New Perspectives for Learning - Briefing Paper 19

Organisational learning: the role of SME clusters

Context of the Research

Although European small and medium enterprises (SMEs) account for 71% of European employment, individually, they are often unable to formulate detailed training strategies that will enable their employees to be better qualified to cope with increased competition.

However, co-operation between organisations within markets has long been identified as a factor in economic success and networking between organisations can contribute to stability and reduce uncertainty. These networks can evolve over time as 'natural' clustering's of enterprises, or can be 'induced' artificially as a result of interventions like the development of business or science parks.

This project has looked at the role of SME clusters in organisational learning in the context of their training needs. It has looked at how learning needs are identified, how learning is organised, how know-how is acquired and redistributed. It has studied over 300 existing SMEs and their clusters in Italy, Spain, France, Austria, the UK and the Netherlands.

Key Conclusions

The following observations were made: -

1. Three main levels of organisational learning were identified which encapsulate varying combinations of formal and informal learning activities: -

   a) Information gathering – The lower data monitoring, acquisition and management intended to ensure that an enterprise remains aware of changes and developments in the markets in which they operate.

   b) Knowledge acquisition – A process whereby enterprises define, acquire the skills, know -how and strategic intelligence necessary to carry out day-to-day activities.

   c) Competence consolidation and development – A process whereby existing information and knowledge is converted into learning (through, for example, identifying skills deficits, acquiring new knowledge through training and collaboration)

2. Based on the inter-relationship of these levels of "organisational learning" five main types of SME characteristics were identified: -

    a) "Crisis Driven"- describes a high proportion of very small enterprises and new start-ups that respond to challenges and opportunities, their decision-making strategies are shaped by a dominant personality and do not have industrial relationships.

    b) "Endogenous" - are generally larger enterprises. Their focus for learning is on knowledge acquisition processes and behaviours derived from in-house practises. This knowledge is acquired through mentoring, on-the-job training and "head hunting". They are also disengaged from industrial relationships.

    c) "Exogenous" - are outward looking. They develop their skills base through external sources of expertise i.e. training courses. Their strategic management practices focus on systematic competence development of a continuing training basis using specialised training providers. They opportunistically use local networks.

    d) "Embedded - Information Centred" – are highly embedded within local industrial relationships; use community bases networking for intelligence gathering, knowledge acquisition and consolidation and enhancement of skills; have limited organisational learning, which utilises community, informal and family networks.

    e) "Embedded - Competence Centred" are similar to "Information Centred" except they use formalised practises and processes for competence development and their strategic practises are largely confined to informal information gathering.

3. This has resulted in five main "cluster" types being identified: -

    a) Porterian - situated in a clearly defined historical and cultural industrial relationship with collaborative networking between SMEs in similar markets. Governance structures are flexible.

    b) Segmented Porterian - similar to above but interactions between SMEs are shaped by differentiation in producer-supplier relations and different market positions and niches. Networking is by loose associations with a central figure, association or service base and the governance structure is more formal.

    c) Interlocking - work to forge links of common interest within the local economy. Networking is diverse and ranges from loose interest groups formed for promotional purposes to professional associations with a common project.

d) Induced Partnership - is formulated by external agencies (non-community based), which co-ordinate organisational learning within the cluster. Development agencies provide communications and decision-making structures which central services can support.

e) Virtual Cluster – is a national network of family enterprises bound by common history and objectives, with entrepreneurial decision-makers playing the dominant role. Alternatively, it can have a common activity base linked through an information and communication technology infrastructure.

This resulted in: -

4. A "Cluster Appraisal Toolkit" being developed which enables an audit to be conducted to assess the relative balance between information gathering, knowledge acquisition and competence development and any major skills and competence gaps.

Based on the individual SME and SME clusters studied the following conclusions were reached: -

5. There is no clear association between collaborative learning and cluster 'success', in terms of various factors including economic performance.

6. There is little evidence of clusters of SMEs systematically engaging in high-level collective strategic learning behaviours.

7. The existence of a territorially, culturally or institutionally bounded cluster does not imply that constituent SMEs within that cluster engage in 'organisational learning' or that the cluster is an aggregated 'learning organisation'.

8. There is no one 'cluster' model, clusters have either evolved through time or have been induced by institutional intervention.

Key Recommendations

The following recommendations focus on developing guidelines and practical tools to promote organisational learning in SMEs and SME clusters: -

1. SMEs need carefully targeted "formal" and "informal" training and support networking strategies in the context of the various types of learning behaviours they exhibit and in line with the three main constituent components of 'organisational learning' - information gathering, knowledge acquisition, competence consolidation and development.

2. There is a need to raise awareness amongst SMEs of the need to balance these three different components of 'organisational learning' in their human resource development planning and management.

3. As a large proportion of SMEs are in 'crisis management' rather than pro-active learning situations they need to be encouraged to adopt a more participative style of collective learning. Support services need to be provided and resources pooled.

4. The lack of competencies in marketing and multi-job skills in small enterprises needs to be addressed.

5. The lack of expertise in skills auditing amongst SMEs, their support organisations and regional development agencies needs to be addressed by developing a 'skills evaluation culture'.

6. A European Skills Accreditation System should be established to homogenise the features and needs of SMEs.

7. Local clusters should be encouraged to act as the "hub" of the European Accreditation System.

8. SMEs should be encouraged to promote the value of capturing on the job experience; to promote competence standards for their local cluster and contribute towards the accreditation of informal competence development.

Further Information

The full title of project - "Developing Learning Organisation models in SME Clusters" with the final report completed

Full report, Abstract, Summary Partner details

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