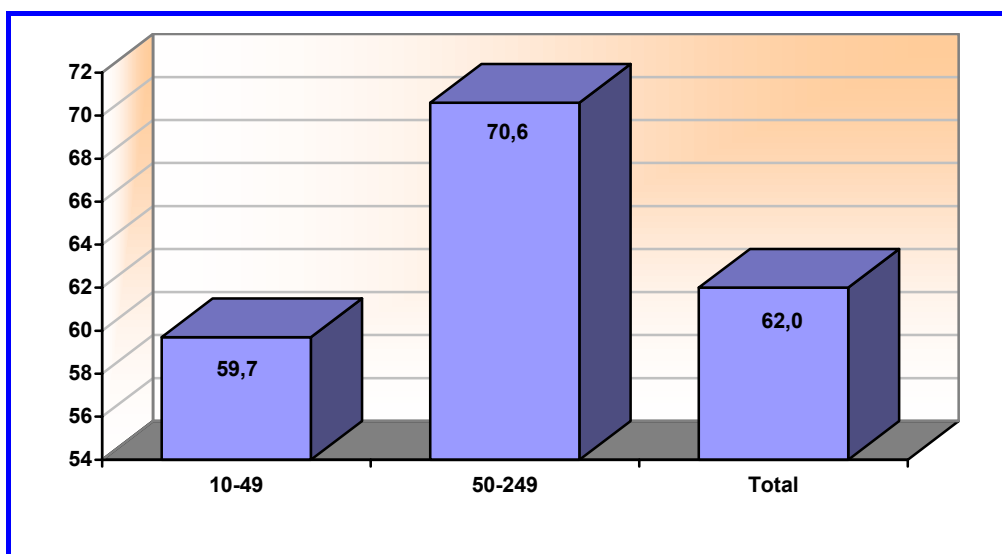
Interestingly enough, this is especially the case of small enterprises: 58 % of small enterprises against 49 % of medium-sized enterprises. This could reflect the fact it is relatively less attractive to work in a small business.



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62 % of French surveyed SMEs indicate that they agree with the fact that they currently need to upgrade the competences and skill base of their workforce (see Graph 7 below).

Graph 7. Percentage of enterprises agreeing or totally agreeing with the statement 'My enterprise currently needs to upgrade the competences and skills base of its workforce', by enterprise size



All enterprises

Source: Ikei and Citia, CODE Leonardo project

In contrast to the previous question, it is noticeable that 71% of medium sized-enterprises do agree with this statement against 60% of small enterprises "only". This could mean that although recruitment of new personnel with required competences is easiest in larger enterprises because they are more attractive, medium sized enterprises still feel more urgency to upgrade their competence base.

It is therefore interesting to examine which competences need to be upgraded.

The results for this question (see Table 23 below) are somehow in the sense that the feeling that the need to upgrade the competences and skills base is important ... for none of the specific categories of competence.

For each category of 9 different competences, the question was once again to be answered along a scale ranging from 1 (meaning "For this category of competence, I have no upgrading need for my enterprise") to 4 (meaning "For this category of competence, I have very urgent need of upgrading for my enterprise").



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The noticeable fact is that, whatever the kind of competence, and whatever the size of the enterprise, the average quotation is around 2 (which means "For this category of competence, I have little need of upgrading for my enterprise").

Thus, one could reasonably reach to the conclusion that, the general feeling of a need to upgrade the competences does not reveal some generally spread specific or specialised need (that could easily be summarized within any one of the over mentioned categories), but instead could reveal:

- whether, a general feeling of having to continually upgrade (all and every) competences in order to face a continually growing development of the competition and of the associated growing development of the competences within competitors;
- or, a need to describe, from now, much more precisely (within each one of the over mentioned categories), the very specific know-how or competences that could lack to a significant percentage of enterprises.

Table 23. Relevance of different competence areas according to the enterprises' identified needs, by enterprise size

| Variables | Enterprise size | | |
|-------------------------------|-----------------|--------|-------|
| | 10-49 | 50-249 | Total |
| Engineering and manufacturing | 1.8 | 2.2 | 1.9 |
| Sales and Marketing | 2.1 | 2.2 | 2.1 |
| Management, finance | 1.6 | 1.7 | 1.7 |
| ICTs, computers | 1.7 | 1.9 | 1.7 |
| Office work | 1.6 | 1.6 | 1.6 |
| Personal skills | 1.9 | 2.3 | 2.0 |
| Language abilities | 2.0 | 2.2 | 2.0 |
| Environment protection | 1.8 | 2.0 | 1.8 |
| Health and safety issues | 1.9 | 2.2 | 2.0 |

Results from '1'= no need for my enterprise to '4'= very urgent need for my enterprise

All enterprises

Source: Ikei and Citia, CODE Leonardo project

Again it can be noticed that the need to upgrade competences is quite always, and very slightly, more important for medium-sized enterprises than for small enterprises.



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3.9. BARRIERS FOR ENTERPRISES TO ENGAGE IN COMPETENCE DEVELOPMENT ACTIVITIES

As for the preceding question, the answers of the enterprises about their quoting of the different barriers that could hamper them from engaging in activities intended to develop the knowledge, skills and competences of their personal are to be considered with caution. This time, the answer has been asked along a 1 to 3 scale (1: "It is not a barrier for my enterprise"; 2: "It is a moderate barrier for my enterprise"; 3: "It is a big barrier for my enterprise").

So, it is possible to consider the four items for which the average answer of the enterprises exceed the quotation 2 (see Table 24 below): an "insufficient budget / costs are too high" (average quotation: 2.3); "employee's workload makes these activities difficult to organise" (quoted 2.2); "lack of motivation from the employees" (quoted 2.1); and "lack of support from the government" (quoted 2.0).

Table 24. Relevance of different barriers for enterprises to engage themselves in competence development activities, by enterprise size

| Variables | Enterprise size | | |
|--|-----------------|--------|-------|
| | 10-49 | 50-249 | Total |
| Insufficient budget/costs are too high | 2.3 | 2.3 | 2.3 |
| Employees' workload makes these activities difficult to organise | 2.2 | 2.4 | 2.2 |
| Too difficult for the enterprise to assess its own knowledge/skill needs | 1.7 | 1.4 | 1.6 |
| Lack of information on the possible sources of knowledge/skills | 1.8 | 1.4 | 1.7 |
| The available sources of skills and knowledge are unsatisfactory | 1.7 | 1.7 | 1.7 |
| Lack of motivation from the employees | 2.1 | 1.9 | 2.1 |
| Risk of trained employees being 'poached away' by competitors | 1.9 | 1.7 | 1.8 |
| Lack of support by the government (guidance, subsidies,...) | 2.0 | 1.9 | 2.0 |

Results from '1'= It is not a barrier for my enterprise to '3'= it is a big barrier for my enterprise

All enterprises

Source: Ikei and Citia, CODE Leonardo project

Concerning the specific case of the small enterprises, one can note that the points distinguishing them the most from the medium-sized enterprises are: "difficulty to assess their own knowledge / skill needs" (1.7 of quotation against 1.4 for the medium-sized enterprises) and their "lack of information on the possible sources of knowledge / skills" (1.8 of quotation against 1.4 for the medium-sized enterprises).



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Even if the differences between these quotations are small, special attention should be paid to the specific difficulty of these small enterprises to define their next future, comparatively to larger enterprises, which are more invested in more specifically defined activities and possible futures.

To end with this examination on the proper national situation, it is interesting to note that the 4 main barriers for the medium-sized enterprises and for the small enterprises are the same, which could indicate a permanent and structural shortage of financial resources, time resources, human resources, and organisation resources, all these forces being mobilized exactly in order to enter a club of more important or of more stabilized enterprises.

CASE STUDY 1: "LES LABORATOIRES BROTHIER" An example of formal recognition of the value of the know-how acquired through professional experience

As to illustrate SME best practice, Citia has selected "Les Laboratoires Brothier S.A.", and interviewed Mr Victor Cornejo, Industrial Director in November 2004. This choice was motivated by the awareness of this enterprise towards the importance of competence development, and especially as the action of Brothier has a close relationship with the Policy Measure case selected for France (see Case study 2).

Furthermore, the Brothier case gives a performing illustration of the possible concretisation of many to-be-reached goals expressed by the representative persons interviewed in the framework of the present study⁴⁰. As a consequence, it can be seen as a valuable experience benefiting both to the performance of the enterprise and to the staff members, with mutual recognition.

Presentation of « Les laboratoires Brothier »

Brothier is an independent French pharmaceutical company, created in 1949. Its Chairman and Managing Director is Mr Christian GIRARDIERE.

Its headquarters are situated in Nanterre (Ile-de-France Region), and the production and research site in Fontevraud l'Abbaye (Centre Region).

Brothier detains a specific know-how in haemostasis and tissue repair. Its main products are hemostatic wound dressings and ropes, bandage and hemostatic powder, motion sickness medicine and cough medicine.



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Apart from producing, Brothier realizes clinical research and develops its own processes, creating most of its production equipments.

Brothier has its products distributed worldwide in most countries through local partnerships.

Brothier is an expanding enterprise, in terms of innovation, sales and production.

Brothier and the competence development activities

The staff of Brothier (75 people) is composed of operators, technicians, engineers, doctors, pharmacists and sales representatives.

On the production site (including the control laboratory), there are 6 operators, 15 technicians, 4 administrative workers, the other persons being engineers and pharmacists.

The Brothier firm officially declares to be aware of the value of its personal. Consequently, Brothier develops a very active human resources policy, aiming at a continuous integration of all women and men into a team, in order to enlarge the collective competence of the enterprise.

Thus the competence development effort of the firm is based on both external and internal training courses as well as technological and marketing awareness and development of scientific partnerships at French and European levels.

In the present case study, we will relate a specific initiative concerning operators that took place during the last three years. This initiative was centred on the formal recognition (acknowledgment) of their professional experience.

The "recognition" operation

The origin of the action: the analysis of a problem to be solved

Brothier developed steadily since the early 90's, and thus introduced new materials and technologies. Besides the firm hired new employees with high qualifications or diplomas and also had young employees trained through external courses on long periods (1 to 4 years).

At the same time, the oldest employees with fewer diplomas successfully adapted to the new technologies and thus contributed to the success of the firm. But progressively, they resented the distortions of salaries and professional positions be-

⁴⁰ Please refer in this national Report to the parts "Policy case study" and "Results from the interviews".



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tween them and the younger employees. A general feeling was that the knowledge and initial capacities of these new employees did not justify such differences. Thus, over time, the firm faced a loss of motivation of oldest employees.

The industrial management refused to limit its analysis of the situation to the very classic negative conclusions ranging from "this person has been working too long time in the firm, and now nothing can make him/her really interested in", to judgements of incompetence, lack of productivity or inability to adapt.

On the opposite, the industrial management took the initiative of numerous interviews with the concerned employees that resulted into some shifts of perception. The older employees admitted that the younger employees just had benefited from the general evolutions of education in our society, or even that they would be proud of these young people if they were their children. Besides, it appeared that the problem was not exactly the status or salary of the younger employees, but the lack of recognition and of valorisation of the experience, knowledge and know-how of the older employees. The industrial management convinced itself that this was the true origin of the problem, resulting into dissatisfaction and loss of motivation.

A possible solution: a certificate recognizing the competences of the employees

From this point of the analysis, the industrial management envisaged solutions, and especially to propose training courses to the employees.

As it was obvious that classic formal trainings leading to diplomas would not be adapted (they are too long, too difficult for some people, they may raise fear of failure, and they require time dedication not compatible with family life necessities), another solution had to be found.

Thus, Brothier got in touch with the IMT institute, which had previously trained certain Brothier's young employees.

IMT ("Institut des Métiers et Technologies des produits de santé" ; "Health products technologies and jobs institute") is located in the "Centre" Region. IMT delivers initial vocational education, directed at pharmaceutical industry jobs, for operators and technicians. Its diplomas are recognized by the Ministry of health. Besides, IMT delivers training sessions, in the framework of external-to-the-firms training or of continued vocational training.

Mr Patrick Hibon de Frohen, director of IMT, proposed an alternative possible solution: the acquisition of CQP ("certificat de qualification professionnelle"). The role of the CQP certificates is to officially recognize the mastering of specific professional



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qualifications by employees having low or no diploma, but an important professional experience. The 6 different CQP concerning the pharmaceutical industry have been defined by the LEEM (French professional union of the pharmaceutical industries, formerly named SNIP) and the trade unions. The Ministry of health also acknowledges these CQP.

The specific interest of the CQP system is that on one hand it begins with the evaluation and recognition of the capacities that an employee already masters, and on the other hand, it allows the employee to complete his capacities by the mean of a personalized training programme.

Apart from the satisfaction of the person who gets a 'diploma' and whose professional competence is acknowledged (righting thus the imbalance with the younger graduate employees), the CQP is a useful certificate if an employee has to search for a job in another company.

Key points for success and the development of the action

In the Brothier case, the success of the project resulted from a threefold finely tuned preparation of the actions.

- The management agreed with the interest of the project and supported it through the dedication of a specific budget and the allowance of training time, which also implied to hire apprentices in order to complete the staff.*
- The concerned employees had to accept the project and then to engage in it with motivation. Mr Cornejo and the staff representatives worked together in order to evaluate the possible degree of interest of the individuals for this proposition of action, to determine the possible barriers, and to progressively raise the interest of the concerned people. It is important to underline the very importance of the psychological and human relation aspects in this phase of the project. A personalized and respectful approach is necessary in the presentation and proposition of what could otherwise be considered as a "new whim of the management" or even as a personal attack. Finally, 80 % of the concerned people were interested, and all operators (8 persons) involved into the project.*
- On a technical level, an engineer from IMT dedicated time to understanding Brothier's productive processes. Then, together with the responsible persons, he defined (accordingly with the CQP requirements) various knowledge modules, needed competences, unit values, and finally evaluation grids. Each employee has been finely evaluated for his/her specific competences; personal training programmes have been defined, and a 2 years long training programme re-*



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sulted, completed in 2002. 90 % of this programme was developed on the company premises, during working hours.

The results

The training programme being completed, employees have been evaluated once again, the record of their old and new abilities was sent to an independent official evaluation commission, and in the Brothier case, all concerned employees obtained their CQP certificate.

In order to clearly mark its recognition of the value of these achievements, the industrial management decided to close the operation with financial bonuses or wage rises.

Considering the results, the general management and the industrial management are both satisfied. Most employees declared their satisfaction and mark a renewed interest for the projects developed by their enterprise. Besides, they may consider the real usefulness of some production procedures from a more positive point of view.

In conclusion, Mr Cornejo declares "Yes, the wage is important. But, in a given moment, people need recognition. Otherwise you will turn people embittered or no more motivated. Even if the technology is a strength for the firm, in the long run, the first wealth of a firm is its staff, people. So it is of utmost importance to create motivation and a team spirit".



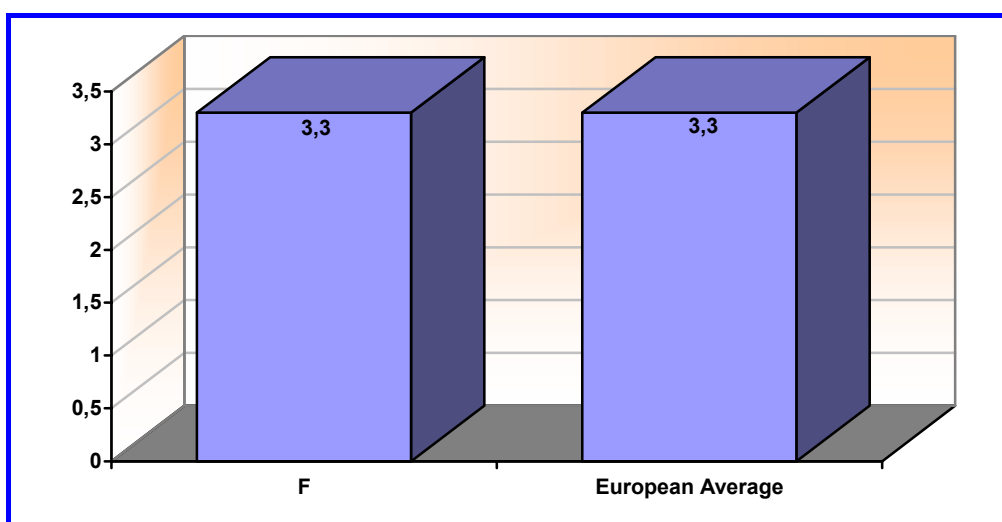
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3.10. COMPARISON OF FRENCH RESULTS WITH EUROPEAN RESULTS

3.10.1. Attitudes of the enterprises towards competence development needs

The level of importance attributed to the competence development activities for sustaining the competitiveness of the enterprise is exactly the same for the French surveyed SMEs and for the European surveyed SMEs, i.e. a score of 3.3 (see Graph 8 below) on a scale ranging from 1 (not important) to 4 (very important).

Graph 8. Importance attributed by enterprises to the competence development activities for sustaining their competitiveness, comparison between the national and the European average



Results from '1'= Not important to '4'=very important

All enterprises

Source: Ikei and Citia, CODE Leonardo project

3.10.2. External-to-the-enterprises sources of knowledge and competence

Concerning the quotation by the enterprises of the relevance of different external actors as sources of knowledge and competences, the results are structurally very similar for the French enterprises and for the average of the European enterprises, both for the order of the rankings and for the levels of quotation.



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For example, in both cases (national and European), clients and suppliers are ranked in first place for their relevance, and the orders (national and European) of ranking of the other categories are quite similar (see Table 25 below).

Table 25. Relevance for the enterprises of different actors as sources of knowledge and competences, comparison between the national and the European average

| Variables | F | European Average |
|---|-----|------------------|
| Recruitment of new external personnel with required new competences | 2.8 | 2.5 |
| Suppliers | 3.1 | 2.9 |
| Clients | 3.2 | 3.2 |
| Competitors and business colleagues | 2.7 | 2.6 |
| Consultants and accountants/auditors | 2.9 | 2.6 |
| Universities and training centres | 2.6 | 2.2 |
| R&D centres and technical experts | 2.2 | 2.1 |
| Business and Trade Associations | 2.4 | 2.4 |
| Government & public agencies | 1.9 | 2.0 |

Results from '1'=not relevant for my enterprise to '4'=very relevant for my enterprise

All enterprises

Source: Ikei and Citia, CODE Leonardo project

Furthermore, for all categories of actors, the levels of the national quotation and of the European quotation are close.

3.10.3. Practices for increasing enterprises' competence levels

Considering the relevance of different practices for increasing the enterprises' knowledge, competence and skill base, once again the French and the European results are close.

In both cases the internal practices (on their whole) are considered as more relevant than the external practices (on their whole), though this difference of relevance between the two kinds of practices (internal ones and external ones) was quoted a little bit stronger by the French enterprises (see Table 26 below).



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Table 26. Relevance of different practices for increasing the enterprises' knowledge, competence and skill base, comparison between the national and the European average

| Variables | F | European Average |
|---|-----|------------------|
| External-to-the-enterprise practices | | |
| Visits to expositions/trade fairs | 2.7 | 2.7 |
| Attendance to conferences/seminars provided by external personnel | 2.2 | 2.1 |
| Attendance to training courses provided by external-to-the enterprise personnel | 2.6 | 2.5 |
| Co-operation with other enterprises | 2.4 | 2.2 |
| Study visits to other enterprises/institutions | 2.3 | 2.0 |
| Job rotation and exchanges with other enterprises | 1.7 | 1.5 |
| Reading of information available in trade and sector magazines, publications | 2.7 | 2.6 |
| Reading of information available in Internet (websites, databases, etc) | 2.6 | 2.5 |
| Analysis of patents and licenses | 2.0 | 1.9 |
| Internal-to-the-enterprise practices | | |
| Internal training courses/seminars provided by own personnel | 2.3 | 2.3 |
| Self-study activities during working time | 2.8 | 2.3 |
| On the job learning/learning in the daily work (for current personnel) | 3.2 | 3.0 |
| Job /task rotation (in-house) | 3.2 | 2.7 |
| Coaching/guidance activities for staff by other people in the enterprise | 2.7 | 2.5 |
| Tutor/mentoring systems for new employees | 2.8 | 2.5 |
| Apprenticeship schemes | 2.5 | 2.2 |
| Meetings amongst personnel for knowledge exchange/quality circles | 2.5 | 2.5 |
| Innovation and R+D activities | 2.6 | 2.4 |

Results from '1'=not relevant for my enterprise to '4'=very relevant for my enterprise

All enterprises

Source: Ikei and CitiA, CODE Leonardo project

Considering the external practices, in both cases "visits to expositions", "reading of information", and "attendance to training courses" are considered as the most relevant practices. The French and European orders of ranking of the other practices are also very close. Furthermore, the individual score of the relevance of each external practice is quite similar for the French case and for the European case.

Concerning the internal practices, the French and European orders of quotation of the various practices are quite similar (with "on the job learning" and "job/task rotation" coming in the first places).



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Nonetheless, the individual scores of each internal practice are generally higher in the French case as compared to the European average (especially for the "self-study during working time" 2.8 against 2.3 and for the "job/task rotation" 3.2 against 2.7).

Considering the respective efficiencies of the formal and informal training practices (respectively training courses and on-the-job training), the European enterprises generally express their confidence in the on-the-job acquisition of knowledge (see Table 27 below): only 5.5 % of the surveyed European SMEs declare training courses as being more efficient than the on-the-job practices which is the case for 0.4 % of French surveyed SMEs only.

So it can be concluded that French surveyed SMEs are even less confident in the superiority of formal training courses than European ones.

Table 27. Percentage of enterprises, according to their preference of formal/informal training practices, comparison between the national and the European average

| Variables | F | European Average |
|---|--------------|------------------|
| The formal training acquired in a course (external or internal) | 0.4 | 5.5 |
| The informal training and knowledge acquired on the job | 37.8 | 38.9 |
| Both equal | 60.5 | 54.4 |
| Don't Know/ No answer | 1.3 | 1.1 |
| TOTAL | 100.0 | 100.0 |

All enterprises

Source: Ikei and Citia, CODE Leonardo project

On the other hand, the share of French SMEs considering formal and informal training practises both equal is more important 60.5% against 54.4%.

3.10.4. Occupational groups benefiting from competence development activities

Coming to the occupational groups benefiting preferentially from competence development activities, the results are structurally close in the French case and in the European average case: technicians and middle management being the first beneficiaries both for internal and external practices, and directors and managers being very important participants in the external activities (see Table 28 below).



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Table 28. Percentage of enterprises, according to the occupational groups mainly benefited from enterprises' external and internal competence development activities, comparison between the national and the European average

| Variables | F | European Average |
|---|------|------------------|
| External-to-the-enterprise practices | | |
| Directors and managers | 71.4 | 67.0 |
| Middle management, technicians | 73.9 | 67.6 |
| Manual workers, operators | 30.3 | 19.3 |
| Clerks, administrative personnel | 14.7 | 14.1 |
| Internal-to-the-enterprise practices | | |
| Directors and managers | 44.3 | 31.0 |
| Middle management, technicians | 76.8 | 74.4 |
| Manual workers, operators | 50.6 | 54.7 |
| Clerks, administrative personnel | 15.7 | 18.4 |

Vertical totals may sum more than 100% as enterprises were requested to identify the two groups mostly benefited

All enterprises

Source: Ikei and Citia, CODE Leonardo project

It should be noted that manual workers and operators are the main beneficiaries of external to the enterprise development competences activities in a larger share of French SMES comparing to European ones (30.3% against 19.3%).

It is also the case as regards directors and managers in the case of internal to the enterprise practises (44.3% against 31%).

3.10.5. Formalisation and diffusion of the in-house knowledge

Coming to the percentage of SMEs using various formalised management tools, the results are still relatively close for the French enterprises and for the European surveyed enterprises (see Table 29 below) except for the use of formal strategic plan and a formal organisation chart.

The percentages of French and European SMEs that use such tools are respectively of 35.1% against 48.2% and of 51.8% against 62.4%.



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Table 29. Percentage of enterprises with formalised management tools, comparison between the national and the European average

| Variables | F | European Average |
|---|------|------------------|
| A formal organisation chart | 51.8 | 62.4 |
| A formal strategic plan | 35.1 | 48.2 |
| Written manual(s) describing the main tasks and activities of each working post | 65.1 | 66.0 |
| Written manual(s) describing the productive standards and routines | 53.6 | 56.8 |
| Quality management systems | 70.7 | 66.6 |
| ISO certifications (9000, 14000, others) | 40.4 | 40.5 |

All enterprises

Source: Ikei and Citia, CODE Leonardo project

Regarding the use of formalised human resources management tools, again results are relatively similar (see Table 30 below).

Table 30. Percentage of enterprises with formalised human resources management tools, comparison between the national and the European average

| Variables | F | European Average |
|---|------|------------------|
| Defined process(es) for the recruitment and selection of personnel | 35.0 | 34.1 |
| Formal system(s) for evaluating the personnel performance | 36.3 | 34.4 |
| Formal system(s) for evaluating the personnel training needs | 40.8 | 32.7 |
| A written training plan | 45.7 | 36.9 |
| System(s) for collecting employees' suggestions related to work issues | 53.5 | 50.7 |
| Meetings to inform employees on changes/developments about job/enterprise | 77.6 | 80.0 |

All enterprises

Source: Ikei and Citia, CODE Leonardo project.

The most noticeable differences concern the use of a formal system for evaluating the personnel training needs and the use of a written training plan, both tools being used by a large share of French SMEs: 40.8% against 32.7% and 45.7% against 36.9% respectively.

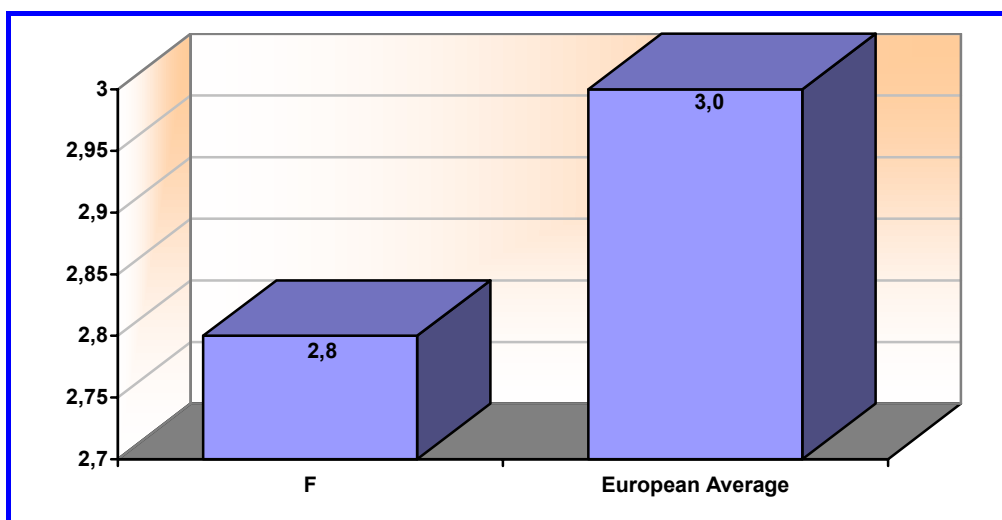
As it has been noted before, there is a legal obligation made to French enterprises with 50 employees or more to have a written training plan. Formal systems to evaluate personnel training needs can also be an input for this written training plan.



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Coming to the dissemination of relevant knowledge and information within their organisation, the European enterprises declare them a little bit more confident than the French enterprises (see Graph 9 below, 3.0 against 2.8 along a 1 to 4 scale, 3 meaning "I agree with the fact that knowledge and information are well disseminated"). Still the French and average European results are close, and both are quite confident on the dissemination system, on the whole.

Graph 9. Assessment of the degree of dissemination of relevant knowledge and information through the organisation, comparison between the national and the European average



Results from '1'= Very badly disseminated to '4'=Very well disseminated

All enterprises

Source: Ikei and Citia, CODE Leonardo project

As regards the respective usefulness of the formal methods and of the informal methods for the dissemination of knowledge and information within the enterprise, French and European responses are once again quite similar (see Table 31 below).

Surveyed SMEs mark a strong preference for the informal mechanisms (informal meetings, daily interactions, etc.): 41 % of the French and 48 % of the European surveyed enterprises declare these mechanisms more useful than the formal methods (intranets, manuals, internal newsletters, etc.).

Only 10 % of the European or of the French enterprises declare that they judge the formal mechanisms more useful.



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Table 31. Preference of enterprises of formal versus informal tools for disseminating relevant knowledge and information within the organisation, comparison between the national and the European average

| Variables | F | European Average |
|-----------------------|------------|------------------|
| Formal mechanisms | 10.3 | 9.7 |
| Informal mechanisms | 40.7 | 48.3 |
| Both equal | 49.0 | 41.8 |
| Don't Know/ No answer | 0.0 | 0.2 |
| Total | 100 | 100 |

All enterprises

Source: Ikei and Citia, CODE Leonardo project

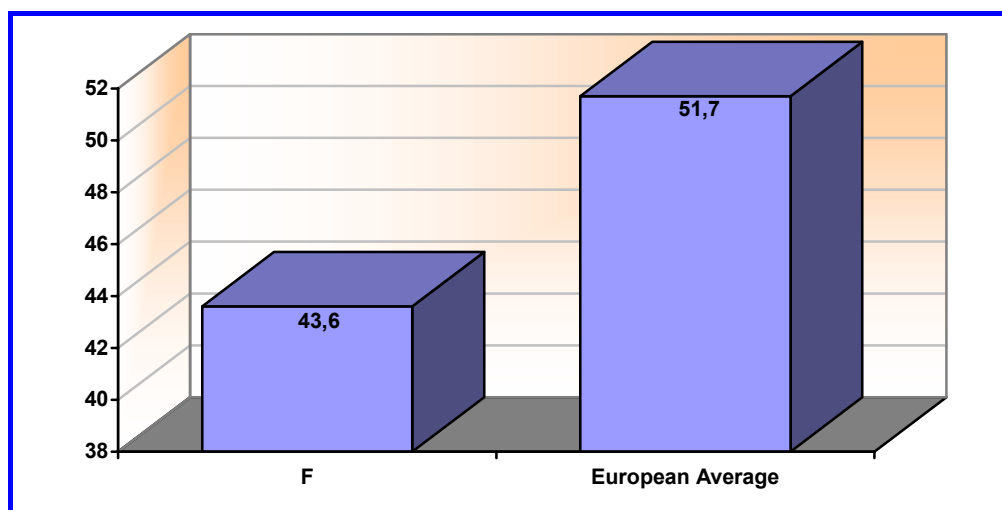
It can just be noted that preference towards informal mechanisms is greater in European SMEs than in French SMEs. This might be explained by, a generally speaking, greatest importance attributed to formalisation and theory in the French cultural system.

44 % of the French enterprises, and 52 % of the European enterprises, declared that they used databases in order to store, for subsequent use, the knowledge, the experiences and the documents specific to the enterprise (see Graph 10 below). This constitutes a noticeable difference



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Graph 10. Percentage of enterprises that suggest to have databases where relevant-to-the-enterprise knowledge, experiences and documents are stored for subsequent use, comparison between the national and the European average



All enterprises

Source: Ikei and Citia, CODE Leonardo project

In both cases, when they exist, these databases are periodically updated in more than 90 % of enterprises (see Table 32 below).

Table 32. Characterisation (updating and accessibility) of databases available within enterprises, comparison between the national and the European average (% of enterprises)

| Variables | F | European Average |
|--|------|------------------|
| Databases are periodically updated | 92.9 | 94.2 |
| Databases are accessible through ICT-based systems (i.e. Intranet) | 50.7 | 68.7 |
| These databases are accessible to | | |
| All the enterprise's workforce | 37.3 | 23.4 |
| Only allowed personnel (including management board) | 52.1 | 64.1 |
| Only the management board | 9.0 | 11.7 |
| Don't know/no answer | 1.7 | 0.8 |

Data referred only to enterprises with databases

Source: Ikei and Citia, CODE Leonardo project



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The use of ICT-based systems (i.e. Intranet) for the storage of these databases is more developed on the average in Europe (69 % of the databases) than in France (only 51 % of the databases). This could reflect a more general fact: French SMEs develop the use of ICTs more recently than their European counterparts.

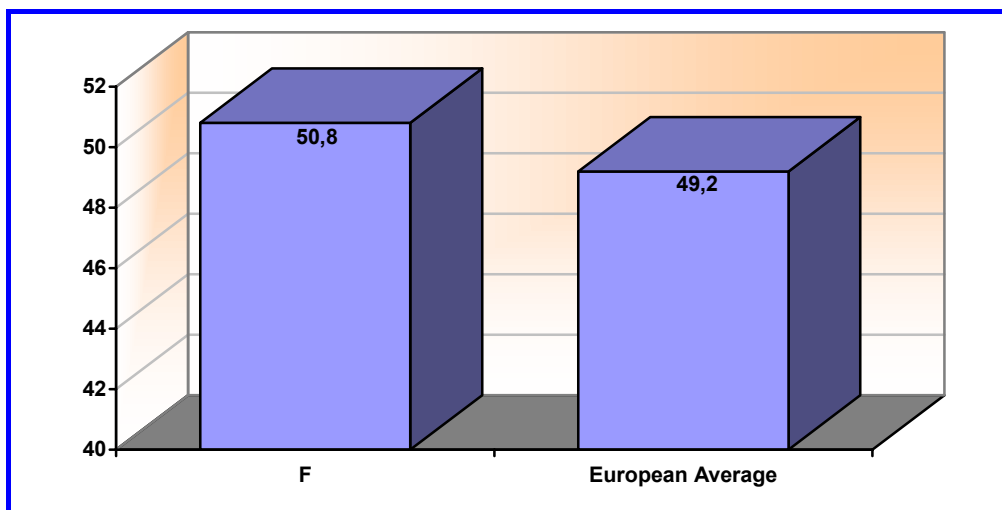
Concerning the accessibility of these databases, 61 % of the French enterprises, and 76 % of the European enterprises, limit their access to a category of allowed personal or the only to the management board. In the other cases the databases are accessible to all the enterprise's workforce.

It is interesting to see that the access to the entire workforce is more frequent in French SMEs than in European ones.

3.10.6. Scanning competence development needs

50.8 % of the French surveyed SMEs and 49.2 % of the surveyed European enterprises, suggest that they have a special person or group responsible within the enterprise for identifying the current or future skill needs (see Graph 11 below).

Graph 11. Percentage of enterprises that suggest having a special person or group responsible within the enterprise for identifying current or future skill needs, comparison between the national and the European average



All enterprises

Source: Ikei and Citia, CODE Leonardo project



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The distribution of this specific responsibility for identifying the current or future skill needs is close in the French case and in the European case.

The exceptions are a lesser implication of human resources managers in the French enterprises, mostly balanced by a greater implication of the management teams (see Table 33 below).

Table 33. Percentage of enterprises according to the person/group(s) responsible of identifying current or future skill needs, comparison between the national and the European average

| Variables | F | European Average |
|---|--------------|------------------|
| The owner/ the general manager | 27.8 | 30.0 |
| The human resources manager/training director (if different from above) | 7.0 | 16.2 |
| The management team | 49.4 | 38.7 |
| A group formed by representatives of the management team and employees | 8.7 | 7.1 |
| Other | 7.2 | 8.1 |
| Total | 100.0 | 100.0 |

Only enterprises who have a special person or group for this task

Source: Ikei and Citia, CODE Leonardo project.

3.10.7.

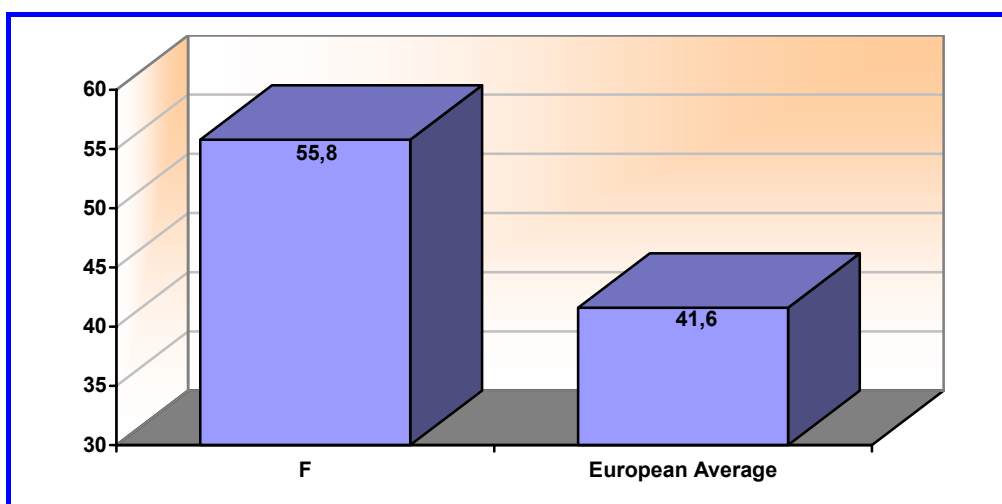


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3.10.8. Skill shortages/gaps identified by enterprises

The lack or shortage of skilled labour is more intensively felt by the French enterprises than by the average of the European enterprises: 55.8% against 41.6 % (see Graph 12 below).

Graph 12. Percentage of enterprises agreeing or totally agreeing with the statement 'My enterprise is currently experiencing a lack (shortage) of skilled labour', comparison between the national and the European average



All enterprises

Source: Ikei and Citia, CODE Leonardo project



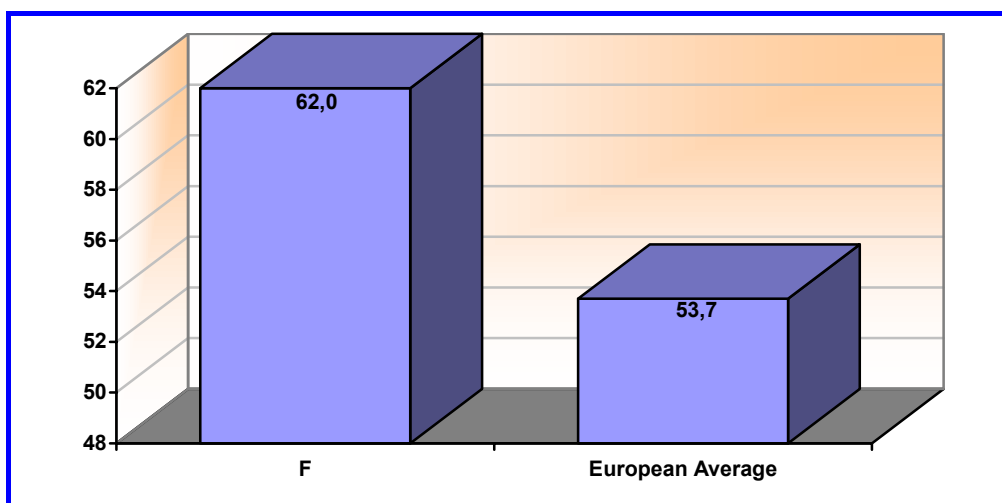
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The need to upgrade the competences is also more intense in the French case, 62 % of the French enterprises declaring such a need, against 54 % for the surveyed European enterprises (see Graph 13 below).



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Graph 13. Percentage of enterprises agreeing or totally agreeing with the statement 'My enterprise currently needs to upgrade the competences and skills base of its workforce', comparison between the national and the European average



All enterprises

Source: Ikei and Citia, CODE Leonardo project

Nonetheless, when coming to the different kinds of competences that need to be upgraded, the French enterprises declare equal or slightly lesser intensity of need, whatever the kind of competence considered, in comparison with the European average. In fact the French and European results concerning this matter are very close and similar in their structure (see Table 34 below).

All competence areas being, in both cases, scored around 2 on scale from 1 (no need form my enterprise) to 4 (very urgent need for my enterprise).



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Table 34. Relevance of different competence areas according to the enterprises' identified needs, comparison between the national and the European average

| Variables | F | European Average |
|-------------------------------|-----|------------------|
| Engineering and manufacturing | 1.9 | 2.2 |
| Sales and Marketing | 2.1 | 2.4 |
| Management, finance | 1.7 | 1.9 |
| ICTs, computers | 1.7 | 1.9 |
| Office work | 1.6 | 1.8 |
| Personal skills | 2.0 | 2.1 |
| Language abilities | 2.0 | 2.0 |
| Environment protection | 1.8 | 1.9 |
| Health and safety issues | 2.0 | 2.0 |

Results from '1' = no need for my enterprise to '4' = very urgent need for my enterprise

All enterprises

Source: Ikei and Citia, CODE Leonardo project

3.10.9. Barriers for enterprises to engage in competence development activities

Finally, it is noticeable that European SMEs, on average, grant less importance than the French ones to every kind of the different barriers to engage in competence development activities, even if the differences are always slight (see Table 35 below).

Table 35. Relevance of different barriers for enterprises to engage themselves in competence development activities, comparison between the national and the European average

| Variables | F | European Average |
|--|-----|------------------|
| Insufficient budget/costs are too high | 2.3 | 2.1 |
| Employees' workload makes these activities difficult to organise | 2.2 | 2.1 |
| Too difficult for the enterprise to assess its own knowledge/skill needs | 1.6 | 1.5 |
| Lack of information on the possible sources of knowledge/skills | 1.7 | 1.5 |
| The available sources of skills and knowledge are unsatisfactory | 1.7 | 1.5 |
| Lack of motivation from the employees | 2.1 | 1.8 |
| Risk of trained employees being 'poached away' by competitors | 1.8 | 1.6 |
| Lack of support by the government (guidance, subsidies,...) | 2.0 | 1.8 |

Results from '1' = It is not a barrier for my enterprise to '3' = it is a big barrier for my enterprise

All enterprises

Source: Ikei and Citia, CODE Leonardo project



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In both French and European cases, the first mentioned barriers are the insufficient budget (or costs too high), and the workload of the employees followed by the lack of motivation of employees and the lack of support by the government.

In other words the ranking of barriers is similar in French and Europeans SMEs but in general French SMEs perceive these barriers as (slightly) more accurate than their European counterparts.



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4. RESULTS FROM THE EXPERTS' INTERVIEWS

4.1. DEGREE AND EXTENT OF INVOLVEMENT OF SMES IN COMPETENCE DEVELOPMENT ACTIVITIES

4.1.1. What are the stakes, the nature of the problem, and what are the ways viewed to promote the development of the competence development activities? How do the social partners, policy makers and specialists do consider the present degree of implication of the SMEs in development competence activities? Are SMEs satisfied with the competences/skills/abilities of their workers?

When considering, on one hand, the degree of satisfaction of SMEs with the competences of their employees, and on the other hand, the degree of implication of SMEs in competence development activities, it is noticeable that all interviewees agree on the necessity of a renewed effort directed to the development of competences of employees.

In fact, rather than notices of present lack of satisfaction of the SMEs with the competence of their employees, the general thinking of the interviewees is that a permanent evolution of the competences will, in the future, be necessary and unaffordable, this being valuable for all categories of employees. The stakes are multiple:

- for enterprises: necessity to face a growing international competition and fast technological changes, implying a permanent updating of the staff competences;
- for employees: necessity to remain competitive within the firm or on the labour market;
- from a general economic point of view: necessity to have performing enterprises, being competitive in the global economy, necessity to have the largest possible majority at work, especially in respect with ageing people or with people having a low level of initial education.



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Thus, the different social partners and policy makers agree on the importance of competence development, a first step of action being to raise the awareness of both of SME managers and employees about the importance of engaging in new strong development of competence initiatives⁴¹. Their points of view may be illustrated as follows.

Mr FALCK (MEDEF, trade association) declared that *'The social stakeholders want to reform the continuous vocational training system, with all consciousness of the deep need to invest into individuals, women and men. A best method is vocational training, it is to say life-long learning. The VAE ('valorisation des acquis de l'expérience'; 'recognition of the competences acquired through personal professional experience') must be considered as a priority: it is an axle for a mutual long-term loyalty for the mutual interest of the employee and of the enterprise. Now, the present stake is to have SMEs and micro-enterprises seizing themselves of these goals, as the competence development of a firm depends on the firm manager. Besides, the employee must become co-actor. We must now succeed in convincing them'.*

Mr VEYSSET (CGPME, SME trade association) declares: *'The CGPME got particularly involved in the recent national negotiations, renewing the organisation of the continuous vocational training system. The aim was to succeed in having much more employees benefiting from training, whatever the size of the enterprise⁴², its recourses, and for both women and men. This means that employability is a strong preoccupation. We also take into account strong territorial necessities, as either an SME or an employee cannot move geographically so easily. Even if we are conscious that the new proposed way is more complex, we think that it will be more efficient. Every stakeholder will play its part: enterprises contribute to the training costs, and the employees accept to dedicate non-working time for training themselves. So, every stakeholder invests in what is a mutual-interest goal.'*

⁴¹ Please also refer in this national report to the part "Policy case study". It relates the recent Agreement signed by the various social partners, and backed with new laws. These decisions are offering an enlarged framework opening a field for new initiatives, be it for the professional branches, for the enterprises and for the employees.

⁴² Actually, two factors determine amongst others very strongly the opportunity of an employee to benefit from training: the size of the enterprise he/she works for, and his/her initial degree of education. The differences are very important.



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From another point of view, **Mr REGNAULT (CGT)** explains: *'First, we need to get conscious with some notions. Some SME managers effectively strive to develop the competences of their employees, but negate the recognition of their employees' competences, while, in fact, the core of this competence development stake and a key-success factor in such initiatives is the recognition of the workforce competence.*

A close interaction exists between the individual interest of the employee and the collective interest, whether it is for the enterprise he/she works for, or for the society as a whole. The question is: is our society mature enough in order to organise itself within one of its more basic institution, it is to say an enterprise?

Even if different industrial branches consider differently the question of the remuneration of employees, in all cases, it remains true that firms rely on their capacity to mobilize their employees and raise their empathy, which implies a need for recognition of the employees' competences by their employers. At the same time, we also think that employees have to get hold of their proper competence development, as actors. We consider that the acknowledgement of competences contributes both to the competitiveness of the enterprise and to the benefit of society. And to end with, we note that many women suffer from some discrimination and that the profession they are typically occupying suffer from less-paid jobs ... even when the employee is a male'.

As consultants responsible for this report, we have been somewhat impressed by the convergences of point of view of the interviewees, especially when taking into account the fact that the primarily interests of the mentioned stakeholders are so different. These convergences are concerning both their definition of the goals to be reached and the general ways and means that are to be used.

4.1.2. Do SMEs identify difficulties in filling job vacancies?

It is quite commonly agreed that there are difficulties to fill certain job vacancies, but the analysis of the nature of the difficulties may vary. Here are two examples of analysis of the question.

Mr FALCK (MEDEF) declares that some job vacancies are difficult to fill, this being related to the image or nature of the jobs in some sectors of activity, especially when coming to physical jobs (building industry, catering).



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For his part, **Mr VERGNET (Human resources consultant)** declares: *'Yes, there are difficulties to fill some job positions. In fact, the expectations of the enterprises are clearly too high ... when considering how much they pay their employees. To give a single example, there is a lack in the field of industrial maintenance, as the maintenance firms need a person being at the same time:*

- *a highly specialized professional,*
- *equally able to realize activities in fields different from his/her main specialization (example: a specialist of automatisms will be asked to have some competences in electricity or in mechanical maintenance),*
- *and also able of decision making and 'self-leadership' (initiative, responsibility taking)'.*

4.1.3. Which main methods do SMEs use for improving their in-house competences (both in-house and external methods)?

Mr VERGNET (Human resources consultant) declares that the two most recurrent methods for improving the in-house competences are:

- on-the-job internal learning, delivered by the n+1 responsible of the concerned employee (this being quite consistent with the results of the Leonardo CODE survey, that shows that, amongst several competence development internal or external methods, on-the-job learning and in-house job rotation are the most used by the French SMEs);
- technical training courses delivered by external-to-the enterprise trainers. Concerning this point, **Mr VERGNET** notices that, despite these training efforts, there is a lack of know-how centred training programmes, as most technical trainings are centred on the acquisition of a pure technical knowledge, and not on the solving of complex but frequent and real situations faced by employees.

4.1.4. What are the typical external-to-the enterprise sources of knowledge and competence for the SMEs?

When it comes to the most used external competence development practices, the results of the Leonardo CODE survey rank in first place visits to expositions and trade fairs, while clients and suppliers are ranked by French SMEs as the most relevant external sources of knowledge and competences.



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Mr VERGNET (Human resources consultant) declares that these results do not seem illogical: *'As most SMEs do not know exactly what they desire concerning external training, it is simplest and easier to go and pick up ideas from clients and suppliers. This kind of benchmark also reveals the limits of the competence development activities within most SMEs: if you content yourself with picking up ideas from other firms, this implies that you think yourself as already possessing the global worthy knowledge, and thus your habit is reduced to the improvement of the margins only'*.

The reading of information in magazines, publications or in Internet, which is ranked by the Leonardo CODE survey as the second external competence development practice, mostly proceeds from the same 'margin' logic.

4.1.5. Are national enterprises satisfied with the quality and extent of the existing: a) Training centres/Universities; b) Consultancy/technical services; c) Public agencies; d) Business and Trade Associations?

The opinions of most interviewed experts are quite similar. They can be summarized as follows.

Training centres are quite good, but it may happen that the results do not completely match the needs of the enterprises (difficulties for the SME to translate its problematic and needs into formal training specifications). In a few words: various basic technical knowledge may be acquired, but it is a long way before having these various knowledge composed into a know-how, and there is still some way before having this (these) know-how transformed in something that can be successfully and with adequacy used for the enterprise purposes (which may be still some way from the enterprise true needs of performance).

The way of considering consultancy is quite similar, but with wider scale of results: some consultant are considered as really very efficient, in giving ideas, resources or help to the enterprise to reach a new period of its existence. On the other hand, in certain cases, it may happen that consultants leaded an SME manager into a bush of wrong ways, even in great difficulties the enterprise did not deserve before.

Technical services are most often appreciated by those SMEs that got the opportunity to use them. But, two points are to be noted: some highly recognized national technical services are considered as rightly LSEs-oriented, their researches being easily used for practices by large LSEs research centres, but being out of the grasp of SMEs design departments, for a practical use within a relatively short time.



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On the other hand, many smaller technical structures do help SMEs for their technological development.

The hit would be to encourage their co-operation, but it seems that the State (at national level) decided to disengage from this crucial effort, leaving it to the sole responsibility of Regions, without giving them clearly the financial means, or means to get financial resources, in order to sustain this necessary breathing effort.

In most cases (most, not *all* cases), the dialog between SMEs and universities is by nature a difficult one: the business objectives of these two kind of organisations are different, the objectives of the concerned people are different, the sense of urge and the perception of time needs are different, the nature of the ambitions are different, the systems of measure of success are different, the needs for money and the capacity for investing money rarely match, the ways of thinking what is the nature of the problem to be solved are different. Thus, university is scarcely the right partner for an SME.

It must be added that some educational structures, delivering initial technical knowledge (from 'LEP' to 'BTS' ... (they deliver diplomas ranging from A-level – 3 to A-level +2)), which are centred on the mastering of technologies (not on the mastering of science), have far better co-operation results with SMEs, as their distance concerning the previous mentioned points are far less important. The general feeling is that it would be worth encouraging the development of these co-operations.

It may happen that public agencies could be considered as mere indicators of interesting partners. In some other cases, they are considered as demanding or even bothering partners, but very interesting partners in order to think more widely, rightly and with consistency to a new project (it could be named 'money versus previous constructed reflection'). As the financial means of some of these agencies are being reduced, it might happen that their influence on SMEs behaviour is reduced too. The question is: will most of French regions be able to take efficiently in charge this task on their account (feeling of a need and interest for this effort, financing capacity, establishment of a performing strategy, know-how in order to edict logic rules and to stick to them)?

At last, when coming to business and trade associations, most enterprises have the feeling that they have no competence regarding the issues concerning the development of competences within the enterprises, as their former role was centred on other issues, such as wages, social taxes, labour law, etc.



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But, and it is absolutely necessary to underline it again, in 2003, these different important organisations (representatives on one hand of employers, and on the other hand of employees) succeeded to co-sign a national inter-branches agreement concerning lifelong learning (see Case study 2). For our part, we do think that this change of posture will maybe take a long time to insert itself in the professional lives and in the habits of the enterprise, that it may turn in disappointing outcomes, but we also esteem that it is significant that battling stakeholders do agree on the necessity, both for enterprises and for employees, to encourage their wish and will for training and getting new competences.

4.1.6. To what extent is Internet used for accessing to external knowledge and competence sources?

Mr VERGNET (Consultant) thinks that SMEs can use Internet in order to find out sources of information (it is to say where and from whom they could obtain knowledge or competences), but that, for most cases, Internet offers little relevant useful knowledge by itself.

Concerning e-learning, **Mr SCHNEIDERMAN (Ministry of Industry)** points out that Internet-based realizations are clearly less interesting than the hopes that aroused some years ago: *'Internet is a performing tool for some specific learning, such as languages learning, or learning how to run various automated industrial manufacturing processes. But when we come to the learning of methods or knowledge requiring the use of various combined knowledge, or dexterity, or non-binary logic, Internet cannot really teach a person the necessary subtleties.'* Furthermore, e-learning is more expensive than expected.

For his part, **Mr VERGNET** adds: *'For adults, the learning process needs interaction and emotion as basic materials (amongst others). In fact, for a large part, the learning process consists in making people discover what they already know; its maieutics. It is the contrary for e-learning, which is mainly a mere information force-feeding. Internet simply dumps information'.*

For our part, we must add the fact that a number of teachers use Internet as one of the possible means of communication with their learners, does not obliterate the fact that Internet cannot be the ideal mean to communicate the immediate learner-teacher interactions required in the framework of in-depth learning processes.



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Concerning the specific case of the Internet capacity to be adapted to the over occupied SMEs managers' timetables, some evidences also proved that most SMEs managers have strong difficulties to stick to constant practices: generally, they are still overloaded with the day-to-day activities, and, as a specificity, e-learning offers them the possibility to be completely mobile within their timetable: thus, most of times, 'whenever' is rapidly transformed in 'never'.

4.2. IDENTIFICATION OF COMPETENCE NEEDS AND PLANNING

4.2.1. In SMEs, who usually identifies the existing of future skill/competence gaps? To what extent do SMEs develop a systematic approach to identify their staff competence base?

In small SMEs (it is to say, in the majority of SMEs), the person who tries to identify the competence needs is the manager, as he/she is the one having a global vision of the firm and its markets, or a prospective vision.

In the largest SMEs (a small minority of SMEs), the human resources manager collects wishes and declarations of employees (directly or through the middle management) and tries to define the needs.

In a word, most interviewees agree on the fact that the definition of the competence needs is, in most SMEs, empirical. Besides, most often, it is realized only in case of a new need: most SMEs react to new situations (new products, new markets, and new technologies) requiring the absorption of new competences, but they do not methodically and periodically analyse the future competence needs.⁴³

Concerning the prospective definition of the future needs, most interviewees declare that, in most SMEs, prospective reflection about the competence needs is poorly developed.

⁴³ Even if one must remember that, in the enterprises having 50 employees or more, the law specifies that, once a year, before the 31st of December, the employer has to present to the representatives of employees a formal written training plan for the year to come. Most SMEs over 50 employees comply with this obligation. For the constitution of the training plan, a number of enterprises also use their OPCA ("Organisme paritaire collecteur agréé" : these specific organisations, run jointly by trade unions and professional organisations, collect the regulatory taxes related to vocational training ; they may also counsel the enterprises wishing to develop a training project). According to the Leonardo CODE survey, 46% of the French manufacturing SMEs (ranging from 10 to 249 employees) establish periodically a written training plan.



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4.2.2. What methods do SMEs use for identifying current and future skill gaps? How is it possible to help them to define their needs?

Several interviewees insist on the necessity to develop methods in order to help the SMEs managers to identify their skill gaps better. In fact, a general feeling is that most SMEs do not use specific methods for identifying their skill needs, and merely react when they face a new situation.

Most interviewees think that the adequate definition of the competence needs is a major issue for the future, and that it is necessary to improve strongly the support to the SME managers for defining their competence needs. Several initiatives have been engaged concerning this point.

In order to illustrate these points, we can first refer to the achievements of the Ministry of Industry. **Mr SCHNEIDERMAN** explains *'Some years ago, we realized a vast survey of the needs of SMEs concerning competence issues. It appeared that SME managers declared that they felt a need for support in order to define the competence needs, in various situations: training of employees, replacement of an employee leaving the firm, introduction of a new kind of productive material, special request from a client. In these cases, the manufacturing sector faces complex situations. Thus the Ministry realized a guide proposing to SMEs managers, tools and methodologies to face these situations. This guide is diffused through a network (Chambers of commerce, regional services of the Ministry, etc.) of people able to ask the right questions to SMEs managers. In fact, concerning many aspects, SMEs managers have the answers concerning the competence needs in their enterprise, but first, they need to dialog in order to raise the real questions when facing such situations. Now, the point is to develop the network of SMEs managers interlocutors'.*

Concerning the tools that exist to help an SMEs in case of hiring a new employee or definition of a training programme, **Mr SCHNEIDERMAN** adds *'Still, some job definition grids are too complex, and difficult to use. Concerning the sector prospective observatories of jobs, the pharmaceutical industry and the plastic work industry give too good examples of what can be realized. But in the case of some other industries, the observatories are too much oriented towards LSEs, and SMEs difficultly find information matching their specific needs'.*



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Mr VEYSSET (CGPME) declares that SMEs have a great difficulty in defining the requirements in case of hiring. *'We must develop a real support to help SMEs to define the needed competences. Some job description grids are definitely too complex and with excessive requirements. This even led to the creation of specific training programmes that did not match with the labour market, as the content of these trainings was superfluous. It is necessary to adapt the training programmes to the jobs available on the labour market, and not the contrary. Some initial training programmes are fitted to job positions that are disappearing (such as secretary or certain manufacturing jobs), and should thus be stopped or reduced in importance.'*

Concerning the prospective observatories of the jobs **Mr VEYSSET** declares that they delivered interesting analysis, but that some results are now to be updated.

For his part **Mr FALCK (MEDEF)** declares that it would be interesting to develop the qualitative analysis of prospective observatories.

Mr VERGNET (consultant) notices: *'Most SMEs do not know how to translate their needs in clearly identified specifications of a training project'*.

As it is rare to have SMEs developing by itself a competence needs analysis, it is interesting to quote **Mr CORNEJO**⁴⁴. (Industrial Manager). He explains: *'ISO is an interesting tool, as it obliges to describe job situation descriptions in writing. When compared with the analysis of the staff various competences, we reach to the definition of the skill gaps. I think that if an SME has no internal competence for realizing such analysis, then it should recourse to an external consultant. In fact, an important first step is a correct definition of the most recurrent or important industrial tasks realized in the enterprise.'*

⁴⁴ Please refer to the part "SME case study"



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**4.3. TOPICS OF AND EMPLOYMENT CATEGORIES BENEFITING FROM
COMPETENCE DEVELOPMENT ACTIVITIES**

**4.3.1. What are the main skill/competences gaps identified by SMEs? Are
there sector and occupational group differences?**

As mentioned before, the interviewees agree on the fact that, beyond some present specific technical skill gaps in some sectors of activity (lack of qualified personal), the main stake, from now and in the future, will be the evolution of the competences of all categories of employees, and this in a large range of different competences. Many sectors of manufacturing industries will have to face such evolutions, and this will concern most of the different kinds of jobs.

Coming to the specific case of people leaving school with a low level diploma or no diploma at all, **Mr VEYSSET (CGPME)** declares *'If we come to the demographic challenges, and to our duty to decrease the unemployment rate, this is our task to train our citizens better, and this from the basic knowledge (calculation, reading, ability to understand, French language, English language, ICTs) as well as general personal behaviour'*.

Mr FALCK (MEDEF) also notices that some persons do not leave school with these kinds of basic knowledge. He also indicates that, generally speaking, school does teach individual performance but not collective team performance.

**4.3.2. What are the main employment categories benefiting from the
competence development activities?**

Concerning the result of the Leonardo CODE survey stating that managers, middle management and technicians are the first beneficiaries of the external competence development activities (while operators and administrative staff are less often beneficiaries), the interviewees generally agree with these results.

The interviewees commonly agree on the fact that, the bigger the enterprise, the greater is the frequency of training actions (and this in large proportions).

Besides, the probability for an employee to benefit from continuous vocational training is strongly correlated with the level of his/her initial educational diploma (high diplomas holders benefiting more from vocational training).



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Concerning a possible reason for this, **Mr VERGNET (consultant)** declares: *'It is logical to feed the input where it will be efficient (manager, executives): they are the ones who drive the firm towards evolution. On another hand, if the manager does not releases a part of his/her powers, the capacity of employees to develop a certain level of 'self-leadership' just cannot emerge, and this is also true in the field of competence development'.*

For his part, **Mr REGNAULT (CGT)** develops a different analysis: *'In most enterprises, the boss is the one who 'knows' and decides what kind of training employees need. How could employees consider themselves as actors? Consequently, the less ranked employees do not insist for 'benefiting' from training actions. Besides, you will probably realize that the key issue in matter of competence development is the recognition of the employee and of its efforts. Recognition means: possibility to participate really to the definition of the content of the training programme (and not to satisfy a personal choice of the manager), official recognition of the acquired competences (and also of the previously mastered ones), and salary level. If an employee receives no recognition for his/her efforts to develop his/her competences, he/she will have no appetite for developing them.'*⁴⁵

From a different point of view, **Mr VEYSSET (CGPME)** put forward the necessity to organise better the integration of handicapped persons, and that it is necessary to pay special attention to women coming back from maternity leave (and men from paternity leave). He also declares necessary to prepare people having a threatened job in order to have the possibility to evolve or get a different job, the first aim not being to deliver them at all force a qualification superior to their former one, but as a first objective a qualification that will permit them to get a new job. Last of all, **Mr VEYSSET** declares that it would be good to allow seasonal employees to get complementary qualifications in order to be able to get a job and a salary all year long.

⁴⁵ Concerning this point of the analysis, it is very interesting to compare it with the analysis developed by the industrial manager of "Brothier" (see Case study 1).



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4.3.3. What are the main topics/fields covered by SMEs in their competence development activities? Are there occupational group differences?

In order to qualify the specificities of the competence development activities (through training) depending on the different occupational groups of employees, **Mr VERGNET (consultant)** proposes the following grid, reflecting the most common habits, depending of the main orientation of the training programmes:

| | Technical knowledge | Know-how (capacity of using one or several technical knowledge in order to achieve a task adequately) | General professional behaviour (‘savoir-être’) |
|-------------------------------------|----------------------------|---|--|
| Clerks, administrative staff | Yes | | |
| Manual workers, operators | Yes | | |
| Middle management | Sometimes | Sometimes | Yes |
| Executives | | Yes (they are in charge of passing on the know-how to other occupational groups) | Yes |

Besides, **Mr VERGNET** insists on the importance of finding, more than before, equilibrium between:

- technical knowledge,
- know-how (it is to say the capacity of using one or several technical knowledge in order to achieve adequately),
- general professional behaviour (‘savoir-être’).



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Mr VERGNET explains: *'Important general evolutions in the enterprises and in the professional life are to be pointed out:*

- *the changes will be more frequent and will go faster than in the past, and that implies a greater need of communication, and more abilities to communicate, this being true for all categories of employees;*
- *more and more categories of employees have contacts with clients and customers, which implies both a good capacity of communication and a capacity to be pro-active, and not only reactive;*
- *employees are required to develop more and more tasks adaptability (capacity to realize several different activities).*

Thus, every employee must be a bit of its own-manager, something of a recognized specialist of certain activities, and also a person able to be productive in several fields of activities. It is to be noted that, consequently, enterprises are challenged to determine if their employees primarily need more technical knowledge, or more know-how, or more general professional behaviour capacity'.

4.4. RATIONALE AND BARRIERS FOR SMES TO ENGAGE THEMSELVES IN COMPETENCE DEVELOPMENT ACTIVITIES

4.4.1. What are the main reasons for SMEs to engage themselves in these competence development activities? What do SMEs expect to obtain from them?

The interviewees agree on the fact that the main reason for an SME to engage in competence development activities is facing changes, external or internal to the enterprise.

Mr FALCK (MEDEF): *'Most often, an SME engage itself in such activities in case of crisis, or stagnation, of market problem, or strong evolutions concerning products or services. They are inclined to engage in such activities more often in case of difficulties rather than in growing market situations'.*

Mr SCHNEIDERMANN (Ministry of Industry) put forward specific frequent situations, such as the departure of a key-employee, the introduction of a new technology, the need to make an employee evolve, the need to deliver a special product or service.



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Mr VERGNET (consultant) indicates: *'First most frequent reasons: market changes, competition changes, technology changes; second most possible reason: a structural internal change : for examples, the boss wishes to retire, or wishes to leave the responsibility of specific activities to other selected persons'.*

Leaving apart the obvious fact that SME managers expect to solve the problem they face due to such kinds of changes, it is interesting to note that the relationship between the competence development activity and the final aim that led to such action is not so direct (exception made of some technical learning).

To give a single example, in the case of Brothier⁴⁶ the competence development action emerged from a problem of loss of motivation from part of a category of employees. It is to say that the original aim was to restore motivation, and not to develop acquisition of know-how.

4.4.2. What are the main barriers for SMEs to engage themselves in these competence development activities?

When it comes to the barriers to engage in competence development activities, the results of the Leonardo CODE survey placed in first place the **costs** of such initiatives.

Mr VEYSSET (CGPME) confirms this point: *'The costs are the first barrier. Besides, there is the problem of the replacement of employees during training periods'.*

Mr FALCK (MEDEF) explains: *'It is difficult to recognize the competence development through a salary raise for the employee. Besides, training consumes time that otherwise would be dedicated to production'.*

It is interesting to note that other interviewees present different analysis of the problem, shifting from the cost concept to the concept of investment and of return on investment.

Mr VERGNET (consultant) gives us his opinion as a provider of training and coaching activities: *'More than the cost by itself, the problem is related to the difficulty (and in fact, in many cases, the complete impossibility) to estimate financially the 'return on investment' of the competence development activities: consequently, the expenses related to the competence development activities are felt as mere costs, and not as true investments'.*

⁴⁶ Please see Case study 1.



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Mr SCHNEIDERMAN (Ministry of Industry) explains: *'SME managers know perfectly what financial capital is, but remain interrogative when one tells about human capital. What is human capital? As they cannot estimate its value or even consider the value it represents in the long run, human capital is not considered as something that should be cared of. And as it has no measurable value, you don't have to invest in it'.*

Mr SCHNEIDERMAN (Ministry of Industry) presents what he considers as a very serious barrier: *'In fact, most **SME managers lack of information and methods when facing competence development issue.***

Information: what is a fair price when making recourse to a training institute, and how to select training institutes of quality? On the one hand, the certification chart of training institute has been updated. Besides the Ministry realized in depth surveys concerning this point, making price comparisons for 100 typical training programmes (representing 80 % of the training sessions conducted in French manufacturing firms). The result is that the price is not a main guarantee of quality, and that you can obtain a good service for a reasonable price. We diffused the results, with named references. It remained a one shot action.

Methods: a common point is that SME managers have great difficulties to formalize their needs when coming to the competence issue. Besides, it is a minority of SMEs that have a clear idea of what could be competence management in their specific case. As human capital seems a strange concept, as many managers have no human resources specific education, as prospective aspects of their activities and markets remain are not so well exposed to them, as they do not master methodologies and practices when coming to imagine, design, engage and conduct a competence development action, many SME managers are, and it seem quite normal, a little bit lost in front of such circumstances. This is one of the main reasons for the too low involvement of SMEs (and especially the smallest ones) in competence development activities.



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We realized and diffused practical guides in order to propose them clearer views about these matters, but the problem is still to organise a performing diffusion of the knowledge, ideas and way of realizing an efficient self-questioning when considering the possibility to engage such actions. The problem is that paper description is not sufficient, while human talking and exchange is necessary to help to transmit these things'.

According to the results of the Leonardo CODE survey a third barrier is the **lack of motivation of the employees** towards the competence development activities. Constituted analyses of this point have been exposed in point 3 of this part 2nd question, their key word being '**recognition**' as an imperative condition for creating the motivation of employees for engaging themselves in competence development activities. **Mr SCHNEIDERMANN** also backs this point of view, when he mentions the accompaniment of the Ministry of Industry to the conception of various CQP (certificates recognizing the mastering of competences acquired during professional life).

Mr VERGNET (consultant) also exposes that, concerning the case of training activities, roughly, 80 % of the employees might feel reluctant to invest themselves in such activities. For example, in the case of manufacturing activities, some staff categories had not the most pleasant results during their initial education; thus it may be very logic not to wish to get involved in any kind of formal system, in which they will be judged once again, possibly with criterion that are not their preferred ones. Besides, engaging in training activities means supplementary efforts, dedication of personal time, calling into question the own personal know-how, value and capacity to be successful.

On the other hand, **Mr VERGNET (consultant)** declares that the first breaking factor refraining from engaging into competence development activities is the **lack of visibility of the future**.

This general affirmation is confirmed, for our part, from various practical experiences. It is especially difficult for lots of SMEs to determine, even in the short run, what will be the evolution of their markets, as the gain or loss of a single market may have important consequences on the volume and nature of activities.

The long term prospective provides other problems, and it is noticeable that **Mr SCHNEIDERMANN (Ministry of Industry)**, **Mr FALCK (MEDEF)** and **Mr VEYSSET (CGPME)** plead for even more SME-directed, updated or qualitative efforts from part of some prospective observatories on jobs, as SMEs managers need such information.



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4.5. ORGANISATIONAL LEARNING IN SMES

4.5.1. What practices/instruments are usually used by SMEs to store and diffuse relevant-to-the-enterprise knowledge in-house? Are informal practices of information diffusion more prevalent/successful than formal ones?

Concerning the organizational learning in SMEs, the interviewed persons share very realistic points of views, concerning:

- the real current practices in the SMEs,
- and the reality of the possibilities to make these practices evolve in a positive way, without decreasing the SME global efficiency and its capacity to adapt itself to new situations.

First, we replace the opinion of a professional, **Mr CORNEJO**, Industrial Director of the pharmaceutical firm 'BROTHIER'. Even if BROTHIER develops a structured and strong competence development policy, Mr CORNEJO prevents from placing too much hope in the formal methods of storage and diffusion of in-house knowledge. *'I think that it is a utopia to try to imagine procedures that would solve the problems related to the storage and diffusion of know how. Our firm is certified ISO 13485 and ISO 2001, which means that all procedures are written down. But, if you consider the complexity of the processes and different solutions that have to be brought to so many production situations, it is just impossible to write everything down. Result: most of the smart knowledge is in the heads of the individuals. In one moment, you cannot escape from the practice. To give you a simple example, I think it impossible to design procedures fitting all employees, just because they may have some specific personal ways to adjust finely the processes for gaining quality or productivity. Thus, I prefer the procedures to adapt to their personal way of being efficient, rather than having their obeying to methods that would restrain them from individual initiative and performance. One the conclusion is: if you want to write everything down, especially if you wish to store the numerous knowledge that make the specific efficiency or quality of a firm, you must describe numerous individual brains, sensitivities, logics. In fact, even if storage of main procedure stream is necessary, the last point of knowledge, the one making a difference with the competitors is stored in the individuals.'*



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For my part, I have the habit to mix young and older employees in team. Their qualities, knowledge and methods are different, and they enrich together quite easily.

Coming back to the hopes of storing everything, such formalized systems turn into institution, what is especially time consuming, and in no way adapted to a fast changing world. Besides, I suggest you an example: why do, by chance, do plane pilots get back to manual commands when the stake is to land?'

After this illustrated exposition of a point of view, we turn to more general explanations.

Mr VERGNET (consultant): *'Within SMEs, the relevant-to the enterprise knowledge is stored in the head of the employees. It also may be stored in procedure manuals, but it often may result damageable, as they are often too rigid. Concerning the diffusion, the common way is as following. As most people try to defend their own job, and therefore their proper information, their tendency is to try to teach and train a chosen Dauphin (possible successor). It is more cooptation, than a structured enterprise practice aiming at developing polyvalence within the firm⁴⁷. So, in a few words, the practice of a very large majority of SMEs is: guidance, mentoring; most SMEs do not dedicate time for documentation'.*

Mr FALCK (MEDEF) expresses: *'Knowledge management is not formalized. The transmission of know-how is realized through apprenticeship from individual to individual. Some enterprises succeeded in formalizing processes, in the framework of quality-insurance programmes or certification. But, even in these cases, the enterprise has still to make these way of functioning its own habit. Besides, intelligence or information diffusion job functions are very uncommon. From this, we can deduce the great importance of the informal practices between employees.'*

Mr SCHNEIDERMAN notices: *'Most SMEs are not conscious that they are doing a day-to-day human capital management. Thus, in this respect, they equip themselves with unstructured tool or management system. This being said, a clear difference exists when comparing structured and unstructured SMEs.'*

⁴⁷ Mr VERGNET qualifies "polyvalence" as the capacity, in a firm, for most people to execute several different tasks, and thus not to be dependant on one single specialist to get things out. In his sense, polyvalence implies to have the capacity to make documented and diffused the results of many individual experiences, even if this may be achieved through an informal mode. For illustration, he mentions that primitive hunters spent many time in common to tell of their hunts and acts, as, in fact, it was primarily a time dedicated to exchange of experiences and practices, and to preparation to new possible conditions.



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In fact, and as a proposition of a possible conclusion for this point, several examples proved us that success can result from a sensible righting of the equilibrium between, systems and procedures building, and personal or small groups initiative taking. For many technologically developed SMEs, unbalancing these two pans could be somewhat risky.

4.5.2. Is usually knowledge well diffused within SMEs? What are the main barriers that prevent this knowledge to be diffused within the enterprises?

Mr VERGNET, consultant is affirmative, and summarizes most common points of view: *'No, the knowledge is badly diffused: as said before, most people try to defend their own job, and therefore the information they are mastering. Besides, another reality is that most SMEs do not dedicate time, places and do not organise timetables in order to realize a structured knowledge and know-how diffusion. On the contrary, in large structures, some employees have for one and only task to develop and maintain these exchanges systems.'*

4.5.3. Have information and communication technologies (ICTs) helped to better diffuse knowledge within SMEs? Are these ICTs widely used?

The answers of the interviewees to these questions logically ensue from their answers relative to the preceding questions.

Mr FALCK (MEDEF) declares: *'In SMEs, the use of Internet is very limited. We will see how it will turn out with the new generations of people.'*

For his part, **Mr VEYSSET (CGPME)** first envisages the issue from the e-learning point of view: *'Tools exist, methodologies are tuned. We suppose that the costs could be reduced in the future, by the ways of an increase of the number of trainees in the virtual forms. We know that it would need assistance for the development of still, new tools and pedagogic methods. Appliances would have to match several different kinds of jobs at the same time, especially when coming to these jobs for which there is a too reduced number of job demanders. As we, SMEs, resent from the geographical mobility problems, the possible solutions that the ICTs could offer raise our interest; for example, if they could reduce the time lost in transportation.'*

As a second point **Mr VEYSSET** exposes: *'Could new tools bringing closer supply and demand on the labour markets through the ICTs be created?'*



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Mr SCHNEIDERMAN (Ministry of Industry) delivers some conclusions: *'Our expectations with e-learning have been partly deceived. There have been cost problems. As the employee remains in his/her work place, he/she cannot really dedicate to learning. And he/she maybe receives no official recognition for this learning: in this case he/she gets no feeling of valorisation. On the other hand, we must notice that e-learning proved efficient for some specific themes, such as languages learning, office automation, and simulation of productive automated processes.'*

From our part, and from a very different point of view, related to the internal-to-the-enterprise communication flux issues, we observed that certain very carefully customized ERP appliances (it is to say taking into account the habits and opinions of every stakeholder, and especially of the employees) resulted as interesting ways in order to necessarily oblige different categories of employees to engage in a deeper communication between themselves, thus taking more into account the various needs of the different services and individuals, in order to provoke a higher communication, benefiting finally to individual and firm efficiencies. As an evidence, such ICTs appliance are principally fitting the small proportion of SMEs that develop numerous and complex productive or commercial operations.

4.6. PUBLIC INITIATIVES FOR FOSTERING THE DEVELOPMENT OF COMPETENCES IN SMES

4.6.1. Is it possible to identify any relevant policy measures intended to foster the competence/skill base of the national SMEs? A Has any recent successful initiative been taken by national/regional policy makers for fostering the competence base of the national SMEs?

The French vocational system stipulates that all enterprises must devote a certain percentage of the wage bill to the continuous training effort benefiting to the employees (if the enterprise does not dedicate this sum to continuous training, it has to hand over the equivalent sum to organisations investing in continuous training).



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A recent strong initiative for fostering competence development for all employees is to be noted⁴⁸. The reform of the vocational training systems (see Case study 2) decided the increase of the percentage for the calculation of these contributions (from 0.25 % of the wage bill to 0.55 % for the firms under 10 employees, and from 1.5 % to 1.6 % for the other enterprises). Besides, this reform also modifies many aspects of the organisation of the vocational training in France, opening more training opportunities for employees⁴⁹.

The reform also intends to foster the opening of negotiations between social partners at branch level (30 branch agreements adapting the system to the sector of activity have already been signed).

According to the interviewees, all stakeholders (employers' representatives, employees' representatives, State) agree on the interest of these financial and organisational efforts, as they match the new ambitions regarding the development of competences and the adaptation of the competences to economic evolutions.

Mr SCHNEIDERMANN (Ministry of Industry) also mentions the GPEC procedure ('gestion prévisionnelle des emplois et des compétences'; 'forecast management of jobs and competences'), created in 2003, and managed by the Ministry for labour and employment. The system is to provide subsidies to professional organisations (or a group of enterprises or even a single enterprise) that would engage in an analysis of the future evolution of the jobs and competences in their sector of activity and in the firms. The system operates on a regional or local level.

⁴⁸ One of the reasons for this initiative has been the observation that the access to competence development was very unequal, and strongly correlated to the status of the employee and to the size of the enterprise.

⁴⁹ For example, one of the important aspects of the reform is the creation of the DIF ("droit individuel à la formation"). The DIF stipulates that an employee can dedicate 20 hours a year to training. The training is to be realized during non-working hours, or during working hours in case of a specific branch or internal-to-the enterprise agreement..

For further details on the different aspects of the reform, please refer to Case study 2 next pages.



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4.6.2. Has any recent initiative been taken by national/regional policy makers to facilitate the recognition of knowledge, skills and competences acquired through practical experience and non-formal training practices?

A January 2002 law ⁵⁰ largely developed the VAE system ('validation des acquis de l'expérience'). This law opened larger possibilities for experienced people (but having no or a low initial education diploma) to complete their experience with training, in order to obtain a nationally recognized certificate. This certificate testifies of the professional competences and capacities of an employee, and is recognition of the know-how acquired through professional experience.

Preceding points of this part relate the positive opinions of **Mr FALCK (MEDEF**, employers' organisation) and of **Mr REGNAULT (CGT**, trade union) about the VAE system.

They insist on the necessity to foster the development of the recognition of professional experience, and this for the largest number of concerned employees possible.

They add that this implies a participation of employees as actors of their competence development, and from the part of SME managers, the development of a new awareness regarding their interests in engaging such initiatives. Now, a majority of these stakeholders are still to be adequately convinced.

To conclude, a word from **Mr FALCK**: *'Now, the present stake is to have SMEs and micro-enterprises seizing themselves of these goals, ... employees must become real co-actors'*.

⁵⁰ For further precisions on VAE, please refer to the "Policy case study" and the literature review. Also, the "SME case study" part specifically relates a VAE experience. It is also possible to refer to www.travail.gouv.fr/dossiers/vae/ or to www.infovae-idf.com/html/info-vae/index.html.



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CASE STUDY 2: THE REFORM OF THE FRENCH VOCATIONAL TRAINING SYSTEM

The French vocational training system is being almost entirely renewed. All French private enterprises and their employees, whatever the location, the size or the sector of activity, are concerned.

The initiative of this reform rests with social partners (national employers and employees organisations) that after months of negotiations have concluded a national inter-branches framework agreement in 2003, signed by all organisations representing employers (MEDEF, CGPME & UPA) and employees (CGT, CFDT, CFTC, CFE-CGC & CGT-FO) at national level.

The practical implementation of the agreement requires:

- *For some aspects negotiations at branch level;*
- *And for other aspects adaptation of the legal and regulatory framework (law, decrees, etc.)*

Both processes have been initiated and are still ongoing. In particular, a Law on lifelong learning and social dialogue have been promulgated on May 2004 that deals with all the points included in the Agreement that needed to be dealt with by the Law.

Objectives and rationales of the reform

Although modified several times, as concerns its main lines the former French vocational training system dated back to 1970.

It obviously allowed an increased access of employees to continued training. But, on one hand, the access of employees still continued to depend too much on their level of initial training, the size and/or the sector of activity of the enterprise, their gender, the level of their job and the type of their working contract. Furthermore, continuous training did not prove to constitute a way to acquire a qualification that would supply a real alternative to initial training. Finally, the system revealed to be quite complex and compartmentalized.

On the other hand, the environment has greatly changed since the 70's:

- *Economy is increasingly global;*
- *Technologies are continuously renewed;*
- *Population is ageing.*



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Put together, therefore it appears that the vocational training system was not able to comply with the challenges of life long learning nor with the needs of the economy as regards the increase of skills and competences of the work force.

Therefore, as expressed by the social partners, the objectives are the following:

- To allow any employee to become an actor of its own professional evolution;*
- To favour the acquisition of a qualification all life long, for youngsters, unemployed and disfavoured employees;*
- To develop the access of employees to training actions all life long;*
- To increase the volume of training actions by creating conditions allowing that they take place during working or non-working hours, these conditions concerning, nature and duration of training actions as well as incites and commitments they imply;*
- To reduce the existing differences of access to training for SMEs employees;*
- To favour equality between genders as regards the access to training;*
- To give personnel representatives and management staff of the enterprise, a crucial role to ensure the development of vocational training, in particular through information and 'coaching';*
- To ensure a co-ordinated development of vocational training in branches and regions;*
- To favour individualisation of training, use of new training technologies and on the job training.*

Main aspects of the reform

Life long information, Orientation and 'certification' of employees

A) The reform creates new tools in order to develop the role of the employee as an actor of its professional evolution and to favour his/her mobility:

- 1. Professional interview (entretien professionnel): any employee who works from more than 2 years in the enterprise, must benefit at least each two years from an 'entretien professionnel' according to the conditions defined by a branch agreement, by an enterprise agreement or, if no agreement is available, by the employer. The proposals made in the field of training can be included in his/her training passport (see 2. below) if the employee wishes so.*
- 2. Training passport (passeport formation): it is a personal document that re-traces knowledge, competences and skills acquired by the employee. This*



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tool is intended to favour mobility of the employee both inside and outside the enterprise.

- B) *The reform confirms the right for every employee to benefit from a competences audit (bilan de compétences) or from a VAE (validation des acquis de l'expérience) during working or non-working hours. What is new is that for experienced employees (over 45 years and/or with 25 years in employment), the right is systematised.*
- C) *All professional branches have to settle a Prospective Observatory for jobs and skills (Observatoires prospectifs des métiers et des qualifications). The objective is to know and anticipate the evolution of jobs and of competences and training needs in order to define adapted policies and strategies. In particular, these Observatories will allow to define priorities of DIF (see below).*

The responsibility of all these points rest only with social partners, they are not dealt with by the law.

Vocational training

- A) *The reform creates two new tools to access to training for employees:*
1. *DIF (droit individuel à la formation / personal training right) of 20 hours per year that can be cumulated during 6 years. This right is open to all employees. It is applied at the initiative of the employee with the agreement of the employer as regards the choice of the training followed. This training is paid by the employer. It takes place during non-working hours unless a branch agreement foresee that it can takes place during working hours. When taking place during non-working hours, the employer must pay a training allowance equal to 50% of the net wage. The employer must also take (in written) commitments as it concerns the recognition of this training.*
Branches will define the priorities of the use of DIF as regards beneficiaries and the topics of training.
 2. *Professionalizing period (période de professionnalisation): this disposal concerns:*
 - *employees which skills are too low;*
 - *employees that have a project of enterprise start-up or take-over;*
 - *employees with at least 25 years of professional activity or over 45 years old and being employed in the enterprise for at least 1 year;*
 - *employees coming back from a maternity or parental leave.*



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It is implemented at the initiative of the employee or of the employer and it allows benefiting from sandwich training.

B) Other ways of access to training are maintained with modifications. The main evolution is the opening of the possibility of vocational training during non-working hours.

1. The training plan will now distinguish three types of training actions:

- adaptation to the work place: these trainings take place during working hours and employees earn their usual wage;*
- actions related to the evolution of jobs or contributing to keep one's job: these trainings take place during working hours and employees earn their usual wage but if the usual working time is exceeded, this excess will not be considered as supplementary working hours (in the limit of 50 hours and an agreement between the employer and the employee must have foreseen this possibility);*
- actions targeting development of competences which can take place during non-working hours in the limit of 80 hours per year and per employee. During this training the employee earns a training allowance equal to 50% of its net wage. An agreement between the employer and the employee must define what will be the (positive) consequences for the employee (employer's commitment) if he/she is successful with the training followed: access conditions to a job that meet the acquired competences, classification of the employee and how the efforts of the employee will be taken into account.*

2. The CIF (congé individuel de formation / personal training leave) is also maintained. The employee can now benefit from consultancy services in order to define his/her professional project and find the better means to reach his/her objectives.

3. Enterprises with less than 50 employees can benefit from a financial aid from the State to recruit an employee in order to replace an employee on training (CIF excluded). Training must take place during working hours. The support is granted for maximum 1 year.

C) The system of compulsory financing of vocational (both initial and continuing) training by enterprises is maintained and the rates are increased:

- 1. From January 2005, enterprises with 10 employees and more will dedicate 1.6% (instead of 1.5%) of the total gross wages paid during the previous year to vocational training;*



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2. for enterprises up to 10 employees, the rate will increase to 0.40% in 2005 and to 0.55% from 2006 (instead of 0.20% before).

Sandwich training

A new and single employment contract so-called professionalizing contract (*contrat de professionnalisation*) is created to replace the three former sandwich training contracts. This contract is open to youngsters (less than 26 years old) and to unemployed (over 26 years old).

This mixes an employment contract of 6 to 12 months together with training during at least 15% of the contract length with a minimum of 150 hours.

Branch agreements can increase the length of the contract and/or the % of training.

A first assessment of the reform by SMEs

Agefos-Pme conducted in July 2004 a survey at 500 SMEs (from 1 to 499 employees and members of AGEFOS-PME) in industry, trade and services concerning their knowledge about and opinion on this reform⁵¹, in particular as regards DIF and professionalizing contract.

First of all it appears that 76% of the respondents know at least one aspect of the reform: 57% are aware of the DIF, 59% know that the professionalizing contract is substituted to the former "sandwich integration" contracts. The possibility to train employees on non working hours is less famous (44%) as well as the new professionalizing period (24%). It also appears that the knowledge of the reform varies amongst sectors and size-classes: the knowledge rate increasing with the size class.

89% of large SMEs had already at the date of the survey or were going before end of 2004 implemented one or several actions in order to adapt their enterprise to the reform. On the opposite, 23% of SMEs with less than 10 employees had still not planned anything and 20% estimated they will start in the second half of 2005.

As regards DIF, it seems that the majority of respondents have in general a good opinion of the DIF and are not too much worried about its implementation (see Table below)

⁵¹ Agefos-Pme, Réforme de la formation professionnelle : qu'en pensent les PME ? (The reform of the vocational training system: what do SMEs think about it ?), Coll. Regard Sur, Paris, October 2004.



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Do you agree or not with the following proposal (in % of the total number of respondents)?

| | Agree | Disagree | NA |
|--|-------|----------|----|
| <i>DIF is an opportunity for the enterprise and its training policy</i> | 77 | 21 | 2 |
| <i>DIF is an opportunity for the employee and its personal evolution</i> | 87 | 10 | 2 |
| <i>Dialogue between employee and employer is an important aspect of DIF</i> | 95 | 4 | 1 |
| <i>DIF will meet support of employees of the enterprise</i> | 66 | 27 | 7 |
| <i>DIF is not an immediate priority, I will see this in a few years</i> | 59 | 39 | 2 |
| <i>There is a risk that all employees request to benefit from the DIF at the same time</i> | 29 | 68 | 4 |
| <i>DIF presents a risk for the general coherence of the training policy</i> | 32 | 63 | 5 |

SMEs appear also to be interested by the new professionalizing contract: 73% of the respondents estimate that they will be concerned.

According to the respondents, the advantages of this contract are numerous: for 47% it offers recruitment perspectives, for 37% it offers skills useful for the enterprise, for 31% the system appears flexible, etc.

The majority of the respondents estimate that they would use this type of contact for recruiting young people: Young graduates for 58%, Young (less than 26 years old) unemployed for 32%, unqualified youngsters for 28%. 23% would use it for recruiting unemployed over 26 years old and 14 % disfavoured people (disables, long tem unemployed, etc.).



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5. CONCLUSIONS AND RECOMMENDATIONS

5.1. MAIN CONCLUSIONS ABOUT THE COMPETENCE DEVELOPMENT ISSUES

5.1.1. What has been done, and what is now to be done?

The French social partners and the French Government consider competence development as a very important issue. In 2003, the professional organisations and the trade unions signed an agreement concerning the continuous vocational training system. This agreement was confirmed by a State Law in May 2004, and followed by numerous professional branch agreements, detailing the implementation of the general national agreements, depending on the specificities of the different sectors of activities.

It is to be underlined that the method and processes reaching to these decisions and policies can be considered as best practices examples, at least when taking into account the national level.

First, the process began with various analyses of the continuous vocational training issues, with an evaluation of the French 1971 law and of the continuous vocational training systems existing in other countries.

Second, the social partners discussed consistently these various results during numerous reflection meetings, and progressively reached to a shared diagnosis.

Third, agreeing on the fact that competence development is an issue of national importance for the future, the social partners reached to mutual concessions, that can be in a few words summarized as (giving thus a sole example included in these new policies) "promoting the participation of the employees to a more developed training effort during the non-working hours, versus a greater financial effort of the enterprises in favour of continuous vocational training".

Finally, the State confirmation and the various branches agreements signed in 2004 marked the success of the whole process, based on the awareness of a present and future necessary evolution towards a competence development movement, concerning all categories of employees, whatever their initial educational level or the size or sector of activity of their enterprise.



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Now, the question is to develop in the following years a large implementation of these practices throughout SMEs and their employees; according to the opinions of most stakeholders, this implies the concretisation of the following points.

5.1.2. The stakes

Ageing of the population, necessity to decrease the unemployment rate, increasing the possibility for every people to get a decent job and salary, the necessity to face the increasing world competition and exchanges, and finally, the necessity to maintain an efficient economic system, are the motivations leading to the spirit of competence development effort, thus permitting persons, enterprises and nation to behave wealthily in the near and distant futures.

The notion of competence is absolutely not to be limited to some such-named "hi-tech" competences. All kinds of competences are to be encouraged, including both the necessary basic ones for everyone and the specialized ones (manual or intellectual ones, whether scientific, technical or practical ones), knowing that the mix of knowledge, know-how and professional "savoir-être" will be, as ever in the past, a necessary key for success.

The question is to make sensible for everyone the increasing speed of the world changes, and the fact, that, what previously was local competition is increasingly becoming world competition, this meaning everyone addressing every year more numerous and motivated competitors. From this point, two solutions can be imagine: first, decreasing the intensity of the increasing "world competition"; second, remaining on the top of the basket (every difficulties to reach this goal being taken into account), this meaning a general evolution of the competences.

It is to be noted that French SME managers are more convinced, compared to their European counterparts, to the necessity of increasing the competences of their employees, all categories and kinds of know-how included. In fact, it seems that SME managers cannot describe any specific knowledge or know-how gap for the present or future, but that they are particularly aware that every kind of job function will evolve and that it is absolutely necessary to stick to these future evolutions, and to get ahead of them better.

Now, the real stake, for everyone, is to transform this general consciousness into action, this implying, one the spreading of a general wish for action, and second, the organisation of efficiency.



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5.2. RECOMMENDATIONS CONCERNING THE COMPETENCE DEVELOPMENT ISSUES

5.2.1. Developing the general awareness concerning the necessity of competence development

It is noticeable that, by now, an important proportion of SMEs does not exactly know the various new measures and systems proposed by the recent law and agreements concerning continuous vocational training. In certain cases, the means of the branch organisms in charge of the promotion of vocational training are too reduced to permit an efficient communication campaign towards the SMEs. In those cases, it would be interesting to have a back up from part of national authorities or organisms, in order to ensure this large and necessary communication effort.

According to the opinions of most stakeholders, the communication should include several facets.

A first aspect should be a simple description of the new possibilities opened by the law and the agreements.

A second aspect could be the argumentation concerning the interests of seizing these new opportunities, directed on one hand to SME managers and on the other hand to the various categories of employees. Attention should be paid, first to a clear description of the forecasted evolutions that led to these commonly shared decisions, and second, to the answering to and debating of the several possible barriers to a renewed commitment to continuous vocational effort.

For example, it may be useful to describe the present system of communication of knowledge inside most SME: it is to say mostly informal, mostly from an older employee to a chosen younger one (this leading directly to problems related to the evolution of the initial educational level), mostly based on restricted practices, such as trying to learn from clients, suppliers or competitors, especially during such occasions as trade fairs. In fact, these means for developing competences are not as developed and structured as it would be needed in order to develop what could be named "human competence capital unaffordable for the firm future". As this notion is still not very spread throughout the population of SME managers and employees, a strong and long communication effort is to be dedicated to it. Most SMEs really devote working hours to the internal knowledge transmission from employee to employee. Still, these efforts maybe not structured in the proportion required for the future enterprise wealth.



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So, it could be expressed that, what is by now considered as cost is in fact investment, that an employee leaving the firm after a personal training is largely balanced by a renewed efficiency and implication of many other trained employees, and that the whole movement of competence spreading throughout the economic society (the firms), is a necessary condition for the development of this society (nation) in the framework a constantly more integrated and competition-making world.

Besides, employees have to be convinced, amongst other things, that, first, both themselves and their employers and firm can draw benefits from a shared decision about the interest of a training action, and its content, that is to be satisfactory for both parts, and especially for the person that is meant to be trained and will dedicate personal time (family life), efforts and risks (of being discredited or even to fail) for this case.

Last, but not least, recognition of competences is a central piece for the success of any training action. It means both recognition of the competences acquired during the previous professional life, and recognition of the knowledge acquired during training actions. Recognition means formal certification, valuable inside the enterprise and on the labour market, renewed job description, and by the way recognition in terms of revenue. If there is no recognition, there won't be any no effort nor wish for dedication to the enterprise goals, nor for self-training effort. This must be a win-win game.

An important point is to develop public and professional networks able to sustain such information diffusion.

5.2.2. Technical issues concerning training efficiency

Another important point is to continue to develop the means intending to obtain more simple and efficient training.

Concerning the branch prospective job and competences observatories, all stakeholders declare that they are absolutely necessary in order to procure visibility to SMEs, and agree about the necessary development of their information flux towards employers and employees.

When coming to the possible improvements of these observatories, various opinions emerge: the observatories could be more SME-oriented, their forecasting could be actualised, they could be based on analysis of the regulatory and technological impacts. Besides, the choice between local or national studies is still to be debated, depending on the sectors of activity.



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A stronger link could be established between initial vocational training and continuous vocational training (sandwich training, etc). The common initial educational base ('socle commun') is a generally well-accepted idea, and thus, means should be granted to it. Besides, the design of initial vocational trainings must continue to be still adapted to the labour market.

Finally, the interest of a greater development of technical initial education could be considered, for a more numerous population of students: why should technical trainings be considered as second choices (as it is simple to consider them also as basic knowledge, to be included in the so-called 'socle commun')?

Many stakeholders insist on the interest of paying specific attention to particular situations, such as: older employees; people being in threatened job situation due to their specific job content; people coming back from maternity or paternity leave; handicapped people, long-term unemployed.

Within a few years, a substantial evaluation of the performance of the new measures is to be, as already established, realized.

Last of all, SME managers are to be provided with consistent information concerning the practical means and ways permitting them to organise efficient training actions. Once again, best examples, methodology and network demonstration are to be put forward. The previous national, local and branch initiatives are to be encouraged once again.

The general opinion is that a new look should be dedicated concerning the comparison between personal competences and ability to be successful in a new job situation. This opportunity of convergent points of views should be seized.



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ANNEX 1: DESCRIPTION OF THE EXPERTS INTERVIEWED

In France, five in-depth face to face interviews have been conducted with:

The two most representative French trade associations, as regards SMEs:

- **MEDEF** ('Mouvement des Entreprises de France') ('French Enterprises Movement'); MEDEF represents both LSEs and SMEs;
interviewed person : Mr Bernard FALCK, Director for education and vocational training;
- **CGPME** ('Confédération générale des petites et moyennes entreprises') ('General confederation of the SMEs'); CGPME represents exclusively SMEs;
interviewed person: Mr Jean-François VEYSSET, Vice-President in charge of social affairs and education;

CGT ('Confédération générale du travail') ('Work general confederation'): first French trade union;

interviewed person: Mr Régis REGNAULT, National adviser for the initial training and continuous vocational training issues.

Concerning these first three interviewees, it is to be noted that their organisations (MEDEF, CGPME, CGT) signed in 2003 an agreement of importance concerning professional life-long learning (see policy case study). These three persons participated in the debates that concluded into this agreement.

Ministère de l'Industrie, Direction générale des entreprises (Ministry in charge of industry, General Direction of enterprises)

interviewed person: Mr Bernard SCHNEIDERMAN, Office manager;

Mr Philippe VERGNET, Consultant at 'Ad arborem', a human resources and training consultancy: he designs, sells and realizes training and coaching missions, whether for employees or either for the benefit of enterprise managers; he detains a long experience in manufacturing industry, as high-ranked manager; Ad Arborem is a firm acting in assessment and development of competences and organizational learning.