<div align="center">

It's all action, it's all learning:
Action Learning in SMEs

Jean Clarke, Richard Thorpe, Lisa Anderson, and Jeff Gold

Northern Leadership Academy – An Initiative Funded by the Northern Way

</div>

<div align="center">

Address for correspondence:
Jean Clarke
Maurice Keyworth Building
Leeds University Business School
Leeds LS2 9JT
busjsc@leeds.ac.uk

</div>

<div align="center">

Abstract

</div>

Category of Paper	Research paper
Purpose of this paper	It is argued that action learning (AL) may provide a means of successfully developing SMEs
Design/methodology/approach	The literature around SME learning suggests a number of processes are important for SME learning which we argue are encompassed in AL. AL may therefore offer a means of developing SME. This argument is then supported through the results of a longitudinal qualitative evaluation study conducted in the Northwest of England which involved the use of AL in 100 SMEs.
Findings	The discursive and critical reflection aspects of the set environment appeared to be of great utility and importance to the SMEs. Sets also had an optimum level of similarly which helped them find "common ground". Once common ground was established set members often continued to network and form alliances outside of the set environment. SME owner-managers could discuss both personal and business. Finally AL offered the opportunity to take time out of the business and "disengage" with the operational allowing them to become more strategic.
Research limitations/implications (if applicable)	

Practical implications (if applicable)	Both the literature review and the results of the evaluation suggest AL may offer a means of engaging SMEs in training which is relevant and useful to them. AL offers a way for policy-makers and support agencies to get involved with SME management development while retaining context and naturalistic conditions.
What is original/value of paper	This paper attempts to move beyond other articles which assess SME response to government initiatives, through examining the literature around SME learning and constructing a rationale which proposes that AL encompasses many of the learning processes suggested in the literature as effective for SME development.

Introduction

The literature on the problems of engaging SMEs in management development activities is extensive and taken together the picture is a rather pessimistic one. Whilst, various government-backed initiatives have sought to promote learning and development in SMEs, and funding has been consistently available to help SMEs take advantage of these (Stewart and Beaver 2004), SME response to such initiatives has remained mixed. Matlay (2004) for example found a relatively high awareness of initiatives but low usage rates among a sample of 600 SMEs. Therefore as CEML (2002) report, although there is a plethora of publicly funded schemes available many of them are perceived to be overly bureaucratic and disconnected from SME needs, driven by Government agendas and funding, rather than attention to demand for such opportunities from SME managers. This supply-side mentality has resulted in schemes which fail to connect with the existing small business environment, which is characterised by heterogeneity and a pursuit of a multiplicity of objectives. It seems, management in SMEs is contextually specific and dependent on a large number of factors (Goss and Jones, 1997), making it difficult to decipher those management skills and attitudes that should be emphasised in SME training (Gibb, 2002). Indeed, the PIU (2002) argue that both the need for and type of management training required by the typical SME will be dependent on the type of business and its lifecycle, the size of the organisation and the need required to address immediate business

problems. This confusion often results in the use of scaled-down versions of those management competencies employed in large organisations and these tend to be much too simplistic in the context of the complexity and diversity involved in running small firms (Westhead and Storey, 1996).

While, this literature would seem to suggest there is a limited interest from SMEs in management development initiatives, Johnson and Winterton (1999) found that many SME owner-managers did recognise the potential value of management development activity for the performance of their business. Thompson et al (2001), for example, found that SMEs would undertake such development if they saw value in it and it was in line with their interests, which suggests size alone is not a barrier to management development. They argue that small firms do engage in management development and other activities, which may not be regarded as formal training but are nevertheless targeted at achieving particular objectives, which are relevant to the SME and its current circumstances. Thompson et al (2001) further argue that a large proportion of studies in the field of SME management development have limited themselves by only focusing on the lack of SME response to formal training programmes, often governmentally run, rather than more closely examining how small businesses actually learn and thereby manage their own management development. This paper focuses on how these processes could be better understood which would allow us to offer a widened view of what may be appropriate to help government agencies when engaging with SMEs. It also helps to develop management development initiatives which are in line with SMEs needs and lead to successful development.

This paper attempts to move beyond the previous studies which merely assess SME response to government initiatives and outline the corresponding problems. By examining the literature around SME learning we construct a rationale for a management development approach that focuses on a number of key learning processes that the literature suggests are most effective for SME owner-manager development, and the approach we adopt and evaluate is that of action learning. The literature suggests that important aspects of SME learning are based around contextualised action, critical reflection and access to social networks. It is argued here that the approach of action learning, with its focus on "real world" issues contextually embedded in the owner-manager's environment and the interaction of the

learning set, that action learning may provide a means of successfully developing SMEs whilst at the same time allowing governmental agencies to engage with SMEs maintaining the naturalistic forms of learning which appear to work best in SMEs. This argument is then supported through the results of a longitudinal qualitative evaluation study conducted in the Northwest of England which involved the use of action learning in 19 SME learning sets established involving 100 SMEs. Conclusions and implications for governmental policy are finally discussed.

Learning through Contextualised Action and Critical Reflection

It has been well established in the literature that SME owner-managers are action oriented and much of their learning, therefore, is context-dependent and experientially based (Rae and Carswell, 2000). This reflects a movement among researchers towards conceptualising SME management development as a "process" (Cope, 2005) rather than a static input-output model, where development is conceptualised as something given to individuals and assessed by before and after measures. Rather, SME learning is being conceived as something which occurs primarily through activities such as trial and error (Young and Sexton, 1997), problem solving (Deakins, 1996), discovery (Deakins and Freel, 1998), experimentation and copying (Gibb, 1997), facing success and setbacks (Reuber and Fischer, 1993) and making mistakes (Gibb, 1997). Such activities occur informally in the SME environment and consequently it seems that much management development in SME learning is occurring opportunistically and, incidentally often facilitated by managers, supervisors and peers (Hughes et al, 2002). The SME learning environment it seems is one where the importance of continually creating 'subjective' contextual knowledge is emphasised, rather than the 'objective' largely de-contextualised learning environment provided by traditional management development support systems provided by policy-makers (Gibb, 1997).

While it is important to acknowledge that SMEs learn in a contextualised manner through *action* in their own natural environment, Devins and Gold (2004: 246) draw attention to the problem that although such learning "is often very meaningful and directly relevant to work issues, it is not recognised explicitly as learning and occurs in an ad hoc and random manner". As a consequence, SMEs may move into the paradoxical situation of learning to manage a business through everyday practice,

while failing to acknowledge that learning has occurred and unable to recognise either the contribution of their learning for work or the possible constraints. Such learning is unreflective and uncritical, and consequently fails to move the organisation forward or keeps the organisation at a certain stage of development without the means to take it further. Many small organisations may therefore remain stuck in a cycle of 'adaptive' learning rather than generative learning (Senge, 1990; Gibb, 1995). While 'adaptive' learning involves coping with the current environment in new and better ways, 'generative' learning moves beyond adaptation, requiring individuals and organisations to develop new ways of looking at the world (Senge, 1990). Gibb (1995) proposes that in order for SMEs to survive and prosper they must be introduced to a form of management development, which allows them to move towards this higher-level learning and acquire the capacity to bring forward experience.

Therefore as Cope (2005) suggests while much SME learning is action-oriented it is imperative that SME owner-managers are not merely "doers", rather, he suggests, they should be, what Schon (1983) refers to as, "reflective practitioners". An integral part of being a "reflective practitioner" is the use of critical reflection to help move the SME beyond the "adaptive" learning which takes place in naturally occurring non-contrived learning occasions. As Cope (2003: 432) argues "facing, overcoming and reflecting on significant opportunities and problems" allows SMEs to reach a higher-level learning, which affords them the capacity to "bring forward experience". Through reflection about one's actions and the consequences, which result from these actions, reflective learning occurs which may enable possible constraints and difficulties in the environment to be identified. As Schon (1990: 34) notes "We may reflect on action…in order to discover how our knowing-in-action may have contributed to an unexpected outcome". This may involve SME managers examining or re-examining their assumptions and worldviews. If such assumptions are found to be distorting, unauthentic or invalid then individuals must reframe their understanding of the situation at hand, which would not occur through informal learning alone (Mezirow, 1991). As Marsick and Watkins (1990: 8) argue "learning takes place through an ongoing, dialectical process of action and reflection." Often deep forms of reflection are seen as triggered by the occurrence of "critical learning events" (Cope and Watts, 2000; Sullivan, 2000; Taylor and Thorpe, 2000) or unexpected events

which must be confronted and overcome leading to higher-level of learning. In theorising about action learning McGill and Beaty (1995: 21) draw attention to the importance of critical experiences in making sense of action through reflection "We all learn through experience by thinking through past events…in times of crisis….reflection becomes more important and also more difficult, it is at times like these we make powerful decisions about our future"

The Social Dimension of SME learning

These dialectical processes of critical reflection as outlined above are often conceptualised as an individual process, internalised and focused on an individual entrepreneur. However, as Billig (1990: 51) highlights "when we think we conduct internal arguments, which would not be possible were there not public arguments between people. As we think we refer to the arguments occurring in the social world around us in order to construct a position for ourselves, therefore our accounts of the world are submersed with our attempts to persuade ourselves and each other of the validity of our arguments." In order to make sense of action through reflection, and move forward on the basis of this reflection, the SME owner-manager must engage with the arguments already inherent in the context, therefore the context of SME learning is at least in part argumentative. As Holman et al (1997: 143) argue learning may be viewed as a "responsive, rhetorical and argumentative process that has its origins in relationships with others", they suggest that learning cannot be located in a de-contextualised form within the individual rather "argument and debate with oneself (or selves) and in collaboration with others is the basis of learning (Holman, Pavlica, and Thorpe, 1997, p. 143). In this view learning is seen as socially and argumentatively based.

Such a view sits comfortably within what may be referred to as a social constructionist approach where emphasis is placed on the dialectical and linguistic practices in SME learning through its focus on the "primacy of relational, conversational and social practices as the source of individual psychic life" (Stam, 1998) and the lived experiences of individuals (Thompson, Locander and Pollio, 1989). Within this view the owner-manager is not seen as simply present in hand but relationally engaged in the creation of the conditions, which make up his or her world

through interaction with the environment around them. This social context places restrictions on his or her action possibilities, which are continually constructed, transformed and negotiated through relationships with those around them. Sadler-Smith (1995) found evidence of the effectiveness of introducing a social dimension to SME learning, reporting that SME management experienced a sense of learning when they introduced the voice of others (mainly customers) into their decision-making. Tell (1999) also found similar benefits from such multi-voicedness in a study of inter-organisational networks, which were particularly effective in developing and changing management perspectives. Devins and Gold (2004: 261) similarly emphasise the importance of SMEs interacting with others outside the organisation, as engagement through "dialogic encounter" between an outsider and the owner-manager, allows individuals to "raise new questions" which an organisation could not by itself, "enhancing the value attached to the unique circumstances of their organisation".

Researchers have therefore begun to emphasise the importance of the social in SME learning (e.g Gold and Devins, 2004; Rae, 2002; Taylor and Thorpe, 2000). In particular the concept of networks has begun to gain popularity as a means to enhance SME learning. Gibb (1997) for example, proposes that much SME learning occurs through the help and assistance of a host of others including family and friends, and professional help such as bankers, solicitors and accountants forming a "network of interdependency" (Gibb, 1997). He argues that "learning partnership" should be formed where learning occurs through contact between owner-managers and various network agents. It is argued that such networks provides owner-managers opportunities to learn and create contextual knowledge in an informal way, through providing access to scare resources including, skills information and knowledge. In this way, the owner-manager can exploit these networks of personal relations and use the contextualised learning acquired to pursue his/her aims for the business (Hannon, 1999; Porter, 1998). As Cope (2005) highlights a growing number of researchers have also highlighted the social characteristics of entrepreneurial learning in relation to critical learning events (e.g. Boussoura and Deakins, 1999; Taylor and Thorpe, 2000). He cites Boussouara and Deakins as stating "critical incidents and learning occurs from the experience of dealing with customer/supplier and other stakeholders" (p. 221). Furthermore, engagement with the social aspects of entrepreneurial learning

avoids the problems of depending too heavily on solitary reflection which Thorpe et al (2005: 263) argue may lead to a unduly "bounded rationality". While it appears the social dimension of SME learning is integral to effective SME learning through active engagement and argument with others in context, Floren (1996) found the opportunity to learn in this way was not always available to SME owner-manager due to the lack of peers and assumptions about the preference for "solitary" judgement and decisions among entrepreneurs. Therefore, there is a need to find some way of making access available to SMEs to partake in such social activities while also maintaining and encouraging a focus on the action and critical reflection aspects of SME learning.

Action learning: action, reflection and engagement with the social

It has been described in the sections above that SME learning appears to focus on action in the owner-managers context, reflection particularly upon critical or important events, and the ability to maintain a social network where such events may be discussed. While, it seems that such activities may occur naturally within the SME environment it has been suggested that SME learning may often remain at the adaptive stage of learning due to a lack of criticality or reflection on the part of the owner-manager. Also some managers remain in a state of "bounded rationality" due to a lack of access to social networks or opportunities to discuss critical events in their environment. Furthermore, while these activities appear to be the means through which SMEs most effectively learn, their non-contrived and informal aspects make it difficult for governmental agencies to conceptualise how they can engage with and help develop SME owner-managers. Indeed, from a social constructionist viewpoint SME owner-managers operate in a "jointly constructed moral setting" (Shotter, 1993), which mean that attempts by outsiders to provide alternative ideas for business development can be viewed as dangerous or deviant and rejected as unworkable or wrong for "their" business.

One approach to management development, which it may be argued encompasses the activities of action, reflection as well as maintaining a focus on the social, is action learning. The approach was first elaborated by Revans (1971), as a type of learning that comes from concrete experience and critical reflection within a social environment, yet it encompasses a wide variety of management learning methods.

However, in any of its guises, action learning is based on the premise that learning comes about through reflection followed by action to solve real problems (McGill and Beaty, 1995) where reflection and discussion take place in small groups facilitated by a set adviser. Therefore, in line with a social constructionist view, this process recognises the importance of talk, dialogue and interpersonal communication in management development. Furthermore, through a questioning approach the focus of discussion is on "real world" issues contextually embedded in the owner-manager's environment and the interaction of the learning set provides many alternative views and arguments on the problems discussed. In this way it may be construed as taking the natural activities of SMEs and developing them into a more formalised programme. As Stuart (1984: 21) argues "natural activities can be improved upon, and…the uncultivated state can be rendered more effective by making it more formal and deliberate".

Although there is a limited number of studies conducted in this area those which have provide evidence that such an approach may be particularly suited to SME learning. For example, Choueke and Armstrong (1998) argue that SME owner-managers and directors feel that action learning has a positive effect on organisational effectiveness and have a preference for action learning as a medium for development. Focusing on the construction industry in particular, Davey et al (2001) also found that owner-mangers benefit from the opportunity to interact with other SMEs in a non-adversarial way. Their results suggest that performance improvement through partnering and networking began to be seen as both desirable and possible throughout the process. They also note that the trust generated from working together successfully also led SMEs to share good practice with others, including competitors. However, there is a very limited literature on critical evaluation of action learning approaches in the development of SMEs. Indeed, this literature consists of one early evaluation attempted by Boddy and Lewis (1986) involving approximately 40 SME owner-managers, broken into five separate sets, however, Boddy and Lewis only concentrated their evaluation on the first action learning set comprising nine companies. They found the programme to be of benefit to the companies involved and found that by the end of the programme all but one of the nine companies had grown, with the total increase in employment being fifteen. Furthermore, most of their participants also acknowledged some ongoing benefit of change or attitude. While

useful, this evaluation is relatively small-scale and almost twenty years old now, there is therefore a need to re-evaluate action learning in the current SME environment, with a particular focus on the benefits of such an approach for SMEs. The next section of this paper explains the methods used and details results from a qualitative evaluation of a large-scale action learning initiative for SMEs in Northwest of England.

Method

Recognising the potential benefits of using an action learning approach as a means of SME development, a governmental funding body sponsored a yearlong project to implement and evaluate its use in 19 learning sets which involved 100 small and medium sized manufacturing and services enterprises in the Northwest region. The sample also included a number of interesting comparisons. There were two women only sets and also an ethnic business group. There was also a group of young entrepreneurs and several groups entirely focused on start-up. This diversity among sets allowed us to reach a wide variety of SME owner-managers and examine comparisons and differences between SETs of varying composition. The initiative was managed by six universities located throughout the region, who each were responsible for between one and four action-learning SETs over a period of twelve months. In this way these institutions acted as nodes throughout the Northwest connecting locations all over the region.

The approach to data collection incorporated a longitudinal component through embedding at all stages of the project, individuals we called 'learning historians' within the sets involved who recorded from an insiders perspective the behavioural responses and outcomes as reported by the owner-managers involved in the project. The data therefore comes from within the set as the learning historian acted as an extension of the evaluation team by becoming embedded in the set. Learning historians in each SET provided a record of each SET meeting which built up to form document, which provides a historical record of the learning of the SET. Although the recorders were given freedom to a certain extent to decide their own approach to data collection, they were given an "evaluation postcard" (Appendix 1), which outlined a number of dimensions we felt would be useful to consider when taking notes during

SET meetings. The data was then used to trace the learning and development of SET members through the application of a grounded approach to the data received.

Furthermore, fifteen set members were also interviewed on a one-to-one basis by the evaluation team and asked to fill out learning diaries in an attempt to capture critical learning events. It was felt that such a qualitative and in-depth approach to evaluation would help account for the "largely uncertain and unique nature of meaning making which occurs in learning activity" (Devins and Gold, 2002: 116), as it moves away from evaluation based on positivist principles and financial measures. Both the recorders notes and the interview transcripts were analyzed inductively using a grounded approach, until all categories were saturated (Silverman, 2001).

Results

There where a number of very interesting results from our in-depth qualitative analysis. We will outline some evidence from our evaluation which suggests that action learning may be a means through which the learning processes through which SME learn may be engaged with and supported by governmental policies.

Importance of discussion, critical reflection in social environment

Firstly, an interesting finding of the evaluation was that the discursive and critical reflection aspects of the set environment appeared to be of great utility and importance to the owner-managers involved in the study. One set member talked about *'vocalising his own stupidity'* and *'witnessing himself doing it'*. The challenges posed by the group members also helped managers realise the limitations of the views they currently held and led to changes in their management styles and approaches to their businesses. As one set member remarked: *'I think it was one of those situations where I needed that extra chance to reflect in a neutral environment to actually get me to the point of a decision…..there were certain questions which provoked in me a deeper reflection……it gave me an opportunity to examine all kinds of solutions that maybe I might not have considered before……that process I think is really powerful'*. Although there was some evidence to suggest that the SME managers, who originally joined these SETs but then left, did so because they perceived them as 'talking shops',

for those who have persisted with the process, this 'talk' has proved to be a powerful agent of personal and business change. This suggests that this approach may be effectively engaging with the argumentative and discursive activities of SME learning and concentrate on social aspects which are particularly effective for small businesses.

Finding "common ground"

The second of our finding of our research also related to the social aspects of SME learning, in particular what sort of groups worked particularly well together. We had an opportunity to examine sets with predominantly inexperienced managers and sets with a mixture of experience and no experience. What we found was that the learning was better and more profound when you had a mixed group and from this we found both types of managers benefited. The inexperienced managers valued the experience that others could offer, as well as the challenge that these individuals could bring, as one commented *'to hear from others what might be possible'*. At the same time the experienced managers were similarly motivated by the opportunity to give others the benefit of their advice and experience. Many reported to being delighted to be able to motivate ambitious starters and see them develop and flourish. We also had the opportunity to examine sets made up off radically different businesses and sets which were made up of relatively similar or very similar businesses. We found that there appeared to be an optimum level of similarity, where if the set members are too different they will be unable to form a *"common ground"*, whilst if they are too similar they often feel in competition with each other, which inhibits the process. In this way the set members could understand and engage in discursive activities with each other yet enough distance was maintained so that they didn't feel threatened by sharing critical events and reflections with other members.

Networking and forming alliances

In relation to this the third finding was related to networking and the forming of alliances. It seems in sets that successful engaged with each other a number of networks formed externally to the sets where set members continued to engage outside of the set context. What was of interest to us was that this theme fits closely with something that has become known as social capital (Nahapiet and Ghoshal,

1998). Social capital is resources the owner/manager creates or destroys that come from activities such as networking and engagement with others. Action learning sets we found were ways of developing networks and this would not have been reported in the way it was unless the participants thought networking had been valuable. One owner/manager commented: *'It was just nice to be able to openly discuss with others issues that could be really petty, really small but it was just really nice to know that there are other people in the same situation as you and that was just so unbelievable because I'm on my own. I don't have any business partners so the old saying of a problem shared is a problem halved'*. This also seems to point to the suggestion that action learning may be an antidote to "unduly bounded rationality" as discussed previously among owner-managers as the support and dialogue may continue outside the action learning set and into the owner-manager's environment.

The separation of business and personal issues

A fourth finding of the evaluation was that the research shows that most set studies did have difficulties in separating business and personal issues. Indeed, most recognised that problems and opportunities were not objective and rational but had attached to them some subjective or idiosyncratic component that needed to be addressed (Eden, Jones and Sims 1979) if the business was to develop and grow. The prominent position of the owner-manager means that issues, which affect them in their personal lives often seem to have a potent affect on business activities and ultimately the success of the organisation. Action learning, it seems has the potential to effectively encompass both business and personal issues as the process helps managers to address these underlying issues. Other approaches to management development currently in use in this sector, cannot deal so readily with such issues, which in some cases may hold back the SME owner-manager's learning. However, the focus on personal issues needs sensitive handling. If personal issues, which have no direct bearing on business issues, are brought up this can lead to feelings of discomfort among SET members, and the whole SET, and its learning, suffers. SETs must agree to what extent they feel comfortable discussing issues of a personal nature; overwhelming personal problems are bound to have a significant effect on the business but action learning SETS are not always the best place to discuss them. The facilitator has a key role to play here in recognising when professional counselling

may be a more helpful option for a SET member and/or when members' personal issues are detracting from the experience of the SET as a whole.

"Disengaging" with the business

Finally an unanticipated result of participation in action learning for the owner-managers was the opportunity to take time out of the business and "disengage". It seems this was valued partly because here was a space created by someone else where the owner-managers could think past the operational and onto strategy. We are aware of the pressures of time on small business people and how without such a space attention is often only paid to the short-term, the weekly cashflow or the next week's order, not the development of the business which requires more of a long-term focus. We found that most sets did focus on these longer term issues and most sets did discuss strategic aspects of the business. In order to do this they gradually came to realise that they needed to remove themselves from the day-to-day running. As one manager commented: *'Sometimes when you're very close to and working in a business, it's very hard to see the wood from the trees and I think this group helped you to draw back from being at the coalface and being right up against the problem, helping you gain a larger perspective'* Another manager commented: *'It gave you that space, it gave you three hours, albeit it was only three hours a month but it gave you that time in a different environment away from the office just to basically reflect'.* The finding points further to the suggestion that through maintaining the natural activities of SMEs within action learning yet adding some degree of formality through setting time apart for development, managers become more aware of their needs for development and the continued need for improvement and longer-term focus in their businesses.

Conclusions

Firstly, as an approach to SME development, which incorporates a social constructionist stance, action learning has been a very useful tool. In particular, its emphasis on relational and conversational practices whilst retaining the naturalistic and socially embedded aspects of the SME owner-manager's contexts has proven highly beneficial to the owner-managers involved in the project. In this way action

learning seems to be addressing the learning processes of contextualised action, critical reflection while encompassing a social dimension which was suggested in the literature review as being of particular use to SMEs. This opportunity to reflect and question "real world" issues yet maintaining distance through removing themselves from the context of the business is highly beneficial to SMEs. This distance it seemed allowed owner-managers to begin reaching a higher level of learning and as they realised the constraints in their environment through the opportunity to reflect, put these reflections into action and return to the set to continue this process.

Secondly, it therefore appears that action learning seems to offer a more useful approach than simply informal learning on the job which is often devoid of any critical reflection, and/or access to a social dimension which may lead to a "bounded rationality" among SME owner-managers. Indeed, it appears that the learning which has been occurring within the sets may also be being brought outside the set and into the owner-managers' own environment. The sets have brought about the development of alliances and business networks among set members as they begin to work with one another on a formal basis outside the set. In this way the owner-managers involved as establishing "critical reflection networks" as they bring the processes they have learned within the set to their own contextual environment and continue to interact maintaining a critical learning stance in their everyday business dealings.

Thirdly, it appears that removing owner-managers from their operational environment, and putting them in a situation where they discuss their business aims, a sharper strategic focus may emerge. Given the problems that policy-makers have in encouraging SMEs to have a longer-term strategic focus rather than a day-to-day fire-fighting approach, this is a very interesting finding. The key to supporting SMEs is therefore as CEML (2002) argue "is to join them in their world", providing support that reflects their own personal aspiration and ambitions and enables the entrepreneur to take ownership of their own development. Bureaucrats and others who design small firm training should not enforce their structure on small firms (Gibb, 1997) but rather look towards the way that small firms learn and work from this basis, which we have proposed an action learning approach may be able to achieve. By trying to enforce contrived structures on SMEs not in touch with their contextual environment, policy makers are not only likely to continue to face failure, but if successful in permeating

the SME environment may potentially "lead to the de-skilling of the client who being removed from his/her natural world may become disoriented or dependent" (Stuart, 1984: 20).

Finally, to portray a fully rounded view of the action learning initiative, we must highlight that not all owner-managers recognised the benefits of action learning immediately, as highlighted in the findings some referred to the process as "talking shops". Such individuals perhaps needed something more concrete and immediate to justify the time spent on the process. We propose that whilst SME learning processes lean towards the informal, some level of formal content may be of use to SME owner-managers. What is useful about action learning is that it may be used to examine what formal input is needed and once formal input is given, action learning can once again be used to contextualise through discussion, questioning and practice in the SME owner-managers environment. In this way, management development becomes truly demand-led, with the supply of more formal inputs responding to needs as these become recognised and formulated by owner-managers. Therefore, in regards to policy-making, it may be useful to combine action learning with more formal input yet such formal input must not be enforced upon SME but the relevancy assessed and contextualised once given.

References:

Billig, M., (1990) Rhetoric of Social Psychology, in I. Parker and J. Shotter's (eds), *Deconstructing Social Psychology*, London: Routledge.

Boddy, D and Lewis, J. (1986), How can Action Learning be used effectively in Small Business Programmes?, In M. Scott, A. Gibb, Lewis, J. and Faulkner, T., *Small Firms Growth and Development*, Gower: Hampshire, 167-184.

Boussouara, M. and Deakins, D. (1999), Market-based learning, entrepreneurship and the high technology firm, International Journal of Entrepreneurial Behaviour and Research, 5(4), 204-223.

CEML (2002), *Joining Entrepreneurs in their World*, Council for Excellence in Management and Leadership, London.

Choueke, R. and Armstrong, R. (1998), The learning organisation in small and medium-sized enterprises: A destination or a journey?, *International Journal of Entrepreneurial Behaviour and Research*, 4(2): 128-140.

Cope, J. (2003), Entrepreneurial learning and critical reflection: Discontinuous events as triggers for 'higher-level' learning, *Management Learning*, 34(4), 429-450.

Cope, J. (2005), Toward a dynamic learning perspective of entrepreneurship, Entrepreneurship, Theory and Practice, 29(4), 373-397.

Cope, J. and Watts, G. (2000), Learning by doing: An exploration of experience, critical incidents and reflection in entrepreneurial learning, International Journal of Entrepreneurial Behaviour and Research, 6(3), 104-124.

Curran, J. and Storey, D. (2000), Small business policy: past experiences and future directions, Small Business Service, SME Seminar Series, December, London.

Davey, C. L., Lowe, D. J., Duff, A. R., Generating opportunities for SMEs to develop partnerships and improve performance, *Building Research and Information*, 29(1): 1-11.

Deakins, D. (1996), *Entrepreneurship and Small Firms*, McGraw-Hill: London

Deakins, D. and Freel, M. (1998), Entrepreneurial learning and the growth process in SMEs, *The Learning Organisation*, 5(3): 144-55.

Devins, D. and Gold, J. (2002), Social constructionism: a theoretical framework to underpin support for the development of managers in SMEs?, *Journal of Small Business and Enterprise Development,* Vol 9, No 2, pp.111-119

Devins, D. and Gold, J., (2004), The value of HRD in small owner-manager organisations, in Stewart, J. and Beaver, G. (2004) (Eds), *HRD in Small Organisations: Research and Practice,* Routledge: London.

Eden, C. Jones, S. and Sims, D. (1979), *Thinking in organisations*, London: Macmillan.

Floren, H. (1996), Collaborative approaches to management learning in small firms, *The Journal of Workplace Learning*, 15, 203-216.

Gibb, A. (1995), *Learning Skills for all: The key to success in small business development?*, paper presented at the International Council for Small Business – 40th World Conference, Sydney, Australia.

Gibb, A. (1997), Small firms' training and competitiveness, Building upon small business as a learning organisation, *International Small Business Journal*, 15(3), 13-29.

Gibb, A. (2002), In pursuit of a new 'enterprise' and 'entrepreneurship' paradigm for learning: creative destruction, new values, new ways of doing things and new

combinations of knowledge, *International Journal of Management Reviews*, 4(3), 233-269.

Goss, D (1991), *Small Business and Society,* Routledge: London.

Goss, D. and Jones, R. (1997), Organisation structure and SME training provision, *International Small Business Journal*, 10(4), 13-25.

Hannon, P. (1999), *A summary of the literature on the way that management development processes in growth SMEs lead to demand*, Small Firms Training Impact Assessment, Phase 1, Small Firms Enterprise Development Initiative.

Holman, D., Pavlica, K., and Thorpe, R. (1997), Rethinking Kolb's theory of experiential learning in management education, Management Learning, 28(2), 135-148.

Hughes M, Keddie V, Webb, P and Corney, M (2002), *Working towards skills: perspectives on workforce development in SMEs*. London: LSDA Research Report

Johnson, S. and Winterton, J. (1999), *Management Skills*, Research Paper 3, Skills Task Force: London.

Marsick, V.J and Watkins, K. E. (1990), Informal and incidental learning in the workplace, London: Routledge

Matlay, H. (2004), Contemporary training initiatives in Britain: a small business perspective, *Journal of Small Business and Enterprise Development,* 11(4), 4504-513

McGill, I. and Beaty, L. (1995), *Action Learning*, London: Kogan Page.

Mezirow, J., (1991) *Transformative Dimensions of Adult Learning*, San Francisco: Jossey Bass.

Nahapiet, J. and Ghoshal, S. (1998), Social capital, intellectual capital, and the organisational advantage, Academy of Management Review, 23, 242-266.

PIU (2001), *Workforce Development Project, Analysis Paper*, Performance and Innovation Unit, Cabinet Office: London.

Porter, M. E. (1998), Clusters and the New Economics of Competition, *Harvard Business Review*, 76(2), 77-89.

Rae, D (2002), Entrepreneurial emergence: a narrative study of entrepreneurial learning in independently owned media businesses, *International Journal of Entrepreneurship and Innovation*, 3(1), 53-59.

Rae, D. and Carswell, M. (2000), Using a life-storey approach in research entrepreneurial learning: The development of a conceptual model and its implications in the design of learning experiences, *Education and Training*, 42(4/5): 220-7.

Reuber, A. R. and Fischer, E. M. (1993), The learning experience of entrepreneurs, in N. C. E. A. Churchill (ed.), *Frontiers of Entrepreneurship Research*, Wellesby, MA: Babson Centre.

Revans, R. W. (1971), *Developing Effective Managers: A New Approach to Business Education*, New York: Praegar.

Sadler-Smith, I. (1995), Organisational learning style and competencies: A comparative investigation of relationship and transactionally orientated small UK manufacturing firms, *European Journal of Marketing*, 34, 25-642.

Schon, D, (1983), *The Reflective Practitioner: How Professional Think in Actio*n, New York: Basic Book.

Schon, D., (1990), *Educating the Reflective Practitioner*, Jossey-Bass Publishers: San Francisco.

Senge, P. (1990), *Systems Thinking*, Bantam Doubleday Dell: New York.

Shotter, J (1993) *Conversational Realities: Constructing Life Through Language*. London, Sage.

Silverman (2001), Interpreting Qualitative Data: Methods for Analysing Talk, Text and Interaction, London: Sage.

Stam, H. J (1998), Personal-construct theory and social constructionism: Difference and Dialogue, *Journal of Constructivist Psychology*, 11, 187-203.

Stewart, J. and Beaver, G. (2004) (Eds), *HRD in Small Organisations: Research and Practice,* Routledge: London.

Stuart, R. (1984), Towards re-establishing naturalism in management training and development, *Industrial and Commercial Training*, July/August, pp. 19-21.

Sullivan, R. (2000), Entrepreneurial learning and mentoring, International Journal of Entrepreneurial Behaviour and Research, 6(3), 160-175.

Taylor, D. W. and Thorpe, R. (2004), Entrepreneurial learning: A process of co-participation, Journal of Small Business and Enterprise Development, 11(2), 203-211.

Tell, J. (2000), Learning networks – a metaphor for inter-organizational development in SMEs, *Enterprise and Innovation Management Studies*, 1(3), 303-317.

Thompson, A. Mabey, C., Storey, J., Gray, C. and Iles, P., (2001), Management Development in Small Business, in *Changing Patterns of Management Development*, Blackwell: Cornwall.

Thompson, C. J., Locander, W.B., and Pollio, H. R. (1989), Putting consumer experience back into consumer research: The philosophy and method of existential phenomenology, Journal of Consumer Research, 16, 33-146.

Thorpe, R., Holt, R., Pittaway, L. and Macpherson, A. (2005), Knowledge within small and medium sized firms: A systematic review of the evidence, International Journal of Management Reviews, 7(4), 257-281.

Westhead, P and Storey, D., (1996), Management training and small firm performance: Why is the link so weak? *International Small Business Journal*, 14(4), 13-24.

Young, J. E. and Sexton, D. L. (1997), Entrepreneurial learning: A conceptual framework, *Journal of Enterprising Culture*, 5(3); 223-48.

APPENDIX 1

EVALUATION POSTCARD

Please fill out the boxes below. Codes names or numbers may be used for participants to ensure confidentiality.

WHAT HAPPENED AT THE MEETING	GROUP PROCESSES e.g. observation of how the set is working as a group, individual differences between set members etc.
• Discussion Topics	
• Did the talk about how they are working as a group?	

• What were the highlights of the meeting? 24
• Give an account of the facilitator's role.
• Other Comments
• What set members were present at this meeting and who has left?