INFORMAL LEARNING AS A TOOL OF TRAINING AND DEVELOPMENT IN SMES

Hanif Bin Hanapi
36178

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INFORMAL LEARNING AS A TOOL OF TRAINING AND DEVELOPMENT IN SMES

HANIF BIN HANAPI

This project is submitted in partial fulfilment of the requirements for a Bachelor of Science with Honours (Human Resource Development)

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PEMBELAJARAN TIDAK FORMAL SEBAGAI ALAT LATIHAN DAN PEMBANGUNAN DI DALAM PKS

HANIF BIN HANAPI

Projek ini merupakan salah satu keperluan untuk Ijazah Sarjana Muda Sains dengan Kepujian (Pembangunan Sumber Manusia)

Fakulti Sains Kognitif dan Pembangunan Manusia
UNIVERSITI MALAYSIA SARAWAK
(2015)
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INFORMAL LEARNING AS A TOOL OF TRAINING AND DEVELOPMENT IN SMES
Hanif bin Hanapi

This research aims to study about training and development in small and medium sized enterprise (SMEs), which only focus on informal learning. This study have been conducted in Kuching and Kota Samarahan, which include micro, small, and medium sized company that come from various business background. This study engages a survey design. Seven informants are purposively selected to be involved in the survey. An open-ended questionnaire was used in the data collection. The data obtained are analyzed by way of content analysis. The findings suggest that SMEs practice many types of informal learning. Even though they have problem with it, they still practiced informal learning because they have motivation to learn. Moreover, they learn many competencies through informal learning.

Key Words: Informal learning, SMEs, Barrier of learning, Factor of learning
ABSTRAK

PEMBELAJARAN TIDAK FORMAL SEBAGAI ALAT KEPADA LATIHAN DAN PEMBANGUNAN DI DALAM PKS

Hanif bin Hanapi


Kata Kunci: Pembelajaran tidak formal, PKS, Halangan pembelajaran, Faktor pembelajaran
1.0 Introduction

This study discusses how SMEs (small medium sized enterprise) update their knowledge through a low cost way. This chapter discusses the problem statement specifically the problems encountered by SMEs in providing training and development. The next section is objective of the study. Then, it will be followed by the research questions. Significance of study and later on is limitation of study. The limitation of study discusses the barriers anticipated in the study. The last two sections are definitions of terms and the summary of this chapter.
1.1 Background of the Study

Training and development is needed in an organization. There is also no exception about training and development for SMEs. In SMEs, there will be training and development among the members. It is either formal or informal. In SMEs, the employer usually chooses informal learning instead of formal learning. This is because it saves cost and cuts the budget in training.

National SME Development Council of Malaysia stated that there are few characteristics of SMEs in Malaysia (2012). One of them is SME in Malaysia have low productivity compared with other countries where in Malaysia it stands at about RM47000 SME productivity per worker while the record in the United State and Singapore is seven and four more times better than Malaysia respectively.

In a newspaper article, SMECorp Malaysia aims 30% of Malaysia’s SMEs to join global market in 2015 (Othman, 2014). This article states that the government of Malaysia will help SME to develop and increase the quality of their product to penetrate the global market. Wayne Lim, Group CEO of Malaysia SME states that SMEs have contributed to Malaysia’s economy, but it still lacks in contribution of gross domestic profit (GDP) compared to developed countries (Wong, 2013).

The government also states that SME development focuses on certain areas such as Human Capital Development to help local SMEs to grow (SME Development Council, 2012). There were a few challenges that was found to be barrier to Human Capital Development, which was low utilization of existing training and low benefits and rewards. Thus, to develop Human Capital Development in SMEs we need to research thoroughly regarding informal learning in Malaysian context.
1.2 Problem Statements

Training and development was important in organization. It was needed to make sure an organization survive in competing with other organizations. For big organization, it was easy to allocate a big budget for training and development. For example, their HRD department may allocate thousand Ringgit Malaysia to buy module to develop their training and development.

However, for small and medium sized enterprise (SMEs), it was quite difficult for them to allocate a big budget for training and development. They know it was important part to grow their organization, but the budget does not allow them to do so. According to Edwards and Muir, the barrier of self-employment and the learning was lack of support, resources and finance.

Previous research conducted by Yazdanfar, Abbasian, and Hellgren (2014) that focus on competency development. However, the study focuses more on micro firm, not including small and medium sized enterprise. Besides that, the sample they choose was the Swedish nationalities having very different culture compared to in Malaysia.

Thus, for SMEs, they choose the most low cost way to train and develop their organization’s member. They usually conduct training and development through informal learning. There were many researches that have been conducted in informal learning area. However, the research has been conducted in other countries and much less in Malaysia.

A research conducted by Cunningham and Hillier (2013) was conducted in Canada. There were differences between Canada and Malaysia especially in terms of culture and environment. Even though there was similar research conducted by Berg and Seung (2008) about the factors that influence informal learning, the study did not focus on SMEs context. There were also a lot of differences between SMEs and a big organization in terms of size and the way they manage the organization. Thus, this topic was ready to be investigated.
1.3 Research Objectives

Two forms of objectives are crafted for this research, the general followed by the specific objectives.

1.3.1 General Objectives

The main objective of the study was to study informal learning as tool for training and development in SMEs.

1.3.2 Specific Objectives

The specific objectives of this study are to:

1.3.2.1 To determine the types of informal learning as tools for training and development in SMEs.
1.3.2.2 To identify the problems of informal learning as tools for training and development in SMEs.
1.3.2.3 To identify the factors that drive the learner to participate in informal learning in SMEs.
1.3.2.4 To study the competencies that can be learned through informal learning in SMEs.
1.4 Research Questions

The study was guided by the following research questions:

i. What are the types of informal learning that can become tools for training and development in SMEs?

ii. What are the problems of informal learning as tool for training and development in SMEs?

iii. What are the factors that drive the learner that enhance the informal learning in SMEs?

iv. What are the competencies that can be learn through informal learning in SMEs?

1.5 Significance of the Study

One of the aims of the study was to determine the factors that could enhance the informal learning in SMEs. When we could identify factors, we could use the factors to boost the motivation of employee so that they actively participate in informal learning. Besides that, this study will identify the competencies that could be learned through the informal learning. This was important so that we could study further what were the competencies that were suitable to be learned through informal learning. Then, we could further the study about what were the best method of informal learning to learn each of the competencies. Hashim (2008) stated that there were 3 competencies that could be learned, which were communication competency, managerial competency, and job knowledge competency. This study will identify if there were any other competencies that could be learned through informal learning.
1.6 Limitations of the Study

This study is conducted in Malaysia, specifically in Kuching, Sarawak. Thus, the study was not focusing on the entire Malaysian culture, but only on Sarawak culture. If it was Malaysian culture, the study would need to be conducted on entire 13 states of Malaysia and it will consume time and cost. Besides that, the competition among SMEs in Kuching was very high, even though most of them did not compete with global organization. According to Wong (2013), Sarawak has 6.8% of the SMEs establishment in Malaysia, which was the fifth highest among the other state. In order to maintain the high competition, one SMEs need a good training and development, especially in terms of informal learning. Thus, Kuching was a suitable place to conduct the research within the limited time and cost.

1.7 Definitions of Terms

The terms used in this study were defined first by conceptual definition and followed by operational definition in that order of sequence.

1.7.1 Informal Learning

"Informal learning should no longer be regarded as an inferior form of learning whose main purpose is to act as the precursor of formal learning; it needs to be seen as fundamental, necessary and valuable in its own right, at times directly relevant to employment and at other times not relevant at all" (Coffield 2000: 8).

"Informal learning is any activity involving the pursuit of understanding, knowledge or skill which occurs without presence of externally imposed curricular criteria" (Livingstone, 2001).

Informal learning was unstructured learning. It was not structured and planned formally and happen spontaneously. It did not have any framework on how, when, what, and where the training
and development should happen. Informal learning could happen anywhere and at any time. It was usually triggered by people's inner self and drive them to learn, and sometimes it was triggered by external forces.

1.7.2 Small and medium sized enterprise (SMEs)

“Small and Medium Enterprise Corporation Malaysia (SME Corp. Malaysia) is classified as Small and Medium Enterprises (SMEs) based on the yearly sales turnover or quantity of full-time workers” (Moorthy, et al., 2012).

“SMEs in Malaysia were defined based on two criteria, namely annual sales turnover and number of full-time employees of a business” (SME Development Council, 2012).

Small medium sized enterprise is defined by the number of manpower and the profit the organization gains. There are three types that fall under SMEs categories, that are micro, small, and medium sized enterprise. Micro is the smallest among the three. Usually the micro organization is operated by the owner themselves or with their partner. This kind of organization usually operates their business via internet and uses their home as an office. However, this business is usually to generate a side income. Meanwhile, small and medium sized enterprise is on another level. They usually have a premise as an office to operate their business. They have higher number manpower and profit compare to micro organization.
2.0 Introduction

This chapter discusses past researches that were related to informal studies. In addition, it provides the theory and model that may be useful as guide in this study. This chapter includes issues that were related to this research, theory related, and the findings from previous research.