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Learning to learn: A case for developing Small Firm Owner/Managers

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Abstract

Purpose: The paper seeks to contribute to the management development debate by providing insight on the dynamics of organisational learning and human interaction in the SME firm. The paper sets out to consider how a practice based perspective of knowledge is useful in this regard.

Design/methodology/approach: The paper is theoretical in its intent and adopts a social constructionist view of knowledge and learning. Using qualitative analysis the paper establishes a review of the current literature by highlighting the centrality of knowledge and learning.

Findings: Literature has suggested that critical aspects of learning within the SME firm are based around contextualised action, critical reflection and social interaction. A limited number of studies account for how practice is configured and influenced, in terms of value, uniqueness and scope of what is known, and how these influences can vary depending upon the contexts in which knowledge is being used, and potentially used.

Practical Implications: There is a strong recognition in many of the empirical studies of learning and its use in the SME firm, that knowledge is gained through practice as opposed to formal instruction. What current research does not reflect is the changing nature of knowledge research in the wider organisational community, which has focused its attention towards the situated nature of knowledgeable activity or knowing in practice.

Originality/Value: The paper argues that learning through practice, with its focus on real world issues and lived experiences, which are contextually embedded in the owner-manager's environment, may provide a better means of successfully developing practitioner focused owner/managers.

Key Words - organisational learning, social practice, action learning, social processes, small firm

Paper Type –Conceptual Paper

Introduction

The area of organisational learning has grown significantly over recent years, in terms of academic and practitioner interest. Despite the large volume of literature there has been very little progression in the academic debate surrounding knowledge and learning, which has not moved beyond the conceptualisation of learning as being critically important to the SME firm. Easterby-Smith *et al.*, (2004), amongst many other authors, have highlighted a number of unresolved issues. One area in particular which needs to be addressed is the social forces which define organisational learning, and how they shape the learning practices of the firm. The SME firm provides a unique and interesting context for the investigation of organisational learning in terms of extending the current conceptualisations of the subject area by focusing more attention to the role of tensions in relation to learning that define its emergent nature. The SME firm and its management process are contextually specific and are dependent on a wider number of factors (Goss and Jones, 1997) making it difficult to specifically and rationally identify those key learning processes which would allow for the development of firm learning.

The focus of this paper is to suggest an effective method, which best identifies a new way of understanding and representing the social process which is central to organisational learning. By examining the literature around SME firm learning the author's seek to construct a rationale for a approach that focuses on a key learning process which is most effective for SME owner-manager development. Literature suggests that important aspects of firm learning are based around contextualised action, and critical reflection. It is argued that the approach of action learning, with its focus on "real world" issues, contextually embedded in the owner-manager's environment and social interaction, may provide a means of successfully developing owner/manager's ability to learn, whilst at the same time allowing them to engage with the naturalistic forms of learning which appear to work best in SMEs, (Gibb, 2002, Rae and Carswell, 2000). This perspective of organisational learning reveals the dynamic tensions which underpin the emerging social order and fluidity of social interactions. These tensions not only suggest towards the dynamic nature of learning, they also provide understanding on why learning is a social process.

By adopting a pragmatic perspective the paper contextualises and puts forward the argument that the tendency of the SME firm to operate under conditions of uncertainty determines and affects the learning practices which are developed in the firm, as a consequence of the actions taken. The paper contributes to the existing debate surrounding issues of learning in the SME firm, by providing new insights from a practice-based perspective, to address the issues of learning in the SME firm in such a way that the richness and depth of the phenomenon can be considered. The paper begins with a review of the current organisational learning literature by highlighting the social complexity of learning drawing focus to its situational, institutionalised and dynamic. Drawing attention to the principles of practice-based theorising, outlining the relevance of the action learning approach as a conceptual framework by applying it to firm learning.

Learning as a Social Process

The subject area of organisational learning is experiencing many problems and issues such as theoretical confusion and disorder, (Easterby-Smith and Araujo, 1999), which have resulted in no agreement on the definition of organisational learning. Spender & Grant (1996) consider that interest in knowledge and the firm arose from the work of Simon's (1947) critique of traditional rationale economics combined with the work of Penrose (1959), and Polanyi (1967), formed the starting point of this theoretical reasoning and line of enquiry. The theoretical grounding and context of the subject domain, illustrates disorder, due to the many different approaches and classifications, such as the knowledge-based view, knowledge management, organisational knowledge, and organisational learning, embedded by numerous contradicting perspective and knowledge typologies (Brown & Duguid, 2001). Despite the apparent recognition by some authors in regard to the implicit relationship between these areas and their linkages, these areas have taken independent and separate paths, due to the different theoretical perspectives adopted by different authors (Easterby-Smith *et al.*, 2000).

The process of learning can be described as the process in which we acquire knowledge, assimilate this knowledge and then apply it within the context of our everyday lives. It is suggested that the method of acquiring knowledge can be categorised into either a technical or social process, (Easterby-Smith and Araujo, 1999). Traditional learning theories are borne out of the rationale that learning is an individual activity, it has a beginning and an end; which is separated from the rest of our

activities; and it is a result of 'teaching' (Wenger, 1998). This view assumes that learning is concerned with the effective processing, interpretation and response to information inside and outside of the organisation; be it quantitative or qualitative this information is explicit, and conceptualised as something given to individuals and assessed by before and after measures. The underlying assumption is that individuals learn and then transfer this knowledge to others, drawing to the categorisation of phrases such as: information–acquisition–information dissemination–interpretation, rather like an input–output model, (Simon, 1991; Dodgson, 1993; Argyris and Schön, 1974). This is consistent with the main theme of knowledge management which assumes that knowledge can be codified, stored and transmitted by being embedded in firm rules and routines (Cohen & Bacdayan, 1994). This perspective of learning is established upon a positivist epistemology, which fails to capture and understand the multi processes of knowing in practice as social firm actors interact, (Taylor and Easterly-Smith, 1999; Easterly-Smith and Araujo, 1999; Thompson & Thompson 2008).

An alternative to this conceptualisation is to view organisational learning as a process which takes place through practice. The social perspective, alluded to by Lave and Wenger (1991) and Brown and Duguid (1991), explores organisational learning as the product of social interaction which, poses an alternative to the traditional linear model. The social perspective views individual's as social actors, who are part of a network of social actors who collectively construct an understanding of the environment around them and learn as a result of these interactions, (Gherardi *et al.*, 1998). Learning viewed in this way as a situated activity has as a central defining characteristic, a process which Lave and Wenger (1991) term as '*legitimate peripheral participation*', meaning that within the suggested communities of practice, the mastery of knowledge and skill of learning requires newcomers to move toward full participation in the sociocultural practices of their community. Sociocultural theories highlight the relationship between individual learning and social identity; learning is defined not only as the acquisition of knowledge but also the acquisition of identity. Therefore learning involves acquiring identities that reflect how the learner views the world and therefore how the world views the learner. Brown and Duguid (2001), suggest what individuals learn always and inevitably reflects the social context in which they learn it and put into practice. Subsequently, learning is not conceived as a way of knowing the world, but as a way of being in the world, (Gherardi, 1999; Chiva & Alegre, 2005). The perspective is concerned with the way an individual makes sense of their experiences; by considering the explicit knowledge, which can be articulated, gained through the learning of new procedures and routines, and another inarticulate element. This tacit knowledge is very personal, and deeply rooted in action, and context, it is difficult to formalise, which makes it difficult to communicate to others, Polanyi (1967), describes '*knowing more than we can tell.*' This suggests that the knowledge involves both procedural and contextual elements; procedural knowledge involves the process of knowing how to take data and develop this into information, while contextual knowledge bears attention to the environmental domains and awareness of the firm actor, of their influence on the environment and the issues which arise from it. Drawing on the work of Polanyi (1967), Nonaka (1994) and Dewey (1986) a social perspective of learning is viewed as the development of situational identities based on participation and social-based interactions and networks, (Lave & Werger, 1991). Learning in this case is not conceived as a method of learning the world, but as a way of actively participating in the world (Gherardi, 2000).

Knowing Practice

Both Ryle (1949) and Polanyi (1967) place huge emphasis on knowing in practice, while this may seem as inconsequential to some in terms of a contextual shift from knowledge to knowing, this shift has an important fundamental implication towards our understanding of knowledge in the small firm. For example in the work of Schon (1983), based upon the concepts of Polanyi (1967) and Ryle (1949) it was observed that knowing is in the actions of the actors in the firm, in which it is argued that the practice exhibited by any actor in the firm does not consist of applying a prior functional knowledge for a particular decision or rule of action, but rather a process of knowing which is inherent in their actions. Illustrating the role human agency plays in the knowledge performance of the owner/manager. A view further supported by Maturana and Varela (1998) where knowing is defined as effective action, in which knowing is implied in the application of that action.

Giddens (1984, p4) defines human knowledge and knowing as "*inherent within the ability to go on within the routines of social life, where human agency represents the autonomous actor*". The owner/manager's ability to enact knowing through their day to day activities is not separate from them, but rather knowing is a process of social interaction, represented in a recursive process of everyday practice. As such, knowing cannot be viewed or understood as a static entity as it is enacted in the

context of a specific moment and time. Knowing-how to do a job or learning a practice and gaining knowledge are capabilities generated through action. They emerge from both the situated and ongoing co-evolution of the interrelationships which exist between the owner/managers and employees in the firm. The owner/managers adapt to new practices as they learn new ways of understanding and experiencing the environment in which the owner/managers function. Schon (1983) demonstrated a case in which situated or localised practice often involves the owner/manager reflecting or experimenting through the reconstruction of their knowledge and knowing, thus altering their perceptions. Barrett (1998) and Weick (1995) similarly argue that the actions of experimentation and reflection in practice can be viewed as a strong methodology and means towards learning. In other words when a firm's owner/manager changes their practice their knowing is altered.

From such a perspective a firm owner/manager can learn to know differently as they use means and opportunities to reflect on, experiment with and improve their practices. Existing studies tend to focus towards the development of a functional process focused towards the creation of "best practice methods" for the transfer and development of knowledge across firm boundaries, which can then be propagated throughout the firm. A view of knowing as enacted in practice does not hold "a firm competence" as a property which can be transferred and therefore indicates that the notion of "best practice" is one which is fluate with problems, as it needs definable elements. Current academic literature has widely acknowledged that SME owner/manager's learn through action oriented processes, and much of this learning is context dependent and experientially based (Rae and Carswell, 2000). This subscribes to the pragmatic doctrine for understanding organisations as social worlds. This represents a way to understand the relationship between the individual and the collective as encompassing both the organization system and the social actor as potential active participants who may engage in firm practice. The content of pragmatic based assumptions of knowledge and learning is to develop experience and draw knowledge from this experience. The method is started through the process of practice, in which the firm actor uses the mode of inquiry or reflective thinking to understand and define problem areas. Through the mode or practice of inquiry the actor gains experience and knowledge. Experience and inquiry are processes which cannot be limited to the individual conscious mind or body, knowledge or emotion, thinking or action, but rather encompasses all of these elements.

Dewey's Concept of Experience/Inquiry

Dewey's concept of learning is based upon the notion of experience – from an interaction to the process of transferring the experience of that interaction, within the context of an uncertain situation, (Dewey, 1977, 1987). The role of experience has heavily influenced Dewey's work, in which Dewey believed that experience is the active and actual process of living and emergent patterns. This experience is multi-dimensional, a process, a product, and a result of that process. Dewey criticises the idea of analysing human behaviour as a mechanical sequence, comprised of three events, sequenced in a linear order, firstly – sensory stimulus, secondly – central process and finally motor response. Dewey further criticises the use of this reflective arc concept as being a repetition of the dualism between human actor's body and mind, in which thinking, as a concept, is separated from physical actions (motor response). Suggesting that the concept of the reflective arc does not equate or make-up an organic whole but rather suggests towards bundles of disjointed parts – a mechanical conjunction of unallied processes. Dewey's argument moves towards the idea that sensation, thinking and actions are functional elements, which constitute a relation unity in a situational context. For example, a firm actor's action is not an independent stimulus, as the meaning of that action depends upon the condition and situation the actor is placed in, and when that action takes place. This means that the environment, and/or the context are both part of the interpretation. For Dewey, experience is a series of relational connected organic coordinated interactions, which shape and re-shape the continuous formation and de-formation of individuals and the firm environment.

In the pragmatic view knowledge always refers directly to individual and collective human experience in terms of the process and the result. A pragmatic theory of learning regards the process of thinking as an instrument – as a method to experiment in the human mind with different solutions to problems –in which inquiry is the necessary condition for knowledge attainment. In other words the context in which learning can occur is through engagement in inquiry and the application of thinking and reflection as tools in that practice. In pragmatic based understanding different forms of thinking such as ideas, concepts and theories represent and act as instruments or tools for action. But actions are always related and contextualised in a specific situation, as are ideas and thinking. As a result, reflective action is always created in relation to a particular situation. Whether it is possible to transfer

experiences from one situation to another depends upon the conditions being identical in the subsequent situation. Dewey recognises that it is always the situational context, which consists of participants, objects and mediating factors which override the individual participant.

For Dewey (1917, 1980) it is the process of inquiry in which the firm actor attains experience and becomes knowledgeable from that experience, on the basis of a critique, which consists of abstract concepts and the phenomena itself. Dewey (1896; 1972) regards the notion of inquiry as being attached to the practical process of gaining and becoming knowledgeable. The human actor learns through inquiry into a problem to consider the situational context, drawing evaluations and making conclusions, thus becoming knowledgeable and competent. The initial mode of inquiry is started with a problem, in which the inquirer recognises a problem (awareness of this problem may arise or may not arise through intellect, but alternatively from a simple breakdown in the daily firm patterns). It is not until the inquiry starts to define the specific problem area and related factors that the process of inquiry takes a mode of analysis such as human reasoning skills or critical/reflective thinking. Here the inquirer brings personal and previous experiences to the problem from perceived similar situations. Dewey (1896; 1972) argues that the inquirer approaches the problem by the development and application of numerous working scenarios and solves the problem by testing the developed methodology. Thus the inquirer successfully solving the problem eliminates the uncertainty surrounding the problem in the first instance, allowing the inquirer to have confidence the problem is solved. The method is instigated through the process of practice, in which the firm actor uses the mode of reflective thinking to understand and define problem areas. Through the practice of inquiry, the inquirer gains experience and knowledge. In order for the inquirer to have gained knowledge and new experience, the process requires the inquirer to have embarked upon thoughtful reflection on the participants, objects and mediating factors. The use of reflection to establish the relation between the action and the consequence of the action is a key enabling factor in the attainment of knowledge. When habitual actions are established, these create the basis for gaining new experience and knowledge, as a result of inquiry into problem-based situations. What knowledge the individual actor gains depends on a complex web of conditions, partly the ability of the actor to reflect upon the relations between actions and the consequences of those actions and also partly on the relationship an actor can establish with past experience. An important factor in this understanding is that knowledge is a sub-set of experience, but all experiences hold the potential to become knowledgeable by making use and engaging in practice and reflection. In order for a firm owner/manager to learn through and from experience, the firm actor must engage and develop experience from the physical environment and construct some form of conscious experience.

The Practitioners Voice: A narrative account of what reflections means to an SME Owner/Manager

Reflection, for me involves not just a sequence of ideas, but a *consequence*, a successive ordering in a way that each determines the next as its outcome, each in turn leaning back on its predecessor. These consecutive portions of reflective thoughts develop and support one another. Reflection though cannot only be referred to as a process of thought, but also as an activity in which people recapture their experience, think about it, and mull it over, and evaluate it. This level of reflection can be described as thinking in action, or 'thinking on our feet'. It involves examining experiences, connecting with feelings, and referring to 'theories of use' and hence builds new understandings to inform actions in the current unfolding situation.

For many small firms, like ours, we have become proficient single loop, 'adaptive' learning or thinking in action - coping with the changing environment using new and improved methods, or detecting and correcting an error without changing the underlying values of the firm, which Cope (2003, p106) describe's as '*mere adjustment rather than learning*'. Learning in this situation is unreflective and uncritical, and fails to enable the us to move forward, but rather places boundaries around the firm which keep it in a state of equilibrium without the means to move forward. In order to learn, more than action is required, we also need to question, to understand and to reflect not simply on our actions, but on our thoughts and feelings. To survive and prosper the we (the firm) must move beyond an 'adaptive' stage of learning, to the 'generative stage' in which we all challenge our underlying assumptions and develop a different view of the world. Therefore as owner/managers we need to move from being just 'doers' to become 'reflective practitioners', using critical reflectivity. An integral part of becoming a reflective practitioner is to use a process of identifying the assumptions

which govern actions, which are firmly located in the historical and cultural origins of our assumptions as owner/managers¹.

Overcoming and then reflecting on major problems and opportunities, or thinking on action allows us to reach a higher – level of learning or at least engage in double loop learning. Indeed this may involve us examining and re-examining our underlying assumptions and mental models, and if necessary reframing them. Changing actions, without changing underlying beliefs and assumptions will be short-term affairs in order to change there needs to be a more fundamental shift in beliefs and feelings. Often deep forms of reflection are viewed as critical incidents developed from learning events or through unexpected events, which require immediate attention and resolution, requiring a higher level of learning.

From Reflection to Critical Reflection: learning in action approach

Action learning is based on the relationship between reflection and action, it involves a group of people working together on their 'doing' and 'learning', allowing time and space for questioning, understanding and reflecting. Action learning legitimises, and brings out the value of, giving people space and time to stand back, think, and see things in perspective. Weinstein (1999) holds that learning comes about through reflection which is followed by action to solve contextual problems, (McGill and Beaty, 2001). This approach was first theorised by Revans (1971) as a system of learning that utilises concrete experience and critical reflection within a social environment. Action Learning is defined by McGill and Beaty (2001) as... "*a continuous process of learning and reflection, supported by colleagues, with an intention of getting things done*". It is suggested by Clarke and Thorpe *et al*, (2006) that action learning is assimilated, in that the process recognises the importance of dialogue and interpersonal communication, as the focus is on 'real world' problems embedded in the context of the owner/managers environment, the social interaction between the learning set members providing the arguments and alternative views on the individual problems discussed.

In order to affect change and learning, reflection is a critical component. Argyris & Schon (1974) suggest that individuals maintain theories of action, assumptions and mental models about themselves which shape the way they view the world, and subsequently how they act in situations, involving the way that they plan, implement then review their actions. Furthermore it is implied that these theories of action often contain defensive routines that exist within individuals and organisations. These defensive routines are thoughts and actions which are used to protect the underlying assumptions and mental models. In order to move from reflection to critical reflection the underlying fundamental mental models and assumptions held by the owner manager need to be identified, challenged and modified, which would require the defensive routines to be identified, challenged and removed.

The gaining of experience is thought to be an individual occurrence, the individual being the one who experiences, reflects, plans and acts, whereas Ramsey (2005), locate reflection within a social context, *albeit* as a process in which a group of individuals support each other in their own reflection and learning. Reflective learning that is focussed on individual knowledge is in danger of neglecting the importance of social processes in making 'knowing' real. Reflective practice involves thinking, which helps us make sense of our practice, in order for an owner/manager to make sense of their action through the process of reflection, and move forward on the basis of this reflection, the owner/manager must engage with the arguments already inherent in the context. Learning can be viewed as an argumentative process that has its origins in relationships with others, (Holman *et al.*, 1997) and is immersed in processes of negotiation, revision and argument, (Wong and Radcliffe, 2000). This is described by Devins and Gold (2002), in terms of how the use of language, formulated into conversations, discourses, narratives and stories, provide the means which 'we' experience our world and construct 'reality'. Within this approach emphasis is placed on the dialectical and linguistic practices in learning, (Clarke *et al.*, 2006), within the lived experiences of individuals, (Thompson *et al*, 2008). Considering this view the owner/manager is seen as relationally engaged in the creation of the conditions which form their world through their interaction with the environment around them. It is suggested that owner/ managers tend to reflect in isolation, creating a bounded state of 'solitary'

¹ This is confirmed by Brookfield (1995) who confers that an integral part of the critical process is to challenge the prevailing social, political, cultural or professional ways of acting. Through this process of critical reflection new knowledge and actions are interpreted and created, from ordinary and sometimes extraordinary experiences.

decision making, which is based solely on the owner/managers assumptions and experiences, (Thorpe *et al.*,2005).

Developing such a social relational element is important, as a consequence of depending to heavily on solitary reflection within a firm, Such a bounded state of solitary decision-making is not unusual for owner/managers. Pett *et al.* (1998) found that, when asked about their experiences, owner/managers were overly optimistic in comparison with their employees, for example when assessing their environmental performance. Pett *et al.* (1998) noted that there was a perceived gap between what a manager believed about their respective firm's environmental performance, and the reality experienced by others. This illustrates the limitation of reflection divorced from other actors, knowledge and context, as well as demonstrating the weakness of knowledge when conceptualised separately from action or activity. This limitation was recognised by Floren (1996) whose study of entrepreneurial learning found the two most restricting influences to be the lack of peers with whom to converse and the presumed omniscience of the solitary owner/manager. Understanding how owner/managers learning from others has been examined through research which has explored the cognitive framing of knowledge structure, by which opportunities are recognised, created and pursued, (Keh *et al.*, 2002; Karunka *et al.*, 2003; Mitchell *et al.*, 2002). A similar cognitive view was adopted by Minniti and Bygrave (2001) in which rather than assume owner/managers always learn, they provide a more complicated model and highlight the tendency amongst owner/managers to become locked into previously successful patterns of activity, creating path dependencies. Minniti and Bygrave (2001) show that learning is informed by direct knowledge of existing market conditions and by the background knowledge of what the firm does and how they do it. For Ward (2004) and Minniti and Bygrave (2001) the owner/managers ability is not so much cognitively rooted but rather cognitively configured. In reality it is an aptitude for working within and at the edge of habitual patterns of activity rather than thought.

The empirical evidence suggests that owners/managers would benefit in terms of learning and developing new practices, were they to organise practices from different perspectives. This would allow the voice of others to contribute to decision-making, adding to the stock of knowledge and potentially the reluctance of the resulting judgements (Karunka *et al.*, 2003). Therefore the concept of networks has begun to gain popularity as a means to enhance SME firm learning. It is argued that such networks provide owner/managers opportunities to learn in an informal way, (Clarke *et al.*, 2006). These groups of independent participants provide the work context within which members construct both shared identities and the social context that helps those identities to be shared, (Brown & Duguid, 2001), providing access to scarce resources including skills information and knowledge. Spender (1989) suggests managers that participate in networks that extend well beyond their own organisations, and as members of a network of practice, have extensive shared practice leading to extensive shared know how; this in turn allows extensive circulation of managerial knowledge. The studies suggest that these managerial cognitions are never entirely conceived and controlled by the individual, and to assume they are is unrealistic. This is supported by Keh *et al.* (2002) who found that even the idea of control influencing the owner/managers evaluation of opportunity was framed by socially embedded, subjective orientations developed through experience. These studies demonstrate how SME firms may benefit from owner/managers recognising the important sources of knowledge to be found outside their own experience and hence the value in developing the social skills necessary for scanning for such knowledge.

The recognition that knowledge is less a product of individual traits and abstract rationalising about optimum outcomes and more the outcome of socially enacted understanding about what works when and where is described by Sarasvathy's (2003) theoretical model as effectual managerial decision-making. Their knowledge is always enacted within specific social scenarios and is influenced by a tolerance for experiment governed by the logic of affordable loss, The adoption of alternative views thereby increasing the knowledge stock to avoid failures. One approach to management development which it is argued encompasses the activities of action, and reflection, whilst maintaining the focus on the social, and introduces the perspectives of others; (Choeke and Armstrong, 1998) is that of action learning.

Conclusion

A strong dialectical approach is adopted in this paper, in which individual knowing and collective knowing stand in an emergent relation, which is represented in the owner/managers ongoing actions in social practice. The paper argues that knowing is situated in action, as the circumstances of action

shape tasks, (in which knowledge is a collective element), as practices are distributed socially through the inter-subjective process of social relationships between actors in the firm, rather than being a mere internal manipulation of ideas. Local knowledge is contextual knowledge, knowledge that develops in interaction amongst actors and develops from experience of which much is tacitly known, a kind of non-verbal knowing that evolves from seeing and interacting with an actor over time, (Hafner, 1999). The owner/manager is far more knowledgeable about the task at hand than those without such experience; expertise which is embedded in local knowledge in intimate familiarity with the understanding of particulars within the local situation. As Greenwood and Lewin (1998) note local knowledge is complex, highly differentiated and dynamic. In other words local firm knowledge is situational, this does not mean that the localised knowledge is lacking in expertise or divergences, rather it is the element of expertise which is different. This draws focus on knowledge as a social action and as an organisational practice. In order to address the challenges of the knowledge economy, the small firm needs to continuously develop new working practice which shapes and are reshaped by the manner in which firm employees relate to each other both within and across the firms social network.

The paper suggests that the small firm represents a special and unique context in which to study management learning. Current research, in the context of learning and the small firm, does not reflect the changing nature of knowledge and learning in the wider organisational community, which has now focused its attention towards the situated nature of knowledgeable activity or knowing in practice. Through an examination of the current organisational learning literature, the paper sought to develop an understanding of learning practices which could be most effective for the practicing owner/manager. There is a growing need in the current literature for the development of research, which supplements existing studies, with alternative approaches in order to enhance the value of existing research. Knowledge of the firm environment is composed and grounded in the continued acts, routines and symbols associated with the actor's activities. The owner/manager's ability to apply their actions is guided by the application of values to perceivable recognisable situations and contexts. When an actor employs a particular act in a given context or recognisable situation and its use becomes effective in achieving a desired outcome, then the owner/manager's confidence in their own experience and ability becomes greater. This belief of efficiency in knowing becomes habitual in that if the anticipated reliability of an act is huge then the likelihood that one will achieve a desired result becomes a basis on which an actor is prepared to act – an important point to note here is that for a position that is held to reach the threshold of being a belief one must be prepared to act on it.

In that the opinions which an owner/manager may have on a certain task to be carried out may restrict their viewpoint, on the problem in question but this does not include a direct personal state, which the owner/manager will directly act upon. Conversely if such a belief or act is considered to be unreliable, then it is highly probable that a level of doubt about the efficiency of that act to produce a certain outcome will become apparent. To aid this view it may be more helpful to view the relationship between belief, doubt and inquiry in a dynamic way. For example, believing in the efficiency of any act in order to achieve a desired result has the dual effect of placing doubt to rest and re-enforces belief in that act, in such a way that over time will lead to habit. Believing in an act also brings inquiry to rest. Holding doubts serves to initiate a process of inquiry, which is designed to uncover or explore new acts or knowledge, which may prove to be helpful in modifying existing acts. The natural method of learning in complex and social process based interactions is developed in such a way that the establishment of beliefs is relentlessly pursued, and seeks to avoid the experience of doubts by using inquiry to settle belief. But yet despite this seemingly aversion to doubt, is a necessary experience in order to trigger a search of new knowledge which can re-shape existing beliefs or replace them with more effective ones, (Maturana and Varela, 1987)

The process of learning through practice requires the firm owner/manager to engage in the processes of both action and reflection. These processes enable firm actors to learn and apply their experiences as they work within the domains of new institutional contexts and novel situations encountered through their daily practices. As suggest by Schon (1983) and empirical evidence it is not likely that owner/managers have the experience, education or skills to engage in reflective action. This is why the authors of this paper look towards the conceptual framework of action learning in order to facilitate the discovery of individual and organizational learning and knowledge development. The use of learning in action can be viewed as having similar characteristics of a functioning community of practice as the participants in the social community (action learning set) exhibit a shared focus towards dealing with daily organisational issues. The practice-based approach using action learning

constitutes a promising way to understand knowing in the SME firm. The process and the thematic identification of the richness and importance of what is tacit, what is familiar, but more importantly it is more an agile tool with which to understand the social complexities of the modern organisational world.

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