



Building Capacity in SMEs through Knowledge Intensive Service Activities (KISA)

Supporting SMEs in a Time of Crisis
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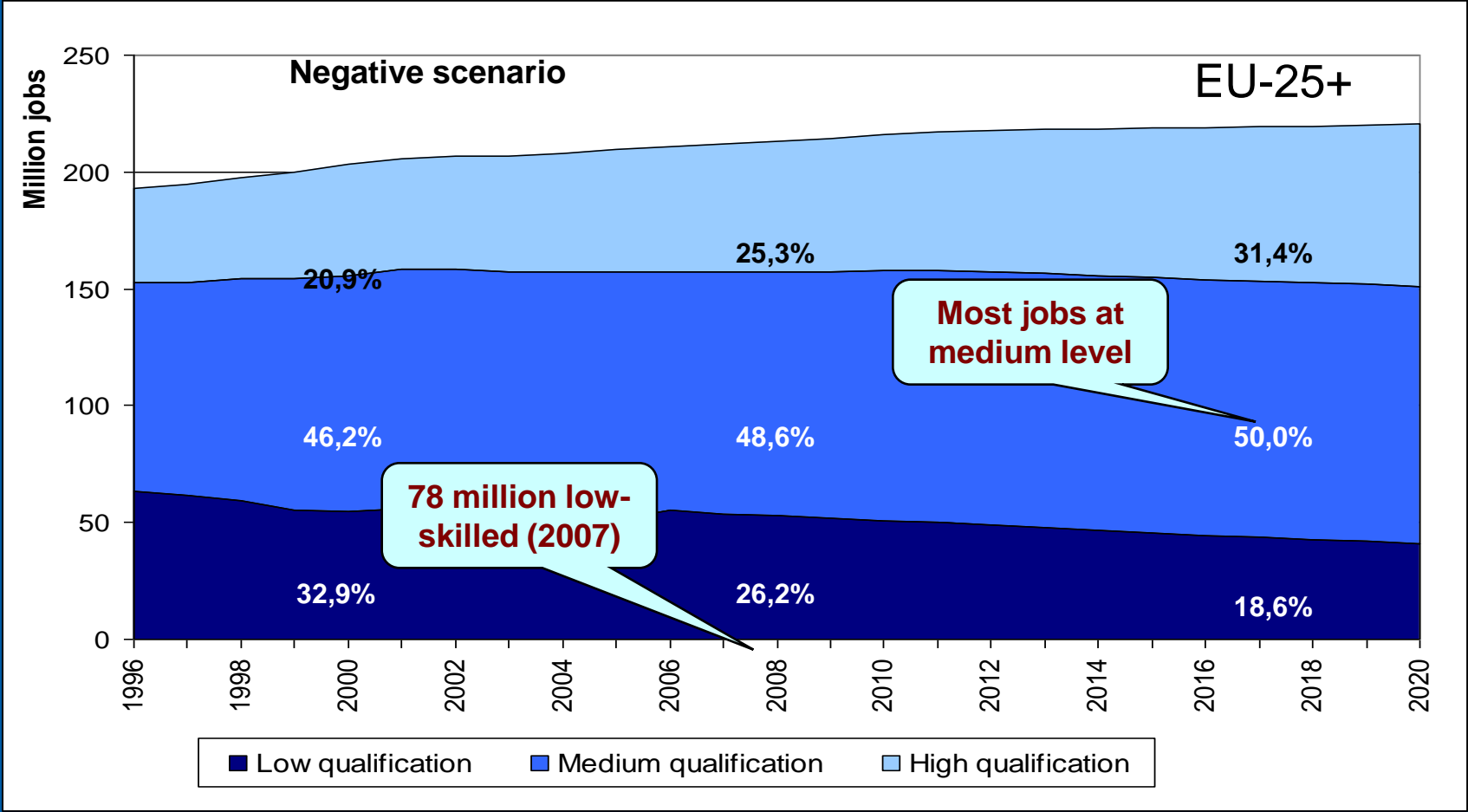
Overview

- SMEs in a transforming economy
- Why skills are important?
- Which skills we need?
- What obstacles are found in firms?
- Alternative ways to build skills – KISAs
- Policy Implications
- LEED TSME project
- Skills an Training for Quality Jobs

SMEs in a Transforming Economy

- Access to finances deteriorated with crisis - rapidly declining working capital, increase in insolvencies and bankruptcies...
- ...and exiting the crisis through greening of the economy and towards a low-carbon economy requires transforming jobs, occupational profiles and business operations in ways yet quite uncertain...
- ...so *new skills* are required not just for competitiveness but also for adjusting to climate change policies and regulations.

2020: Need for High and Medium level skills

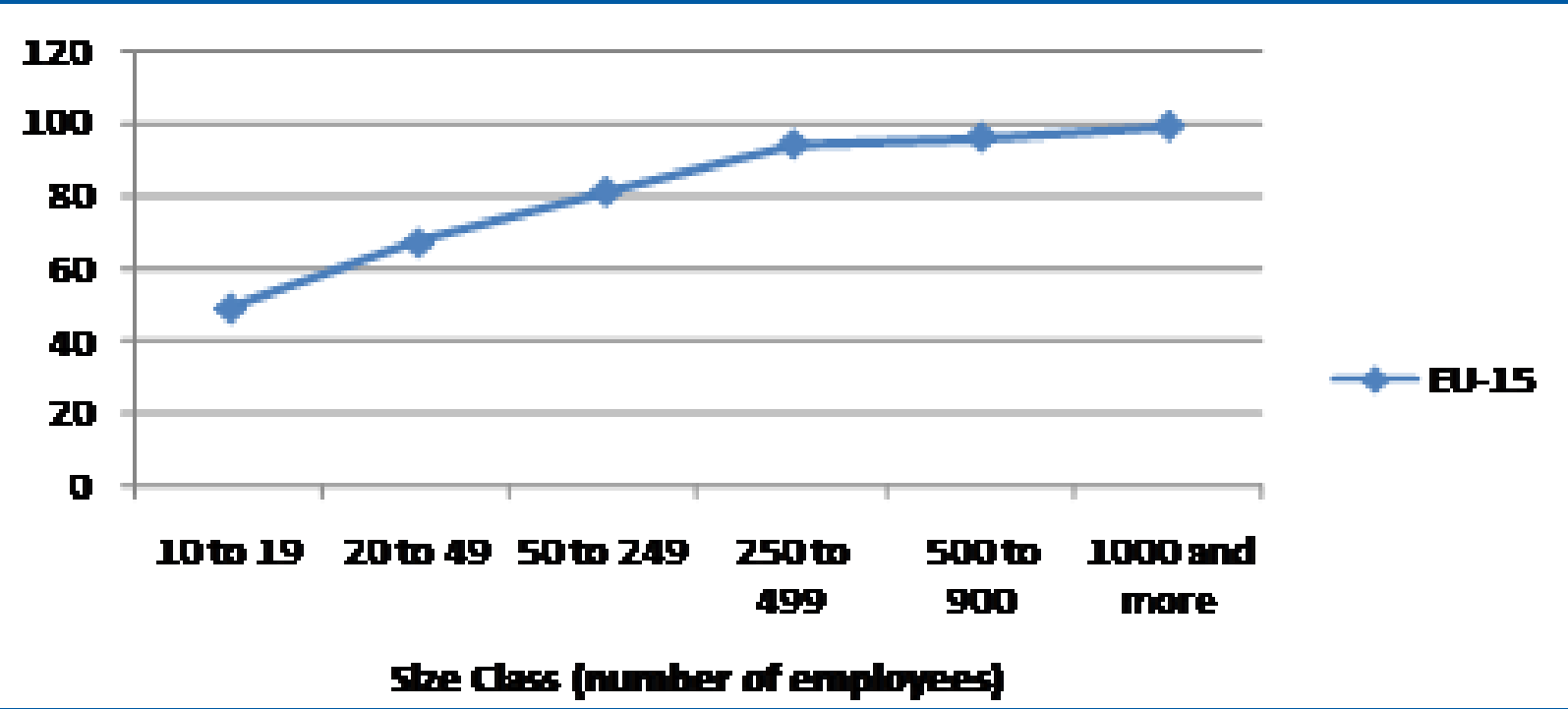


Source: CEDEFOP 2009, data for EU 25

Size of the Firm Matters

SMEs participate up to 50% less in training activities than large firms

EU training enterprises (% of all enterprises)

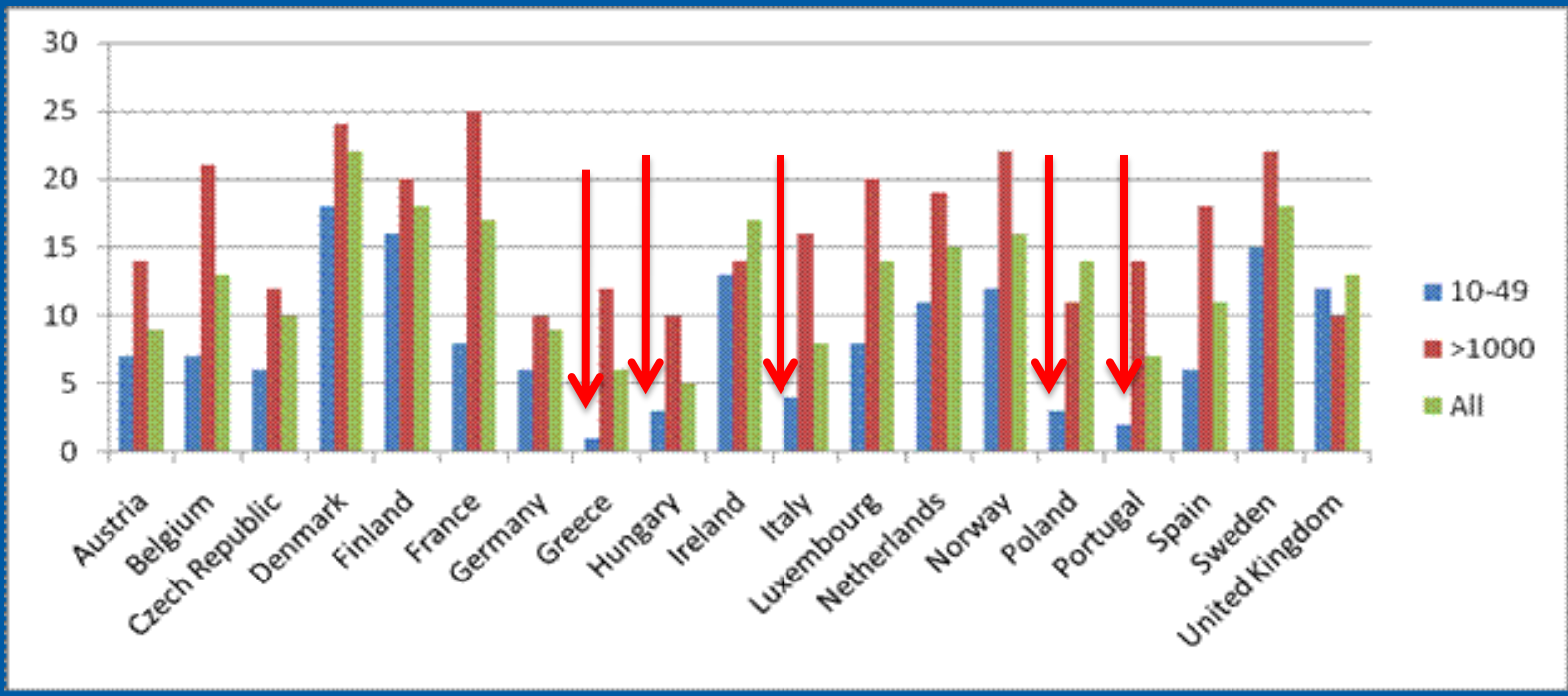


Source: Compiled from CVTS2 New Cronos, Eurostat

Inequalities are Significant

Significant country differences in access.

Number of hours per employee participation in training by firm size



Source: compiled from CVTS2, New Cronos, Eurostat

Plus → Systematic access gap: younger, better educated, high-skill occupations have greater access.

Obstacles to Training are Well Defined in SMEs

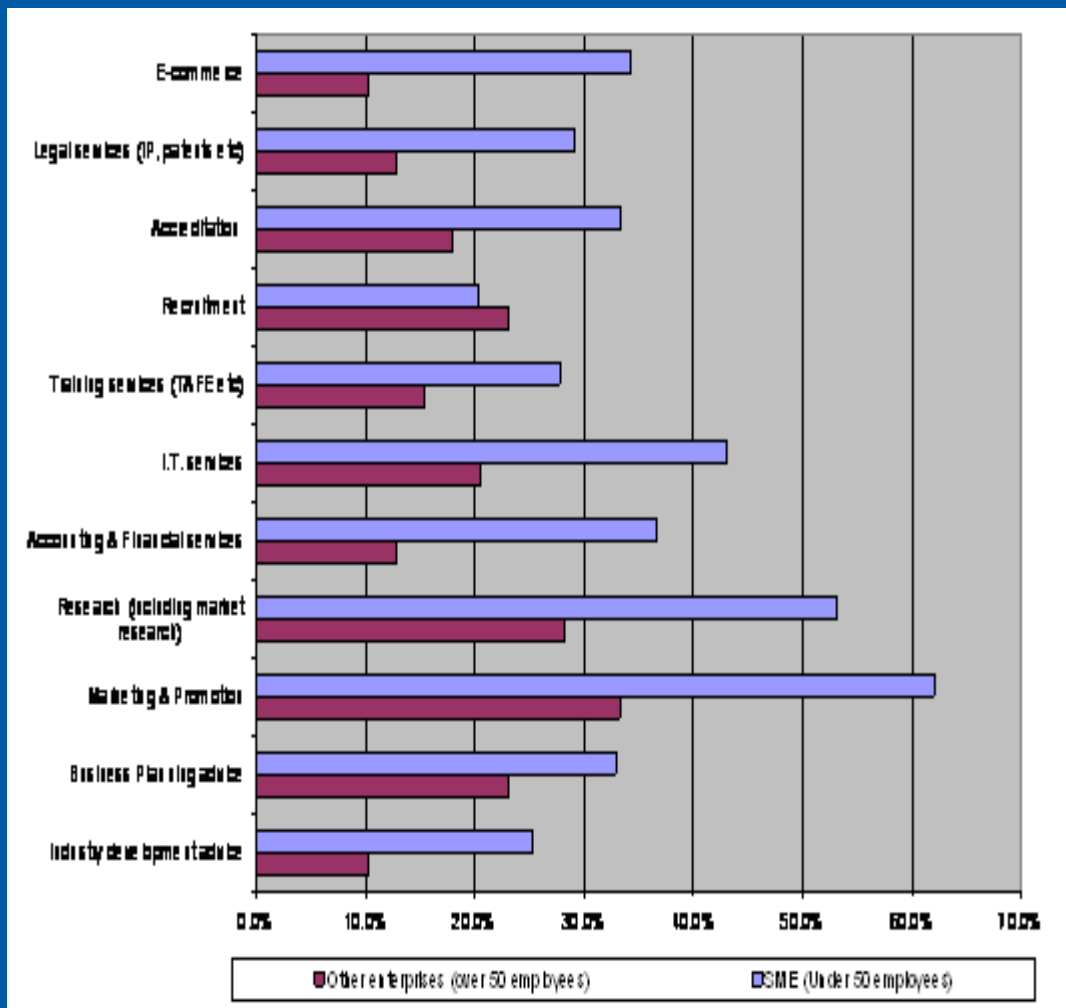
- Lack of awareness – no need;
- Time, workload pressures, resources and cost;
- Paperwork/red tape;
- Enterprise/managers skills, data and support;
- Operational culture;
- Learning preferences;
- Different training needs;
- Market position. (OECD, 2008)

Skills Development through 'Activities'

Alternative Learning Activities key for:

- Informal training
- Human Capital Development
- Competence building
- Firm strategy
- Innovation activity
- Network development
- Local embeddeness

KISA usages by type by firm size

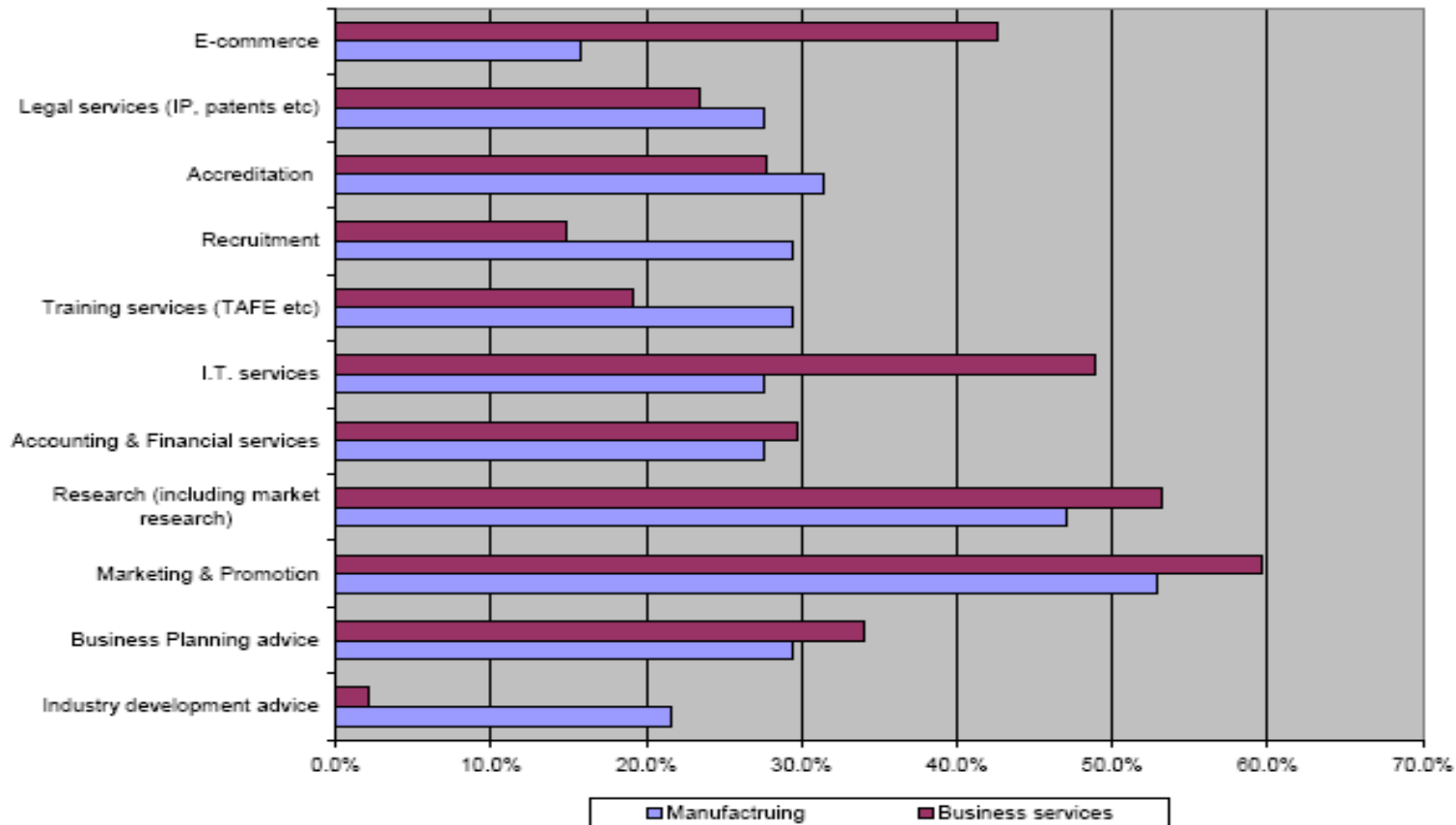


Knowledge Intensive Service Activities (KISAs)

KISAs are the production or integration of service activities, undertaken by firms and public sectors – and in the context of manufacturing and services, in combination with manufacturing outputs or as stand-alone services (e.g. electronic commerce, legal services, recruitment and training, market research, financial and business services, research, marketing and promotion). (OECD, 2006)

Use of KISA

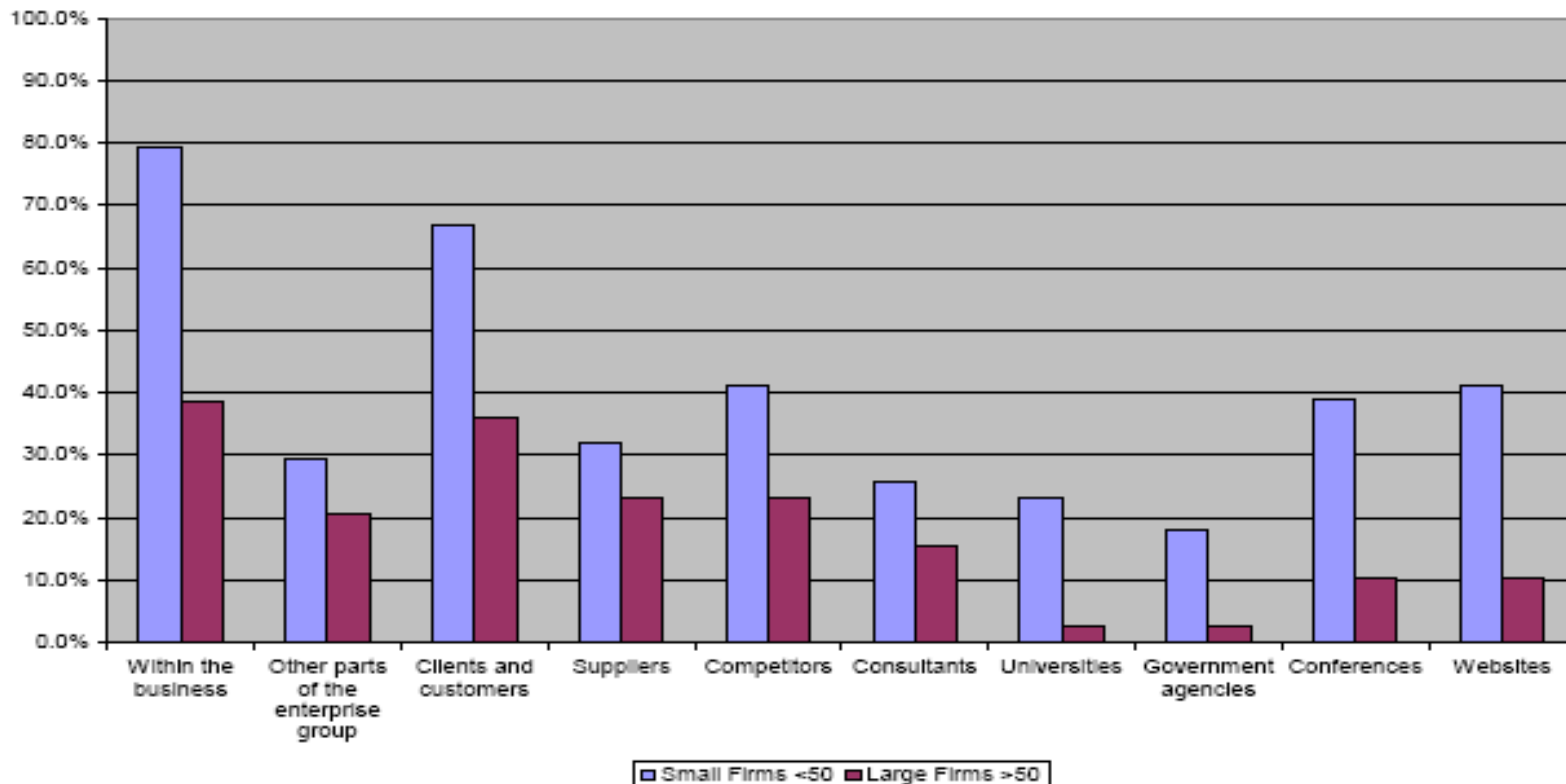
Figure 18 KISA usages by type by industry



Source: Outer Western Sydney Business Innovation Survey, n=119, multiple answers allowed

KISA Sources by size of firm

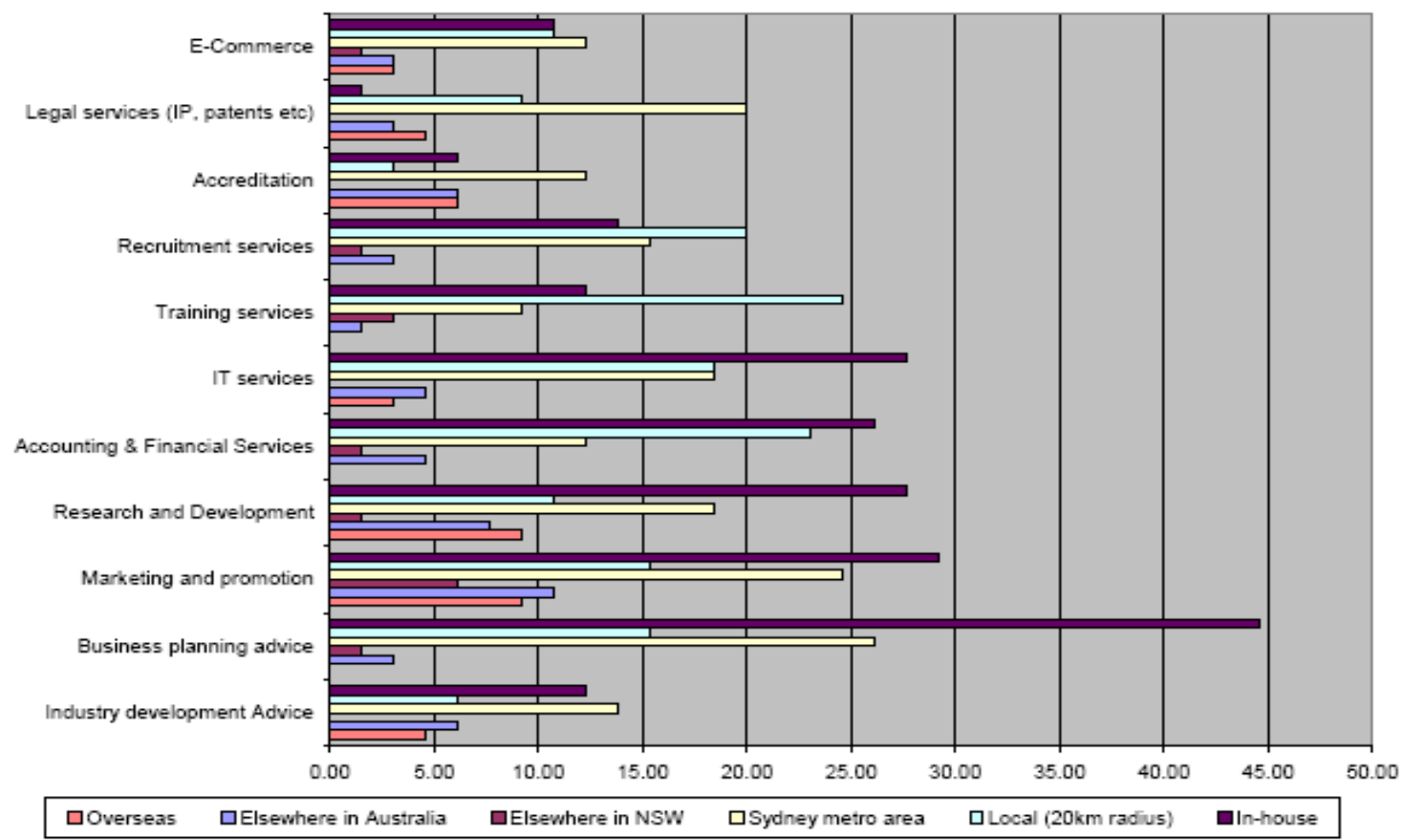
Figure 16 Knowledge sources (rated high and medium importance) by business size



Source: Outer Western Sydney Business Survey, n=119

Location of KISA

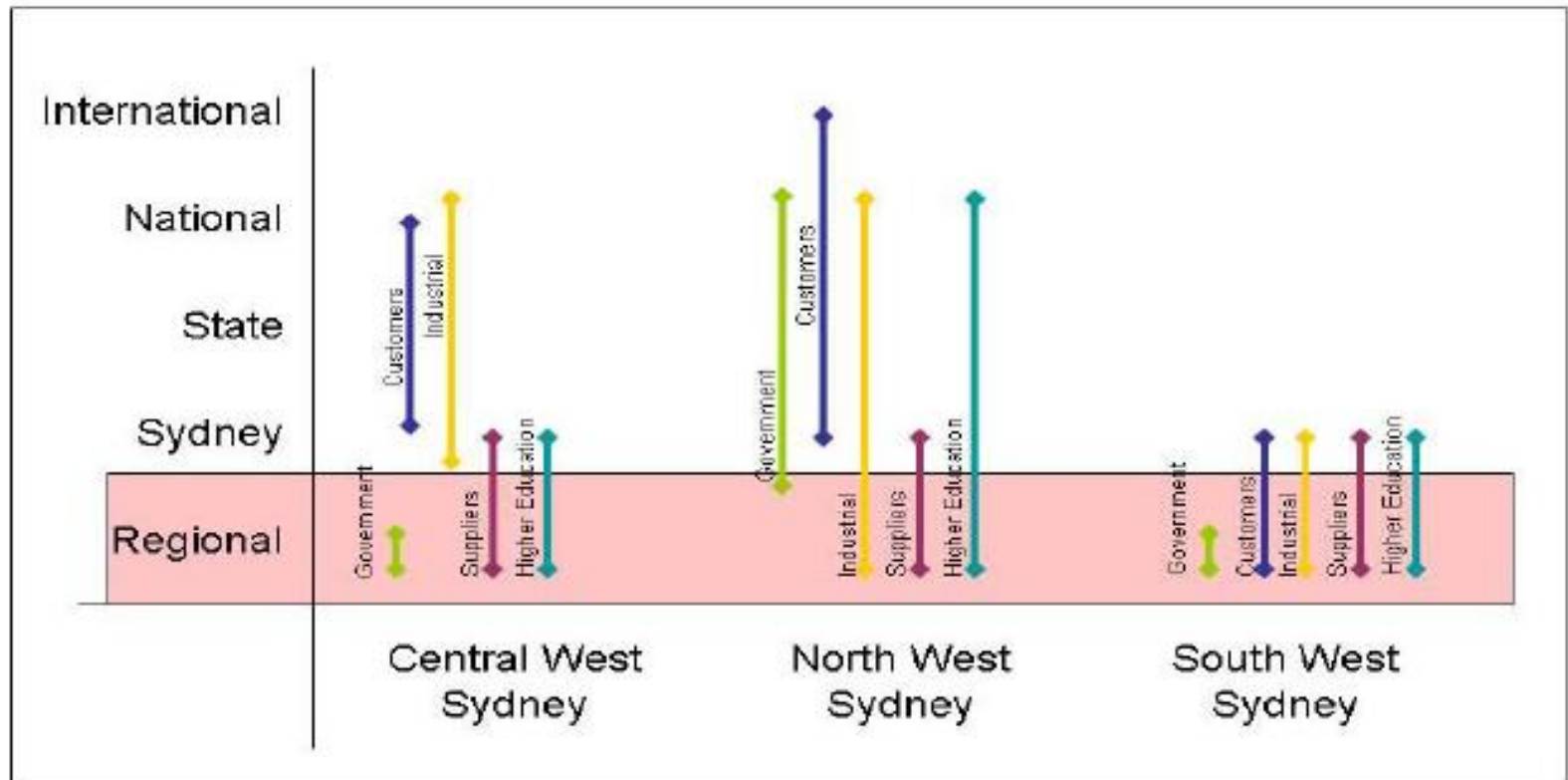
Figure 19 Location of services for KISA, South West Sydney



Source: Outer Western Sydney Business Innovation Survey, n=65, multiple responses allowed

KISA Interactive

Figure 26 Geography of knowledge network



Source: Outer Western Sydney Innovation Survey. n=119. S. Sharpe (2007)

Skills Development Plans

Table 19 Local Policies and Programs (Council Plans) by LGA in Western Sydney

	Skills Plan	Employment Plan	Econ Dev Plan	Social or Community Plan	Strategic or Management Plan	Other**
South West Sydney						
Liverpool				X	X	X
Campbelltown				X	X	
Camden				X	X	
Wollondilly			X*	X	X	
Central West Sydney						
Penrith		X	X	X	X	X
Blacktown			X	X	X	
Blue Mountains			X	X	X	
North West Sydney						
Baulkham Hills			X	X	X	
Hawkesbury				X	X	

* Plan under development

**Other plans include 'City Centre' plan and 'Civic Improvement' plan

Yellow colour indicates not plan available. Other regional organisations can have plans including several Councils.

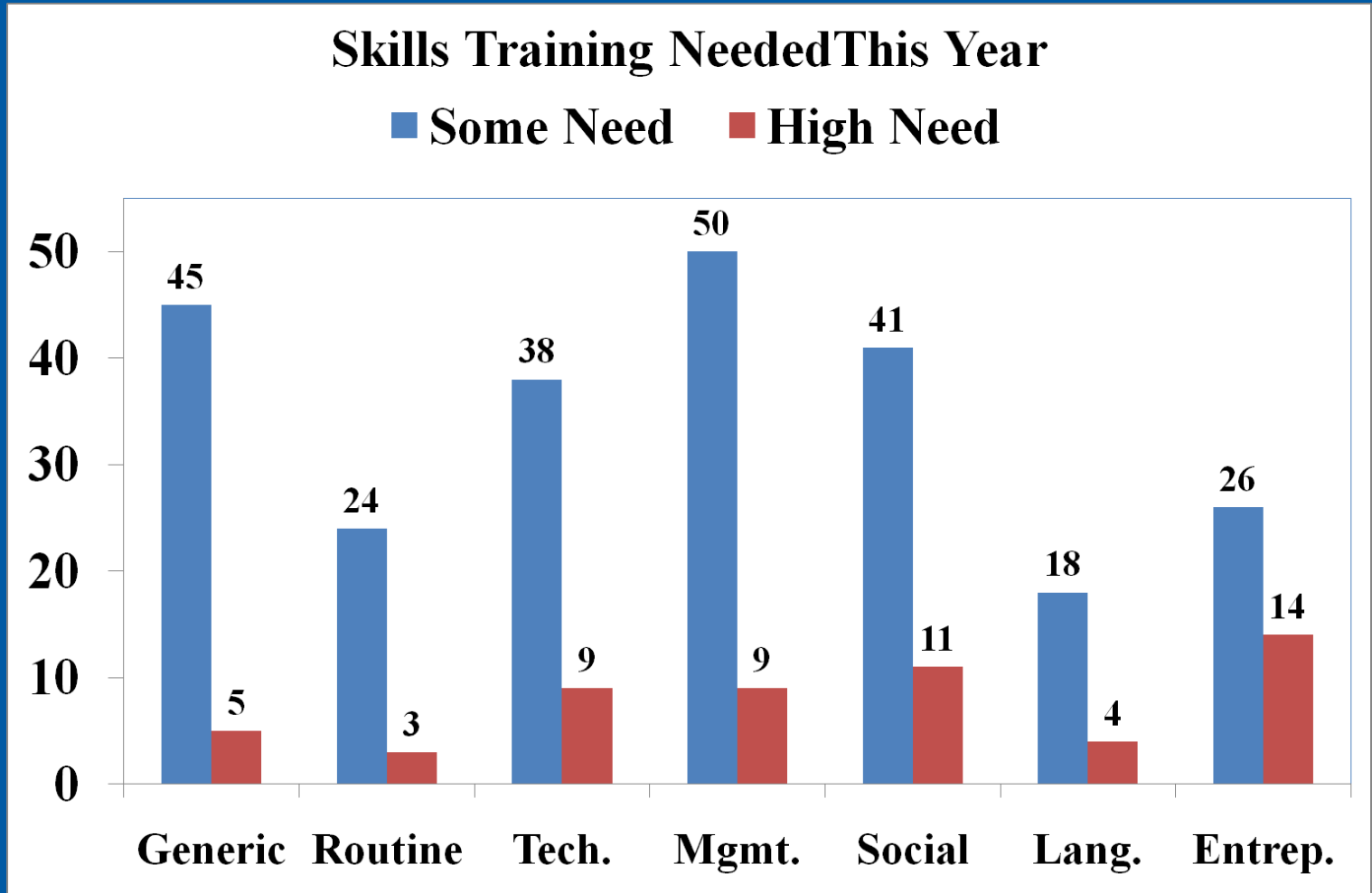
Training and Skills Development Policies?

- Well fit for large firms but not flexible enough for SMEs;
- Productivity enhancement measures do not reach low-skill levels;
- New trends – KISA (informal/not accredited) not currently considered;
- Limited attention to local networks and the role of ‘skills and training ecosystem’

The TSME Project

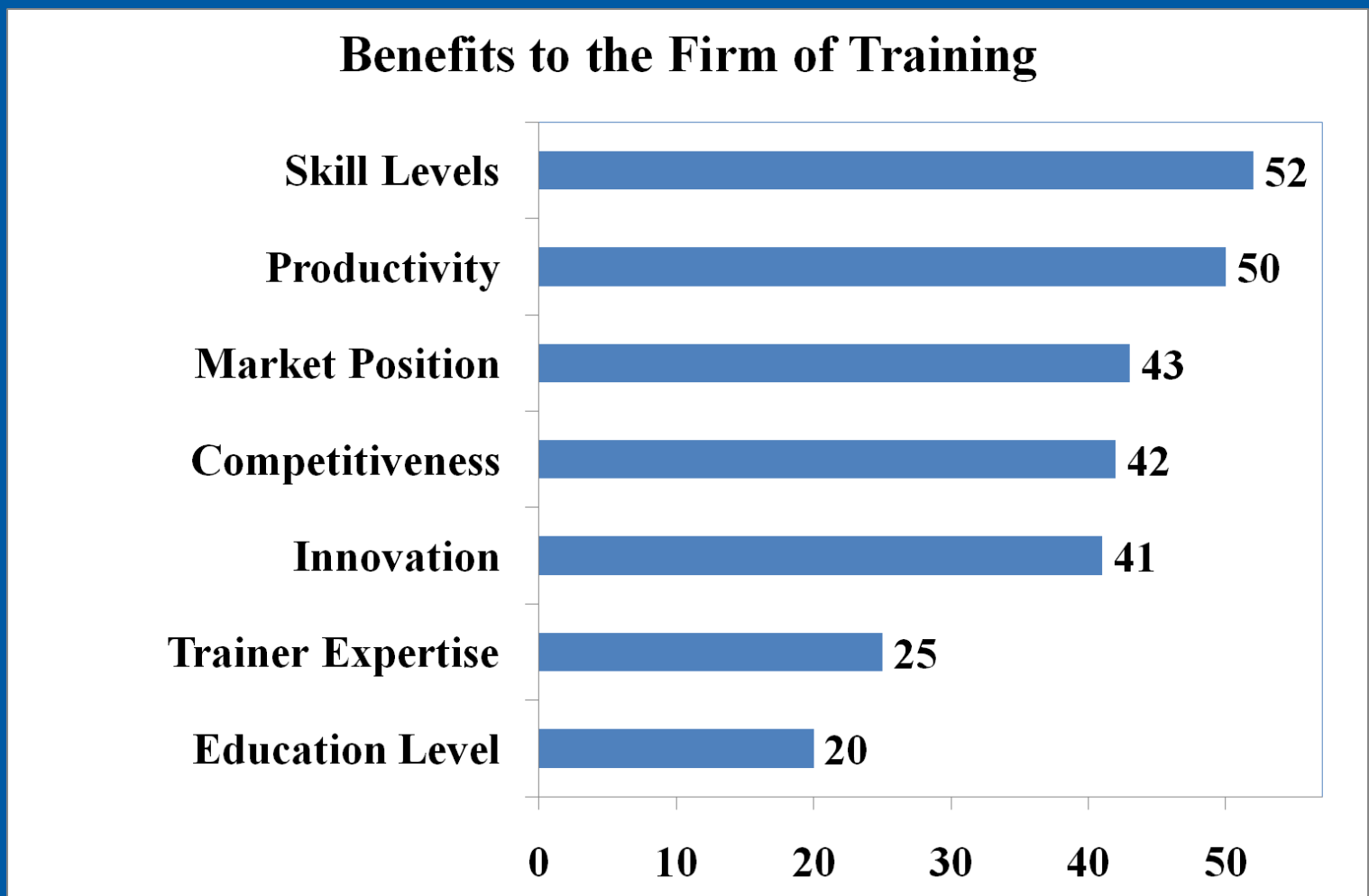
- Skills development in SMEs;
- Formal training programs versus KISA;
- Participation of the low-skilled, disadvantage;
- Accreditation of informal training/activities;
- Best practices (productivity and workforce enhancement);
- Skills needs in SMEs:
 - Basic: generic, routine
 - Advance: technical, social, languages
 - Converging: entrepreneurial, green

New Zealand TSME project



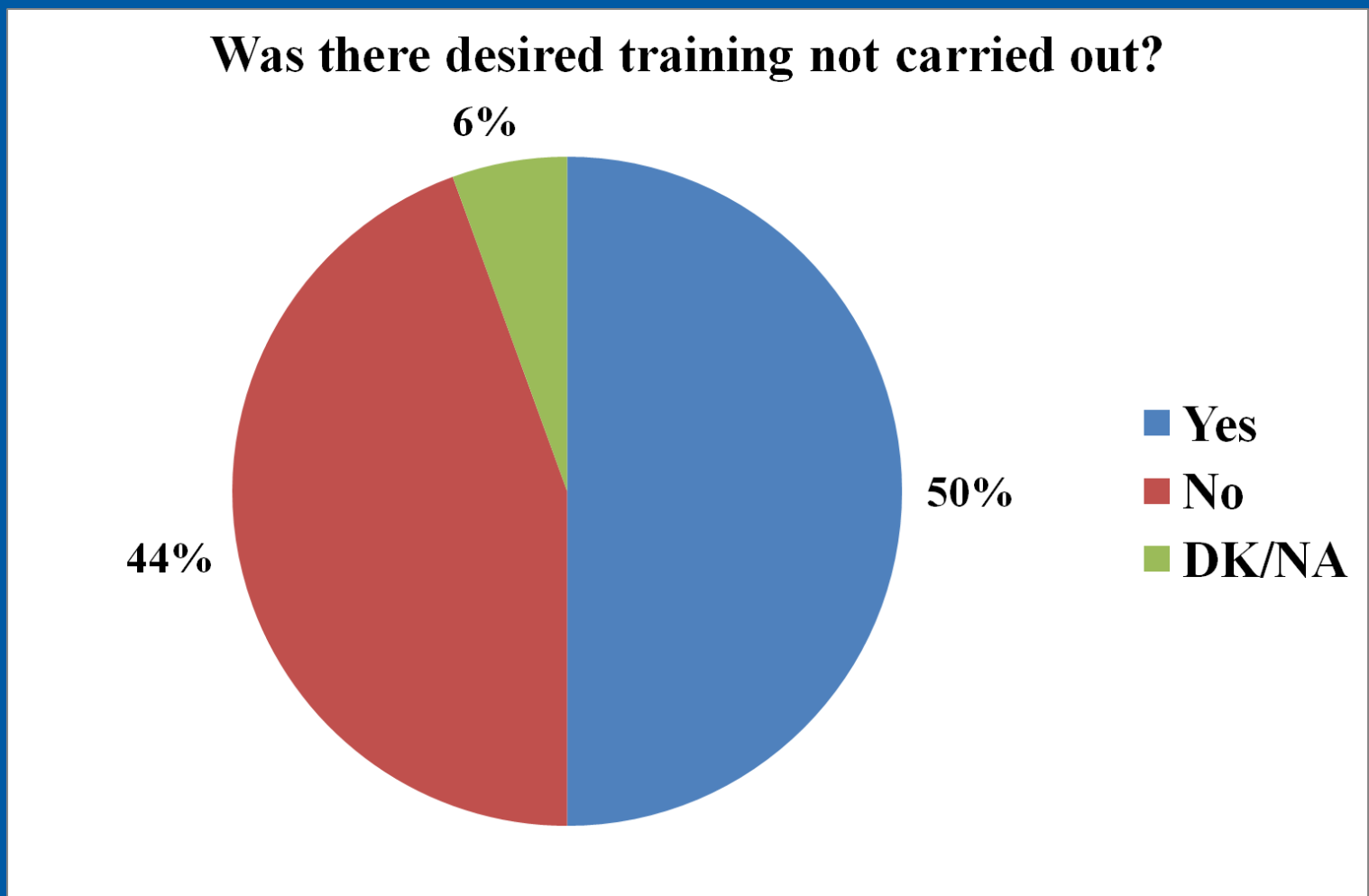
* Preliminary results – please do not cite

New Zealand TSME project



* Preliminary results – please do not cite

New Zealand TSME project



* Preliminary results – please do not cite

Skills & Training for Quality Jobs

- Promoting skills and training as pillars of economic development, recovery and transformation;
- Promoting training as an active pathway to building capacity;
- Finding ways to overcome the barriers of the size of the firm: supporting other ways of learning through KISAs;
- Fostering SMEs as key to economic recovery, continuous innovation and the transformation to a green economy;
- Re-claim the role of the local level and public sector in providing skills and training programs to SMEs;
- Promoting technological and social innovation in SMEs.

Thank you

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