Approaches to Social Behaviour and Suitable Learning toward Growth and Innovation in SMEs

Ileana Hamburg[1*]

[1] Institut Arbeit und Technik (IAT), WH Gelsenkirchen, Germany

[*] Ileana Hamburg, E-mail: hamburg@iat.eu

Abstract

The purpose of this paper is to present some approaches which could be used in small and medium sized companies (SMEs) to improve social behaviour of managers and staff, learning methods and content used in education of entrepreneurs and SME staff. It is known that a social and diversity oriented manager behaviour supports company productivity and retaining of skilled staff. Very important is to prepare young entrepreneurs in this context besides the achieving of skills like leading, coordination, organisation and creativity. Vocational education and training of entrepreneurs should enable the integration of people with special needs i.e. by mentoring.

Conclusions of studies and projects coordinated by the author show that issues like problem-based learning, informal and social learning, diversity, mentoring by intensive use of social media can contribute to growth and innovation in SMEs and to increase the motivation of staff. These conclusions and the approaches presented in this paper will be used in two ongoing European projects especially orientated towards grow and innovation in SMEs.

Keywords

SMEs, social behaviour, PBL, informal/social learning

1. Introduction

SMEs are seen as important drivers of economic grow and represent 85% of all actors in the creative industry sector (European Commission, 2003). They exist together with big enterprises and often face difficulties in highly skilled workforce, in adopting new Information and Communication Technologies (ICT) and finding enough resources (Ecorys, 2012). They operate on fragmented and localised target markets and have to bear high market costs which hinder their internationalisation and competitiveness. In Europe there are not many high-growth innovative SMEs in comparison with economies of the US or Asia. European Commission and policy makers from Europe try to find causes for this situation and look for effective ways to promote high-growth SMEs.

One problem could be an inadequate training for young entrepreneurs particularly lack of proper leadership training to inspire creativity, take risks, introducing new technologies. "Firms that train their workers are significantly less likely to close than those that do not" but on average 36% of SMEs do

not have any formal training activities and nothing special for young entrepreneurs (http://www.oecd.org/cfe/leed/Skills%20Workshop%20Background%20report_Stone.pdf).

Another problem is the inefficient social behaviour of managers. That causes stagnation of the employees' productivity; productive employees leave the company due to this behaviour and disinterest of managers in their development also due to inadequate learning methods. Another duty of the managers/leaders, which is not respected in many companies, is to create an inclusive environment where the perspective of all staff is considered, where the organisation can benefit from the various experience, knowledge and working style of staff as well as from celebration of differences across regions and cultures. That means that inclusion and diversity should become an integral part of the organisation.

Results of studies and projects show that many companies identified a link between social behaviour, diversity and innovation. A diversity-led innovation facilitates a better understanding of customers and provision of multiple perspectives (http://hbr.org/2013/12/how-diversity-can-drive-innovation/ar/1).

In addition, social media could be an excellent way to reach out to both existing and potential customers and take advantages of their creativity. Social learning supported by social media and mentoring could complete the work oriented problem based learning in companies and contribute to orientate it also to unemployed people or people with special needs.

Mentoring offers a suitable solution to support listed aspects. Mentoring on the job, where the mentors are companies' employees have advantages because the companies' employees know the work processes, what knowledge is needed for their efficiency and which the companies' knowledge resources are (Kram, 1985).

In this paper after a short presentation of SMEs learning problems also in connection with behaviour, learning culture, forms of used training including mentoring, the problems of diversity and how to use social media for grow and innovation and some examples are presented.

2. Learning in SMEs

SMEs are companies which employ less than 250 people (European Commission, 2003b). Despite the fact that individually they seem insignificant, combined in today's turbulent economic climate SMEs remain vital to the European economy accounting for 98% of companies and 67% employment. SMEs are geographically dispersed various across Europe and this reflects patterns of industrial structures, economic traditions and other framework conditions depending on their location.

Bearing in mind that 50% of SMEs fail in the first five years (DeKok et al., 2011), it is important for Europe to ensure the survival of these companies and encourage changes within them towards grow. Statistics show that the probability of new entrants surviving is quite low and the chances of survival reduce the smaller the firm (European Commission, 2003a). SMEs often lack of information and resources, don't have a clear vision of sustainability being concerned with survival, have mostly a patriarchal thinking and insufficient mechanisms of learning due to lack of time and resources. In many

7

cases SMEs are slow to undertake new forms of training despite the fact that some of them been proven to maintain employee productivity improving a firm's competitive advantage (Ashton & Felstead, 1995; Nottingham Trent University, 2002; Hamburg & O'Brien, 2014).

The learning in SMEs is strongly related to work (70%). It declined substantially with age which creates difficulties in a society with an ageing population.

Many SMEs, when they are faced with a problem, invent an action strategy and focus on the efficiency of their services or production (single-loop learning) (Argis & Schön, 1974). The problem is solved with a simple solution; the process is controlled by managers rather than including employees. It is necessary that employees are involved in all stages of the identification of the problem and searching for a solution. But often the leading skills of managers are not sufficient in this context.

Which forms of learning are used is also connected with the type of organisational learning culture (Ravasi & Schulz, 2006) which could be categorized as expansive, restrictive or passive-restrictive. In an expansive learning culture employees view learning as a responsibility, are motivated to learn, are engaged in different forms of learning. In a restrictive learning environment the learners prefer that job-related learning takes place during the work-time. In a passive-restrictive learning environment employees held that learning should be focussed on technical aspects of their jobs. The employee have often the opinion that they can benefit from more training but were not allowed sufficient time during work hours to engage in learning activities.It seems also that the organisational learning culture is strong connected with the sector of the company.

Some forms of learning could be used to facilitate the employee's participation. Social learning is a theory advocated by Bandura (1977) in which he stated that learning was achieved by observing, conversing, asking in formal and informal forms.The theory proposes that people are driven not by inner forces, but by external factors and this model suggests that human functioning can be explained by a triadic interaction of behaviour, personal and environmental factors.

Social learning could have major implication for SMEs favouring interaction and learn by doing approaches in addition to formal methods. SMEs must implement approaches to learning that allow employees to discuss, learn from each other and where the expertise is not available in house to connect with individuals that have that expertise. Technology such as social media now makes this possible. Social media allows companies to access up to date information as is needed, collaborate with external experts and widen their skills base.

Another form of suitable learning for SMEs is problem based learning—PBL (Hmelo, 1998), a constructivist approach to learning that has been widely used and advocated in higher education. The teacher plays the role of a mentor. It is known to positively affect learning outcomes and develop the skills that are critical in today's workplace namely problem solving, logical thinking and creative thinking (Sendag & Ferhan, 2009).

Within a work oriented and problem based learning context, the student/staff identifies a problem in the organisation and formalises a project to identify a solution (or a number of solutions) to that problem

8

(Bell, 2010). It provides a number of benefits to SMEs (Bell, 2010; Walters & Sirotak, 2011):

1) Provides immediate Return on Investment

2) Low cost

3) On the job training thus the learning is highly contextualised and situated

4) Practical and related to the SMEs needs and sustaining the organisations competitive advantages

5) Encourages innovation and independent thinking

6) Provides a greater understanding of a topic due to active learning, engaging in the material

7) Increases motivation to learn thus developing a learning culture. Develops skills in critical thinking, leadership, and communication, problem solving that can be applied in future situations.

Problem based learning by using formal and informal methods (Hamburg, 2012) supported by multimedia (Hoffman & Ritchie, 1997) is an ideal method of training for sustainable development as it allows the company to address immediate business issues while building skills that can be transferred to future problems that may emerge.

Another problem for SMEs is the education for entrepreneurship which is already high on the agenda in most EU member states and a variety of programs and activities exist in Europe. But there is a need of promoting these initiatives more systematically. In higher education peer mentoring is used frequently to outreach, retain students being also a cheap alternative to support students where they feel lost. It is intended to expand it also in vocational education. But in both, higher education as well as in VET, special education modules oriented to entrepreneurial competences including transversal skills and attitudes as well as more specialized knowledge and business skills are necessary. Mentors can help in this context (Cull, 2006; Gay, 1994).

A company that uses mentors for newcomers or staff with special needs can have benefits from mentoring by a quick introduction of the mentee into formal and informal company structures and demands, facilitating a deliberate, systematic and smooth transfer of technical or internal knowledge, opportunities to shape the workforce of the future in an international, deliberate way to meet company strategic goals and objectives, training of social competence of the mentee and the mentor.

There is a natural tendency of human to embrace uniformity but in the coming decades it will be more important to pay attention to diversity and inclusion in the workforce. In the following some observations about diverse and inclusive work environments and about a diversity-led innovation will be given.

3. Diversity

In Europe and elsewhere, due to internationalization, the expanding of wealth and grow into new regions and in time when social media changes human interaction, the understanding of diversity approach in social and employment settings, has become more and more essential, in one's own country, e.g., in a multicultural work place team, in organizations and policy developments, or abroad for international and foreign markets.

9

The German Society of Diversity Management (DGDM), has defined diversity as a mixture of a multitude of features present or not, alike or non-alike, differing in features, relations, behaviours, talents, experiences, emotional settings, health conditions, processes, functions, tasks, responsibilities, and static or dynamic dominant dimensions. In addition, personal features such as gender, age, skin-color, ethnicity, sexual orientation, religious beliefs, disability, education or professional qualification, and experience, have to be considered.

Loden and Rosner (1991) have classified diversity in terms of more than 20 characteristics and with regard to four main contexts or levels of classification, as follows:

1) personality and character,

2) inherent dimensions e.g., age, gender etc.

3) external dimensions e.g., family status, area of living, income etc., and

4) organizational dimensions e.g., like work place organization and process necessities etc.

Fostering an inclusive culture, so that diversity becomes a reality, is the best way to support high performance in SMEs necessary to assure their competitiveness.

Some priorities in this context could be (www.dsm.com):

1) To attract young and creative entrepreneurs

2) To assure training for executive/managers and staff to improve their inclusive behaviours and increase the diverse workforce

3) To use social media and other approaches to foster right behaviours

Behaviours connected to inclusion and diversity means i.e. to:

1) create a more diverse workforce to drive high performance

2) balance leadership profile

3) support bridging skills and appreciate existing ones

Practical training aiming diversity should be offered i.e. teaching small groups of people how to solve conflicts and value diverse opinions and these will be more efficient than large, abstract diversity lectures. Main objectives of the training include awareness, education and positive recognition of the differences among people in the workforce.

Mentoring allows people to take the issues learned in diversity training into the workplace. Involving company's managers in a mentoring program to coach and provide feedback to employees who are different from them is another approach to integrate diversity (Bozeman & Feeney, 2007).

Many companies offer diversity initiatives to encourage collaboration and understanding but most diversity initiatives do not go far enough to promote real diversity and improve firm's competitiveness. Particularly within SMEs such initiatives are missing.

Results of literature and surveys show that many companies consider diversity as a great benefit for driving innovation. When the company team is engaged and reflective of client/consumer base, the needs of the clients could be better understand, anticipate and met.

Some companies suggested that innovation is among the top three drivers for having a policy and

practice of diversity and inclusion.

Issues of negative stereotyping, poor communication and poor team integration could inhibit diversity-led innovation.

4. Social Media

Social media (SM) i.e. media which supports social interaction, with many different forms, including internet forums, weblogs, wikis looks chaotic in comparison with other media. There is no predefined index, no pre-qualified knowledge creator and no knowledge managers, ostensibly little to no structure. SM should not kill off Knowledge Management (KM) but bring it to life. So it is to expect that executives, knowledge managers, software firms will seek for tools, processes and approaches to "toughen" social media in order to support employees, customers, suppliers to find information, to create their own knowledge from their opinion.

It seems that social media is forcing creators to provide knowledge to users in consumable amounts, which makes it easier for sharing their knowledge and to stop the huge amount of information.

Some issues to be considered in connection with the use of SM are the following (http://blogs.hbr.org/2011 /10/social-media-versus-knowledge/):

1) Social media technology provides the conduit and means for people to share their knowledge, insight and experience on their terms. It also provides a way for the user to see and evaluate knowledge based on other feedback.

2) Purpose is the reason why people share their ideas, experience and knowledge. They participate personally in social media. They do so because they want to, rather than being told to as part of their job.

3) In order for a Knowledge Management System (KMS) to have value, users must enter insight on a regular basis and they must keep the knowledge up-to-date.

4) It's difficult to organize information in the right manner, make it searchable, and then present it so the most relevant responses are at the top of the search results.

5) Public research engines benefit from counting the number of links between items, but unstructured content, which is the king of the public web, can bankrupt enterprises.

Many SMEs have realized the importance of social media in gaining a competitive advantage and are using social media technologies today.

In the following we present some ways how social media has a positive impact on business and learning helping SMEs to respond quickly to customer preferences and be more innovative (http://www.news-sap.com/7-ways-social-media-can-help-smes/).

1) Building communities (Wenger et al., 2002). Social media allows SMEs to connect with customers who are interested in their products and services they offer and to build communities with them. Social tools support also internal communities. Members of communities could be involved developing new innovative products and services i.e. by Crowdsourcing (i.e. brainstorming solutions to a particular

11

problem the company is experiencing, either on their own or in groups and community collects, develops and ranks the contributions to reveal the strongest performers) or open innovation—allowing people to submit their own competitive ideas and inventions for the company (https://www.nibusinessinfo.co.uk/content/using-social-media-support-innovation-your-business).

2) Internationalisation, expanding by using messages and information through social platforms like Facebook, Google+, Twitter, YouTube

3) Promoting products and services in a more attractive way

4) Encouraging collaboration with experts, finding answers to problems, sharing ideas which save time and improve productivity

Additionally the SME's could run company internal social networks.

Referring learning, social media tools offer great potentials for interactive and collaborative learning i.e. for social learning or PBL.

Social networking technologies support a new mode of social learning: trainers act as models, facilitators, mentors, and guides, but at the same time give a "part" of their authority to the "learning community", which includes students in the classroom, remotely located students, and a huge variety of resources that are as close as each individual in the network of learners actively shares both knowledge and challenges.

5. Examples

The EU Erasmus+ project Supporting problem based learning in SMEs through IT facilitated mentoring—Archimedes—will develop a framework for organisational problem based learning (PBL) and support the use of this form of learning combined with other methods which should be widely adopted in SMEs such as informal/social learning. It will do this through formal and informal mentoring processes, e-Learning content and IT based social networking.

The approach can be embedded into business and work processes in companies increasing the relevance to the organization while maximizing informal learning outcomes. This project aims to develop also an e-Learning based course to teach employees in SMEs on how to use PBL and to cooperate; it will develop a mentoring framework with formal and informal forms using IT tools to support these employees to use PBL. This will allow SMEs to leverage off of external expertise at a low cost. It will provide practical, relevant training to SMEs.

The project ENTER (to) entrepreneurship—ETE—answers to problem concerning changing of labour market requirements and insufficient preparation of young people to new situation to be entrepreneurs as well as lack of suitable entrepreneurial education in existing formal education systems. Motivation workshops will be organised where participants can awake their potential skills and creativity. The project will give support for start up's and potential young entrepreneurships by providing training courses.

12

6. Discussions and Conclusions

Small and medium sized companies remain vital to the European economy but many of them fail in the first five years so it is important to ensure the survival of these companies and encourage them to grow. Some conclusions and recommendations for SMEs and educators are the following:

1) The use of diversity i.e. by employing people from different backgrounds and who have various skills, viewpoints and personalities, helps SMEs to spot opportunities, anticipate problems, and come with original, innovative solutions before their competitors do it.

2) Mentoring could support not only new staff but also people with special needs to integrate and develop their skills according to their capabilities.

3) The education and training of young entrepreneurs should be linked with job centres and particularly with companies to ensure that the achieved competences suit the labour market requirements.

The SMEs and education institutions cannot often realise such recommendations alone also due to lack of time and resources. More cooperative work between educators, policy actors from all levels, researchers and SME staff is necessary also within European projects.

Acknowledgement

References

Argyris, M., & Schön, D. (1974). *Theory in Practice*: *Increasing professional effectiveness*. San Francisco: Jossey-Bass.

Ashton, D. N., & Felstead, A. (1995). Training and Development. *Human Resource Management: A Critical Text*. S. J. London, Routledge.

Bandura, A. (1977). *Social Learning Theory*. General Learning Press.

Bell, S. (2010). Project-Based Learning for the 21st Century: Skills for the Future. *The Clearing House: A Journal of Educational Strategies, Issues and Ideas*, *83*(2), 39-43.

Bozeman, B., & Feeney, M. K. (2007). Toward a useful theory of mentoring: A conceptual analysis and critique. *Administration & Society*, *39*(6), 719-739.

Cull, J. (2006). Mentoring Young Entrepreneurs: What Leads to Success? *International Journal of Evidence Based Coaching and Mentoring, 4*(2), 8-18.

DeKok, J., Vroonhof, P., Verhoeven, W., Timmermans, N., Kwaak, T., Snijders, J., & Westhof, F. (2011). Do SMEs create more and better jobs? *EIM Business & Policy Research*.

ECORYS (2012). EU SMEs in 2012—At the crossroads. *Annual report on small and medium-sized enterprises in the EU*. Retrieved from http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/supporting-documents/2012/annual-report_en.pdf

European Commission. (2003).*Competence Development in SMEs*. European Observatory for SMEs.

Gay, B. (1994). What is Mentoring? *Education and Training*, *36*(5), 4-7.

Hamburg, I., & O'Brien, E. (2014). Using strategic learning for achieving growth in SMEs. *Journal of information technology and application in education*, *3*(2), 77-83.

Hamburg, I. (2012). Using informal learning, e-learning, and cooperation in SMEs. *International journal of e-business development*, *2*(2), 28-31.

Hmelo, C. E. (1998). Problem-based learning: Effects on the early acquisition of cognitive skill in medicine. *The Journal of the Learning Sciences*, *7*(2), 173-208.

Hoffman, B., & Ritchie, D. (1997). Using multimedia to overcome the problems with problem based learning. *Instructional Science*, *25*, 97-115.

Kram, K. (1985). *Mentoring at work: Developmental relationships in organizational life.* Scott, Foresman & Company, Glenview.

Loden, M., & Rosner, J. (1991). Workforce America! *Business One Irwin*.

Nottingham Trent University. (2002). *Barriers to Training in Small and Medium Sized Enterprises*. Nottingham, Learning and Skills Council.

Ravasi, D., & Schultz, M. (2006). Responding to organizational identity threats: Exploring the role of organizational culture. *Academy of Management Journal*, *49*(3), 433-458.

Sendag, S., & Ferhan, O. H. (2009). Effects of an online problem based learning course on content knowledge acquisition and critical thinking skills. *Computers & Education*, *53*, 132-141.

Walters, R., & Sirotiak, T. (2011). *Assessing the effect of project based learning on leadership abilities and communication skills*. 47th ASC Annual International Conference Proceedings.

Wenger, E., McDermott, R., & Snyder, W. M. (2002). *Cultivating Communities of Practice* (1st ed.). Harvard Business Press.