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Managerial learning and development in small firms: implications based on observations of managerial

Gabrielsson Jonas (jonas.gabrielsson@circle.lu.se)
CIRCLE, Lund University

Tell Joakim
CTIM, Halmstad University, Sweden

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Centre for Innovation, Research and Competence in the Learning Economy (CIRCLE)
Lund University
P.O. Box 117, Sölvegatan 16, S-221 00 Lund, SWEDEN
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Keywords: academic Experiential learning, managerial learning, managerial work, management development, small firms, structured observations.

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Managerial learning and development in small firms: implications based on observations of managerial work

Jonas Gabrielsson, CIRCLE, Lund University, Sweden

Joakim Tell, CTIM², Halmstad University, Sweden

Contact:

CIRCLE, Lund University,

P.O. Box 117

SE-221 00 Lund, Sweden

E-mail: jonas.gabrielsson@circle.lu.se

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In this study we set out to examine the conditions for managerial learning in small firms and the implications it gives for how to facilitate and support work-based management development in this context. Empirically, we conduct structured observations of the daily work activities performed by small business managers. A framework based on experiential learning theory is developed and used as an analytical tool to assess the extent to which these work activities provide them with opportunities for work-based learning and development. In short, the results show that small business managers experience a fragmented working day with frequent and different forms of interruptions and unexpected problems during the course of their working day. These interruptions and unexpected problems are something that leaves little time for engaging in reflective observation to effectively learn from their daily work practices. We discuss the implications of our results for theory and research on managerial learning in small firms as well as for the design of university-led management development programs aimed at supporting the experiential learning process of small business managers.

Keywords: Experiential learning, managerial learning, managerial work, management development, small firms, structured observations

Introduction

It is widely acknowledged that small firms are important engines of growth in modern industrialized economies. Small firms have for example been found to contribute to innovation and job creation (Birch, 1979; Kirchoff, 1994; Storey, 1994), and when some of them develop into successful fast-growing businesses they may also function as role models that fledgling entrepreneurs can be inspired of and learn from. However, there have been concerns about the overall lagging performance of small firms in Europe vis-à-vis firms in the United States and eastern Asia, especially the smallest firms which is the backbone of the European entrepreneurial economy (Gray, 2004). The need for management development is one of the things that have been particularly emphasized in this debate, where improvements in the repertoire of management skills in smaller firms are expected to lead to improvements in their ability to compete more effectively in the marketplace (Matlay, 2000). Among other things, this debate has given policy makers across Europe a renewed interest in supporting the design and development of educational programs which aim to improve the latent potential of small business managers and develop the competitiveness of small firms (Council for Excellence in Management and Leadership [CEML], 2002).

The informed reader knows that the debate about training programs and initiatives for the small business sector is not new. In fact, there is a long tradition of discussing the need for educational services to aid management development in small businesses across Europe, and especially in the UK (e.g., Gibb, 1983; Handy, 1987). A critique against prior efforts has been that despite the large sums of money that has been spent on management development over the past decades the efforts have not generally lived up to expectations. Scholarly investigations into the issue have suggested that the training provided often has been too short and of too poor quality to give any direct and observable effects (e.g., Storey, 1994; Storey

and Westhead, 1996; Gavron, Cowling, Holtham and Westall, 1998; Matlay, 2000). Another critique that has been emphasized in the debate is the overall design of these educational programs, as they have been largely driven by a top-down agenda and where learning often has been seen as “delivering a package” (Morrison and Bergin-Seers, 2002; Morrison et al, 2003). This “package” has then been expected to be implemented by the small business manager in his or her work. In a pedagogical sense, this traditional way of teaching is concerned with the lecturer being the controller of the learning environment and it is the lecturer and course organizers that decides where and when learning will occur (Novak, 1998). Knowledge is moreover treated as an asset that easily can be transferred, acquired, stored and re-used (Macpherson and Holt, 2007: 173).

In contrast to this traditional “package delivery” model there is an emerging stream of research suggesting that other models and frameworks may be needed to facilitate and support managerial learning in small firms (i.e., Gibb, 1997; Down, 1999; Greenbank, 2000; O’Dwyer and Ryan, 2000; Florén, 2006). This stream of research generally suggest that small business managers learn best on their own account by experiencing and reflecting on things in the every-day practice of their work, for example by solving problems, interacting with peers and other stakeholders, and by making their own mistakes (Gibb, 1993; Deakins and Freel, 1998; Politis and Gabrielsson, 2007). Largely consistent with this view, Perren and Grant (2001) emphasize the need to abandon top-down learning agendas and instead join small business managers in their own worlds in order to increase our scholarly knowledge of how to build management development programs that are in line with the small business learning culture.

In this study we set out to examine the conditions for managerial learning in small firms and the implications this gives for how to facilitate and support work-based management development in this context. In this endeavor we are not focusing on how to tailor shorter courses with a specific content that small business managers may benefit from, such as new tax regulations, IT-safety, bookkeeping practices, etc. Instead, we are interested in identifying ways of supporting work-based management development that fit the needs and requirements of practicing small business managers and which makes them in control of their learning environment and, ultimately, also their own learning process. Empirically, we conduct structured observations of the daily work activities performed by small business managers. A framework based on Kolb's (1984) theory of experiential learning is used as an analytical tool to assess the extent to which these work activities provide them with opportunities for learning and development. We discuss the implications of our results for theory and research on managerial learning in small firms as well as for the design of university-led management development programs aimed at supporting the learning process of small business managers.

The rest of the article is structured as follows. In the next section we provide a literature review on managerial work and learning in small firms. Thereafter follows the method section where we present the details of the structured observations that were undertaken. This is followed by a discussion of the results from the analysis of the cases. Then we continue with a discussion of our findings in terms of contributions to theory and practice. The article ends with a concluding section.

Literature review

The positive association between the knowledge base of the small business manager and the firm's ability to compete effectively in the marketplace and create economic value has long

been an argument for the need to provide management development programs to the small business sector. Carson (1985) for example suggested that many small business managers have limited formal business education, and that problems and failures in small firms arise out of lacking managerial skills and a misuse of managerial time. Storey (1994: 105) also argued that even if the owners of young firms are likely to suffer from inadequate funding, poor products and inefficient marketing, later on in their development they are more likely to be buffeted by strategic and environmental shocks for which they often do not have proper managerial skills. Discussions about the need to improve the competitiveness of small firms thus generally suggests that organized programs for management development can be a way of enabling firms to both survive the initial stages of early growth as well as developing their potential to expand and grow in later stages (Fairfield-Sonn, 1987; Entwistle and Tait, 1990; Matlay, 2000).

Management development is often defined as the process from which managers learn and improve their abilities to plan, organize, lead and coordinate resources in the organization (Cannell, 2007). A work-based management development program can in this respect be described as an organized attempt to aid managers in the acquisition and develop of experiential knowledge gained from work experience, and by that not only benefiting themselves as individuals but also the firms they manage. It comprises a wide range of activities and instructional strategies but with the common aim to assist and support the development of managers by integrating learning and work. In larger firms much of these efforts are conducted in-house and include approaches such as coaching, mentoring or job-rotation practices. However, small business managers are most often confined to rely on external organizations, such as universities or professional training firms, for organized efforts to support their learning process.

Unfortunately, there is currently little theory informing of how to facilitate and support work-based management development in small firms. Some insights are however provided by literature and research which have studied management development in small firms (Mangham and Silver, 1986; Constable and McCormick, 1987; Handy, 1987; Curran et al, 1996; Kitson and Wilkinson, 1998; Gray, 2004; Fuller-Love, 2006). Fuller-Love (2006) for example shows in a review of the field that management development programs usually include a mixture of experience, training and education. Moreover, compared to more general business education which most often is spread over a relatively long-period of study, development programs aimed at practicing managers are usually compressed into a shorter period of time, sometimes only a couple of meetings and seminars within a few weeks.

However, the general conclusion from past research on management development in small firms is that participation in such programs by small business managers is more the exception than the rule. Of special interest to this study is that the reasons for the general disinterest among small business managers have been related to how these programs are structured and organized. Mangham and Silver (1986) for example pointed out that small business managers often felt that the training was provided by people with insufficient small business experience. Kirby (1990) in his study of small firms in the UK moreover found that the pre-packaged management courses that were offered were not felt to be specific enough to give any added value for small business managers. Fuller-Love (2006) furthermore pointed out that many training programs focus on a particular topical management area even if small business managers often need a wider range of multi-tasking skills and a reflective capacity that allow them to respond to the complex day-to-day demands in their businesses. How to meet this

more ambiguous demand is not an as easy and straightforward task as designing a lecture based course package with clear and quantifiable content.

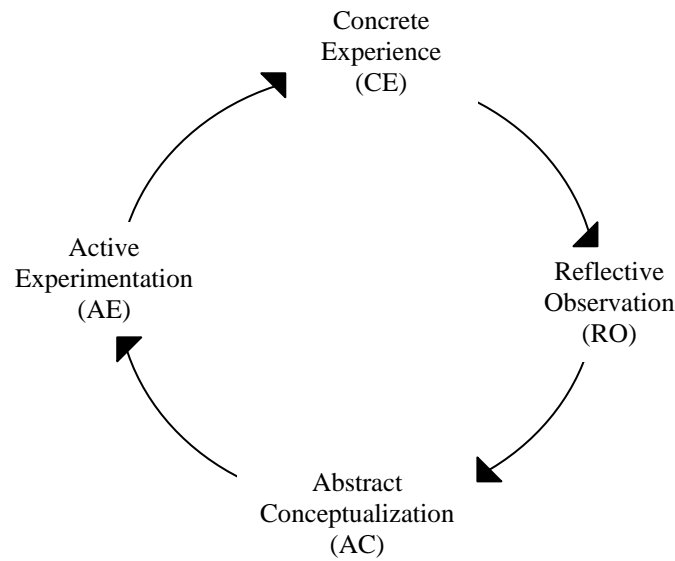
Another stream of research that has been interested in learning in small firms seems to corroborate the tentative conclusion that designing a course package with clear and quantifiable content seldom is suited to small firms (Gibb, 1998; Field, 1998). Instead, these studies put emphasis on that educational providers should take into account that learning in small firms very much is an informal process, largely embodied in professional activity and embedded in the organizational context (Gibb, 1998; Johannisson, 2000). Small business managers are in this respect often suggested to prefer 'learning by doing', something which is triggered by engaging in ordinary everyday work activities such as experimentation and copying, facing successes and setbacks, and - perhaps most important - by making and learning from mistakes. This kind of work-based learning defines the workplace as an appropriate location for learning and where knowledge is seen as something that arises from active participation in the everyday life and work (e.g., Raelin, 1999). Learning can thus very much be seen as a function of the experiential activities and behaviors of the small business manager and the context in which he or she operate (Dalley and Hamilton, 2000; Morrison and Bergin-Seers, 2002; see also Matlay, 2000) where personal experiences from everyday work activities are an important trigger for their learning (Florén, 2003; Politis, 2005). Among others, this directs attention towards the need to better understand managerial work in small firms, as this is the context in which they operate and learn. In the next section we will present a framework based on experiential learning theory which later on in the analysis will be used as an analytical tool to assess the extent to which the work activities of small business managers provide them with opportunities for work-based learning and development.

Analytical framework

One of the most widely-used approaches to understand managerial learning in small firms is Kolb's (1984) experiential learning theory. The theory centers on the idea that learning is a cyclical emergent process where ideas and solutions to problems are continually formed and reformed through experience and reflection. Learning is itself conceptualized as a process whereby knowledge is created through the transformation of experience (Kolb, 1984: 41).

Kolb (1984:42) develop a model aimed to express the cyclical nature of experiential learning. The model is based on two polar extremes; one concerned with how individuals prefer to grasp experience (through concrete experience vs. through abstract conceptualization) and one concerned with how they prefer to transform experience (through active experimentation vs. through reflective observation). In this model learning is described to start with an immediate and concrete experience that serves as the basis for observation and reflection. The reflected observations are assimilated into a "theory" or "framework" where the individual derive general rules describing the experience or apply known theories to it. This "theory" or "framework" then forms the basis for active experimentation where the individual can plan and implement changes in practice, which starts the cycle again when another concrete experience is generated. Successful completion of this experiential process then stimulates inquiry, knowledge creation and skill formation, which in turn may result in greater satisfaction, motivation and self-development (Kayes, 2002). The four steps in the learning cycle are illustrated in figure 1 below.

Figure 1: Kolb's experiential learning cycle (Kolb, 1984:42).



The theory developed by Kolb (1984) is normative in the sense that it stress that learning requires that all four steps in the learning cycle are represented. Ideally this process should represent a learning cycle including experiencing, reflecting, thinking and acting. This means that in order to learn effectively over time individuals need to pass through the whole cyclical process by drawing out their beliefs and ideas about a topic so that they can be examined, tested, reflected upon and finally integrated with new or more refined ideas (Kolb, 1984; Corbett, 2007). In practice people have been showed to develop certain preferences in terms of their relative emphasis of experiencing over thinking and acting over reflecting (Kolb, 1984; Hayes and Allison, 1996). For this reason, Kolb (1984: 64) identify four distinct learning styles (or preferences), which are based on his four-stage learning cycle: diverging (feeling and watching), assimilating (watching and thinking), converging (doing and thinking) and accommodating (doing and feeling). Various factors influence a person's preferred learning style but what is interesting with respect to this particular study is that the development of a particular specialized preference is shaped by organizational socialization processes during the career (Kolb, 1984: 142f). It is for example emphasized that the type and

content of an individual's work activities has a significant influence on their preferences for learning (Kolb, 1996). Among others, this suggests that managers who work and operate in a small business context may develop a disposition towards a certain learning style to cope with the situation.

However, although people may be predisposed to a certain learning style Kolb (1984:66) also suggest that the combination of all four produce the highest form of learning. A deepened level of consciousness about the underlying values, beliefs and behaviors that affect work performance thus comes from integration rather than specialization. The need for integration is also emphasized in Raelin (1997) who argue that all four learning styles should be integrated and used to learn efficiently and effectively within work. Selective attention to each of the four learning types can in this respect produce a strong need for integration where learners consciously reflect on work practices with the intent to merge theory with practice.

In all, Kolb's (1984) theory of experiential learning provides a well developed and widely acknowledged framework for understanding the central role experience plays in the learning process. It moreover seems well suited to examine worked-based learning in the small business context. Hence, we will use this framework as an analytical tool to assess the extent to which the work activities of small business managers provide them with opportunities for work-based learning and development.

Method and sample

To meet the overall purpose of the study we set out to collect data that would allow us to get a detailed account of the day-to-day work of small business managers. Basically there are three main types of methodological approaches that can be employed to achieve this aim. The first

approach is to ask managers to estimate how they divide their time between different activities. This can either be reported through interviews (Stewart, 1982; Kotter, 1982; Hales and Tamnagani, 1996) or through a questionnaire (Luthans, Rosen kranz and Hennessey, 1985). A second approach is to have managers keep record of their time and activities through a diary (Burns, 1954, 1957; Stewart, 1967, 1982). The third approach is to let a researcher observe and record the daily activities of the manager (Choran, 1969; Mintzberg, 1973; Noel, 1989). Observation can in turn be done through critical incident observation, activity sampling, or through unstructured or structured observation.

The main difficulty with retrospective methods, such as using interviews or questionnaires, is that managers in general are poor in estimating how they allocate their time (Burns, 1954). Moreover, when designing closed-ended style questions typical for questionnaires there is a problem in that the researcher designing the study must know a good deal of what the manager do in order to design the form properly (Choran, 1969:36). Thus, there is a need to know the answer before getting it, and things that are not asked for risk getting lost in the process. In addition, a problem of diary methods is that it involves an interpretation of the situation before it reaches the researcher. This was expressed by Mintzberg (1973: 222) as follows: *“to ask the manager what he does is to make him the researcher; he is expected to translate complex reality into meaningful abstraction”*.

To overcome the potential problems addressed above we employed the structured observational methodology developed by Mintzberg (1973). This methodology provides a means to collect data that are both “grounded” in empirical observations and “structured” to facilitate comparison between observations in different contexts. It involves placing the researcher as observer in a social setting to observe all activities defined as of interest.

Observation could result not only in site-specific knowledge but also in hard data about the content of managerial work. According to Mintzberg (1973) the structured observation methodology was developed to be inductive (building knowledge about what managers actually do), comprehensive (giving an all-encompassing overview of the full range of managerial activities performed), and intensive (recording activities during an extended period of time).

Sample

Our sample consists of six small business managers who are managing Swedish companies in traditional manufacturing branches. We used purposeful sampling when selecting cases for our observations. The study is aimed at understanding the potential need for intervention in the form of formalized management development programs to aid and support managerial learning in small firms, and thus our main was that they have grown “large” enough to require functional managers to separate operating tasks from the strategic development of the firm and to co-ordinate major elements of the organization (Churchill and Lewis, 1983; Scott and Bruce, 1987). However, the company should not have become a medium-sized organization in the sense that they have crossed thresholds of delegation and sharing of managerial control so that the increasing complexity of the organization starts to require more sophisticated planning and control systems (Whisler, 1988). Empirical research suggests that managerial appointments are made when a company reaches beyond a size between ten to twenty workers (Storey, 1994:10), which is in line with the lower level of European Community’s definition of small firms where companies between 10 and 50 employees are included. In addition, we limited our choice to manufacturing companies to control for potential industry variations in the behavioral patterns of managerial work (Delmar et al, 2003).

All the small business managers were known from earlier research projects prior to the study which was a primary factory in their agreement to allow us to shadow them. The six managers in the study are all males and they are either sole owners or have a significant ownership stake in the business. All companies have between 17 - 43 employees, which follow the European Community's definition of small companies (Ghobadian and O'Reagan, 2006). An overall description of the managers and their companies are presented in Table 1 below.

Table 1. Key characteristics for the participating managers and their companies in the observational study

	Manager A	Manager B	Manager C	Manager D	Manager E	Manager F
Age	43	51	54	47	58	43
Line of business	Production of office chairs for disabled people	Prototype manufacturer of precision tools	Manufacturer of special wooden windows	Manufacturer of products in stainless steel (mainly for the boat industry)	Manufacturer of special design wooden doors	Building contractor and sheet-metal shop with focus on roof works
Years in company (total)	15	6	32	21	29	8
Other roles in company (years)	Production manager, 9 years	None	Production manager, 4 years	Worked parallel with sales during first years in company	Production manager, 3 years	Controller, 7 years
Number of years as owner manager	5	6	28	21	26	1
Education	No university education	Post university education	No university education	University education	No university education	University education
Number of employees	23	21	19	43	17	35

Data collection procedure

Data was collected during six weeks of observation (one week for each manager). In total, approximately 260 hours of work and 1800 activities were observed and characterized according to their primary purpose. During the observation period extensive field notes were taken to support the recapitulation of stories and events over the weeks.

For the structured observations, three “records” support the data collection; i) the chronology record, ii) the mail record, and iii) the contact record. During each field study the observer records the activities of the manager on these records. Activity patterns during the working day are recorded on the chronology record. Mail processing by the manager is recorded on the mail record, and finally, the verbal interactions of the managers are recorded on the contact record. Structured as well as unstructured (i.e. anecdotal) data are collected. These data allow for inductive reasoning and therefore can help to reveal the learning style of small business managers and entrepreneurs from which a basic understanding of their behavior can be described.

Analysis

The empirical data that is subject to analysis in the study consists of the observed work activities of six small business managers. The work activities performed were defined using the categories of Mintzberg (1973), which include desk work sessions, telephone calls, scheduled meetings, unscheduled meetings, and observational tours in the company. Each small business manager was followed during one full week of work.

Overview of the work activities of small business managers

The benefit of structured observation is that it gives the opportunity to directly observe the actual behavior of small business managers’ rather than listening to or reading about their “espoused theories” (Argyris and Schön, 1978) of their own work that would have been reported in interviews or questionnaires. The observed work activities of the small business managers are summarized in Table 2 below.

Table 2. Distribution of time of small firm owner-managers

	Manager A	Manager B	Manager C	Manager D	Manager E	Manager F	Average
Number of activities per day	64	53	60	60	64	44	57
Desk work sessions							
Number per day	20	14	14	12	10	8	13
Proportion of time	53	45	52	42	34	48	46 %
Average duration	11	12	19	16	17	22	16 min
Telephone calls							
Number per day	13	19	18	19	23	12	17
Proportion of time	11	22	10	12	16	7	13 %
Average duration	3	4	3	3	3	2	3 min
Scheduled meetings							
Number per day (no per day/no per week)	2	0,2	0,6	1	1	1	1
Proportion of time	12	9	13	16	22	18	15 %
Average duration	27	165	108	74	78	79	88 min
Unscheduled meetings							
Number per day	25	12	26	25	22	21	22
Proportion of time	18	9	20	24	17	25	19 %
Average duration	3	3	4	4	4	4	4 min
Tours							
Number per day	5	8	3	3	7	2	4
Proportion of time	6	14	5	5	12	2	7 %
Average duration	5	6	9	9	9	5	7 min
TOTAL	100	100	100	100	100	100	100%
Proportion of activities lasting less than 9 min	81	80	79	76	80	81	80 %
Proportion lasting more than 60 min	0,3	0,4	0,3	0,3	1,3	2,7	0,9 %

On examination it is evident that a large proportion of their working time is spent at the desk. On average, they were found to spend 46% of their time per day at the desk and with an observed range of 34% to 53%. However, it is also evident that they do not spend any longer continuous periods of time in front of the desk. The average duration of a desk work session is

no more than about 16 minutes. Table 2 also shows that the small business managers do a lot of telephone calls, with an average of 17 calls per day. However, the average duration of each phone call is short with an average of 3 minutes and with an observed range of only 2 minutes to 4 minutes.

The small business managers have few scheduled meetings. They have an average number of one (1) scheduled meetings per day, with an observed range of between 0 and 2 meetings. In total, each meeting takes an average of 88 minutes to complete. This is equal to about 15 percent of their working day. In addition, there are a large number of unscheduled meetings. Here, the small business managers do an average number of 22 unscheduled meetings per day, with an observed range of between 12 and 26 meetings. These unscheduled meetings are considerable shorter than the scheduled meetings (on average they last only for 4 minutes). However, the vast number of unscheduled meetings during an average working day makes them fill up about 19 percent of the working time of small business managers.

All small business managers were found to conduct several tours through the production facilities each day. The average number of tours per working day is four, with an observed range of two to eight tours. Each tour takes about seven minutes to complete. These tours were primarily made for a specific purpose rather than general open-ended inspections.

The managers in our study acted in six out of ten cases on their own initiative. They spend most of their time (almost 80 %) in the office, and only about 8 % in the production facilities. The average working hours per week were in total 45.5 and evening work is rare¹. A closer analysis of the owner-managers' verbal contacts shows that they on average spend over half

¹ Working over weekends seems to happen occasionally, but also varied according to the owner-manager concerned. All the managers studied stated that they tried not to bring work home.

of their verbal contacts with subordinates, one third with suppliers and associates, and about ten percent with clients and others stakeholders respectively. They had about half of their time for themselves.

In all, the empirical findings from our study are largely consistent with findings in previous studies of managerial work in small firms (Choran, 1969; Muir and Langford, 1994; O’Gorman, et al., 2005). What is striking when comparing our findings with previous studies is the similar observed pattern in the large amount of time they spend at the desk but also the frequent interruptions that constantly appear. Our findings consequently corroborate the observation that constant interruption seems to be the principal activator of managerial work in small firms, thus giving it a largely reactive rather than proactive character.

To add a qualitative dimension to the work activities reported above we have also included a description of an ordinary morning in one of the firms in the Appendix. Among other things, this description gives a picture of the flow of work activities that a small business manager is participating in. During approximately two hours in the morning the small business manager had (as usual) several unscheduled meetings, worked by his desk, received telephone calls and took tours in the production facilities. He was engaged in different functional areas such as marketing, quality, production, maintenance, human relations, leadership issues, customer contacts and safety and health questions. He interacted with more than 10 persons while having almost no time to reflect on his own. We want to emphasize that the morning was not extraordinary in any sense.

Analysis of the conditions for managerial learning in small firms

To examine the conditions for managerial learning in small firms we used the experiential learning theory framework as an analytical tool to assess the extent to which the observed work activities provide small business managers with opportunities for learning and development. Our empirical data suggest that the small business managers take a largely practical approach to achieve their objectives and they seem to try different ways to solve problems that arise in their work. They moreover seem attracted to new challenges and to carry out their plans. These results suggest that small business managers face a rich and varied source of concrete experience in their daily work, with great potential to develop experiential knowledge.

However, it is also evident that their overall work situation seldom allow them any time for deeper reflection or explicit conceptualization to theorize and “make sense” beyond what is happening right at the moment. This observed problem comes from that the work situation of small business managers contains a large degree of fragmentation. The managers for example have few longer scheduled meetings and only one out of twenty-two meetings is scheduled, i.e. decided upon at least one day in advance and having an agenda. During a working day the managers instead have an overwhelming number of short unscheduled meetings in order to manage the company. These unscheduled meetings take up almost a fifth of their day, and covers whatever problem that emerges. Moreover, on average the managers work with one task for only eighteen minutes before they are interrupted by, for instance, a telephone call from a customer or by an employee coming into the office with a query that require immediate attention. They also undertake about five tours through the production facilities daily for a specific purpose (to solve a problem), which further enhance the image of a

fragmented working day. These tours do not relate to general and “open-ended” inspections on a strategic level

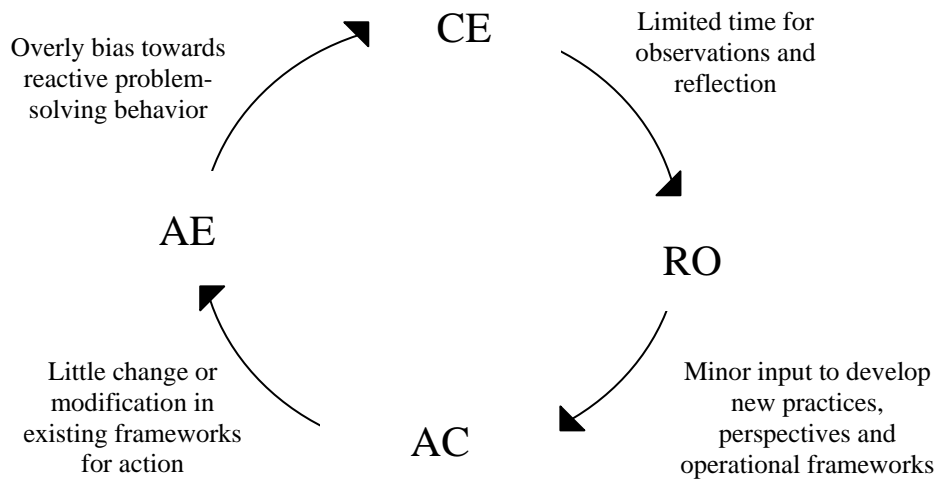
Another thing that seems to fuel the large degree of fragmentation in their work is that the various activities small business managers are involved in occur rapidly, in a hectic pace and with relatively short duration. Out of an average of 57 daily activities handled, 78 % of these activities lasted less than nine minutes and only 1 % of the activities took more than one hour. Some of the activities were short queries or errands of routine character that did not demand the managers’ full attention to solve. However, a large proportion of the activities was of a more complex nature and required full attention. Due to the constant flow of queries and errands coming in that demand this attention, there is thus little time for deeper reflections over consequence or possible outcomes of the various decisions that has to be made.

The limited time for observation and reflection is also evident by the largely operative and incremental problem-solving character of their work. As the small business managers are the ultimate decision makers in their respectively organization they have to take care of everything that no one else takes the responsibility for, which can include all sorts of problems. In practice, this means that small business managers’ deal with all kinds of different problems during a day which effectively “absorb” all spare time that could have been used for more reflective and long-term planning or decision making. It is moreover impossible for them to anticipate everything that could happen or go wrong, and when something happen the manager has to find a quick and satisfactory way to solve it, thus leading to a largely reactive character of their managerial work. Although problem-solving is a critical and important part of the survival and success of small firms this also risk creating lock-in effects and inertia as it can reinforce rather than challenge old assumptions, value

systems and beliefs (Cyert and March, 1963). Interestingly, our observation echoes findings in previous studies of strategic management practices in small firms. For example, in a recent study Verreyne (2006) described strategy-making in small firms as simplistic, where small business managers tend to prefer to focus on activities and behaviors that once made them successful (see also Brouthers, Andriessen, and Nicoales, 1998). Such a strategy may have been effective in focusing organizational activities in the early stages of growth but it also risk inhibiting effectiveness and decrease performance in the long run if the organization loses its ability to effectively and proactively learn and adapt to changing circumstances.

To conclude, the observed work situation of small business managers seems to be characterized by a context where much of their work content is fragmented, the pace of work is hectic, an where they are mostly involved in operative work of a problem-driven and largely reactive nature primarily aimed at optimizing organizational efficiency. It thus seems that their overall work situation inhibits their learning processes by making them oriented towards active experimentation while having limited reflective observation. However, effective learning requires both direct action and personal reflection (Boud, Keogh and Walker, 1985; Cope and Watts, 2000; Politis, 2005), which indicates that there in the long run may be obstacles to evolve new practices, perspectives and frameworks. Moreover, this risk leading them to continuing largely in the same strategic direction as usual and failing to learn and adapt to changing conditions over time. Our analysis is summarized in Figure 2 below.

Figure 2: The learning process among small business managers



Discussion

We have in this study set out to examine the conditions for managerial learning in small firms and the implications this gives for our understanding of how to support work-based management development in this context. We have used a framework based on Kolb's (1984) theory of experiential learning as an analytical tool to assess the extent to which their work activities provide them with opportunities for learning and development. In sum, our empirical findings suggest that the daily activities of small business managers are characterized by constant interruption. They devote much of their time to administrative and operational work and have little time for leadership reflection and debriefing and strategic decision making. There are moreover few possibilities for reflection and debriefing activities which seem to inhibit effective managerial learning. In this section we will discuss the implications of our results for theory and research on managerial learning in small firms as well as for the design of university-led management development programs.

Implications for theory and research on managerial learning in small firms

Our observations of the daily work activities performed by small business managers provide an ambiguous view of managerial learning in small firms. On the one hand we can observe that small business managers face a rich and varied source of concrete experience in their daily work. This concrete experience from the small business working environment seems to enable small business managers to develop behaviors that make them skilled problem solvers and enhances their ability to juggle a wide range of activities and projects at the same time. Their problem-focused and multi-tasking form of management is in this respect aimed at upholding organizational efficiency, something which seems critical for small business managers' ability to cope with the diverse challenges of an ordinary working day. On the other hand it is also evident that the nature of managerial work in small firms in the longer run can hinder their ability to effectively and proactively learn from their work environment despite their rich source of experience. Our analysis suggests that this potential problem is a result of a fragmented working day where small business managers experience frequent and different forms of interruptions and unexpected problems during the course of their working day. These interruptions and unexpected problems are something that leaves little time for engaging in reflective observation to make-sense out of what they do and how things can be made better or different.

Small business managers' ability to effectively and proactively learn from their work environment is critical both for their own development of relevant knowledge, skills and competencies as well as for the long term survival and success of the organizations they manage. Zhang, Macpherson & Oswald (2006) identify two interrelated factors that can trigger learning in small firms. First, they suggest that major changes in the competitive environment can stimulate proactive search for new information and encourage a re-

conceptualization of existing operational frameworks and management practices. However, if managers are slow to respond to such environmental 'signals' it may eventually also risk leading to major crises or failures. At best this can trigger and encourage learning and lead to adjustments in existing frameworks, systems and routines (Zhang et al., 2006; see also Cannon and Edmondson, 2005). Failures to update previously successful frameworks and practices will on the other hand sooner or later cause the organization to be squeezed out of the market by more innovative and proactive organizations (Spicer and Sadler-Smith, 2006)

The findings in this study suggest that small business managers are less likely to proactively respond to changes in the competitive environment. Instead, their fragmented work situation forces them to deal with immediate problems that constantly pops up while at the same time delaying their attention to more strategic issues. Their limited time for critical reflections makes them develop a largely reactive managerial behavior which over time is likely to leave little room for more fundamental changes in their working practices and underlying assumptions. This bias toward immediate problems will also risk undermining the competitive position of the small firms as it can lead to an over-emphasis on exploiting already existing competencies at the expense of developing new ones (March, 1991).

The importance of supporting cognitive processes such as critical reflection and sense-making in order to learn effectively echoes results in the broader literature and research on managerial training and development (e.g., Baldwin and Padgett, 1993; Salas and Cannon Bowers, 2000; see also Yukl, 2006: 388ff). This stream of research stresses some critical issues to maximize the outcomes of learning efforts. One such issue is that potential learners should be presented with clear and meaningful objectives, which means that small business managers must be in an environment where they can make any sense out of the learning situation. Another issue is

that there should be opportunities for active practice together with relevant and timely feedback. Complex skills are often difficult to learn if there is only limited time for thinking and there must be time for appropriate sequencing to effectively follow up and learn from practice. Potential learners must in this respect not only be involved in active experimentation but must also experience and sense the outcomes of their decisions and actions (Russo and Schoemaker, 1992; Sitkin, 1992). Relevant and timely feedback may in turn help small business managers to make sense of their experience and to use their subjectively gained knowledge to improve their performance at work and to develop their entrepreneurial ability.

Implications for the design of work-based management development programs

We believe the findings in this study provide valuable input for how to design work-based management development programs aimed at supporting the learning process of small business managers. Our analysis suggests among others that small business managers lack time and discretion to effectively learn from their daily practice and transform their experiences into actionable knowledge that has any meaning for them. This implies that management education to small business managers should aim to provide time for “processing” experiences in order to help them in their attempt to acquire new skills and internalize theory through guided reflection (Dennehy, Sims and Collins, 1998). Furthermore, our results suggest that course organizers should be aware of the shortsighted problem-solving character of managerial behavior in small firms. Thus, it seems that educational programs should put emphasis on developing a mindset that favor exploration and open-ended problem solving rather than focusing on mere exploitation of procedures and formal methods.

In our literature review it was pointed out that small business managers have a general disinterest in structured management education (Mangham and Silver, 1986; Constable and

McCormick, 1987; Handy, 1987; Curran et al, 1996; Kitson and Wilkinson, 1998; Gray, 2004). Contrasting this general disinterest against their need for reflective observation to support their learning process suggests that learning networks may be a way of supporting work-based management development for small business managers. Learning networks is about building a platform for dialogue, reflection and sense-making where managers come together in a non-competitive environment to discuss and reflect upon different issues in their daily work (Bessant and Tsekouras, 2001; Levin, 1993; Florén, 2003; Florén & Tell, 2004). The learning network approach is in this respect a highly interactive pedagogical model where participants are encouraged to discuss different issues related to their own organizations (Tell, 2008). Ways and principles for organizing learning networks vary but usually the participating managers meet regularly for at least half a day, for example once or twice per month during a semester at one of the participating managers company². Each meeting will then usually focus on one or two issues that are of critical concern of the host company but also has of interest for the others. Compared to the traditional role as an instructor, the course organizer is more of a facilitator responsible for creating and supporting an open and trusting learning environment where participants can restructure the new information and their prior knowledge into new insights. This is necessary as the goals and objectives cannot be clearly formulated and as the agenda emerge with reference to what the participants have on their minds for the moment. Obviously, learning networks requires that participants have a rich source of experience as a basis for their reflection and personal theorizing. As such, this approach is much in favor of sharing experiences and perspectives that can stimulate deep and critical reflection in the group (Tell, 2001). Moreover, it is best suited when working with open ended questions where there are no easy and obvious answers but rather a need for a holistic understanding of a situation. The open discussion in the network provides a

² For more detailed information about how to organize peer-to-peer networks, see Tell (2008).

possibility for managers to reflect on their own experience with other managers, thus promoting both learning and meaning-making through peer conversations (e.g., Baker, Jensen & Kolb, 2005). The approach can in this respect be a helpful source of inspiration for questioning the guiding value system and a way to help them to overcome the often-locked positions that may prevent learning in small firms.

In sum, our findings imply that many small business managers could benefit from participating in university-led organized learning networks in order to support their learning process. The networks in which small firms are embedded are in this respect an important factor in their establishment, growth and development (Gibb, 1998; Johannisson, 1998; Shaw, 2006) and participating in an organized learning network can in this respect be a “vitamin injection” that supports both managerial and organizational development. As our empirical data suggest, small business managers often have little time for deeper reflection to theorize and “make sense” beyond what is happening right at the moment, implying that external perspectives gained from participating in university-led organized learning networks can have a refreshing and innovative function.

Limitations and suggestions for further studies

Some potential limitations in our study should be mentioned. We carefully selected our sample, focusing on commonalities in the managerial work practices among a variety of small business managers in small manufacturing firms. However, this choice may also create some concerns about the application of our findings to firm settings which show markedly different characteristics. Broad generalizations should hence not be made across contexts without careful thought before further studies have been made that can corroborate our findings. Two other limitations are also worth mentioning. First, we have not measured managers’ learning

in terms of any output (i.e., knowledge) but rather drawn inferences of the potentialities for learning based on an assessment of their managerial work activities. Although this is in line with aim and purpose of this study it also leaves some unanswered questions about the learning outcomes of their experientially acquired knowledge and the extent to which it will enhance the action capability of small business managers and improve the performance of the firms they manage. This is certainly something that warrants further scholarly inquiry. Second, we have only studied small business managers at work, which means that we have not any accounts of activities they may engage in when their work day ends. Although informal discussions indicated that this time was devoted primarily to family and leisure activities, we cannot rule out that they occasionally may engage in work related activities that stimulate reflection and debriefing, and thus support their experiential learning process. Future research should however address this issue further. In sum, as already mentioned we believe that the potential limitations also provide opportunities for further studies. Such attempts would greatly contribute to our scholarly knowledge of managerial learning and work-based management development in small firms.

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Appendix 1

A sample morning, Thursday the 17th October

8.29 The owner manager (OM) arrives at the office.

8.30 The production manager comes in. He needs the drawings to one of the company's products. The OM gives him the drawings and exchanges a few friendly phrases.

8.31 The OM checks his e-mail. The one drawing special attention is from one of the employees saying that he will soon become a father. The rest of the e-mail is only SPAM.

8.32 One of the employees enters and asks whether or not the meeting with the health care representatives will take place. This meeting has the OM put forward one week, and sent an e-mail to the employee about, but the employee hadn't read his mail.

8.33 The manager from the company's largest customer calls, and there is business talk as well as some everyday talk. The agenda is also set for a meeting the following week.

8.44 The production manager comes in and tells the OM that his mother works in a hospital near Stockholm and she had heard that this hospital did not want to buy products from the company's largest customer. They have had a bad experience with a salesman representing that company. The production manager asks the OM if he thinks they must do something about it. Nothing is decided instead the OM tells the production manager about his telephone call with the manager from their largest customer and the development on other markets (Norway and Holland) of their products, information that he got from the telephone call.

8.50 The quality manager asks about the management group meeting that was supposed to take place at 8.45 together with the production manager and the OM. It was decided to move the meeting until 10 o'clock.

8.51 The company has received an important order. This results in the OM going out to production to see if they have all the details for that particular product.

8.52 Out in production, the OM talks to one of the employees about material for the order. It is a rush order, and the OM suspected that they didn't have the details in stock.

8.55 The fact that they didn't have the items in stock made the OM go over to another employee in the production and discussed if he had the details asked for at his working station. He had, but not enough, so the OM asked him to manufacture the amount needed. Yesterday, this employee had asked the OM to buy a brush at a local store on his way home, and the OM told the employee that they didn't have the right size in the store. The employee took the opportunity to tell the OM that chemical painting doesn't work as it should, when iron phosphate has got mixed up with the clean water, due to a valve that didn't work properly. Another employee joined the discussion, and the OM told him about the details that he has asked for will be produced during the day. The OM went away to a third employee and discussed the possibility to manufacture a detail that the company usually buys, but the OM found it to expensive to manufacture internally. The two continued to discuss, and they decided that they will anyway try to produce the detail in house. Before going back to the office, the OM asked about the work on the new lathe, and how it looks the rest of the month.

9.09 On the way to the office the OM has a discussion with an employee that the manager meets about a missing detail on a larger work, due to an internal failure in the production.

9.15 In the factory, the OM meets with one of the employees that brought up that they lacked some details, which led to an internal report (that the OM sent with an e-mail to the quality manager).

9.20 The OM sends out information that the management meeting is postponed to Friday. The quality manager comes in and asks about a work and the production manager enters at the same time, asking about another work. The OM takes the opportunity to ask about a detail that the company has put out to a subcontractor that was supposed to be back at the company last week. Another point that the OM takes up and discusses is that the chemical painting had

problems. The production manager was there when it was cleaned this summer, and he wondered now if they had forgotten to clean the filters. The OM told the production manager to fix it at once.

9.35 The OM talked with the quality manager about the problem with the chemical painting, and about the risk that the next moment in the production phase couldn't be done correct, which could result in that the colour didn't stick properly to the goods produced.

9.50 There is a discussion about the phosphate problem. The quality manager had checked where the problem might be. The filter is supposed to be cleaned everyday, but it has only been cleaned in connection with the change of clean water, and that is not often enough. The quality manager agrees that the clean water is contaminated, which could mean that the colour doesn't stick to the products from the companies. There is a discussion about what must be done. It is decided that it is serious and that this particularly machine has to be closed down and cleaned.

10.00 The production manager enters the office and the manager wonders why the chemical painting hasn't been cleaned properly. Where is the problem? This is a serious obstacle, and the OM want to statute an example to show the employees that he does not accept to run the chemical paint without proper maintenance. The production manager goes away and talks to the employees operating that machine, and tells them to shot down the machine and clean it properly.

10.07 The OM informed one of the group leaders that there will be delays at the assembly due to the shutdown of the chemical painting. The OM wants the group leader to be alert and not let the tempo go down in the assembly group due to this delay. If it does, he wants the production manager to take some of the employees to other stations at the company.

10.15 The production manager enters the office and says that after lunch they can start cleaning the chemical painting.

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