Networked Management Learning for Managers of Small and Medium Enterprises

Marisa Ponti¹ and Vivien Hodgson²
¹IT-University of Gothenburg, Sweden; ²Lancaster University, UK
Marisa.ponti@ituniv.se, v.hodgson@lancaster.ac.uk

ABSTRACT
This paper argues that networked management learning might have specific relevance for SME management development since this model recognizes the importance of social relations and the associated relational dialogue that underpin knowledge and innovation in specific business contexts. Indeed NML reinforces the centrality of networking entrepreneurs and other relevant actors at the local level to increase the effectiveness of their actions and also helps integrate the different components of the local economy within a wider system. Drawing on socio-cultural learning theories, we propose a set of learning principles to guide the design of a networked management learning action-based learning programme for SME managers.

Keywords
Small and Medium Enterprises, networked management learning, informal learning, socio-cultural theories

INTRODUCTION
Whilst policy-makers believe SMEs play a crucial role for the growth of the economy both at the European and national level, they are concerned by the lack of sustainable and modern management techniques in the sector. This view is at odds with the expectations of SMEs as a “major source of entrepreneurial skills, innovation and employment” (European Commission, 2005, p.5). At the same time, SME owners and managers tend to distrust conventional management training activities and respond tepidly to training and learning initiatives (Gray and Lawless, 2000).

In this paper, we focus on a model of networked management learning based on constructionist and dialogical approaches and its potential significance for the development of managers and owners of Small and Medium Enterprises (SMEs). We believe that as an approach it could help develop our understanding of the way technology can contribute to management learning, where collaboration and interaction supported by information and communication technology (ICT) is a key feature (Hodgson and Watland, 2004).

We argue that learning principles derived from socio-cultural theories of learning are best applied by situating learning in the workplace – in managers' practice and context – complemented by formal education. The intention being to work together with managers and encourage them to critically examine the problems and challenges they want to address and draw on their ideas and experience in combination with theory (Reynolds and Vince, 2004).

THE CHALLENGING DEVELOPMENT OF SME MANAGEMENT SKILLS
Definition of SME and SME Management Development Weaknesses

According to the definition of the European Commission (2005), Small and medium-sized enterprises (SMEs) include enterprises which employ fewer than 250 employees. In the 25-member EU, there are some 23 million SMEs, representing 99% of all EU companies, and employing around 75 million people. Micro firms dominate the European scene, with the average European company employing 6 people.

The main problems afflicting SMEs have not changed much over the last 30 years (Gray and Lawless, 2000). Most SMEs still suffer from severe financial constraints, and difficulty in generating innovation internally, while they struggle to face increased challenges and opportunities. Besides, a number of SMEs – including those which work within industrial districts characterized by growth (i.e., the eyeglasses industry in Belluno, Northern Italy) – risk losing market shares permanently or being pushed out of the market because of their lack of attention for management learning – especially informal – at the individual, intra- and inter-organizational level.
This problematic situation potentially hinders SME participation in the increasingly global business environment and stifles innovation.

**Constraints on SME Management Development and Limitations of Conventional Models of Management Education**

Based on the cases of SMEs examined during an EU-funded project, Bortoluzzi, Cezza and Fanin (2002) found that:

- knowing occurs in an unsystematic manner and often through customers and suppliers;
- knowledge sharing is confined to operational aspects (“practical knowledge”, such as knowing if certain instructions are effective or not), while “strategic” knowledge goes unshared, residing in the entrepreneurs “heads”;
- externalization of knowledge is not perceived as a value-added activity.

The low responsiveness from many SMEs to learning and management development activities has been ascribed in the past to either weaknesses of the firms themselves – e.g., bad communication – or course design faults, or both. Contrary to what policy-makers and course designers assume, these weaknesses are not necessarily the issue or correspond to SME learning/training needs. The appropriateness of the offer of management education should be reassessed in light of the social, organizational and cultural reality of small and medium firms (Gray and Lawless, 2000).

In his analysis of the field of management education, Holman (2000) identifies 5 key axioms which represent recurring themes in most current models of management education. He uses these axioms (epistemological, pedagogical, organizational, social and management) to describe four contemporary models of management education, which, he believes, encompass the main positions taken in current debates about the nature, value and purpose of management education:

- academic liberalism;
- experiential liberalism;
- experiential vocationalism;
- experiential/critical school.

Each model is based on a set of different values, in terms of what type of knowledge and which learning processes and learning outcomes are pursued. Findings from empirical research are still scarce and inconclusive, but it seems that various forms of either academic liberalism or experiential vocationalism, - the former being about teaching the “science” of management, and the latter being about acquisition of skills through learning by doing (Holman, 2000) - are unlikely to be adequate for SMEs (Carr, 2005; Bortoluzzi, Cezza & Fanin, 2002; Attwell, 2003). On the other hand, Holman claims that experiential liberalism and experiential/critical school offer the greatest potential for developing managers in that they both reflect pedagogies which enable and recognize the complexity and non mechanistic nature of managerial practice. Experiential liberalism being primarily rooted in managers’ experience and context and experiential critical having the general aim of social and personal emancipation. Arguably, both have potential relevance to SMEs and the social and relational model of learning associated with forms of both of them is integral to networked management learning. However, as Holman himself points out, both models need to be further developed and critiqued. Both models are themselves open to being gendered, ethnocentric and elitist plus they can lead to anxiety and disablement on the part of the learner.

**NETWORKED MANAGEMENT LEARNING AND ITS SIGNIFICANCE FOR SME MANAGEMENT DEVELOPMENT**

In this paper we suggest that another model of management education, networked management learning, which has been developed within the context of online learning, might have specific relevance for SME management development. Whilst it can be seen to be related to the experiential critical model, it is not as overtly emancipatory. Rather it takes a more post-structuralist position which assumes or acknowledges that identity and worldview is generated by the interplay of socio-cultural, economic and political dimensions that influence us to interpret the world and our position in it.

Networked Learning 2006 2
At a more general level, Networked management learning (NML) has been described as follows:

“By networked management learning we mean learning by managers that is supported by ICT (information and communications technology) used to connect learners with, in particular, other people (learners, teachers/tutors, mentors, librarians, technical assistants etc.) as well as to learning resources and information of various kinds and types” (Hodgson and Watland 2004).

A significant feature of networked management learning is that it assumes that learning emerges from relational dialogue with both online resources and, significantly, with others in either learning networks or communities.

In our opinion, the significance of NML to learning for SME management development results from the recognized importance of social relations and the associated relational dialogue that underpin knowledge and innovation in specific business contexts. It reinforces the centrality of networking the relevant actors at the local level to increase the effectiveness of actions and the integration of different components of the local economy within a wider system.

The epistemological and pedagogical assumptions underlying networked management learning help overcome some of the problems associated with other approaches. In addition, it seeks to foster dialogue and collaboration between managers and educators to leverage work and life experience, which is considered as valid and as important as formal theory.

NML holds promise for management learning in SMEs in that it offers them an alternative to formal management education and sees networking, learning and knowing as integral to everyday tasks and experiences at work.

**OUR APPROACH: THE EQUEL LEARNING PRINCIPLES**

Following on from an earlier project ‘EQUEL’ one of the main goals of another project, ENSeL – Engaging Networks for Sustainable eLearning – was to extract the learning principles reflected in the various Special Interest Groups of the EQUEL project The aim was to identify learning principles that would guide and assist in the design of a networked management learning action-based learning programme for SME managers. Drawing on socio-cultural learning theories, we designed a model to inform a trial involving SMEs managers, to be conducted in three countries. The model was informed by this set of learning principles (draft version):

1. Our focus is on learning which has a perceived value to the learners.
2. Responsibility for the learning process is shared (between all actors in this process).
3. Learning is situated and context dependent.
4. Time has to be allowed to build relationships.
5. Learning is better supported in collaborative settings and dialogue plays a major part in the collaborative learning process.
6. Social interaction allows for co-construction of knowledge, which promotes engagement of learners in work based and problem-based learning.
7. The role of the facilitator/ animator is essential for collaborative eLearning.
8. Critical reflexity is an important part of the learning process for evaluating and examining both the learning process itself and the resultant actions taken.

The following sections discuss these principles in a theoretical perspective that sees dialogue as the most significant component of the interactive learning process involving educators and managers.

**Principle #1: Our focus is on learning which has a perceived value to the learners.**

In this view, learning is an ongoing process conducive to a knowledge that matters to managers. What kind of knowledge arguably matters for SME managers? It is not knowledge per se which matters but the ability of using knowledge in their organizations to make sense of unclear situations, solve problems and create value. It also matters to develop a capacity of interacting with other relevant interlocutors to support the generation of new valuable knowledge, and bring change in their organizations. This valuable knowledge is not necessarily explicit but most often is tacit (Polanyi, 1966) and cultural (Choo, 1998), rooted in the assumptions, norms and
beliefs of the local environment of the SME and embodied in the relationships between managers and others social actors.

**Principle #2: Responsibility for the learning process is shared (between all actors in this process).**

The unequal distributions of power and control between learners and educators in much management education is a particularly significant element in the learning process because the level of control experienced by a learner will likely impact upon his/her engagement, with subsequent implications for the outcome or success of that learning. It is therefore an important element to be considered when designing networked management learning for SMEs.

It is assumed that learners’ experiences of control are derived neither from the individual’s, the social nor the pedagogic context, nor from the communication medium alone. Rather, the experience of control is produced from the interrelation of all these elements. A manager’s learning experience will thus develop from factors particular to that manager; his or her subsequent social interactions with other managers and educators; which in turn will be influenced by the pedagogic context of the learning environment; all of which will be affected by the technology and medium of communication.

Factors that make-up and influence the social context of learning include power, age, gender, identity, socio-cultural norms and language and discourse. Language and discourse are the key medium through which relations of power and control are maintained and changed. From this perspective, language is seen as the means by which managers construct reality, establish social relations, act in relation to each other and develop their professional identity. Implicit in this view is the idea that we are both shaped by such social and linguistic processes and are agents who can intervene in and change them.

**Principle #3: Learning is situated and context dependent**

Brown, Collis and Duguid (1989) argued that learning is inextricably connected with the activities that people perform. Two important consequences descend from this argument: one being that learning is not independent of the learner (in terms, for example, of experience, assumptions and expectations); the other one being that acting and learning are inseparable.

SME managers are involved in context-specific situations in which they use and create knowledge through their activities. Such business situations are social as they do not consist of individualistic and isolated actions with no observers, no stakeholders and no co-participants. Business situations are situationally bounded and the context(s) in which they take place vary considerably in terms of forms of social and economic organizations, work practices, local traditions, etc. In some countries – Italy, for example – SMEs are strongly rooted in their local territories and this territoriality influences interactions, conversations and actions of managers and entrepreneurs, i.e., what they can do, what they know and what they can learn. The context also influences who can interact with whom and how interactions will occur. Lave (1988) argued that individuals address a problem in different ways according to the context. Each context shapes and is being shaped by forms of thought and action, which implicates that learning and knowing are not considered as conducive to “universal truth” and/or “general knowledge”, but rather to a sort of “warranted assertability” (Dewey, 1938), which grounds coherent action with respect to the context, purposes, history, and needs of the situation.

**Principle #4: Time has to be allowed to build relationships**

Learning and knowing seen as social processes based on dialogical interactions are associated with and can depend on the relationships between managers and other social agents (i.e., peers, experts, intermediaries, etc.). Building reciprocal and positive relationships requires time and patience. Relationship building is developmental and starts with establishing knowledge and understanding of each other’s views and histories. Managers and other social agents involved in the learning experience need to get to know each other and develop positive attitudes towards each other. In any learning relationship there is, however, always the danger of reciprocity of perspectives being privileged over different perspectives (Keddie, 1971). As Hodgson and Reynolds point out, consensus-bound discourses that frequently dominate participative practices in adult and higher education can discourage recognition of differences and different perspectives (Hodgson and Reynolds, 2005)
**Principle #5: Learning is better supported in collaborative settings and dialogue plays a major part in the collaborative learning process.**

We see collaboration as a better approach to management learning because of the social interaction it embodies, in which dialogue plays a crucial role. It is interactive dialogue that, through a process of internalization-externalization (Vygotsky, 1978), determines when and why external activities become internal and vice versa.

What is more, through dialogue we construct meaning about who we are and what is acceptable knowledge within a given social and cultural context. In addition, hierarchies and inequalities are structured and restructured through interaction/dialogue and social norms are reproduced. In the past there has been a tendency to foreground communication at the expense of recognizing the continuing importance that social categories, such as nationality, race and gender etc. have in any dialogical exchange.

We believe that dialogue can provide SME managers with opportunities to articulate their social and cultural experiences and develop critical thinking through questioning and challenging existing work practices and organizational conditions, especially the assumptions and taken-for-granted embeds in both theory and professional practice (Reynolds and Vince, 2004). Dialogue also offers managers an opportunity to learn to listen to others' goals and interests and pursue a shared understanding. Social constructionists (Shotter, 1994; Gergen, 1999) stressed the importance of understanding "different interests" without searching for the “most relevant” perspective. This constructionist tenet holds considerable value for SME managers, who – in a business world increasingly dominated by uncertainty and contradictions – need to develop a sense of multiple perspectives to handle differences and tensions (Reynolds and Vince, 2004).

**Principle #6: Social interaction allows for co-construction of knowledge, which promotes engagement of learners in work based and problem-based learning.**

SME managers can co-construct knowledge with the help of experts and peers through participatory social practices. This view places emphasis on engagement of both managers and experts in inquiry of real work practices and organizational settings to make sense of both everyday as well as problematic situations and to act to bring about change. Practical experience and formal knowledge are not seen in a hierarchical fashion as in more traditional management education but integral to each other. Managers and experts (like academics) can both contribute ideas and experiences to creation of knowledge and organizational development. Co-construction of knowledge through participatory and dialogical practices can provide SME managers with the opportunity to commit themselves to the learning experience, by experimenting, experiencing and creating new meanings (which could be in the form of new or improved versions of products and services, work practices, organization, etc.).

**Principle #7: The role of the facilitator/ animator is essential for collaborative eLearning.**

The role of facilitators/animators – as we describe it here – is predicated on the belief that learner should be in control of their own learning. Therefore, facilitating means interacting with managers to support them throughout the experience: to work with them to manage learning resources and to sustain their dialogue with peers and experts. This role is different from the one played by more traditional forms of face-to-face trainers. For instance, in his Guide du tuteur en entreprise, Cerf (1995) pointed out that the skills required to be a face-to-face facilitator (e.g., coaching, guidance, communication, assessment, sharing, etc.) are similar to those required to be an e-facilitator. Nevertheless, they also indicated that e-facilitating implies differences linked to the management of the virtual features of learning. Another aspect that is often observed in technology supported learning is the predominance of the subject matter expertise over the coaching and guidance expertise, which is often seen as secondary. As management development increasingly focuses on handling complex situations, we can expect that academics, professionals, consultants, and more experienced colleagues will be expected to ask questions and help learners develop their own knowledge and skills.

**Principle #8: Critical reflexivity is an important part of the learning process for evaluating and examining both the learning process itself and the resultant actions taken.**

Critically reflexive learning aims to go beyond the immediate context in which managers operate. This form of learning can emerge when dialogic inquiry has been unable to handle the problems they are experiencing and there is the felt need to challenge the existing conditions (Guile, 2002). Reynolds and Vince (2004) select these aspects of a critical perspective that they believe point specifically to the advantages of work-based or action-based learning. A shortened summary of the aspects they identified are:

- A critical approach will emphasize the value of questioning and challenging existing structures and practices.
• From a reflexive position, questioning own practice is important too. Managers’ collective experience has validity - particularly if understood critically in ways that highlight its political, emotional and ethical components as well as its conceptual or technical aspects.

• Management education has been overly influenced by individualistic - chiefly psychological - perspectives. Working, managing and learning involve social and cultural processes as well as their personal and psychological counterparts. A critical approach implies a focus on a collective, situated (contextually specific) process that assists inquiry into actual and current organizational projects and projections. This enables managers to question critically organizational practices within their specific situation.

PUT THE PRINCIPLES INTO PRACTICE: THE ENSeL TRIALS
During the EU-funded project ENSeL – Engaging Networks for Sustainable eLearning – we developed a model/framework for management learning activities by using action learning as a process to put the EQUEL principles into practice. We chose the theme “Managing SME’s in the 21st Century” and offered the participants the opportunity to network with other heads and senior managers of SMEs in similar sectors to themselves facing similar questions and issues, and to collaborate and form special interest groups on specific concerns or areas of particular interest to them.

Table 1: Overview of the content in the ENSeL Trials

<table>
<thead>
<tr>
<th>F2f 1st Workshop</th>
<th>Virtual environment</th>
<th>F2f 3rd Workshop</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managing an SME in the 21st Century</td>
<td>- Assets offered, grouped under themes. For example one asset likely to be ‘Handbook for adopting elearning in your SME’, under theme of managing learning.</td>
<td>Learning/action sets present their ‘How to’ to other SMEs and share insights &amp; material around their selected ‘problem’ area</td>
</tr>
<tr>
<td>SMEs form learning sets around themes which most directly impact upon them – choosing from a list which is likely to include: 1) Managing Strategy in an SME 2) Managing Change in an SME 3) Managing learning in an SME 4) Leadership in an SME</td>
<td>- Discussion forums set up (in local language) so action sets can work together online with facilitation to complete task.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Action sets access ‘Assets’ to produce ‘How to’ presentation around the problem they identified for themselves under selected theme/themes.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Representative from each set to discuss their activities and learning so far</td>
<td></td>
</tr>
</tbody>
</table>

Three trials were set up to test our learning approach. Three national groups of SME managers/owners attended the trial programmes to learn and build knowledge about the challenges they face in their roles and to work together in action learning sets to attempt to find potential solutions to their challenges, resulting in action plans to take their learning forward. The size of each trial group ranged between 15 and 30 participants. Each group divided into three to four teams working each one on a chosen theme. Those who completed the trial received a certificate of completion.

Each trial lasted six to ten weeks and was a blend of face-to-face workshops (one at the beginning, one half-way program and a third one at the end) and online activities coordinated by facilitators in the national language of the participants. For each trial, the recruitment activities started between four and six weeks before each trial start date. In the UK, based on previous project experiences working with SMEs, companies that were innovative and entrepreneurial were targeted. This proved very successful and there were thirty people...
Networked Learning 2006

registered to attend the first event in UK, mostly recruited through existing alumni and continuing education programs. Thirteen people were recruited through similar channels in France, while in Italy, twenty-two people working in the health sector and in training were recruited through professional contacts.

**REFLECTIONS AND CONCLUSION**

The experience of the ENSeL trials showed that putting the EQUEL principles into practice is a challenge. The participants involved seemed to be caught between two conflicting positions: on one side, they appreciated the opportunity to participate in a collaborative setting and to network with their peers; on the other side, they often called for a more structured and instrumental approach to solving their business problems. We also believe, as some of the literature shows (Swan, 2002), that both participants and facilitators are not always able/ready to pursue these kinds of approaches. In addition, the time allocated was too short to meet our own principle that time has to be allowed to build relationships.

While an increasing number of companies are becoming familiar with computer-supported education as a way to provide an effective, relatively inexpensive and flexible means of training employees, the prevalent mode of computer-supported learning still centers on individual and independent studies (Elkjær, 2002). Elkjær believes that one of the main reasons that this happens is the pedagogical theories on which learning in workplaces still frequently rests.

Networked management learning calls instead for an inquiry that, through dialogue, involves challenging assumptions, interpreting and understanding everyday as well as problematic situations, experimenting with different ways to address such situations, undertaking action and/or change and engaging in critical reflection on what has happens. The process of inquiry may not always start with language and conscious reflections and may emerge from sensations and feelings. However, participants can reap the benefits of inquiry when they start to share with others their feelings and thoughts and become conscious of their own assumptions and of the dynamics and relationships occurring in their business environments.

It is our opinion that this kind of approach holds great promise for management learning in SMEs both at the level of the individual company and at the level of networks and clusters. At the individual company level, NML takes into account the diversity that characterizes SMEs – in terms of size, industry sector, geographical location, etc. – and deeply impacts on the needs, demands, culture, and management techniques within these companies. At the collective level, NML can contribute to building a more conducive and potentially more collaborative environments for companies. Individual SMEs are often weak economic actors, but they can reach higher levels of global competitiveness if they work in a local context that promotes complementarities, common activities and collective goods (Bianchi, Miller and Bertini, 1997).

Two levels of activities can be identified: at the individual company level, NML can be deployed to offer educational programs for existing or potential entrepreneurs, as well as to promote entrepreneurship from a cultural point of view; while, at the collective level, NML can help promote networks of SMEs and set up collective service activities, for example through sector-specific service centers or partnerships.

**ACKNOWLEDGEMENT**

We wish to acknowledge the European Union, Elearning Programme for the support to both the EQUEL and the ENSeL projects. We also thank all the ENSeL partners who helped articulate the EQUEL principles and design and conduct the trials.

**REFERENCES**


Networked Learning 2006


