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EXPLORATORY RESEARCH ON THE ORGANIZATIONAL LEARNING IN SMALL ENTERPRISES AND IMPLICATIONS FOR THE ECONOMIC HIGHER EDUCATION

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Abstract
Learning is an issue of critical importance for small enterprises. The aim of this article is to explore the organizational learning processes of such enterprises, in order to identify the potential implications for the economic higher education. The topic is approached from a multi-fold perspective, at the interface among entrepreneurship, management and marketing. The article contributes to better understanding the processes, factors of influence and results of the organizational learning, by means of direct research based on the method of semi-structured interview. The research universe consisted in small enterprises within the services sector, from Bucharest. According to the research results, organizational learning is rudimentary, substantiated on the individual learning of the entrepreneur. Learning is experiential and the main outcomes are skills and concepts. Knowledge dissemination is deficient, the main flow being oriented only from entrepreneur to employees. The entrepreneur cannot control knowledge absorption but can evaluate and encourage it. The research revealed a relationship between learning and entrepreneurial orientation, according to which learning enhancement leads to innovation and opportunity identification. Following the research results, suggestions for future research and conclusions relative to the implications on economic higher education were formulated.

Keywords: organizational learning, strategic orientations, marketing, entrepreneurship, small businesses, higher education

JEL Classification: M31, L26, M19, I23

Introduction

The survival and development of small businesses depend on the identification and use of resources or capabilities which provide a competitive advantage in the market. Learning is a strategic capability that can be developed by businesses without significant costs. The main features of a learning organization are the following: special focus on knowledge, innovation, major organizational changes, intense individual learning at the employee level and frequent work changes (Nicolescu and Verboncu, 2007). Experts consider that learning

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at organizational level is a characteristic of large companies, while small firms from the trade and service sectors do not exhibit an approach to knowledge management and employee training (Vrîncianu, Anica-Popa and Anica-Popa, 2009). For example, the small and medium enterprises (SMEs) from the trade sector learn reactively, they rather correct processes under the influence of the external environment, than proactively define improvement programs (Olaru et al., 2010).

To understand how learning can contribute to the success of the company, the article reviews the definitions of the concept at individual and organizational levels, explores the factors influencing this process, identifies relationships between learning and strategic orientations and present the impact on the performance of the firm.

Learning is a generative process based on abstract and concrete associations between stimuli and prior knowledge stored in memory (Wittrock, 2010). There are numerous perspectives on learning that can be grouped into five schools of thought: cognitivist, behaviorist, humanist, constructivist and social learning (Marquardt and Waddill, 2004). Cognitivists are concerned with internal processes related to the knowledge acquisition, understanding and retention. Behaviorists assume that learning occurs when behavior changes under the influence of environmental factors. Humanists consider that individuals are able to determine their own learning needs and to self-direct towards goal achievement. Constructivists emphasize that individuals attach personal meaning to their learning experiences through an internal construction of the objective reality. Social learning theory focuses on the social context in which the individual learns through interactions, observations and imitations of others. Within an organization, the individual has the opportunity to learn at the place of work and during the work process (Sambrook, 2005). In the former case, the context is important - determined by company size, organizational culture, and management style - while in the latter, the process is important – which is influenced by the attitude of the learner and of those that support and facilitate learning.

Organizational learning (OL) was defined as the capability of an organization to create, acquire, transfer and absorb knowledge as well as to change its behavior in order to improve performance (Jerez-Gomez, Cespedes-Lorente and Valle-Cabrera, 2005). The OL concept was developed in the 1960s and is based on the idea that organizations can learn as independent entities. Similarly to individual learning, OL has a multitude of approaches that can be grouped into four schools of thought: economic school, developmental school, managerial school and process school (Bell, Whitwell and Lukas, 2002). Economic school focuses on the incremental growth of knowledge generated by repetitive production flows and is not intended to improve the quality of knowledge. Developmental school believes that learning is a linear process consisting in a sequence of phases. As the organization matures, learning evolves from simple learning based on error detection and correction – named adaptive learning, to higher level, more creative learning called generative learning. Managerial school focuses on higher order learning and assumes that it occurs only in certain circumstances and specific intervention at the organizational culture level is required to stimulate learning. Process school is concerned with understanding the fundamental processes that underpin learning (information acquisition, dissemination and absorption), as well as the manner in which information is encoded and retrieved.

There are three types of OL: *adaptive learning* (also called exploitative, single-loop learning) - the company responds to change by adapting; *generative learning* (explorative, double loop learning) – the company proactively learns new knowledge, skills and

behaviors; *transformative learning* - the company interacts in a fundamentally different way with the environment (London and Sessa, 2007). The OL type is influenced by the learning style of the organization. This concept derives from individual-level cognitive style, which defines how a person organizes and processes information (Sadler-Smith and Badger, 1998). There are three bipolar dimensions of the cognitive style: intuition-analysis, adoption-innovation and wholist-analytical. Such versatility - called cognitive strategy - is also necessary for an organisation, in order to develop adaptive, generative and transformative learning skills. For example, companies in emerging countries initially use adaptive learning, acquiring models/technologies from developed markets to further develop by generative learning (Wu, Ma and Xu, 2009). Sources of knowledge can be both internal and external, such as learning networks (Kiely and Armistead, 2005) or even competition. Unfortunately, companies are highly motivated to copy others' competitive advantages and are less preoccupied to generate it internally (Menon and Pfeffer, 2003).

Currently, there is no consensus regarding the relationship between various strategic orientations (market orientation, entrepreneurial orientation and technological orientation) and OL. Some argue that market orientation stimulates OL which contributes to innovation and innovation improves business performance (Lin, Peng and Kao, 2008; Kocak and Abimbola, 2009). Others consider that learning orientation contributes to firm performance only if it is mediated by a market orientation (Wang, Hult, Ketchen Jr. and Ahmed, 2009). Unlike the approaches that seek to establish the causality order between orientations, other researchers have been concerned about their combined influence on the firm performance. The strongest correlation occurred between market and learning focus (Grinstein, 2008). A new kind of capability emerged, called market-based organizational learning, as a result of the learning processes generated by the two combined orientations (Ali, Peters, He and Lettice, 2010).

OL is responsible for two critical processes within the firm: *innovation and opportunity identification*. Regarding innovation in small firms, there is insufficient research to allow theory development. It is obvious that we cannot apply models used by corporations that are adequately resourced and have a significant market position (Hausman, 2005). The main factors that stimulate innovation can be grouped into four categories: competitive intensity, management skills (education level, exposure to external models, ability to control, desire to manage conflicts caused by change), the influence of network partners and tangibility of products (tangible products are adopted more easily than intangible products, such as ideas or management practices). The outcomes of innovation can be both products/services and processes. Companies interested in developing new products should provide a specific climate characterized by openness, trust and experimentation (Frishammar and Hörte, 2007). They should also have some enablers such as rigorous innovation processes, appropriate human resources policies (staff rotation, personal development plans, reward systems), project planning and control, performance management and mechanisms for organizational integration (teamwork, committees, matrix organization) (Gieskes and Heijden, 2004). The advantage of setting up multifunctional teams is the exchange of knowledge from different areas of the company, provided that participants can adjust their learning style to the new situations they face (Smulders, 2004).

Opportunity exploration and exploitation is also a learning process, but of entrepreneurial type. It is necessary to distinguish between opportunity discovery and development. If in the former case there is sufficient information to recognize it, in the latter case there is a

learning process (Sanz-Velasco, 2006). To understand why individuals with a similar entrepreneurial profile see different opportunities in the same situation and even perceive differently the feasibility of the same ideas, the match between the entrepreneur's learning style and the learning situation must be investigated (Dimov, 2007). Entrepreneurial learning is experiential. Lessons learned from previous experiences enhance the ability of entrepreneurs to recognize and capitalize on opportunities (Politis, 2005).

This article aims to investigate a specific type of learning, respectively the market-based organizational learning in small firms, which is an insufficiently explored topic. Furthermore, the investigation aims to extend the research area at the interface between marketing and entrepreneurship, analyzing innovation and opportunity exploration. A combined perspective is applied in order to assess this phenomenon based on the principles of three schools of thought - cognitivist, behaviorist and social learning schools.

1. Research methodology

A research domain related to entrepreneurship is the one that aims to explore the manner in which entrepreneurs/owners/managers understand and apply marketing within their business. To understand correctly and in its depth this phenomenon, the use of research methods able to allow a close perspective of the decision process carried out by the entrepreneur and able to provide an insider's view is required (Gilmore and Coviello, 1999). The closer the researcher is to the essence of the process (to apprehend how entrepreneurs think) the more ample and authentic are the results. Thus, in the initial phase, it is less likely that quantitative research can ensure an appropriate level of knowledge and understanding of the phenomenon. Qualitative research is recommended under the form of in-depth interviews allowing respondents to express own opinions relative to the manner in which they manage their business, why, where, how and when, using own words.

The goal of the present research is the study of the learning orientation in the field of marketing of the small enterprises (below 50 employees) from the service sector, with their headquarters in Bucharest. The *research objectives* aimed to: (a) identify the types of behaviors associated with the learning orientation, that are manifest among the investigated enterprises; (b) discern the factors that influence learning; (c) point out the manner in which knowledge is generated, disseminated and absorbed; (d) study change management in the field of marketing; (e) understand the relationship between learning orientation and entrepreneurial orientation.

The studied universe consisted in small enterprises (below 50 employees) from the service sector with their headquarters in Bucharest. The research sample was made of twelve such enterprises, out of which eight micro-enterprises (below 10 employees). As regards the activity profile, eight enterprises of the sample work in the field of human resource consultancy services (development, training and recruitment), marketing services, information technology services (testing, support, Internet portal). Four enterprises of the sample are involved in constructions, tourism, distribution and magazine publishing. Characteristic to the in-depth interviews conducted with company representatives is that sample size is small, statistically unrepresentative and the method for respondent selection is based on refferals (Burns and Bush, 2006). The implementation of the indepth interview method requires the selection of a number of respondents from 5 to 50 or more (Mariampolski, 2001). In the case of nonprobabilistic sampling, experts refer to the

satusation phenomenon, more precisely the point (number of interviews) at which no new information or themes are observed in the data. Thus, in their qualitative research, Guest, Bunce and Johnson (2006) realized that saturation occurred within the first twelve interviews, although basic elements for metathemes were present as early as six interviews.

The sample of the research was designed based on both secondary sources of information and recommendations obtained from the entrepreneurs. At the end of each interview, the respondent was asked to recommend other potential respondents – business partners or collaborators from the segment of small enterprises.

The interviewed persons were entrepreneurs or managers of such enterprises. Most respondents were entrepreneurs that also played an executive role as general director, executive director or administrator. Besides them, the sample included respondents that were not associates to the firm, but had top managerial positions like executive director, financial director or client service director.

According to the goal and objectives of the study, the exploratory research was the most appropriate type. The research method was the semi-structured in-depth interview. At the same time, the "story completion" projective technique was also used during the interviews.

A guide for conducting interviews was designed including main discussion topics. The interviewer encouraged respondents to present what they consider important relative to the discussion topics suggested for the interview, without feeling limited by them. At the end of each interview, the interviewer asked each respondent to complete an imaginary story that described the problems faced by an entrepreneur on a market with declining demand. The text of the story was the following: *"At a certain moment, the growth and selling of snails was a high-potential business. A significant demand existed on the European market, France and Italy being the top consumers of snails. Mircea Hotca transformed an area of 10,000 sq.m. into a bio-snail farm. In 2008, he exported more than 7 tons, but beginning with 2009, demand diminished considerably. Initially, he thought of how he could reduce expenses, so he remained with only 5 employees out of 12. However, this proved not to be the solution so …* [Complete the text writing what you think that happened further.]".

The qualitative research was conducted in November-December 2010. The interviews had an average duration of 70 minutes and were audio-registered. For the data analysis, the content analysis was applied. The analysis units were grouped by exhaustive and exclusive categories. Because "qualitative reserch is the collection, analysis and interpretation of data that cannot be meaningfully quantified, that is summarised in the form of numbers" (Wiid and Diggines, 2009), the research conclusions will be supported by verbatim.

2. Research results

In accordance with the goal set for the study, the research results have facilitated the understanding and better knowledge of the behaviors associated with the learning orientation, of the factors that influence learning, of the manner in which knowledge is generated, disseminated and absorbed, of change management in the field of marketing and of the relationship between learning orientation and entrepreneurial orientation.

2.1 Behaviors associated with the learning orientation

The first research objective consisted in the study of behaviors associated with the learning orientation within the investigated enterprises. The aspects approached during the interviews allow the comprehension of answers to questions such as: "Who learns?", "What is learned?" and "How do they learn?".

Based on the statements of the respondents, *the responsibility of learning* belongs firstly to the entrepreneur. Several executives declared that all employees learn, while others expressed their disappointment relative to the involvement of employees.

The *learning domain* in the field of marketing is very wide. Besides aspects related to *the external environment* and to *the relationship between the firm and the environment,* entrepreneurs also learn aspects related to *internal resources:* how to hire and motivate employees or how to manage cash flow.

As regards the marketing aspects, learning refers both to practical and theoretical aspects. On one side, they learn how to solve the existing problems applying certain abilities and methods and, on the other side, they learn concepts, notions.

The main *abilities* developed by respondents reflected in their statements are:

- *how to identify and interpret market trends* – for example, "[…] the social shifts in the next ten years […]. You must discern the trends even if your decision will be no-go.";

- *how to explore and exploit opportunities* – for example, "In the field of training and development, many programs are inappropriately designed, developed in the last minute, and because I know that, I turn into value the opportunity.";

- *how to identify customer needs, to negotiate and to sell* – for example, "Discussing with an increasing number of customers you develop your communication and negotiation skills, you realize what he wants and if he is open for discussion.";

- *how to collaborate with employees and business partners* – for example, "I think there are several principles that must be learned …. For the employees is very important. Sometimes I am too sympathetic with people and this is not good. However, I consider this as the business style and that employees must learn gradually, not by force.";

- *how to communicate with customers* – for example, "You need a direct and better communication with the customer. I knew that but I received a confirmation. You need account management, it is not enough to keep contact with the users of the service.";

- *how to generate value for customers* – for example, "The information does not bring value, but the way you combine the pieces of information. My association manner …This is the secret of a good trainer, when you see that trainer giving the right example, bringing to life.";

- *how to adapt own offering to customer needs* – for example, "Lately, we have started to achieve [to manufacture – n.a.] other products that are cheaper, even if they are not as good as those of [the firm – n.a.] XX. There are customers that cannot afford to pay so much for the product of [the firm – n.a.] XX and I have to provide them solutions and thus we started to learn several other products from other competitors.";

- *how to adjust the speed of reaction to the market changes* - for example, "This is what I learned lately, not to wait too much until I make the changes.".

As regards *knowledge,* the statements of the interviewees showed that they learn - with more or less difficulty – specific information about the following aspects:

- *market* – for example, "The market shifts forced me to reformulate. Customers became difficult. I could not work with only one client and I had to move to «who needs me».";

- *local and international competitors* – for example, "Many focus on how to capture you (as customer - n.a.) and then think of how to provide you a solution."; "We know the local competitors, but globalization is so ample that you do not know with whom you compete any more, see the case of the tourism agencies from Israel.";

- *customers and customer relationships* – for example, "A CRM is very good … we know precisely how many problems had that customer and why. Based on these data - it is a statistical issue – we could tell him that in three months two hard drives will crash and I could sell to him.";

- *product and differentiators* – for example, "We have focused a lot on the product, I may say 95%."; "There is an additional plus, the fact that we may work in two languages. At the same quality standard. Such capability is rarely available . . . the same standard in two languages.";

- *price and price setting* – for example, „You can hardly find out how to position yourself in terms of pricing. Consequently, you position yourself relative to the online system the customer can access."; "I learned to set the price so that it can be immediately accepted.";

- *unconventional types of promotion with limited budget* – for example, "[…] everything that may be achieved with zero costs. We identified some independent publishers, we use online promotion on Web sites, we participate in events, in auto shows. In 2010, we were active as regards concerts.".

Another aspect studied within the framework of the exploratory research refers to the manner in which respondents learn. Specialists in the field of experiential learning consider that learning process evolves as a cycle (Kolb, 1984). Concrete experience is assessed based on an exercise of reflective observation, the conclusions generate concepts that create a theoretical framework in an abstract conceptualization process, and these theories are then used to solve problems and make decisions within an active experimentation process.

This model of individual learning is extended to the organizational level. Not only has the entrepreneur learned, but also his employees. The entrepreneur does not learn alone, but together with other persons. One of the interviewees stated that "reflection is internal, collective and self-sustainable". This organizational learning may be involuntary (it happens even if the entrepreneur did not impose such learning) or may be voluntary (as one of the respondents mentioned: "I targeted this explicitly.").

Within the overall sample, respondents have presented all the four stages of the learning cycle. However, through own statements, each participant underlined specific components of the model, for instance, five respondents mentioned the "reflective observation"

component ("By the end, if you have started a business what remains to be done? To ask yourself questions, you have time to step back and initiate a contemplation process. What happens here? We do this type of exercises."), seven respondents referred to the "abstract conceptualization" component ("Determination is the key factor. The one that wins is the one that remains determined longer. [Wins – n.a.] the one that has both determination and resistance … these are essential factors for an entrepreneur. "), six respondents indicated the "active experimentation" component ("You read and find out what is new, you think where you can apply these."), and eight respondents focused on the "concrete experience" component ("The first learning experience is painful, but I learn very well this way, as I do not repeat it twice.").

Organizational experiential learning differs from individual learning. *The first difference* from individual learning consists in that fact that several stages are controlled by the entrepreneur, while others may only be influenced by him, either positively or negatively. Thus, *actual experience* and *active experimentation (action)* are two processes *controlled by the entrepreneur*. He decides to what situations he exposes employees, providing them *actual experiences*. One of the respondents stated: "From the moment I hired the first employee, the basic idea was he takes over some of my responsibilities, because I was "the universal soldier" in the firm. The capabilities seen in that person had to be mapped to the task I transferred her.". The entrepreneur is the one that sets the *action limits,* allowing employees to make/apply specific decisions, fact mirrored by the following statement made during an interview: "We - that were able to make decisions - have evaluated the ideas (of the employees - n.a.). We applied them if they were in line with what we wanted to achieve on long term or if they were able to quickly generate a money inflow.". The processes that cannot be controlled by entrepreneurs are *reflexive observation* and *abstract reasoning.* Thus, an entrepreneur that was previously an employee declared the following: "If I had to rely only o what I saw there (at the previous job – n.a.), I could not start a business ever … and I realized that something was awkward there". *The second difference* between organizational experiential learning and individual learning consists in the fact that several stages of the cycle are neglected or purposely ignored from various reasons. Sometimes, the entrepreneur acts without a theoretical/conceptual background or ignoring it voluntarily, fact underlined by the statements of the interviewees: "[….] and certainly I have made mistakes and I made all the mistakes from the negotiation textbook that I read afterwards and I realized that I made them."; "[….] a type of «trial and error» based on some theories that I did not understand or consider and I kept making the «blunder» until I understood.".

2.2 Factors that influence learning

Based on the interviews, two categories of factors were identified. Some factors influence *the individual learning* and others *the organizational learning.* The first category of factors consists in those factors that influence learning at *the individual level*. As mentioned by the interviewees, among them range the following:

- *objectives* - "There are people that want only to optimize, people that want to go laterally or in other direction.";
- *team* - "I am very much stimulated by competition and partnership.";

- *self-sufficiency* - "Each day, [employees – n.a.] are asked about what they have done yesterday, the actions [initiated – n.a.], the conclusions. They are always asked to call the customer because this facilitates learning.";

- *desire to learn* - "It depends on the personal desire to move towards a direction or another and I am sure that many people learn many things.";

- *daily task load* - "If you were in the situation to permanently solve something you could not have time to make a step back and say «stop», «wait», «stop everything you do and let's think».";

- *passivity* - "When you have a small business no one is controlling you. Maybe you do not realize the competition as when you are among colleagues and receive an assessment or see it in the favors of the boss.";

- *preferences* - "I have never thought of other things because they are far away from my area of interest.".

The most frequently mentioned factors are: the objectives (seven respondents), the team (six respondents) and self-sufficiency as factor that deters learning (five respondents).

There are also factors that are different for entrepreneurs compared to employees. One interviewee mentioned that failure is a factor that influences learning at the entrepreneurial level, while success is a factor at the employee level. An illustration is the statement of this respondent: "Problems you face make you learn, failure in terms of unsuccessful trial. This is true for entrepreneurs. In a job, motivation based on success energizes you to explore further and not to limit yourself to a static job for which you only execute some routines that work.". Motivation – as factor that influences learning – differs. For the entrepreneur, the fulfillment desire may be the motivator, while for an employee money may be the motivator. An entrepreneur participating in the interview declared: "Few display the desire to learn. They have a job that is OK, but if they find a better paid job elsewhere, they go there.".

The second category of factors consists of those influencing the organizational level. As revealed by the statements of respondents, examples of such factors are the following:

- *business philosophy* - "My vision is to have 10-20 persons that know what I know and are able to achieve such a project.";

- *organizational culture* - "There is a problem with the entrepreneurs. On one side they complain that people do not work, and on the other side, they control everything: «you should do this because I am the boss».";

- *firm dynamics* - "If the business remains constant, I tend to become more careless relative to the firm processes. The fact that things go well may be something unfavorable on long term.";

- *external environment* - "If stores opened and you realize that a customer may buy from there, if you have a credit or investors to which you can tell what you have done…all these force you to be energetic.";

- *opportunity* - " Here, they struggle with big systems, in various industries and they learn a lot during this period and they may go to a large company at any moment.";

- *managerial style* - "I give him «*recognition*». He knows what he knows and this fuels his desire to know more. ";

- *limited budget* - "You have just begun, you do not have money, you accept less-skilled people and you pay them lower salaries. You pay them at low levels. They do not have expertise and you help them grow. Ideally, you should provide a better salary as they acquire expertise.";

- *fear/survival need* - "Our problem is to generate money for salaries and consequently we innovate.";

- *access to information* - "I have established a library. I have ordered books in the States. Not only me, but also the employees brought books.".

The research underlined the existence of a variety of factors that influence the learning process at both the individual and the organizational levels.

2.3 The manner of knowledge generation, dissemination and absorption

In order to *generate knowledge*, there is a need on one side, for *information* from various sources and, on the other side, for *processes* by which these data acquire an added value and turn into relevant knowledge for the firm. All the entrepreneurs mentioned that when they started their activity, they had knowledge relative to either customers or product or even generic information without any connection to the newly-launched business. As the business develops, information and new knowledge accumulate. The interviews showed that the following information sources are used:

- *customers* - "I learn from the discussion with the customers. In 2011, I set as objective to socialize more with them, I am a good listener.";

- *business partners from abroad* - "When you prepare a foreign package, you ask the partner from abroad and he sends you some proposals.";

- *franchisors* - "On the platform where is the tool [of the franchisor – n.a.], there are lots of studies about the tool, the industries, the problems, every possible question.";

- *competition* - "Practically, we monitor it [the competition – n.a.]. There are several indicators that may give you ideas and you start investigating.";

- *professional networks* (such as LinkedIn) - "There are professional groups, often related to other countries, where there are very many resources: links, movies, articles, book chapters, presentations.";

- *professionals from the field* that provide information during conferences, on blogs, in newspapers, books and newsletters, on the occasion of industry meetings etc..

Out of twelve interviewees five mentioned professionals from the field and business partners as information sources. This result may be due to the fact that companies belong to the service sector.

The processes by which the gathered information acquires value are: brainstorming, feedback, discussions, reasoning, logical associations, counter-argumentation, lateral thinking. However, most of these processes require the participation of minimum two

persons, often, the associates. One of the participants declared: "We are two associates in our firm and is very probable that if one comes with an idea, the other does not consider it appropriate because he has another mental/emotional structure. The fact that we have opinion clashes, on one side, could be a blocking factor because we did not launch when we wanted or did not launch at all, and, on the other side, could be a constructive factor because weaknesses were identified and what we succeeded to launch was healthier and more sustainable.". Most respondents appreciate the value that an associate may bring; nevertheless there is also mistrust in the associative forms. An entrepreneur stated: "The associative spirit is difficult to manage. People do not associate on correct principles, do not focus only on their field of expertise, do not make a correct initial assessment in order to comply with it [what they agreed – n.a.] afterwards".

The entrepreneurs improve the products and the processes; innovate by adapting foreign business models, but seldom have they reinvented themselves. According to the research and to the statements of the participants, the main reasons of this behavior are:

- *lack of skills* - "You do not go to a unknown area only because it is an opportunity. If you do not have the ability, until you develop it, the opportunity disappears.";
- *lack f motivation* - "In order to try a new idea, you should identify a driver, a reason. The mere fact that it may work … A motivation is required to go this way.";
- *lack of resources* - "In order to recognize an opportunity, you need a team, resources. We had a big problem in this respect: to attract and maintain resources.";
- *risk* - "You can take a model from abroad. It is the simplest and the only method. There are many things done abroad compared to things that have not been done anywhere. I do not see why you would select something new.";
- *consolidation of current business* - "I do not want to separate as quickly from the old business. I do not leave it until it functions well.";
- *captivity status* - "Our only fortune is the name of our magazine. We do not own buildings, assets. If we switch to another field, we lose 15 years of work.".

Knowledge dissemination takes place on four layers: between associates, from entrepreneur to employees, from employees to entrepreneurs and among employees. The most frequent and substantial knowledge transfer takes place between entrepreneurs and employees and in the case of firms with more associates, between seniors and juniors.

The most frequently mentioned dissemination methods are the following: mentoring, coaching, shadowing, discussions, presentations. The dissemination is favored when employees have complementary competences and are involved in the same projects. When the employees/collaborators are not in the same location, the entrepreneurs assess with more difficulty the extent to which dissemination took place. The entrepreneur may explicitly ask employees. According to the experience of a respondent, "I have communicated them the initial expectations and I provide them personal example. I have never protected anything [knowledge – n.a.] and I am never afraid to convey it to others."

The dissemination could be facilitated by saving knowledge in a way that allows access to it. Unfortunately, only technical knowledge is explicit/written, while the rest is mostly tacit.

The *absorption of knowledge* is a process that entrepreneurs cannot control. The entrepreneur can only have an idea about how much was assimilated, in the following ways: initiating discussions on a specific topic, testing or assessing performance in actual situations. Illustrative are the following statements of the interviewees: "After two weeks, I organize a sort of simulation, I come as customer."; "When a customer comes, I tell to the employee: you have been in a fun-trip in Turkey, please approach the customer.". The entrepreneurs that try to assess the degree of knowledge absorption are rather few. Three respondents mentioned the interviews with the employees, one respondent focused on tests and other three stated that they apply a form of assessment of individual performance.

A synoptic representation of the organisational learning in the studied SMEs is found in the following figure.

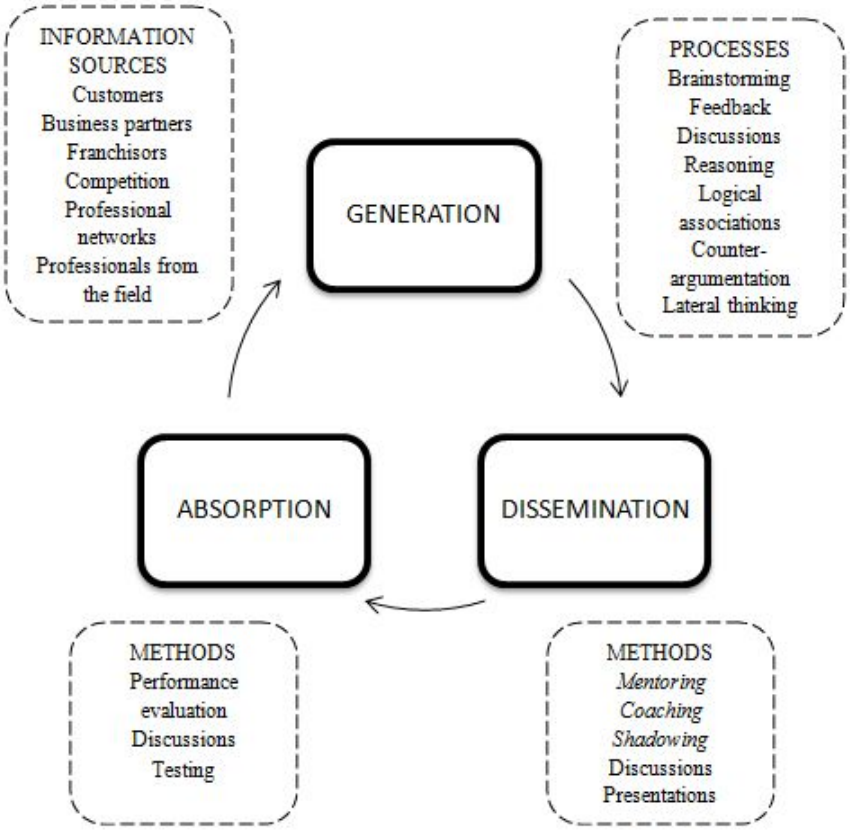

Figure no. 1: Organisational learning process in SMEs

Figure no. 1 shows the three major processes through which information acquires value and that entrepreneur controls to different degrees.

2.4 Change management in the field of marketing

Most respondents declared they did not face major changes within the firm, but these will very likely happen in the future. The changes referred or refer to market repositioning, price setting, launch of a new product line, expansion in the online environment or penetration of a market niche, upward development or even the partnership system.

Those who have already made changes mentioned that the responsibilities of the change agent have been clearly specified and that a periodically revised plan existed. An example may be found in the declaration of a respondent: "Practically, tasks were set, they monitored what you have done, why not, when, what you still have to do, what you lack." At the same time, importance was attached to communication both inside the firm and outside, with customers, and the change was marked as an event in the life of the company. This rigurous and formalized approach was mentioned by only one respondent.

Other two companies declared that no project with a set deadline existed, the change occurred organically. One of the respondents stated: "The deadline can force you to produce something, but not necessarily of the desired quality. There is rigor, but it is not related to time, to deadline, but to what you have to do."

Those who have to implement a major change in the firm declare that there are two aspects on which they focus: the choice of the change timing and the change preparation. The choice of the change timing does not mean necessarily that it will be complied with, fact confessed by a respondent: "At the end of the year, we wanted to launch something, but we gave up because a new product means very much work. And we said it is OK to consolidate those that we have, because this is such an important change for such a small company.". The change preparation begins with the design of different scenarios as one participant mentioned: "We did not develop anything clear as strategy, but we applied a what-if-scenario, with advantages and disadvantages. Today, you cannot guide yourself only on a feeling basis, even if it has its own value".

2.5 Relationship between learning orientation and entrepreneurial orientation

Respondents were asked to complete a story that generically described the situation of a small enterprise that grew and exported bio snails on the European market and that faced a dramatic sales decline. The suggested solutions may be mapped on a graph with two axes: product and market (customers). The respondents formulated suggestions related to the product, to the market and to a less extent to both coordinates.

A solution mentioned by six respondents focused on customer relationships, either on keeping existing customers or on identifying new similar customers. This first action direction seems to be rather adaptive to a difficult economic environment. The entrepreneur does not intend to change the product offer or to identify another type of customers for his products. Such an approach is not risky and is not specific to the entrepreneurial spirit. The entrepreneur does not learn anything new, does not take risks, but he tries to optimize results either by means of promotion or by paying attention to customer relationships.

The second action direction - stated by two respondents - would be at product level, for instance "to produce flour from the shells of the snails.". This is a low risk solution,

involves an incremental approach of "try and see" type and does not need new knowledge and significant investments.

The third action direction focused on the market area. For instance, respondents recommended the entrepreneur to give up bio snails and to sell at a lower price, in order to access the market of individual consumers. This solution represents, in fact, a development in areas adjacent to the initial business. It is a riskier solution because it involves giving up a known market and exploring new markets that are not known. The product provided is similar and satisfies the same need – food consumption. Such a solution requires both a learning process and risk taking by correlating the two strategic orientations. This solution was mentioned by three interviewees.

The fourth direction requires significant changes both at product level and market level. The respondent reinvented the business starting in fact from the need. The snails are not aiming at food consumption, but they satisfy another need. They may be used either as decorations (another product for another market) or for tourism purposes, inserting the farm into a didactic tour such as trips for pupils (another product for another market). These were the most creative suggested solutions and have been provided by a respondent that launched his business six months before the interview. The example presented underlines the direct relationship between learning orientation and entrepreneurial orientation.

Conclusions and implications for research and economic higher education

According to the research results, in small enterprises, all employees learn and organizational learning takes place. The driver of this process is the entrepreneur and his personal learning represents the basis of the organizational learning. Both abilities ("How?") and specific industry knowledge („Who? Where ? When?") are learned. The learning is of experiential type and the preferred processes are practical action and actual experimentation. Due to this fact, the outcomes are abilities rather than knowledge. Even if entrepreneurs use prevalently these learning processes, they are aware and sometimes they impose themselves to use also other processes such as reflexive observation and abstract reasoning. Unlike the first two processes in which learning may happen involuntarily, reasoning and reflection are rather volitional actions. The entrepreneur is the one that controls – relative to employees – two learning processes: action and experience. He decides what initiatives employees may have and he also limits or not the business experiences in which employees are involved.

The factors that influence learning may be classified at both individual and organizational levels. At individual level, the factors that influence learning may be different for entrepreneurs compared to employees (failure/success). At the same time, the factors may be classified according to the learning process that is influenced: some factors influence expertise, others influence observation, reasoning and action.

As regards knowledge generation, the sources and the information transformation processes are very important. The sources of information are selected according to criteria such as cost, relevance, quality and recency. The processes by means of which information acquires value are: brainstorming, feedback, discussions, reasoning, logical associations, counter-argumentation and lateral thinking. As most of these processes involve at least two persons, there is a need for the presence of a partner of similar knowledge and intellectual level or

abilities. The entrepreneurs do not further exploit this exploration of opportunities, even if innovative things may appear after the process of new knowledge generation. Among the factors that hinder the turning into value of new ideas and opportunities range the following: lack of resources and/or motivation, risk, desire to consolidate current business.

Knowledge dissemination takes place on four layers: between associates, from entrepreneur to employees, from employees to entrepreneurs and among employees. The most frequent and substantial knowledge transfers are between associates and between entrepreneurs and employees. Most knowledge is tacit and thus difficult to transfer within the firm.

The process of absorption and use of knowledge by employees is not controlled by the entrepreneur. Nevertheless, the entrepreneur may evaluate it by means of discussions, tests or by monitoring the performance of employees.

Relative to change management, the answers of the interviewees were contradictory: some have rigorously monitored the process, assigned responsible persons with clearly defined roles and marked the event within the firm, while the process was rather organic for others. Those who will implement changes declare that they pay attention to two aspects - the change timing and the preparation of this process.

At the same time, there is a correlation between the learning orientation and the entrepreneurial orientation. Thus, the entrepreneurs in the start-up phase or those that rationally decided to learn have identified new opportunities. Even if entrepreneurial orientation implies not only the exploration of opportunities, but also their exploitation, the learning orientation – through the diversity of stimuli to which entrepreneurs are exposed – facilitates the initial stage of new alternative generation.

These conclusions are drawn based on the exploratory research results presented in this article and may represent a real starting point for the generation of hypotheses for a *quantitative research* aiming at describing the dimensions of the learning orientation phenomenon in small enterprises. Further directions of descriptive research may focus on: (a) assessment of characteristics and magnitude of the organizational learning process; (b) study of the importance ranking and of the impact of the factors that influence learning; (c) identification of the preferred and of the most effective learning styles; (d) analysis of the learning outcomes from an organizational perspective; (e) quantification of the influence exerted by the activity profile (production/services) of the small enterprises; (f) study of the influence the type of economic sector has upon the learning process.

Regarding the *implications on economic higher education*, there is a need to *review the way in which information and knowledge* are organized and to *develop certain social and entrepreneurial skills*. The first recommendation is linked to the fact that reality is not organized based on disciplinary structures. A disciplinary curriculum provides only partial solutions to real-life problems and moreover is not the "natural" way of learning. The solution consists of interdisciplinary knowledge integration similar to that used by the medical school, according to which the starting point is the diagnosis of the patient, all possible causes being explored resorting to the available knowledge, concepts and theories. The economic school may consider an approach centered on a real-life problem / opportunity that could be solved/turned into value based on the knowledge, tools and theories available. The second recommendation refers to the design of new models considering the specific features of small companies. The theories and tools developed for large companies that have sufficient resources cannot be applied by small businesses. The

third recommendation concerns the type of skills that should be built by the economic higher education. *Functional skills* are not enough. There is a need for the development and practice of *social and entrepreneurial skills*. The entrepreneurial skills are *conceptual* (the ability to design business models), *innovational* (the ability to think divergently and unconventionally) and *actional* (the ability to enforce/implement strategies and plans). The social skills relate to leadership, teamwork and ability to build networks of partners. The fourth recommendation targets the accomplishment of the dual role of the economic higher education. On one side, there is a need for the adaptation to the demand of the society, through the reorganization of the contents and the development of the required skills. On the other side, the role of the educational system is to help learners understand the existing issues, build a vision of a better society and act for bringing vision to life.

The involvement in the setting-up and development of small enterprises may be a significant option for the young graduates of economic higher education. Within this framework, an educational system that generates knowledge, skills and attitudes in line with the specific features of these firms may contribute to the achievement of a higher organizational performance level, to the enhancement of differentiation and to the increase in competitiveness.

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