ORGANISING PRINCIPLES OF LEARNING NETWORKS IN HEI-BASED MANAGEMENT TRAINING

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ABSTRACT

There has for decades been a discussion about the effectiveness and relevance of different management development methods in order to support small and medium sized enterprises (SMEs) to grow and develop. Management literature in recent years has made several references to successful collaborations between companies in different network constellations in order to enhance managerial capability, as well as to create change and development. However, even though the underlying idea and learning outcomes when using networks as a management development method have been discussed during the last decade in the literature, it could be further explored in order to help providers of management development programs to create an effective learning environment.

In order to understand the benefits of using network as a development method, providers of management development programs must take as a point of departure the day-to-day work of SME managers, as well as their high concern for tasks into consideration. This in combination with an action-oriented learning approach, constitutes the idea behind using networks as a management development method. The guiding organizing principles then become to review and to reflect on managerial experiences through a trustful dialogue whereby the provider of the management development program acts as a facilitator.

Key words: Management development methods, collaboration, action learning, SMEs, and networks.

INTRODUCTION

For decades there has been a discussion about the need for educational services to aid SME management development across Europe (e.g., Gibb, 1983; Handy, 1987) in order to come to grips with the overall lagging performance of companies in Europe vis-à-vis the United States and East Asia. Despite the large sums of money that have been spent on management development over the past decades, efforts have not generally lived up to expectations.

Many empirical indicators suggest that the quality of SME management training is poor and ineffective (Storey and Westhead, 1996, Matlay, 2000, Storey, 2004). Another critique in the debate addresses the overall design of educational programs, largely tool driven by a top-down agenda in which learning has often been seen as delivering knowledge out of context (Morrison and Bergin-Seers, 2002; Morrison et al., 2003). One reason for the ineffectiveness often referred to is that especially small-firm managers see the training offered as expensive, time consuming, and irrelevant. “The management training which is on offer tends to be supply-driven and does not take into account the development needs of small and medium sized enterprises [SME] managers” (Coetzer et al., 2009, p. 3).
Learning in companies is usually an informal process, largely embodied in professional activities and embedded in the organizational context (Gibb, 1998; Johannsson, 2000). In this respect it is often suggested that managers prefer “learning by doing,” something that is triggered by engaging in ordinary everyday work activities, such as experimentation and copying, facing successes and setbacks, and—perhaps most important—making and learning from mistakes. The idea that SME managers must engage in action in order to learn is nothing new, and there are also many recent studies (see for instance Jones et al. 2014) supporting this.

However, supporting cognitive processes, such as critical reflection and sense making, in order to learn effectively is also of great importance at an organizational level. Small business managers often need a wide range of multitasking skills and a reflective capacity that allows them to respond to the complex day-to-day demands of their businesses Fuller-Love (2006).

That there is a link between the quality of leadership and the management of the small firm has also been recognized during the last years (see for instance Thorpe et.al. 2009). The problems many small firms face are however that is very difficult for the, often lonely manager to have knowledge and skills in multiple areas (for instance financial, human and social) that are required to both run the operational and daily activities needed, as well as having the capability to develop the company. On the top of all of this, is the constant lack of time, especially for traditional developmental efforts offered by support organizations and universities. During the last years, there has been a development of many different methods that has taken the critique into consideration with influences from for instance experiential learning (Kolb, 1984), cooperative research (Shani and Pasmore (1985) or action learning approaches (Reovans, 1980). Action learning, for instance, is not a tool driven approach (Wyton and Payne, 2014), but can best be described as a continuous and evolving process of learning and reflection, where participants work together on real life problems with the intention to find solutions and get things done. Another way to describe action learning is that it is based on a philosophy of action (Reovans, 1980). For the small firm manager, an approach, such as action learning, is often more suitable.

A review of the field of management-development programs conducted by Fuller-Love (2006) showed that usually management development programs now include a mixture of experience, training, and education. Moreover, compared to more general business education, which is often spread over a relatively long period of study, development programs aimed at practicing managers are usually compressed into a shorter period, sometimes only several meetings and seminars within a few weeks.

**NETWORKS**

In line with this development, recent years have seen an increasing interest among researchers, policy makers, and practitioners on networks between SMEs as one way to achieve, even with limited resources, “some form of what is termed ‘collective efficiency’, which enables them to cope with the challenges of the current competitive environment” (Bessant and Tsekouras, 2001, p. 82). In management literature, references to empirical research about collaborations between firms in different network constellations (see, for instance, the review by Street and Cameron, 2007) have increased rapidly. However, authors have underlined (such as Coughlan and Coughlan, 2011) that the relationships within and between organisations, contains both business and learning imperatives, and developing and sustaining this is a challenge for each firm and group of firms, and here there is
no obvious solution. The underlying idea and learning outcomes when using networks as a management development method have been discussed during the last decade in the literature, but it could be further explored in order to help providers of management development programs to know how to organize and effectively apply the benefits of networks to create an effective learning environment. Put in other words; what render networks an effective management-development method have not been clearly identified.

One reason for this is that the value of participating in networks could be understood from at least three different theoretical perspectives, as proposed in Street and Cameron’s (2007) review of 140 articles and conference papers. If one, for instance, takes a resource-based view, access to more resources (new products, manufacturing processes, patents, or capital) gives the firm a competitive advantage and inspires a decision to cooperate. On the other hand, if one takes resource dependency theory as a starting point, it is the amount of control and power (owing to environmental conditions of uncertainty and high competition) that is important to the firm when choosing external alliances. The third proposed theory for understanding the value of cooperation, and which I will take as a point of departure in this article, is the punctuated equilibrium theory (as also suggested by Verreyne, 2006), which can explain strategies used by small firms. This theory sees organizational change as influenced by critical events regarding organizational decision-making and performance and “provides an explanation of why, when significant events such as formation, termination or significant modifications to an external relationship occur, they progress over short periods of time and involve very rapid, major adoptions that have significant effects” (Street and Cameron, 2007, p. 256). The value of using a network perspective, according to this theory, is the active focus on learning to support change and not only on acquiring resources or on securing control or power.

From a resource-based view, as well as from the perspective of resource dependency theory, the value of cooperating in different network constellations is quite well researched. However, fewer published research papers take as a point of departure the punctuated equilibrium theory and focus on external relationships as a management process for learning (Street and Cameron, 2007). The question that needs to be better understood from this perspective is how to organize such a collaboration, which focuses on learning and when it can generate the almost magical “collective efficiency,” as outlined in Bessant and Tsekouras’s (2001) descriptions of learning networks.

In order to better understand the values created by taking part in a network and the importance of using an action oriented learning approach, I propose that researchers must first understand the day-to-day work of managers and their high concern for tasks. The idea behind this is that empirical research in the area of management has observed that managers’ work situations seem to be characterized by a context in which much of their content is fragmented, the pace of work is hectic, and they are mostly involved in operative work of a problem-driven and largely reactive nature, primarily aimed at optimizing organizational efficiency—leaving little room for reflection.

**MANAGERIAL WORK**

How can the work of the manager be characterized? An abundance of literature has been written on strategy and leadership. The point of departure for most of this literature is an instrumental perspective on management (Mintzberg, 2009), its roots dating to 1916 and following the ideas of Henri Fayol. A summary of this approach gives a POSDCORB-influenced approach, which means that
a manager can carry out the following: planning, organizing, staffing, directing, coordinating, reporting, and budgeting. How does this correlate with what managers really do? Is it correct to say that they actually work according to this paradigm? Rosemary Stewart, one of the pioneering researchers in the field of managerial work, stated in the late 1950s that we know more about the primitive people of New Guinea than we do about managers (Mintzberg, 2009). Since Rosemary Stewart’s work was published, studies have been conducted on managerial work in general (for a recent summary in this field, see Tengblad, 2011), and some studies of managerial work have taken place in small firms (for a review, see Florén, 2006). What this research has shown is that there is a large discrepancy between what we think managers do or should do and what they actually do.

Studies of managerial work show that constant interruption seems to be the principal activator of managerial work, giving it a largely reactive rather than proactive character. In empirical research concerning managerial work in small firms Florén and Tell, (2011), it becomes obvious that the working day of the top manager in a small firm is characterized by brevity (tasks last a short time), variety (tasks are different from one another), and fragmentation (many various tasks seem unconnected). For instance, in one of their studies of six managers of small firms, Florén and Tell (2004a) found that managers’ activities lasted less than nine minutes. However, a few activities tended to take up the majority of the managers’ time. These activities were either operational (e.g., activities related to production, marketing, and sales) or administrative (e.g., activities related to the firms’ personnel and to financial issues). Another conclusion in studies of managerial work is that managers focus on the very things (e.g., operational issues, such as production processes) that caused the firms to grow initially (following a simplistic strategy), and they find it hard to let go of this focus. There is a strong tendency toward path-dependent behavior among managers of small firms (Verreynne, 2006).

Limited time for observation and reflection is also evident given the largely operative and incremental problem-solving character of managerial work. As managers are the ultimate decision makers in their respective organizations, they must see to everything that no one else takes responsibility for, and this can include all sorts of problems. In practice, this means that managers deal with a wide variety of problems that effectively absorb all the spare time that could have been used for reflection and long-term planning or decision making. In line with this focus on action, managers prefer to learn through concrete experience. Several researchers have argued that because managers must focus on action and survival, they may lack the time necessary for the reflective processes needed for learning at a higher level (see, e.g., Bessant and Tsekouras, 2001). The value of using networks and an action oriented learning approach to allow managers to develop both themselves and the firm is that doing so provides for more substantial learning with a focus on strategic issues and does not limit them to learning day-to-day problem solving but cultivates the ability to do something more or different (see figure 1).
Figure 1. Types of Management Development Activities. Developed from Coetzer et al. (2009) p. 17.

Considering all the features of managerial work, one can see that the managerial situation poses a large challenge for the person taking on this role in terms of living up to the planning and reflecting role described in many textbooks and articles on the subject. It is deemed necessary to create the opportunity to reflect and learn, and the concept of relationships between managers in networks has become popular during the past two decades; the idea is to create a more reflective environment than day-to-day work typically offers or the formal learning situation out of context.

LEARNING

Learning can be viewed as a cyclical process, and according to experiential learning theory (Kolb, 1984), learning is optimal when the cycle is completed. The problem for managers is that they are often alone, in that they do not have either the time to reflect or the group with which to do so. “In other cases firms may recognize the need for learning but become locked in an incomplete cycle of experiment and experience, with little or no time or space given to reflection or the entry of new concepts” (Bessant and Tsekouras, 2001, p. 86). In the field of managerial development, collaborative learning in networks has been identified as one way to overcome this problem.

Learning in networks could be understood as a platform for conversations or talks, reflection, and sense making whereby managers come together in a noncompetitive environment to discuss and reflect upon issues in their day-to-day work. The network approach is, in this respect, an interactive pedagogical model in which participants are encouraged to discuss issues related to their own organizations. These actors provide a nonhierarchical arena for experience exchange and learning,
activities that are expected to increase managers’ abilities to take advantage of business opportunities.

One conclusion from observational studies of network constellations is that the learning in networks of small firms is based on trust (see, e.g., Florén and Tell, 2004b). In writings about group-based approaches to management development, trust is often found to be an important condition for learning. The concept of trust, however, can be better understood as three subordinate prerequisites for learning that have emergent characteristics during the learning cycle: reciprocity, receptive and confronting capacity, and transparency. The trust relationships in the learning networks help managers build the courage to take actions in their own organizations, an important part of the learning process.

With reference to Kolb’s (1984) learning cycle, learning in networks could be understood as bridging the world of practice and theory where a continuous reflection over action takes place in a learning cycle, as described by Ylinenpää (2005, p. 512), who refers to the situation facing small firms: “A smaller firm may be understood to orient towards active experimentation and concrete action forming a practical mode of acquiring new knowledge. A university, on the other hand, is normally more directed towards reflective observation and abstract conceptualisation in its education and basic research, resulting in a theory-based learning model.” The benefits of cooperation could be visualized according to Kolb’s (1984) different learning styles, where both individual learning styles (reflective observation, which forms the basis for research and education in most universities, and active experimentation, which is the most popular learning style of managers) are important in order to obtain a complete learning cycle and therefore are able to produce actions as well as reflections.

- First, in shared learning, there is the potential for a critical reflection from different perspectives.
- Second, different perspectives introduce new concepts.
- Third, shared experimentations reduce the perceived risk of experimenting.
- Fourth, shared experience helps to provide support and open new lines of inquiry. For business development, internal reflection is often insufficient. External sources are needed to initiate and stimulate improvements and tangible effects (Street and Cameron, 2007; Zhang et al., 2006). Help from others may enable managers to gain both explicit and tacit knowledge with the potential to influence their firms’ long-term ability to survive, grow, and innovate.

In order to organize an arena for learning, one must develop broker competence. This competence is crucial to creating a learning environment and encompasses the ability to inspire a trustful dialogue between participants. Another important aspect to take into consideration when using a learning-network approach to design a management-development program is the ability to communicate all three dimensions of learning as proposed by Bergh (2008; see Table 1).
**Table 1. The three dimensions of learning (developed from Bergh, 2008).**

<table>
<thead>
<tr>
<th>Learning outcomes</th>
<th>Forms of knowledge</th>
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<tbody>
<tr>
<td>1. Cognitive (knowledge)</td>
<td>Know how (practical understanding of the current system—efficiency)</td>
</tr>
<tr>
<td></td>
<td>Know why (theoretical understanding of the principles—enable change)</td>
</tr>
<tr>
<td></td>
<td>Know what (strategic understanding—a deliberate choice between efficiency and change—double-loop learning)</td>
</tr>
<tr>
<td>2. Psychodynamic (emotion)</td>
<td>Know myself (self-confidence and the courage/motivation to work on and try new ideas)</td>
</tr>
<tr>
<td>3. Social (collaboration)</td>
<td>Know who (network and contacts which enables managers to take advantage of others' knowledge)</td>
</tr>
<tr>
<td>All three learning outcomes lead to ...</td>
<td>Know change (the potential and understanding of how to change practice—incremental or radical)</td>
</tr>
</tbody>
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It is important to make all three dimensions clear when developing a management development program. Traditionally, cognitive knowledge (know how) and social knowledge (know who) have often been in focus when using a network perspective to develop management-development programs. However, Bergh (2008) shows something that has become evident also in studies of various network constellations: that psychodynamic knowledge, which creates self-confidence and the courage or motivation to work with and try out new ideas, is important if change (incremental or radical) is to be achieved. “The network’s success at reducing the sense of uncertainty in a demanding and changing work environment has led all managers to achieve an increased level of self-confidence, an interest in organisational development and a readiness to try different things” (Tell, 2001, p. 38). This part is easily missed when management programs are developed. The cognitive dimension of “know why” and “know what” is also something that benefits from the psychodynamic knowledge of “know myself” and supports change.

**CONCLUSIONS**

Managerial work suggests that most SME managers lack the time and discretion to effectively learn from their daily practice and to transform their experiences into actionable knowledge that has any meaning for them. This implies that management development should aim to provide time and support for processing experiences in order to help managers in their attempts to acquire new skills and to internalize theory through guided reflection (Dennehy, Sims, and Collins, 1998) and on-the-job training (Ylinenpää, 2005). Furthermore, results suggest that course organizers should be aware of the short-sighted problem-solving character of managerial behavior. Therefore, it seems that developmental programs should emphasize developing a mindset that favors exploration and open-ended problem solving rather than focusing on the mere exploitation of procedures and formal methods.
According to Coetzer et al. (2009), there are three main types of management-development activities (see Figure 1). Type 1 is the preferred management development activity by SME managers, which consists of “the carrying out of everyday managerial duties, with an explicit task-oriented goal” (Coetzer et al., 2009, p. 7). There is no explicit focus on development or learning. On the other hand, type 3 activities are removed from everyday managerial activities and are explicitly aimed at developmental ones. These activities are tool driven and planned by developers and take place off site.

Type 2 management development is characterized by “reviewing and reflecting on managerial experiences, which allows for more substantial learning and for taking a developmental i.e. strategic focus rather than being limited to the learning of day to day problem solving” (Coetzer et al., 2009, p. 16). This approach to management development is also supported by several researchers (e.g., Gibb, 2000; Mumford & Gold, 2004) when the explicit intention is both task performance and a focus on development and learning. Type 2 management is especially important for SMEs when it is characterized by an experiential-learning approach rather than a formal approach (as in type 3) or through incidental learning (as in type 1).

An important question to pose, not at least when having an action learning perspective is; what is the impact of using networks as a development method? The question of impact of different methods, is frequently discussed, also so in action learning (see for instance Trehan and Pedler, 2011). As these authors write (Trehan and Pedler, 2011, p.184), there is a spectrum of impacts, from “performativity (giving priority to achieving business results through problem-resolution) through to ‘transformational learning’ (emphasising radical personal and/or organisational change).” In order to achieve transformational change, the supply side of management development programs can start with focusing on achieving business results, which is to focus on real life problems/challenges facing the firms taking part. The strength of the action learning approach then lies in that the active participation of all parties, helping actively each other to develop their own organisations through critical reflections (Pedler, 1997). The trustful dialogue between participants could then over time lead to transformational change, and the important moral (emancipatory) aspect, which motivates the importance of universities taking on the role as organizers in the business world. It is however, also of equal importance that critical thinking and ethical behavior is already implemented in university programs, not at least MBA programs, as discussed by Soffe et. al (2011).

To summarize the experiences of different managerial-development approaches, taking the working days and the needs of SME managers as a point of departure and applying an action oriented learning approach with a high concern for learning, organizing managerial development could be understood as a move away from types 1 and 3 toward a type 2 development approach (see Figure 1). The guiding organizing principles then become reviewing and reflecting on managerial experiences, through a trustful dialogue whereby the provider of the development effort acts as a facilitator.

Compared to the traditional role of an instructor, that of the course organizer is more like a facilitator (broker) responsible for creating and supporting an open and trustful learning environment in which participants can restructure new information and their previous knowledge into new insights. This is necessary as the goals and objectives cannot be clearly formulated and as the agenda emerges with reference to what the participants have on their minds at that moment. Obviously, taking part in a type 2 management-development activity requires that participants have
rich experience that can serve as a basis for reflection and personal theorizing. Therefore, a type 2 approach favors sharing experiences and perspectives that can stimulate deep and critical reflection in the group. Moreover, the approach is best suited to working with open-ended questions where there are no easy and obvious answers but where there exists, rather, a need for an indirect and holistic understanding of a situation. The open discussion in the management-development program provides an opportunity for managers to reflect on their own experiences with other managers, therefore promoting both learning and meaning making through peer conversations (e.g., Baker, Jensen, and Kolb, 2005). In this respect, the approach can be a helpful source of inspiration for questioning the guiding value system and a way to help overcome the often-locked positions that can prevent learning in companies.

REFERENCES


