

**WP 1**  
**Background and context analysis**

**Overall conceptual framework  
for the Context Analysis**

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January, 2007

## Foreword [Aims of the document and how it is structured]

The aim of this document is to present the **SME Actor** project's conceptual approach as well as first instruments for project implementation.

After an introduction concerning the project overall strategy and conceptual framework, the first part is devoted to trace a state of the art review on action (learning) methodologies aiming at building a basic common language among the project's team; the second part is devoted to clarifying objectives and expected results of the project's first tasks and to design common tools for its operationalisation.

### Introduction: the project overall strategy and conceptual framework

The project aims to improve the capabilities of so-called '**facilitators**' – i.e. professionals and trainers acting in favour of SME aggregates – through the implementation of action learning methods within their activities. The **action learning methodology** can be defined as an intervention method based on the assumption that people learn most effectively when working on real time problems occurring in their own work settings (Raelin, 1999). In other terms, AL is aimed at leveraging the potential embedded in individuals and social networks in order to increase at the same time the opportunities for learning and the overall effectiveness of organisational systems and inter-organisational relationships (Tomassini, 2005). The main approach, pursued by this project, of achieving this lies in enhancing the capacity of self-reflection and co-operation of the actors in their specific fields by training selected people to help them, i.e. to facilitate learning in action as well as to facilitate action through the shaping of learning.

The project lies under priority 4: Continuous training of teachers and trainers of the Leonardo da Vinci programme and in fact, its results are intended for VET practitioners and the *trainers of trainers* with a view to contributing to an emergent professional culture in VET based on values such as autonomy, creativity and self-empowerment. In the European learning economy, with its implications for global transferability, VET experts and decision-makers are putting a strategic focus on facilitating learning processes rather than on teaching and training at individual, organisational and regional levels. To support this shift of emphasis, teaching and training competencies have evolved significantly to include several different approaches and techniques such as animation, simulation and group work. These move vocational learning beyond lesson-based activities and the practical demonstration approaches that have traditionally linked training organisations and the workplace (Tomassini, 2006)

The main product of the project will be a **fieldbook** (WP5) for facilitators acting in SME contexts in which AL methods and practices are presented and commented upon. The use of the term *fieldbook* instead of *handbook* alludes to the very practical nature of such a text. In fact, it is not designed as an academic tool but will be written to satisfy real implementation needs, starting from local problems and implementation possibilities.

Nine **laboratories** (WP3) will be established in the six countries taking part in the project (Romania, Hungary, Poland, Germany, Italy, Spain) in order to provide the inputs for producing the fieldbook. In principle, such a lab is composed by a group of SME participants working on common problems animated by a facilitator. Therefore, for the **SME Actor** project, the lab constitutes the 'learning space' where the facilitators apply AL methods and techniques on the field. The learning path for the facilitator is provided by an *ad hoc* intermediate project deliverable: the **facilitator curriculum** (WP1). This latter will provide the learning (training) format and all related supporting materials. In order to effectively set up the nine labs: (i) a proper training/awareness on AL methods and tools for the project team will be assured and (ii) guidelines for labs will be supplied (WP1 and task 3.1.).

The overall project activities are introduced by a **context analysis** – CA - (task 1.4.) aiming at tracing key characteristics of each territorial context involved in the project and, on this basis, to design the subsequent activities. Section 2 of this document contains details on strategic and operative objectives of the CA and first tools for its accomplishment.

Besides the field book and related facilitators curricula, the project will launch a **collaborative virtual learning community** (WP4) – CVLC - aiming at promoting the birth of a virtual community of practices and a benchmarking path among a group of trainers and learning facilitators. The CVLC will be implemented – by a devoted web learning space - starting from a pilot scheme involving learning facilitators engaged in the field work of the project. In a following stage, it will be extended at EU level by valorising each partner network (e.g. chambers of commerce, employers' associations, local development agencies, ...).

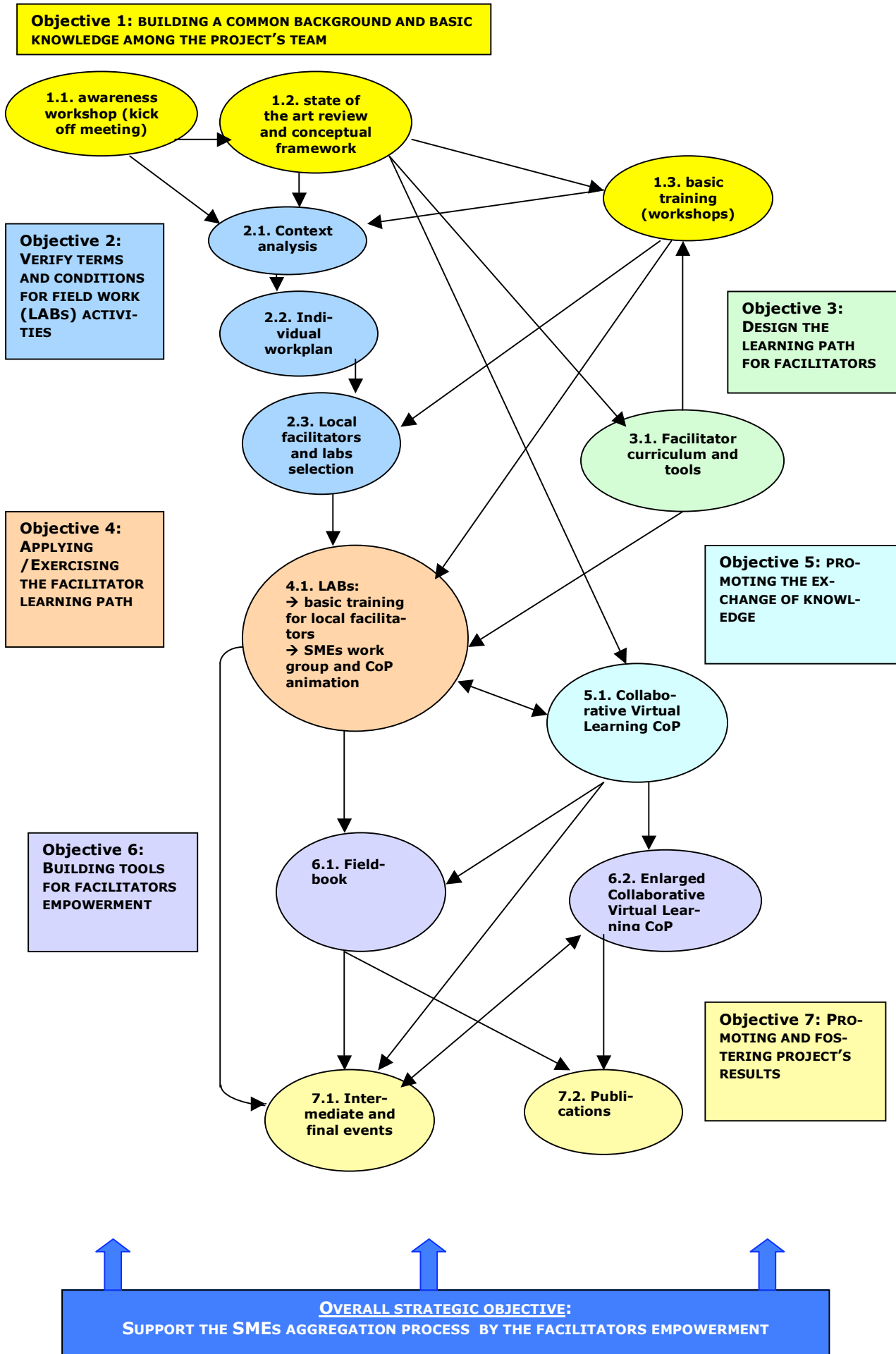
Following the principle of AL methods and in coherence with the field book rationale, the CVLC pilot scheme will also supply inputs for the same '**SME Actor**' field book.

In order to assure a large diffusion of intermediate and final project results to a widely targeted audience, an articulated **valorisation plan** has been planned comprising mainly events and publications (WP6).

In synthesis, the following strictly intertwined overall objectives can be depicted:

1. **BUILDING A COMMON BACKGROUND AND BASIC KNOWLEDGE AMONG THE PROJECT'S TEAM:**
2. **VERIFY TERMS AND CONDITIONS FOR FIELD WORK (LABS) ACTIVITIES**
3. **DESIGN THE LEARNING PATH FOR FACILITATORS**
4. **APPLYING /EXERCISING THE FACILITATOR LEARNING PATH**
5. **PROMOTING THE EXCHANGE OF KNOWLEDGE**
6. **BUILDING TOOLS FOR FACILITATORS EMPOWERMENT**
7. **PROMOTING AND FOSTERING PROJECT'S RESULTS**

The diagram below traces interrelations between objectives and expected results.



## Section 1: a state of the art review

This section has to achieve a complex set of requirements. One of the most important requirements and rules of action learning and learning action is the reduction of complexity without undue simplification. There are five simple questions which help to clarify this: What, how, who, when (or till when) and done? They reflect a simple assumption basic for everything to follow: knowledge as such is not worth anything, the value of knowledge only depends on what an individual or a specific collectivity – like the SME Actor project team - wants to use it for. The aim is not to know but to do. The knowledge chosen must be relevant for the practice to be planned. In order to avoid pure opportunism or eclecticism – or less disrespectfully speaking, theories-in-use - it is important to make an informed choice and to expose it to criticism and debate, at least within the collectivity participating in the endeavour, be it a > community of practice, an > organisation or a > network. Only by this transparent participation obeying rules of procedural justice, commitment to decisions taken to gear common action can be expected and sanctioned. It is from this perspective that chunks of knowledge are adopted and adapted to establish the construction of knowledge which makes viable what is to be achieved.

Just to provide a very simple example for this let's take the case of a curriculum vitae. At first glance, one would think that a professional life is an inalterable piece of knowledge. A CV normally is a written document; depending on the context for which it is used it will be modified leaving out certain aspects while adding others, in order to make it more meaningful or relevant to the addressee of the CV. The author's standard CV for a tender as a consultant is and looks different from the CV presented for a proposal of a scientific research project. In other words, also a professional life is a purposeful construction.

As to the what, i.e. the purpose and overall objective of this part, it serves to facilitate the understanding and provide a vision of what action learning and action methods are and can achieve, but under this headline it has to fulfil a number of functions:

1. Central concepts of action learning and > action methodology are to be clarified and reflected in a way accessible to the project team, to future trainers of facilitators as well as to future facilitators, so called **SME Actors**; in a way it has to become the first draft of a section of the future fieldbook. This forbids a strictly scientific way of writing, the main requirement beyond correctness being **accessibility** (or connectivity) for a broad range of readers, learners and users.
2. It has to develop and present the most relevant methods and tools of action learning to be used by facilitators and for the learning action, i.e. for the **SME Actor** curriculum and practice, in a way which allows employing them during the project's context analysis as well in future practical contexts of facilitators. The main requirement here is to achieve a high degree of **viability** or **practicability**.
3. And in doing so, it must develop the basic requirements of the **SME Actor** curriculum in terms of contents and methods to be learned as well as of contents and methods of the learning itself. Here now, the principal aim is to **facilitate adult learning**.

After clarifying the what, the how question has to be answered. In order to accomplish all requirements formulated above, this part will be structured as a selective, non-alphabetical, commented glossary. This will allow highlighting the central concepts in a logical and accessible sequence while laying the basics of an alphabetical glossary of action learning and action methodology terms. Commenting them will ease reflecting on contexts, prerequisites and consequences.

As to the who, it is important to say that many of the concepts used and defined here have been developed over many years of consulting practice and reflection by the author himself (for references see Franz 2003) in (learning) > organisation development, - >quality management, > leadership training and, last but not least, empirical research, naturally with a number of theoretical loans of important concepts: from systems theory

in general and from authors like Argyris and Schön, Lave and Wenger, Senge and Watzlawick as well as Arnold, Siebert and Holzkamp, German thinkers on constructivist learning theory. The whole practical construction used is framed by the theoretical setting of a distinct theory of > social capital which is presented as a comment to the concept of social capital within the glossary (cf. 1.1).

## **1.1 Basic concepts of action thinking**

The common purpose and objective of the **SME Actor** project is the design, development and training of facilitators and trainers of facilitators in the perspective of facilitating networking and > co-operation among SMEs in a given region or industrial context. All the concepts developed here are thought to be basic for the curriculum and the training, too. Therefore we have chosen the form of a selective, non-alphabetical, commented glossary of action learning theory, methods and tools to start with. As the facilitator is the central figure and concept of the project's task, it seems only logic to start with the explanation of what a facilitator is. As we will see, some definitions are not satisfactory or sufficiently comprehensive at the first approach; therefore, some key concepts may evolve in the course of reasoning.

For a quick lecture of these concepts it is recommendable to jump the comments written in Times New Roman and just read the definitions and their interlinking passages.

### ***Facilitator (1<sup>st</sup> approach)***

*A facilitator is a person with specific competencies directed to develop trust for > co-operation between SMEs in a given regional or industrial context despite and beyond their ongoing competition. This trust, if constituting a culture of co-operation, can also be called > social capital. So, in a first very general view, they may be called developers of > social capital.*

### ***Co-operation***

*Co-operation is defined as joint or jointly directed, co-ordinated action for achieving common aims.*

### ***Social capital***

*Social capital is the result and agent of social interaction of individuals in groups, organisations and networks based on reciprocity and leading to trust (Schechler 2002).*

### **Comment on social capital:**

Social capital is a concept which has come into use during the nineties of last century. It bridges a theoretical gap between the concepts of physical capital and human capital, referring to the constructive (or destructive) potentials of trust-based relationships between people in whatever type of community: organisations, associations, neighbourhoods, regions, nations – or networks and clusters. In an economic context, the way how formal and informal institutions promote or hinder the development is of vital interest. It is strongly linked to collective learning and innovation processes.

The rationale of using the concept of social capital is mainly based on the assumption that there is certain interdependence between the degree of development of the set of social institutions, just another concept of civil society, and the degree of economic development in a given economic context, a cluster or SME networks in our case. Developed institutional settings are understood as a result of the development of social capital as it is distinguished from physical and human capital. The hypothesis used here is that social capital may ease the growth (accumulation) of the two other forms of capital by reducing transaction costs allowing and creating trust-based interaction. Social capital can reduce transaction costs by facilitating market exchange and co-operation processes of search, communication, allocation or transfers of goods and services or competence, and control.

Our interest in the concept is based on the simple observation that certain clusters may never evolve into networks of co-operation while others do and obviously (or seemingly) become more successful in doing so. On the level of national economies, Knack and Keefer (1997) based on the data of the two World Value Surveys, have been able to establish a correlation between the levels of development of trust and the economic success of a number of OECD countries. Trust-based economies are more successful, this is the simple message we get from

these authors. On a regional level, things may not be quite that as convincing. Nevertheless, our theoretical starting point remains that for the development of a cluster from a mere agglomeration towards a more developed form, e.g. an industrial district, co-operation is what makes the difference. Therefore, we will use the concept of social capital in order to explain how co-operation may foster the development of clusters.

Whether social capital can be fully developed as a concept of capital is doubtful. The theory of human capital has been criticised for not being fully compatible with those on physical capital. For instance, human capital as physical capital, may be depreciated by use and, as opposed to physical capital, may be enhanced by using it as work might lead to learning (by doing). Similar arguments are valid for social capital. For example, both other forms of capital (may) become depreciated by using them whereas social capital becomes depreciated and eventually worthless by not being used. And as the production process and the product of social capital are highly virtual and hardly quantifiable, it is very difficult to make them accountable. Nevertheless, there are a number of parallelisms which justify maintaining concepts of social capital as a theory of capital (Schechler 2002:226ff).

The three “fathers” of the most relevant social capital approaches as they are mainly used today, are Bourdieu, Coleman and Putnam.

For Pierre Bourdieu social capital is “the aggregate of the actual or potential resources which are linked to possession of a durable network or more or less institutionalised relationships of mutual acquaintance and recognition” (1983b:248) and he also refers to it as “ a capital of social connections, honorability and respectability” (1984:122) which shows that Bourdieu is more concerned with social capital as an individual attribute in terms of individual networks intentionally pursued and used for individual purposes and aims like, e.g. getting a job, belonging to an in-group, etc.

Although not opposed to Bourdieu’s approach (which he pretends to ignore referring to Glenn Loury), James Coleman, the late American sociologist, favoured a broader and systematic (macro-micro) access to social capital in the framework of a general social theory of social action encompassing individuals, social groups, organisations and societies. Coleman’s approach, drawn up in analogy to the human capital approach, is a rational choice model following the assumption that all social interaction, be it individual, of groups, organisations or whatever social collectiveness is based on four constitutive elements, i.e. actors, resources, control and interest. Social capital is conceived as one of the four forms of resources, along with private goods, events (actions and specific capacities, human capital) and information.

Putnam was the one who succeeded in introducing social capital into the political sphere. He defined it as those “features of social organization, such as trust, norms, and networks that can improve the efficiency of society by facilitating coordinated actions” (1993:167). The World Bank’s definition of social capital is very close to that of Putnam, as “social capital refers to the norms and networks that enable collective action. Increasing evidence shows that social cohesion – social capital – is critical for poverty alleviation and sustainable human and economic development.” More recently, Putnam has shifted the emphasis from trust to reciprocity, insisting on a horizontal approach to social capital as co-ordinated action.

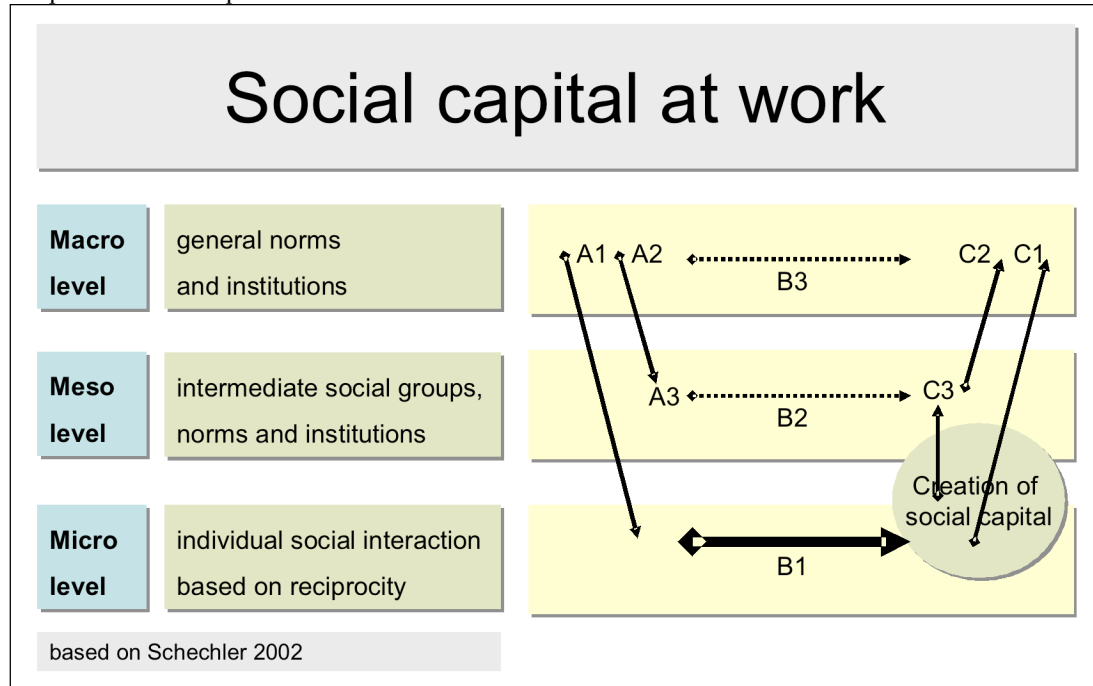
By introducing a meso level between macro and micro level, Francis Fukuyama has established something like a missing link between

- Bourdieu with his focus on individual interest, intention and activity,
- Putnam referring to horizontal relationships of trust and reciprocity, thus taking the norm or the network instead of the interaction for the social capital,
- Coleman operating with a rational choice model and a macro-micro-macro level scheme of social capital based on social interaction,

So it seems reasonable to construct an approach overcoming the weaknesses by trying to integrate the strengths of each and all these approaches. Jürgen M. Schechler (2002), a young German economist and social scientist with a specialisation on network economies, has constructed such a model. For him, social capital is the result of social interaction of individuals in groups, organisations and networks based on reciprocity and leading to trust. This social action on the micro level is influenced by existing social norms and values on the macro and meso level. These norms and institutions are understood as already substantiated social capital, which can be developed, enhanced or newly created by real social interaction. The model is built on the basis of a smoothed rational choice approach of socially active individuals.

The following explanations of the model’s levels and mechanisms of functioning already provide translations considering our cluster context:

Graphic 1: Social capital at work



*Levels of functioning (cf. Graph 1)*

- The macro level consists of general norms and institutions like the economic system and its mechanisms, the legal and political system and its mechanisms, general cultural rules and values. A generally positive attitude of national governments or the EU Commission towards cluster formation may also play a role on this level.
- The meso level is constituted by intermediate social groups and communities such as families, clans, specific associations and networks with their interests, norms, values, institutions and cultures, in our case, clusters with their corresponding networks. Also regional or local governments and their attitude towards cluster development may exert an important influence, not to forget the direct or indirect influence of, for example, company headquarters or domination contracts on subsidiary decision-making on the local level.
- The micro level is the level of individual decision-making and action respectively interaction with other individuals from which, on the basis of reciprocity, mutual trust may or may not arise. Here is where decisions are made and action takes place, where company or network managers opt for competitive or co-operative strategies taking or not into account what “the cluster” expects them to do.

*Mechanisms of functioning - and learning*

The following mechanisms consider social capital primarily as a process on the basis of an already existing potential. Describing, measuring and analysing existing social capital requires further, if not different concepts and methods. It is important to repeat that social capital is formed or effective only in so far as it is activated in individual or collective action. Social capital may well exist without being used; in fact, most of the existing social capital is not activated but remains either unused or latent. It may even become less and eventually obsolete over time for the simple reason of not having been used and reactivated or for being no longer accepted, e.g. by children no longer accepting cultural standards familiar to their parents. A very current German saying goes: Little gifts maintain friendships. In other words: they must be “actualised”, relationships which do not receive attention by either side will fade away.

By using the term “actualisation”, we are drawing on the constructivist hypothesis of re-presentation as a process of recalling existing knowledge or memories of the past into the present by re-presenting them to the own mindset. Franz (2004) has argued that in practical learning processes (learning by doing) re-presentation, at the same time, means “making memories fit for action in a present context”, i.e. actualisation or re-actualisation. The present context is very important as it has a very important selective influence on what we recall (cf. the CV example at the beginning of this section).

As we are focussing here on the development and enhancement of co-operation as a basic factor of social capital production, our attention is directed towards mechanisms of actualisation.

- So called *situative mechanisms* (A)  
situate the interacting individuals on the micro level influencing their selection of options of action and attitudes. Variables from the macro level may influence individual action directly (A1) or mediated through cultural standardisation on the meso level (A2). Finally, influence variables from the meso level like strong clan or family ties or weaker network ties may modify the individual selection or decision-making process (A3) on the micro level. In western clusters, the “old families”, existing associations or chambers of commerce may have this selective influence providing bonding or bridging social capital, whereas in the former socialist countries, old party clans may play this role reinforcing or counteracting new institutions like chambers of commerce or specific employers associations. In a cluster context, along with the individual interest of a person or company, specific competitive or co-operative cultures and habits may exert pressure to act in one or the other way. Also economic policies from whatever level promoting cluster action may be pondered. In other words, how a decision maker is embedded in a social and institutional context, be it competitive or rather co-operative, will most probably make a difference.
- The so called *action formation mechanism* (B)  
leads to the selection of options of how to implement reciprocity. For social actors in clusters, the basic decision to be taken is to opt for competitive or co-operative action strategies or a specific mix of both. Networking constitutes a third option besides make or buy, virtually: “make or co-operate” (Kogut/Shan/Walker 1992:348). In how far they are influenced by A1, A2 or A3 mechanisms, depends on the individual persons and the organisation’s specific interest. Strictly speaking, the level of action is always the micro level, i.e. the individual one (B1); nevertheless, the meso and macro levels may be strong action determinants, especially for representatives of norms and institutions of these levels, and lead to communicational adaptation. Therefore, B2 and B3 are symbolical “action” strands. Social capital is confirmed or modified, enhanced or eroded, created or destroyed exclusively in social action. This is what Fukuyama wants to say by “instantiated norms”. Social capital exists in norms and institutions, but it “lives” only through communication and action, only through co-operation, and it will only go on existing if these norms are confirmed or constructively modified,
- So called *impact or transformation mechanisms* (C)  
transform the result or output of social interaction into an impact on existing norms and institutions or contribute to the creation of new ones. These processes are described by the C arrows, C1 having an immediate impact on the macro level, C2 influencing the development of the meso level, and C3 including impacts from the meso onto the macro level. Successful cluster practices in one region may lead to political programmes on the macro level (C1) or probably rather through the C2 strand as they normally would include already effective co-operation or certain degrees of cohesion expressed in networking and specific associations or project initiatives. Most probably, both strands, C2 and C3, together might have major effects on the macro level resulting in special policies and programmes, e.g. on the EU level.

Each of these action processes can also be conceived as a learning process following an interested strategy intentionally organised by a network manager. Intentionally assisted or not, such learning processes create a common stock of practice and experience, approaches and achievements, relationships and attitudes, sympathies and antipathies among people active in the respective cluster network understood as a community of practice. In their common learning and practice, the actors build up a growing social capital within a network. This social capital constitutes a potential, an option, which can be drawn or not and which may or may not be put into practice by individual or collective action. The decision whether and how to take this potential in consideration is up to the individual actor and his organisation and the specific considerations required at a given moment in time. After all, it is the individual action which provides analytical evidence of how and how much such factors influence real activities.

#### *Co-opetition networks*

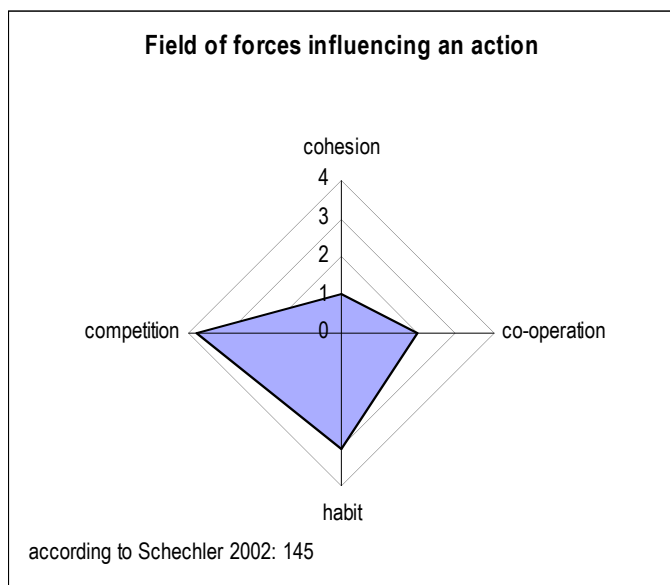
Network relationships tend to develop weak ties. Granovetter defined the intensity of relationships in terms of the frequency, duration, emotional closeness and reciprocity of relations between individuals (1973:1361). Strong relationships develop strong emotional ties and high degrees of reciprocity. Weak ties, on the contrary, pursue information gains and advantages of collaboration in order to make work easier; they are emotionally less intense, but equally function on a basis of reciprocity. Granovetter argued that weak ties help to overcome strong internal orientations by bridging the gaps to more remote social groups and organisations. It is easier to establish weak ties as they require less investment, particularly in terms of time. Networks have a wider span in terms of the number of persons involved and in terms of space. They are more likely to permit access to novel information as more sources are involved. “The strength of weak ties”, thus, consists in the larger exchange potential and the lower degree of solidarity which does not lend itself for building strong identities. Network relationships can be instrumental or expressive or both. They tend to be primarily instrumental. Instrumental relations are clearly

work-related and draw on the exchange of information, expertise, professional advice and material resources, while expressive relations are based on friendship and social support and require higher and longer investments (Ibarra 1993).

Schechler (2002:127ff) also has suggested a reduced model of how to measure the proportional influence of four basic factors: competition and co-operation, solidarity and habit. Their proportional influence is graphically shown in a field of forces. According to Schechler, solidarity – for our purposes of cluster-related context, we prefer cohesion - could be a valid indicator of a high potential of social capital. Co-operation indicates a high degree of interest in developing or confirming existing social capital, whereas high values of competition may indicate low degrees of development or an erosion of social capital. Habit provides values which confirm the importance of other salient factors, e.g. in our exemplary graph 2 cohesion seems to be habitually low developed.

In Schechler's view, cluster networks are typical co-opetition communities, a notion which has been coined by Nalebuff and Brandenburger (1996) suggesting that network partners accept the co-existence of both principles competition and co-operation, as basically beneficial. Nevertheless, as we said above, what makes a difference in the development of a cluster is co-operation enhanced by cohesion. Given the real importance of competition not only for the performance of individual cluster members but for the cluster as a whole, in terms of competitive-

ness, it cannot be generally established that a cluster with high values of co-operation, solidarity (or cohesion) and habit is necessarily a successful cluster. Such a combination of values would rather indicate strong ties among the cluster network members which may or may not be beneficial depending on the context requirements.



Although these four action principles may constitute a serious reduction of descriptors for the social capital of a cluster network, they seem to be very helpful in measuring social capital as it is expressed in individual actions and measures; and they provide a certain orientation for what network management is required to achieve in order to facilitate cluster development towards a higher degree of mutual reliability (cohesion).

Above we have stated that facilitators basically are developers of social capital. This is a very general concept. In order to render it more useful it has to be made more specific. As a second approach, the notion of facilitator is more strictly linked to learning situations within regional contexts and networks.

### **Facilitator (2<sup>nd</sup> approach)**

*More specifically, facilitators are those professionals involved in supporting and valorising aggregation processes of SMEs by promoting and making easier (i.e. facilitating) activities of inter-organisational non formal and informal > learning, networking and animation of local expert communities.*

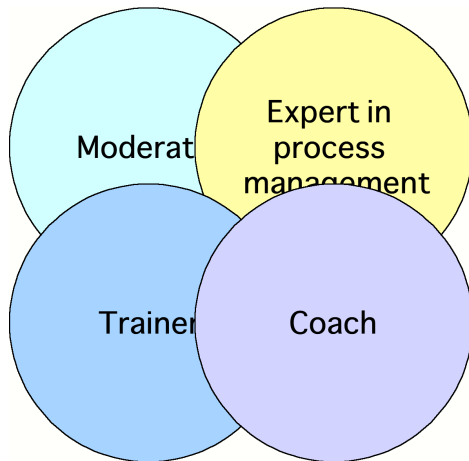
Such activities "are centred on a knowledge and learning process aiming at:

- (i) improving the reflective abilities of people involved in already existing or newly established communities of entrepreneurs, technicians, managers and development agencies staff operating in SME aggregates;
- (ii) dealing with existing development problems inside the aggregated SMEs and identifying feasible solution hypotheses;
- (iii) increasing the visibility and social recognition of informal groups and communities;
- (iv) supporting the information and knowledge interchanges;
- (iv) providing suitable platforms for development learning policies aimed at reinforcing local expert communities and informal groups and at connecting different communi-

ties/groups of this kind in the same regional contexts as well as in different regions Europe-wide;

(v) developing good practices in relation to all the above aims which can facilitate an imitative behaviour among other SMEs." (Tomassini, Sarcina 2005)

Different kinds of learning mediators/facilitators are or can be involved in this knowledge and learning process, representing the target group of the **SME Actor** project: consultants supporting groups of companies in co-operative projects; professionals/managers from sectoral/employer associations; professionals/managers from local development agencies; trainers from the local VET systems.



Within such more or less informal learning processes, facilitators basically have four roles (see graph):

- They are moderators of learning processes (debates, workshops, working groups, etc.) helping the participants to be effective and efficient, i.e. to produce results with relatively low efforts in terms of rational and emotional energy as well as in terms of time.
- They are experts in process management if needed in specific contexts, in this role they may have to assume the lead function for a certain time span.
- They are trainers of specific methods and tools of effective and efficient learning and working together; these methods and tools are supposed to help representatives from SMEs to become better co-operation leaders.
- Finally, if needed, they are coaches to individual participants of such a process who need personal assistance in order to be able to participate constructively in such learning processes.

Which of these roles is dominant at a given moment virtually depends on the situation within such a > learning process and can change very rapidly.

### **Learning**

*Learning is an active process of appropriation (making my own) of knowledge, abilities and skills in order to enhance the personal or collective control potential (competence) of shaping reality in a given context or situation.*

Learning is a process of constructing new or reconstructing existing competence implying four basic phases at the end of which the final decision is taken: mine or not mine, ours or not ours;

- understanding that something, some piece of knowledge, some specific skill, makes a difference to what a person or group of persons knows or is able to do;
- apprehending (taking up and accepting) something perceived to make a difference, the decisive criterion for this acceptance being the assumption of usefulness, e.g. problem solving, recognition, etc., in a general or specific context or in a specific situation;
- applying, using this newly gained knowledge, ability or skill as soon as possible in an appropriate occasion; and
- checking whether it has had the expected effect, whether it was or was not better or might need some modification to be experimented in a new occasion.

The result of such a learning process is an enhancement of competence.

This understanding of learning as an active appropriation process of competence perfectly reminds of a quality control cycle of continuous improvement as it is typical for all

quality management systems, a topic which will be addressed later on. We will also return to the topic of learning in the context of the learning organisation.

In this present context, we want to stress that this comprehension of learning practically excludes the notion of > teaching in the traditional way of understanding what teachers do, at least in the context of adult learning.

### **Teaching**

*Teaching is a social interaction in the course of which the teaching person can help the student to learn offering certain knowledge, ability or skills in a way which makes learning easier.*

As facilitators in one of their roles are teachers (trainers), it is important to understand that teaching basically is a facilitation process of creating learning opportunities.

On the basis of what has been said up to here, for our context and project implementation we can now define as

### **Action methodology**

*all those methods and instruments facilitating learning and action, i.e.,*

- *facilitating dialogue, reflexion and the construction of common sense (shared meanings or shared models),*
- *facilitating processes of > co-operation and trust building,*
- *facilitating active learning in such processes, and*
- *facilitating personal involvement (> participation) of regional actors from companies and institutions in all activities and processes developing social capital.*

Facilitators, in one of their four roles, are experts of process management. In this role, we said above, they may have to take a temporary lead function for the advancement of the process in question. Hence, facilitators, to a certain degree and for a limited time span, need management and leader qualities with respect to specific situations and contexts transcending their facilitation role taking process related decisions for the community whose advancement is his or her task. Like a consultant, they can be seen as temporary virtual managers. But their aim is not to become a > manager or a > leader, although they may eventually become network leaders, but to become superfluous, to make themselves unnecessary as soon as possible. Their work consists in helping people to help themselves to do and to achieve what they want to achieve, on their own and without help, in one word, their aim is sustainability of > social capital.

Contexts where facilitators in whatever variety of tasks are typically employed have been identified as > communities of practice, > organisations, > networks of regional or sectoral aggregations of companies as well as local > institutions, be they > public or > semi-public institutions (see next Section).

### **Communities of practice (CoP)**

*A community of practice is a congregation of people with mutual engagement, a joint enterprise and a shared repertoire of meanings (Wenger 1998:45ff); and somewhat more explicit, CoP show three fundamental elements:*

- *sharing a domain of knowledge which creates common ground and sense of common identity and, as a consequence, legitimises the community;*
- *caring about this domain continuously re-creating the social fabric of learning;*
- *sharing practice that people are developing to be effective in their domain.*

*Such CoPs have a life cycle and may show varying stages of maturity, from its beginnings to their decline and decease.*

"Their common practice is a set of frameworks, ideas, tools, information, styles, language, stories, and documents that community members share. In other terms, the

practice is the specific knowledge the community develops, shares, and maintains” (Wenger et al., 2002:29).

As CoPs in an advanced stage, beyond pure sense-making commonalities, may develop common action plans and institutional agencies with defined aims and structures to pursue them, Franz has introduced the term communities of performance for such very advanced forms of CoP.

### **Communities of performance (CoPe)**

*Communities of performance are very advanced forms of CoP typically are or exist in > learning organisations. They represent the social spirit of organisations and networks with a developed internal culture of learning and change in the framework of an explicit common purpose and strategy and continuously managed or co-ordinated action to implement this strategy. If they are institutions, they usually have a self-image of being service agencies to their clientele. Associations of companies within an industrial sector or professional organisations tend to develop from mere initial communities of practice to such communities of performance with semi- or fully institutionalised agencies.*

Peter Senge’s verdict that “a learning organisation is a vision” and that “there is no such thing that can be called a learning organisation” (1996:501) did not keep him from trying to define it. The closest he ever got to such a definition was when he said:

One of the last questions still to be answered before we proceed to develop our concept of a learning network context for facilitators is of key importance. What do we mean by talking of an > organisation? For many people and a number of science branches (like certain schools of law or certain strands of political science and business) organisations are nothing but a given set of structures and rules; and people are *in* organisations. From a sociological point of view, this is not acceptable, since organisations without the people who form and animate them would be non-sociological entities. Organisations must be understood as social organisms constituted by members and groups of people on the one hand, and by formal and informal structures, rules, purposes and values on the other. The enduring structures, rules, purposes and values only become organisation by people enacting them. Without their interaction where they create and conform (or not) to these rules, the organisation does not come to life.

### **Organisation**

*Organisations are the distinctively structured and regulated form of purposeful interaction of individuals and groups. Said differently, organisations are purposeful co-operation of (groups of) people based on shared structures, rules, interests and values. The first and foremost objective of organisations (as of all systems) is striving for survival by fulfilling their purpose. Economic organisations must fulfil a double purpose, they must produce the product or service they have been created for, and in doing so they must produce an economic yield that allows extended reproduction. This purposeful interaction normally is called co-operation.*

In other words, it is work and the working together of people which keeps organisations and the whole economy alive. And relevant parts of learning in this context are intentional learning to improve this co-operation, its processes and the output of these processes. The same applies to networks of companies.

### **Networks (of companies)**

*Networks (of companies) are purposeful co-operation of organisations based on shared structures, rules, interests and values.*

The people responsible for the functioning of such organisations are called

## **Managers**

*Managers can be seen as people responsible for transforming the knowledge and competence of people into products and services useful to other people and profit for the company.*

Managers can but need not be leaders of and in organisations or networks of organisations.

## **Leaders**

Leaders are people who take responsibility in building common sense for common action and for developing communities of practice into communities of performance.

## **1.2 A learning organisation theory**

### ***Learning organisation (1<sup>st</sup> approach)***

*"A learning organisation is a group of people who need one another in order to achieve something and who in the course of time continuously extend their capacities of achieving what they really want to achieve" (Senge 1996:500). A more elaborate approach would define a learning organisation "as a processing structure determined by purposes, rules and values which conceives itself as improvable. It wants and enables its members to learn with this end in mind and considers this capacity of learning for improvement as a necessary characteristic of survival." (Franz 2003:55).*

This definition is very close to what has been said about communities of practice, although applied to organisations.

The term learning organisation means and conveys several meanings, which do not completely translate in other languages. One is the organisation which learns, another the qualifying organisation – these are the two translations possible in the Latin languages – but there is also the idea that the organisation of the company and of its works is, at the same time, the *organisation of learning*. This is only hinted at in English. Moreover, it means that organisation is understood as a process, a dynamic fuelled by a process of learning, where the organisation both wants and aids people, and itself as a whole, to cope successfully with known and unknown challenges. These can arise from diverse sources; from a rapidly and constantly changing environment, i.e. markets, technologies, ecological conditions and constraints, value changes; from general trends like globalisation, new information technology and sustainability. Whatever one thinks what a learning organisation is, a learning organisation theory must be a theory of learning *and* organisation.

Harald Geissler is one of the German authors from the educational side of the debate who have most influenced the progress from reflecting on 'learning in organisations' to considering the 'learning of organisations' (1991:79). For him "learning like working is an individual as well as a collective process" (1996a:267) which have to be seen as "one complex context" (1991:82). He defines learning as a "change in the control potential":

- (a) of the individual, seen as a learning process *in* the individual, referring to the learning of new knowledge or methods or forms of relating old and new sets of knowledge or methods;
- (b) of the individual as related to its organisational environment, the individual within a learning process, within groups or whole organisations where the learning of groups or organisations takes place or may be initiated;
- (c) of formal or informal groups within an organisation in both ways which are characteristic for individuals, i.e. with double referentiality, internal and external;
- (d) of organisations, as the culmination of organisational learning, again understood as an internally and externally related process, to society, market etc., (1996:275).

Finally, with Sattelberger (1991) we penetrate to the central questions which are at the heart of what we have to clarify and to deal with in the context of company networks and clusters: who learns how and with what objectives? The overall objective of learning, he states, is to stay or become capable of surviving under changing or unstable environmental conditions by intentionally transforming the ability of the organisation to face the future successfully. He takes up the definition of learning as a change in the control potential especially in relation to the organisation's potential of controlling future challenges, which may or may not be known in the present. This overall objective is translated into three immediate learning objectives (p. 13):

- (a) responsiveness to the needs of the respective target groups (customers, suppliers, investors, the public, employees, stakeholders of whatever kind);
- (b) 'learnability', the ability to apprehend and analyse additional valid knowledge about oneself and ones natural and social/societal environment;
- (c) competence defined as ability to act, with the aim of satisfying given and perceived needs.

Organisational change of whatever kind is seen as a learning process embedded in an organisational culture of change (p. 35) directed towards making innovation, markets and customers, and empowerment of the employees key organisational resources.

According to Sattelberger there are five distinguishable forms of organisational learning, (1991:15):

- (a) the learning of an elite or dominating coalition, e.g. top management, given the fact that learning and power are intimately related and that the learning of the powerful stands the best chance to have real influence in organisational decision-making processes;
- (b) the learning of other subcultures, e.g. political alliances, functional units, specific levels or parts of management, innovative groups;
- (c) fundamental knowledge shared by all members of the organisation such as organisational maps, shared frames of reference, so called communities of practice and meaning;
- (d) the change of the organisation itself by transferring or translating learning experiences into organisational standard procedures, norms, values, strategies, artefacts, systems, structures, programmes or rules which come into effect independently of the memory of the members of the organisation;
- (e) the use, change or development of the organisation's knowledge base, i.e. of the whole amount of knowledge available in the organisation.

Summing up, we can say that learning is oriented towards the improvement of an individual's or organisation's control competence. The process of learning itself, in more general terms and adopting an approach of constructivism (cf. Arnold/Schüssler 1998; Arnold 1999; von Glasersfeld 1998, Chapters 8 + 10), can be defined as a process of construction or re-construction of reality, in other words, as a theoretical and practical process of appropriation oriented to enhance personal mastery (as Senge would call it) or an organisation's competence to cope with known or unknown future challenges. The aspect of construction and re-construction is important to be stressed as it informs the way of how learning has to be structured. The didactical consequences of this view of learning will have to be considered separately in another paper.

Although modifications in detail may be necessary, the same can be said about the intentional development of networks promoting clusters. What is needed is a theoretical approach integrating the organisational development aspect (practical improvement) and the learning approach (virtual improvement) with a practical action approach able to instruct not only analytical learning but practical decision-making for the facilitation, coordination, and in the last instance, the management of practical action to be taken.

How this can be practically pursued is shown by the matrix in Table 1. It shows six dimensions of how to become and to be a learning organisation; as these six dimensions

are aimed to create and develop a learning culture in organisational contexts, we think that this learning organisation theory and method can be applied to networks of organisations, too. They comprehend all the target concepts discussed above.

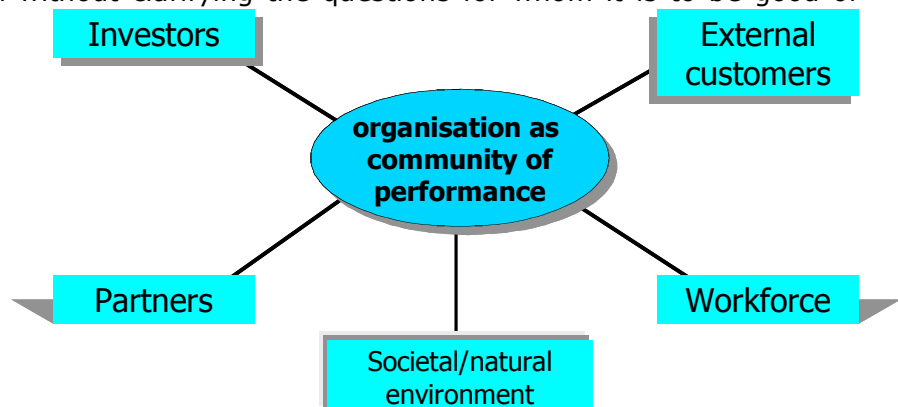
These six dimensions are, at the same time, the objectives and the ways of achieving them, the product and the process of producing learning, the what and the how. They are based in and culminate in a general theory of quality. Each of these dimensions must be compatible with and applied to all the others, thus constituting a strategic planning tool, a methodical guide and an analytical evaluation matrix of the dimensions of a learning organisation as well as of all further methods and instruments used in the process of developing one. Each of the following six characteristics of a learning organisation can be cross-checked against each other as the matrix in the introduction suggests. It is this self-referential contingency of aims and ways to meet them that provides the analytical and strategic set of criteria that will also permit to examine the validity of tools and instruments deployed in the implementation and development of learning organisations (of networks). It will soon become obvious that it is a cyclical, discourse-based total quality approach. The matrix (Table 1) contains the whole theory.

<b>Ways</b>	customer orientation process	improvement process	learning process	participation process	decision-making process	appropriation process
<b>Aims</b>						
customer orientation						
improvement						
learning						
participation						
decision-making						
appropriation						
<b>A General Theory of Quality</b>						

The explanation of this tableau of aims and ways to achieve them will in most cases include the presentation of selected tools accompanying them and making them viable. Each of these tools serves a triple purpose; it can be used for analysis as well as for planning and checking. Many more tools are available, most of them from the large range of tools used in systemic organisation development, project management and total quality management (for a selection see Franz/Menzer 1996). And for nearly all these tools can be said that they provoke and structure constructive discourse and working on solutions.

### **1.2.1 Stakeholder and customer orientation**

Any decision-making process and subsequent practice needs direction which frequently is difficult to have or give or is simply missing. There is no sense in inducing any sort of change in an organisation without clarifying the questions for whom it is to be good or better and in which aspect it is good or better for whom. Each organisation has to pursue the satisfaction of five stakeholders who have an interest in the success of the organisation (in our case, network). Each of these stakeholders has a defined exchange relationship to the network or-



ganisation. The most important stakeholders usually are the customers expected to buy the product or service offered. These five stakeholders are (see the mind map):

Graphic 3: The five satisfactions

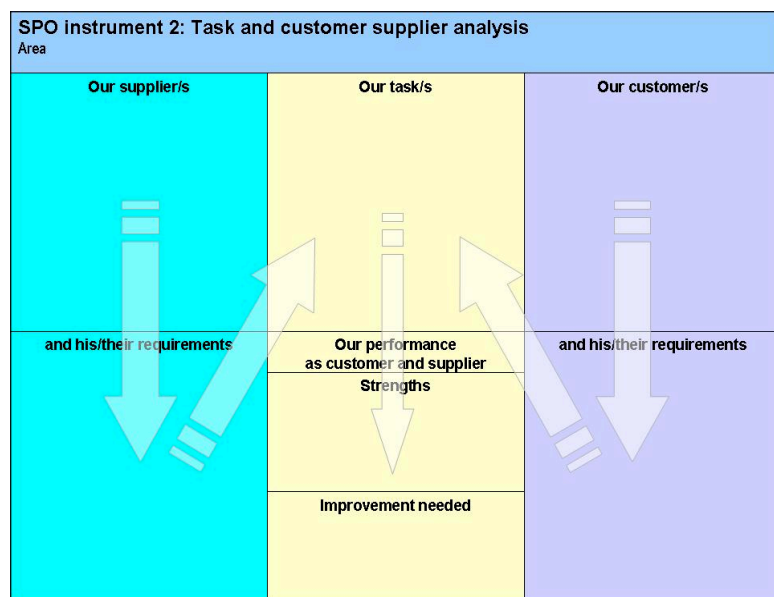
- investors of capital, time, and/or interest,
- external customers, the buyers of products or services,
- the employees,
- partners, i.e. suppliers of parts, services or necessary information,
- the societal and the natural environment.

For each decision taken and action or project of a cluster network implemented, these five stakeholders and their specific interests must be identified with their specific interests in order to direct and orient the action in line with the interests at stake. In the centre of the mind map is the common task of the organisation or network; an organisation must become more than a community of practice, it must become a community of performance. If a network is to survive by fulfilling its purpose, the concept of community of practice also seems to aim too low. If it does not achieve what it was conceived for, also a cluster network will not survive its initial (usually) public funding phase of life. Nevertheless, networks may have varying scopes of intensity; while a joint project of the network or part of the network may achieve a higher degree of reciprocity, the network as a whole may continue working on lower levels of exchange intensity.

Thus stakeholder and customer orientation is not just the aim of one or the other decision-making process, strategic or not, it becomes a continuous orientation process which provides a common direction of reflection, action and critical analysis of the whole organisation in the framework of a continuous learning and improvement culture.

The mind map as such is an analytical tool as well as a planning tool that can regularly be used in companies and networks for exploring the immediate interest and advantage structure envisaged by a specific project or change of the organisation; it also serves to check the fit of individual solutions or targets with strategic orientations or additionally to examine the strategic orientations themselves. For strategic purposes, it can be developed along the line of a Balanced Score Card devised originally by Kaplan/Norton (1997).

Graphic 4: Customer-supplier analysis



Another very simple tool (cf. Graph 4) from my Sustainable Personnel and Organisation Development tool kit (Franz, 2003) seeks to analyse the specific task or objective of a change or problem-solving process. (each change is an intended solution to a perceived problem or set of problems) This suggests a systematic interrogative approach that answers two basic questions of quality management: Are we doing the right thing? And: Are we doing it right? After identifying the specific (external or internal) 'customers' in the customer-supply

chain(s) of a solution, each customer's requirements in this specific concern are checked. In a second step, the requirements which must be fulfilled by the (external or internal) suppliers in this specific chain are identified. Then, in a third step, you can define the problem and identify the solution better and analyse its strengths and weaknesses re-

peating the same circle of questions, eventually leading to an improvement spiral. Applied to 'jobs', i.e. specific activities in a workflow, this tool helps to analyse tasks of individuals or teams and, deployed in the context of a complete business process, it allows a reorganisation (re-engineering) of the whole process including the examination of all interfaces with neighbouring departments or activities.

### 1.2.2 Improvement

Each project, change or problem-solving process is initiated with the intention of making something better. Why go for change if it is not for the better? Why initiate a project if not for solving a problem? Why initiate a network for promoting a cluster, if it does not lead to benefits? The development of a learning organisation as well as a learning network, therefore, is a continuous intentional improvement process. Improvement is a change of the degree of quality towards better than before. The only meaningful measure of before-after difference to this is the intention of those who have induced or suffered this process. This is not only true for organisation development it is true in particular for intentional learning. Learning in an organisational context is by definition the endeavour of improving one's control potential or competence. Learning is an improvement process.

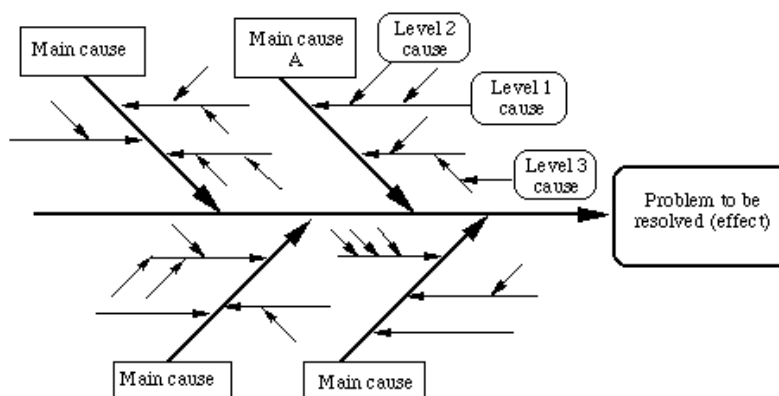
Graph 5: SWOT analysis

Learning is not only improvement, it is also self-improvement. A learning organisation is a self-improving organism. Initiating, organising and keeping improvement and self-improvement going becomes a crucial task of management. The task is not fulfilled with seeing it as an improvement process; it must also be shaped, i.e. managed, like an improvement process.



Improvement presupposes analytical evidence of what is to be improved why. Improvement action asks for improvement aims, improvement aims ask for a sober analysis of what is the problem. Quality management knows lots of different tools for observing, measuring and evaluating processes and actions as well as planning tools for designing new and improved processes or improvement projects.

Graph 6: Cause-effect diagram



Simple statistical tools are scatter plots, control charts, checklists providing quantitative evidence.

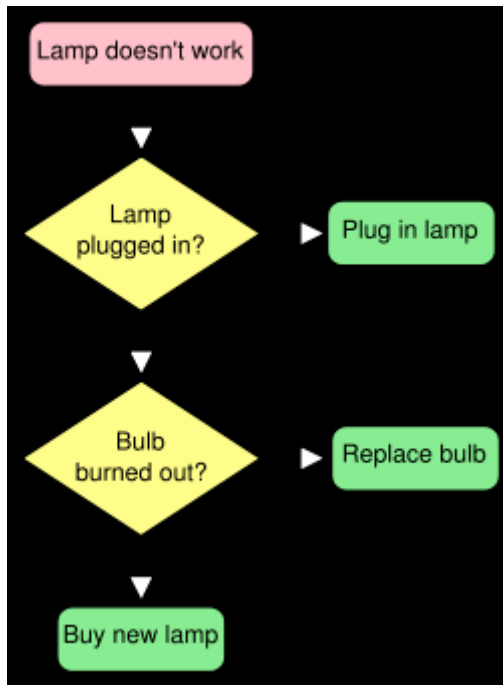
Exemplary because discourse-based analytical and planning tools are:

- SWOT analysis, a discourse based tool

of examining Strengths and Weaknesses as well as Opportunities and Threats. The tool can be used on all levels of concretion, from strategic planning to simple analytical and planning processes (see Graphic 5).

- The cause-effect, fishbone or Ishikawa diagram
- Flow charts

Graph 7: Flowchart



### A basic theory of quality

Improvement is a change in the degree of quality. We have been using quality concepts like customer orientation, improvement and TQM without trying to explain what quality is. Nearly all authors avoid this explanation evading into specific, individual product or service-related definitions. But for organisation development and consulting purposes it is of vital importance that all persons involved have a common understanding of what quality is. The shortest possible definition is:  $xS + yP = nQ$ .

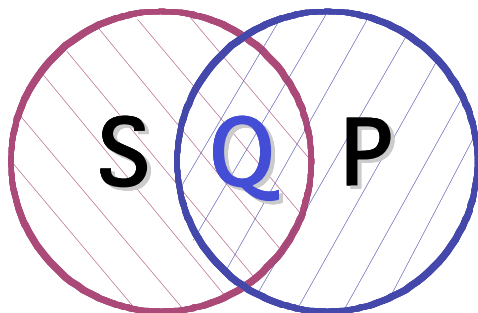
### Quality

*Quality is the intersecting quantity of satisfaction and perfection (see Graph 8).*

Quality itself can only be defined as the perceivable essence of things (products), actions (performance) and impacts (e.g. satisfaction). It is their perceived property. As it depends on individual perception, it is objective as well as subjective

which means that each perspective on a specific quality item is dependent on the interests and expectations of the perceiver. Thus, quality of organisation is by no means the basis of harmonious community concepts, as 'community of performance' and 'community of practice' might suggest. Quality is the object of struggle.

Graph 8: The quality formula



$$x\text{Satisfaction} + y\text{Perfection} = n\text{Quality}$$

organisations, concerning all dimensions of an organisation, namely its potential (people, technology, material), its process, and its performance (products, services, economic viability).

As such it might have (objectively or conventionally) absolute dimensions, but it is definitely also relative to 'my' interests and expectations, hence it is the result of a social definition process. Quality, like money, is a universal currency, unlimited in qualitative terms, limited in terms of quantity. Quality is a perceived or defined property of an aim or result and of the process of achieving it, a social relationship, and a universal principle. Just as much as a wheel, it is a moveable target (see Graph 9). More than a fact (in Latin: what has been made), quality, like truth, is an attitude. It is an attitude for individuals and a culture for organisations.

Quality is locked to the concept of commodity, but primarily to its use value. The same applies to the production of commodities. Thus, in a company it is not sufficient to look at the production processes, without looking at the working processes you will not understand very much about the organisation. It is of crucial importance to understand that quality is a market concept (ideally) based on the freedom of decision and the equality of conditions. Quality is a contract. This explains why it is a concept based on a democratic

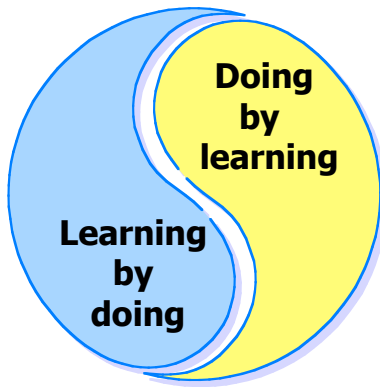
and participative core element that is opposed to undemocratic structures of dominance and power.

But the essence of these considerations is that quality is a concept based on interest, (hence perspective or standpoint) and competence (knowledge and experience), only measurable in relative terms of satisfaction and perfection. A learning organisation is a system of improvement and self-improvement (enhancement of competence) of individuals, groups, and the whole organisation, including their formal and informal purposes, structures, rules and values. Improvement and self-improvement within an organisation are directed towards achieving purposefully defined aims via a community of performance. Since quality is a universal principle it has far-reaching implications that apply to organisations or networks as well as to learning processes in them.

### 1.2.3 Learning

The only original innovation of the learning organisation thinking is to conceive organisation as a way of learning and hence the development of organisations as a learning process (see Graph 4). Consequently one derives from this the requirement that shaping organisation development is a learning process that embeds learnability within an organisation. As we have seen at the beginning, this is also the most difficult part to conceive and, hence, to shape.

Graph 10: Learning and practice

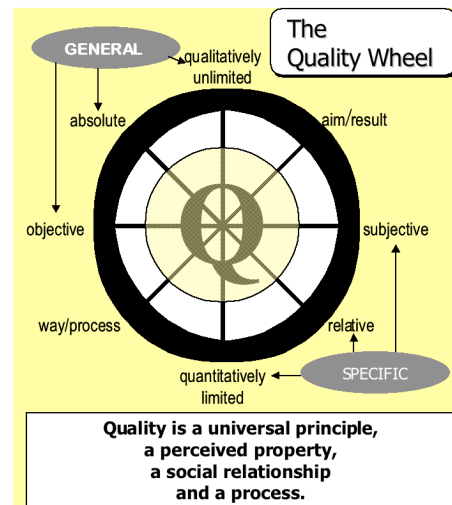


i.e., the group(s) of persons must have a concept of how they have achieved this. They must be able to reproduce this process, in other words, they must have learned how they have learned.

Therefore, virtual and real managers of change, development or transformation (Sattelberger's three scopes of change) must possess an understanding of learning that allows them to shape learning processes. The process of learning (and real work) must be shaped in a way that makes it as easy as possible for the learners (workers, deciders) to understand how they are learning and can contribute to the advancement of this process. There can be no doubt that this is easier for them when they do not only want to learn what they are supposed to learn, but also know how the way of learning is organised. In fact, it is the only way of achieving a higher degree of self-reflection and sustainability.

Competence development is deciding, doing and learning (checking) better. But how can we transform competence into knowledge and knowledge into competence. So we have tried to develop a simpler tool that can be used for any problem-solving or improvement

Graph 9: the Quality Wheel



and learning process. It not only facilitates the planning and shaping of effective and efficient learning processes but also enables clients to evaluate what has been achieved. The simple learning theory (see Table 19) is based on a definition of four learning stages (adopted from O'Connor/Seymour1996; cf. the left column of the following matrix) and its translation into everyday language (centre column). The right column provides an interrogative strategy of mobilising competence that Glasersfeld (1998) would call a process of re-presentation, of making existing but unconscious competence present again.

Learning stages	Translation	Questions
1. unconscious incompetence	I don't know, what I don't know	1. What do we know? Do we know that?
2. conscious incompetence	I know, what I don't know	2. What do we not know?
3. conscious competence	I know, what I know	3. What do we need to know?
4. unconscious competence	I don't know, what I know	4. Where will we get it from?

**re-presentation**  
**re-actualisation**

Driving a car may be a good example of how it works, analytically as well as for the shaping of learning processes:

- 1 Being a baby or an indigenous inhabitant of the Amazon jungle, I don't know cars and, logically, I don't know that I don't know how to drive a car;
- 2 Once I know that there are cars that I could use, but I have not learned to drive, I know that I don't know how to drive a car;
- 3 Now I have had my driver's lessons and passed luckily the exam, I know how to drive a car, but I must concentrate on doing all the different things very carefully;
- 4 After years of driving I do a lot of things at the same time; e.g. perceiving the traffic situation on the road, the changing streetlight, steering, braking, clutching, changing gear, listening to the radio, talk with my mate, maybe smoke etc., without being conscious of how complex the situation and my activities are.

Practically every situation in life can be constructed and reconstructed in these four stages as a process of new learning, re-learning or de-learning. And sticking to the example of car driving: if I would have to drive a car in Great Britain for the first time, all my routine as a driver from the European continent would be reduced from level 4 to level 3. An elderly person might even fall back on level 2. The same might happen to a company or to a whole cluster whose environmental conditions have changed considerably, for instance, because of market conditions due to globalisation, because of the imposition of new standards or just by the fact that an important company has been taken over by a multinational firm or other important inward investment.

Large parts of learning in organisations must start by making conscious again (re-presenting) what I/we know or think to know. It is not only a way of mobilising the existing competence, it may also show, together with the customer-orientation tools, that requirements have changed and our competence or parts of it are no longer consistent

with new requirements. But the most important effect is that it helps to make people participate actively in learning and problem-solving by showing that they together know more about the problem and the ways of solving it than any individual participant would assume. Intentional learning becomes intimately entwined with experimental and experience-based learning.

The Four-Questions-Pattern (of the right column) is a simple way of leading them to this point, at the same time it is a method which they can use easily without the helper. Methods of visualising this process (Metaplan techniques, mind-mapping, fishbone diagrams etc.) are of utmost importance for this process. Starting with the customer orientation, the new competence can be built up then, the advantages of the new competence can be made clear (improvement), and the way that this has been achieved (learning process) can be described as a systematic method. The same applies to the three further elements - participation, decision-making, appropriation, which I want to take up now.

#### **1.2.4 Participation**

Quality is a moveable target. A target can move for two reasons: because the target has changed one or some of its components or its position, or because the perceiver has moved or changed his position. Any change requires a re-presentation of the target from each of the different positions from which it is perceived. As we have seen in the customer orientation section, all learners of an improvement process are customers and suppliers who want to see their part of the definition of quality respected in order to be able to work well.

Nevertheless, we live in times of quality-based markets, and you can be forced to work, but you cannot be forced to work well. If any of the other individual positions are not respected or even harmed, before long they will have negative consequences for the two main targets of an economic organisation: achieving sufficient yields for an extended reproduction by fulfilling the specific purpose (production, service) of the organisation. Therefore, it is very important that all customers and suppliers of (the specific) quality (item) position themselves with reference to the specific subject on the agenda. The decisive point about this is that each stakeholder can perceive his or her special requirements and contributions to the definition and the production of quality.

#### ***Participation.***

*All those who are immediately affected by a problem or its solution are informed and involved in the process of problem solving in a way that respects their interests and responsibilities. This implies a non-hierarchical approach to improvement and learning processes.*

Problem-solving processes must be organised in a way that gives each contribution its special right, since it is based on a specific experience and view of the problem. The same applies to learning. The apparently clear-cut roles of teachers and learners get blurred in the process of a common learning process where everybody feeds in his/her special experience and questions. Again, modern brainstorming and moderation methods (Metaplan techniques of visualisation, mind-mapping and other brain-writing instruments, etc.) can be of utter importance to organise such joint learning processes.

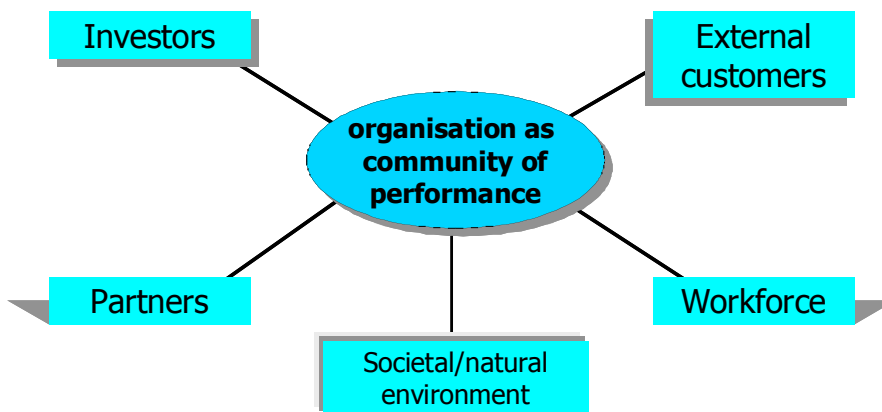
Diligent preparation of meetings and workshops, projects and presentations is of great importance to avoid exclusion of people who are immediately affected by a problem or its solution.

This participatory approach necessarily implies a discourse-oriented and decentralised concept of quality and improvement responsibility for the organisation as well as for learning, the more so, if the organisation or network is or wants to become a learning organisation or network. We have seen that learning is a process of improvement and

self-improvement where the learner-customer is a co-producer of the learning quality. Hence learning processes must be organised through participative and cooperative processes of construction and re-construction of competence. A former Labour Director and living legend in the German steel industry, Alfred Heese (1992), used to say: "Participation is not everything, but without participation everything is nothing."

Participation is not only inviting the right people to meetings where things affecting them are discussed. It is also structuring and chairing or moderating a meeting or a workshop in a way allowing each participant active contribution, even more, demanding contribution from each participant, if the number of participants allows for it. This appreciative approach is of key importance to all these processes.

In many cases and for a large amount of meetings, visualisation is not just a technical procedure of keeping track of things talked about and agreed. It is the core element of learning. The main function of visualisation is to document the process of de-construction and re-construction. De-construction in this case means that the notions and pictures in the individual minds as well as individual contributions are expressed and taken note of publicly and thus become part of the new visualised construction which then is no longer individual but common. Human brains strongly draw back on visual information, making such processes of agreement or solution building visible is of paramount importance for building identical or similar pictures and constructions in the minds of all participants.



Mind maps have exactly this function of deconstructing what is archived in minds and reconstructing it as a new common picture. For example, the stakeholder mind map used for the original orientation process is such a visual construction tool. If a group wants to identify all its

stakeholders, the workshop would be dedicated to name explicitly under each label who exactly is the corresponding person or body to be considered. In the second loop, may be using the customer-supplier tool (graph 4), for each of these individual stakeholders his or her expectations can be noted rating their importance for the group or the purpose this analysis is applied to.

### **1.2.5 Decision-making process**

This means that it is not enough to ask peoples opinions. Participation without consequences is not participation. If quality is understood as a contract that comes into existence under conditions of free will and equality, each of the contracting parties must be able to say 'no'. We know that these conditions do not always exist, and very often there are even good reasons why they do not exist at the moment. But there is no way to achieve and keep a learning organisation momentum when they never exist. A learning organisation on the basis of compulsion or even force and inequality, of fear and structural disadvantage is unthinkable and impossible. Therefore, the most important requirement of participative processes of learning and improving the customer orientation is transparency. Whenever people within a participative process have come to a conclusion, this conclusion must be made reality as soon as possible, unless there are very good reasons why not. Everything else will lead to deception and hinder the implementation of whatever other decision has been taken. The English concept of *empowerment*

means exactly this: participation in order to take decisions for the realisation of what has been decided.

Graph 11: To-do minutes

To do minutes	Project	Participants		
	Meeting date			
WHAT (next steps, measures)	HOW (organisation, procedure)	WHO	till WHEN	Done

Transparency is a tricky thing. It is only accepted and works only under conditions of trust. Transparency means control. Control is only accepted as control of processes, not as control of persons. Nevertheless, data and facts controlling processes always are also data and facts about people. Therefore, transparency must be embedded in a culture of improvement. It means not to ask who is to blame but how to make it better. Control is good but trust is better. Transparency needs trust. Trust needs transparency.

Transparency is also an indispensable precondition of learning about a problem, how an organisation works or what the implications of certain decisions are. How would I know what and how something is better if I am not informed. Improvement needs transparency and openness just as much. But the softest fact, in the long run, becomes the hardest. Transparency is the necessary precondition of voluntary and responsible cooperation. There is no free will without good information. Transparency is the enemy of frustration. Frustrated people know that they have to work, but do they work well?

Minutes are an indispensable tool for creating and maintaining transparency. Usually keeping minutes is disliked work for those who have to keep them, they are regarded as something like punishment. Graph 11 shows a typical version of a project minutes from an organisation development minutes (Franz 2003). These minutes are kept during the corresponding meeting. The only keep track of decisions taken and clearly define what is the problem or object talked about, how the proceedings of the problem solving have been agreed, who is responsible for the execution of the agreement, till when it has to be done. Each agreement taken on a specific item is read out loud when noted and is only finished when everybody nods okay. This document, which can be produced in handwriting as well as on a laptop computer, is copied or printed at the end of the meeting for all participants. It is a desktop working document which stays on the desktop as long as the agreed measure is not executed. Only then it is ticked as done (last column). The next

meeting will start with checking whether agreements noted in the minutes have been carried out. Such minutes are archived and are also used for record keeping. This instrumental approach enhances something which in many companies is lacking, i.e. reliability or what we have called the quality of communication: Say what you do! Do what you say!

The same form can be used for preparing and structuring meetings or planning purposes. The chairperson can formulate the subject and his or her objectives concerning this item, the way how for example delicate things can be treated, who has to be addressed or made responsible and fix a time line. But the form also may be helpful for structuring any other process.

### **1.2.6 Appropriation process**

Whatever I have learned or changed or improved, at the end I must be satisfied with the result. Unless I am satisfied I will not make the decision mine and I will not be trusting in its usefulness, my contribution to its implementation will be doubtful. The same applies, although possibly in different degrees of interest, to each stakeholder of an organisation or network. So for those responsible of organising the learning process and its results this means: evaluating the learning output and outcome against my own and the customer orientation requirements will tell me what I have achieved, i.e. improved. It may not be perfect but as perfect as possible against defined requirements and under given conditions. All decisions are preliminary, they are valid, but they are valid until better knowledge. Therefore decisions should always be termed; the date of review should be fixed and respected. Only then, sceptical people will participate actively in its operationalisation and implementation. And they must have the hope or prospect of being able to make it even better the next time. Only then will I make the decision and help with all my improved competence to implement and perform what I (and we) have learned (together). This is part of what responsibility means.

But responsibility means more. It means to be able to respond to questions that I have accepted to be asked or which I have asked myself. People who do not ask do not want to see problems or to make themselves responsible of solving them. Sattelberger calls this qualitative ability of responding to needs and requirements of customers responsiveness. However, responsiveness is only the aim and result of a process, a perceived property of an attitude or culture; it is not a process category itself. Therefore, we prefer the less contemporary learning theory term of appropriation, which embraces the result and the process of learning and of taking decisions about how to make it better.

### **1.2.7 A culture of fairness**

A community of performance, we said, is the advanced version of a community of practice, the culmination of a learning process which has completed all three loops of Bateson's learning model which has also been used by Argyris and Schön. The first loop of learning solves the problem, the second loop reflects how the problem has been solved, and the third loop, the so called deuterio learning, leads to a new way of tackling problems at all; it is the new organisational culture.

#### ***Organisational culture***

*Organisational culture is the way how we treat each other in working together.*

As we said above (with Sattelberger), such a learning organisation is based on the process virtues of responsiveness, learnability and competence; its culture can only function as a trust-based one. Trust needs three different virtues: transparency, reliability, and procedural justice; trust needs a culture of fairness.

### **1.3 Other instruments**

There are more instruments which are typical for different strands of action methodology. The original core activity was action research.

#### **Action research**

*The concept was introduced by the German psychologist Kurt Lewin who in 1933 had to flee to the USA. Action research is a process wherein people having common interests actively participate in a research activity with the explicit intention of bringing about change through the research process. Action research consists in an intervention guided by a team of researchers-consultants who interact with organisation members on the basis of cyclical steps including planning, action, and evaluating the result of action. Starting from a specific problem to be solved in the given context, the experts continually encourage actions (data collecting, interviewing, etc.) and reflections on actions (through self-observation, discussion, etc.) by the organisation members. The activities carried out at each step are monitored in order to adjust as needed (Dickens and Watkins, 1999).*

Not only but also in action research there are two basic instruments which will be relevant for our context analysis and subsequently for our fieldbook, i.e. > case studies and interviews with experts. A further instrument can be > focus groups.

#### **Case study**

*Case studies constitute a research strategy, an empirical inquiry investigating a phenomenon within its real-life context. Case study research can mean single- and multiple case studies, it may include quantitative evidence and always relies on multiple sources of evidence and benefits from the prior development of theoretical propositions (Yin 2002). Rather than using large samples and following a rigid protocol to examine a limited number of variables, case study methods involve an in-depth, longitudinal examination of a single instance or event: a case. They provide a systematic way of looking at events, collecting data, analysing information, and reporting the results. As a result the researcher may gain a sharpened understanding of why the instance happened as it did, and what might become important to look at more extensively in future research. Case studies lend themselves to both generating and testing hypotheses (Flyvbjerg 2006)*

Case studies, something between "data collection technique and methodologic paradigm" (Lamnek 2005), will be the backbone of our context analysis as the collection of relevant data about our context region, its economy, its companies and its networking structures among companies and between companies and institutions will end up in a structured description of our regions, the case study report. Our region is our case which may consist of several sub-cases.

Case studies use all methods and instruments providing valid information. Among the methods used as part of the case study, along with the analysis of documents gathered from relevant actors, > interviews with experts will be very important, as well as the congregation of experts in so called > focus groups.

#### **Interviews with experts**

*Interviews with experts are structured personal interviews on the basis of an interview guide containing all relevant items and questions. Experts are all those people in the region who are supposed to be able to provide valuable expert information and assessment. Supposed to be able means, they are experts in the view of the researcher/interviewer or in the view of other relevant actors.*

#### **Focus group**

*A focus group is a form of qualitative research in which a group of people are asked about their attitude towards a product, service, concept, or idea. Questions are asked in an interactive group setting where participants are free to talk with other group members.*

## Section 2: A conceptual and operative framework for the context analysis (CA)

### 2.1. The areas of investigation

As already reminded (see introduction), the CA is aiming at mapping and describing key-information of each territorial context involved in the fieldwork activities (Labs); inputs from CA will allow the evaluation of terms of feasibility for Labs implementation in each involved area. The following Labs have been planned:

	Romania	Germany	Spain	Hungary	Italy	Poland
Region/area	1. Bucharest (Unimpresa) 2. Oradea (Unimpresa) 3. Arad & Timis (AvuA-rad)	4. Eastern Ruhr region (SFS)	5. Catalunya	6. Békés in Dél-Alfold	7. Lazio (IGT, Team) 8. Basilicata (IGT, Forim)	9. Śląsk

In synthesis, CA should allow to answer the following key questions:

#### **A. The facilitators team**

- a.1. Who are the possible facilitators?
- a.2. Why the above candidates have been pre-selected? (e.g. already working with on going SMEs co-operative projects or consultants/professionals working with main local actors involved in policies supporting SMEs, etc)
- a.4. Which kind of SMEs do they work for?
- a.3. Which are the overall competencies of pre-selected facilitators? To which extend do they have already experienced AL methods? Which is the overall 'competence gap' on AM do we need to bridge?

#### **B. The 'learning space': i.e. the forthcoming possible lab**

- b.1. Which is the most suitable 'learning space' (i.e. laboratory) where the forthcoming facilitators could exercise/apply their new competences on AL methods? In other terms, which kind of SME aggregation strategy the lab refers to?
- b.2. Does the 'learning space':
  - belong to an already launched programme/project supporting local SMEs?
  - have to be launched/created 'ad hoc' (i.e. for **SME Actor** Project)?
- b.2. To which extend this 'learning space' is representative of the local SME process of aggregation?
- b.3. Are there any other local competence sources/know how with direct experience on AM? If yes, which is their target audience? To which extend can they be involved in the **SME Actor** project?

#### **C. The degree of committment**

- c.1. To which extend this 'learning space' (i.e. the forthcoming Lab) counts on a real strong commitment on the behalf of possible final stakeholders (SMEs)?
- c.2. To which extend the pre-selected facilitators are committed in devoted timing to SME Actor experimental phase (i.e. basic training and group work/CoP animation)

#### **D. Good Practices on programmes/projects supporting SMEs aggregates**

- d.1. Are there any programmes/projects supporting the co-operative path of SMEs which could be pre-selected as potential good practices? If yes, why? And to which extent their teams can be involved in the forthcoming virtual community of practice?

## **E. The workplan**

- e.1. Which are the envisaged intermediate steps for launching the local Lab? (e.g. formal agreement with local actors/stakeholders etc,...)
- e.2. Which are the strengths and weakness points of the possible forthcoming local Labs? How weak points can be faced and solved? How strength points can be valorised?
- e.3. How many facilitators can be involved? Which is the 'ideal' timing for assuring formal training and work group/CoP animation?
- e.4. How the partner organisation can support the forthcoming team of facilitators? How many experts (on AL methods) the partner organisation could make available? How many and which kind of non expert resources (e.g. tutors, organisation support) can the partner organisation make available?

The above key questions can be answered by mapping step by step different – but strictly intertwined - areas of investigations: socio-economic context; targeted SMEs' context; local actors; overall programmes/project supporting SMEs' aggregation; pre-selected targeted facilitators; local competencies on AL methods.

### **→ 1. SOCIO-ECONOMIC CONTEXT.**

This allows to better situate the forthcoming labs in its overall context and on this basis, to better tailor the learning path for facilitator and lab management guidelines.

Main areas of mapping should involve:

- (i) location (which is our target area; where it is located);
- (ii) basic set of data on demography in that area;
- (iii) productive setting (sectors, total companies, entrepreneurship dynamics, average size, ...);
- (iv) labour market basic data;
- (v) main economic performances data (GDP, added value per sector,);
- (vi) openness to market (import/export, degree of internationalisation – i.e. active and passive: foreign direct investment (FDI) in that area and internationalisation process of local companies)
- (vii) quality of life: average pro capita income (compared to the EU and domestic ones), social infrastructures (cultural, wealth, ...);...
- (viii) territorial competitiveness (infrastructures and logistics)
- (ix) local governance: who defines and manages local administration and policies?

### **→ 2. LOCAL ACTORS**

A 'systemic' approach to SMEs and to their different form of aggregation puts an emphasis on social interactions and the link between local institutions and the economic performance of firms and economies<sup>[1]</sup>. As a consequence, we need to take into account both the firm's relations with other firms, as well as the institutional context around the firm (e.g. development agencies, intermediaries, public authorities, educational institutions, etc). The nature of social interaction, which may generate beneficial externalities, includes aspects of social structure such as trust, rules, and norms. The complexity of relations between firms and between firms and other institutions implies varied typologies of structures, which are generically referred to as 'networks'.

Relations of interdependence and collaboration between all types of local actors characterize these network forms of organisation. For example, inter-firms alliances may be self-organised, or supported by some catalyst such as intermediate and public organisations. In addition, whilst many collaborative ventures are between two businesses, many countries have witnessed an increase in alliances between governmental bodies and privately-owned companies (e.g. building of roads, hospitals, etc), or between universities and privately-owned companies (e.g. business research funding).

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<sup>[1]</sup> adapted from WEID, 2004

Consequently, and for analytical purposes, it is possible to identify three types of institutions operating at local level, namely, public institutions, semi-public institutions and private institutions.

**Public institutions:**

*Those organisations that are totally or overly publicly owned, operate in the targeted area by providing incentives, services and/or control mechanisms to the firms, and follow general goals for the development of the territory (these goals are typically defined politically/democratically).*

Examples of public institutions are:

- Local government,
- Government agency operating in the area,
- Public research centres,
- Public universities,
- Standardisation-certification laboratories,
- Technology transfer offices.

**Semi-public institutions:**

*Those organisations that are privately owned and operate in the area involved by the project by providing general incentives and services. Despite private ownership, services provided by semi-public institutions have a public/collective nature. Semi-public institutions might require payment for their services, but the most important features are that those services normally have a general (non-customised) character and require a rather limited payment.*

Examples of semi-public institutions are:

- Chambers of Commerce,
- Associations of firms providing non-customised and collective goods such as information or technical support to firms,
- Trade unions,
- Non-profit organisations for economic development (foundations, etc),
- Industry-education associations,
- Technological institutions.

**Private institutions:**

*Those institutions that are overly or entirely privately-owned and that provide private goods that are customised and sold. These institutions are firms, including consultancy firms, selling highly customised services to other firms.*

A good mapping of relevant local actors could be a real success factor for our project as it could help not only to better understand the social interaction of our targeted SMEs but should also help in identifying and selecting possible project's stakeholders: i.e. organisations and institutions working in the same field of **SME Actor** which could support or sponsor the project's activities: from the selection of facilitators to the designing of Lab's object (which SMEs group and which kind of co-operative path); from logistics (e.g. room for training, etc) to dissemination/valorisation activities.

In synthesis, the local actors context analysis should first map and describing main local actors role and initiatives and secondly could grade their possible degree of involvement and commitment vis-à-vis the project.

### **→ 3. OVERALL PROGRAMMES / PROJECT SUPPORTING SMEs AGGREGATION**

In order to build a feasible and effective field work activity (facilitators training and experimental phase in the lab), we need to map existing or forthcoming programmes and project supporting SMEs aggregation our project should co-ordinate with. **SME Actor** is a Leonardo da Vinci pilot project which could not assure the design and development of all

the filière of an SME co-operation path. Consequently, the context analysis should help in:

- (i) understanding which is the local overall policy attitude towards SMEs co-operation paths;
- (ii) mapping key characteristics of the already launched and planned programmes and projects supporting SMEs and SMEs co-operation paths;
- (iii) selecting already existing or planned programmes/project SME Actor could be linked with.

At the same time, as we are supposed to promote exchange of knowledge and supporting some form of benchmarking path by the use of the Collaborative Virtual Learning CoP the project will launch, the CA should help us in identifying possible 'good practices' of programmes/projects supporting SMEs aggregation and co-operative path we could fully describe and share in the following project's task (namely, task 4.3).

As far the overall possible programmes and projects, we could start from mapping main policies supporting SMEs and at a second stage, identifying main related initiatives. In general, main policies coherent with **SME Actor's** aim could belong to one of the following domain:

- Education and training (individual acquisition of knowledge)
- Research and technological development (collective production and acquisition of knowledge)
- Information diffusion and accessibility for firms (Databases, web-sites, information centres, all of them of general, non-customised nature)
- Policies providing customised services to firms (for example: Environmental services, labelling, certification and testing, participation in exhibitions, transportation intelligence, logistics, design or new production techniques).
- Policies helping labour recruitment in the territory
- Policy supporting the internationalisation process
- Policies for the establishment of firms' networks in the territory
- Policy for improving quality development in firms
- Policies for start-up, incubators of small firms
- Policies improving availability of venture or risk capital

#### **→ 4. (PRESELECTED) SMEs CONTEXT**

According to the project's rationale, SMEs represent the strategic beneficiary of the overall project. (see box below)

Small and medium sized enterprises (**SMEs**) represent the engine of the European economy both in Eastern and Western countries. On the other side, in the last years, SMEs have lost part of their competitive advantage due to the fast and growing international competition. This phenomenon affects the same Eastern Europe companies whose competitive advantage has been mostly linked to the low cost of labour force and which now suffer from the direct competition of Far Eastern emerging countries. As a consequence SMEs need to redefine as soon as possible strategies and competitive positioning if they want to have chance to strengthen or survive. To this extent, **different kind of aggregations of SMEs** (from simple consortia to networks; from light sectoral filière integration to proper industrial clusters) have proved to be the most effective way to face competition and to strengthen the competitive advantage of both SMEs and the territories SMEs are placed in. SMEs aggregations – and in particular **industrial clusters**, i.e. following Porter's definition (1998) "**a geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementari-**

**ties**" - compete but also co-operate interacting with their external environment and creating dynamic mechanisms of knowledge creation and use. The project addresses to learning facilitators/mediators operating in Small and Medium Sized enterprises (SMEs) aggregates contexts

Therefore, the forthcoming **SME Actor** Lab should be targeted to pre-selected group of SMEs involved in some form of inter-organisational co-operative path.

One aspect of co-operative path refers to the extent to which firms perceive that it is better to compete or co-operate with each other in order to achieve their objectives<sup>[2]</sup>. Co-operative agreements represent a family of arrangements between 2 or more organisations. These embrace a wide range of arrangements: from cross-share holding deals, to licensing arrangements, formal joint ventures, and informal co-operative deals. Collaborative ventures vary from highly formal, long-term agreements linking two or more organisations, to short-term consortia of organisations engaged in a relatively short-term project, i.e. from shared research to formal joint ventures and minority equity participation.

Collaborative ventures can be categorised as *vertical backward* (or upstream) and *vertical forward* (or downstream), *horizontal*, or *diversified*. Vertical backward alliances are between a business and its suppliers (e.g. including those with the suppliers of capital goods, such as machinery and tools), while vertical forward between a business and its distributors or customers. Vertical co-operation may focus for example on issues of quality and delivery. Subcontracting relationships may be approached from two different perspectives. Traditionally, subcontracting is seen as a relationship between two firms, the parent and the subcontractor. There is a dichotomy between large/parent and small/subcontractor firms, in which large firms dominate. Small firms may benefit from a large parent in terms of guaranteed markets, raw materials and technical assistance. More recently, subcontracting relationships between firms are seen as being part of a network structure in which a group of firms co-operate (and compete) within a complex web of supportive institutions. Small firms may benefit from horizontal and vertical co-operation (e.g. from achieving collective economies of scale, specialisation in core activity), local business services and policy(ies).

Horizontal alliances and networks are between businesses at the same stage of the value system. The scope for conflict (i.e. competition) is greater than for vertical alliances, but firms can still collaborate to overcome specific problems (e.g. training). Horizontal co-operation between firms in industrial clusters has two main aspects. Firstly, it takes the form of fair competitive behaviour, such as refraining from labour poaching or from setting prices below rival costs, sharing of technical information, subcontracting out to less successful competitors (Brusco 1982). Secondly, it can converge to joint programs for the provision of collective goods, notably training or education and research and development, but also medical care and unemployment insurance. Collective goods are generally provided under the auspices of some local institution: a business association, a trade union, or possibly the local or regional government. Finally, diversified alliances are between companies in industries which are not closely related to each other (e.g. usually important from a portfolio perspective for businesses to enter into a new competitive arena).

In the industrial clusters, vertical and horizontal relationships between firms specialised in different or similar activities of the same filière or complementary industries may be classified according to the kind of interdependence (i.e. transactional interdependence): *Sequential (or one-way)*, *reciprocal (or two-way)* and *intensive (or organic)*. Sequential interdependence is a link between two activities for which the output of an activity A is the input for an activity B. In a reciprocal interdependence each activity provides inputs to the other. Inputs may consist of goods or information. Inter-firm reciprocal interdependence is constituted, for example, by those transactions in which the output of A is

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<sup>[2]</sup> Adapted from WEID, 2004

specific, 'tailored' for, realised after, the specifications of B for which it is an input. Intensive or organic interdependency consists in the joint application of differentiated professional know-how to a common problem or transformation process. For example, the application of complementary know-how to the development of a new service or product or the accomplishment of a complex industrial project

The knowledge and learning dimension is of paramount importance in analysing the SMEs context. In fact, as underlined by the project's rationale, SMEs involved in co-operative path "*compete but also co-operate interacting with their external environment and creating dynamic mechanisms of knowledge creation and use*".

Based on learning processes, knowledge is seen as cumulative, non-transferable, embedded in persons, firms, clusters of firms, regional and national networks which could be analysed by using different pairs of analytical vectors<sup>[3]</sup>. The first one regards the opposition internal/external, i.e. the in-company knowledge creation and use processes and the processes through which the company creates, uses and exchanges knowledge through external interactions within and outside the network/industrial cluster the companies belong to. In parallel the tacit/explicit knowledge opposition offers several hints about different paths of knowledge development and learning.

	<i>Internal</i>	<i>External</i>
<i>Tacit</i>	<ul style="list-style-type: none"> <li>* learning merely acquired by doing (small incremental innovations; gains in terms of "learning curves")</li> <li>* learning by using (process optimisations due to uses of specific technologies)</li> </ul>	<ul style="list-style-type: none"> <li>* learning through interactions with customers and providers</li> <li>* learning through interactions with other firms (e.g. learning stimulated by intra-district competition or by competition on larger markets; learning induced by common participation to fairs and similar events)</li> <li>* learning by imitation (e.g. copy of products within the same district at lower price and quality, or, outside, imitation of products on the basis of real absorptive capabilities)</li> </ul>
<i>Explicit</i>	<ul style="list-style-type: none"> <li>* internal R&amp;D (also requiring relevant absorptive capabilities from outside at both the district and the global level)</li> </ul>	<ul style="list-style-type: none"> <li>* acquisition of patents and licenses (on the global market)</li> <li>* knowledge acquired in formal co-operation initiatives and participation in technological platforms</li> <li>* knowledge bought hiring qualified personnel (competencies acquisition)</li> <li>* use of consultants in technical and managerial areas</li> </ul>

Therefore, in our context analysis we need to trace the basic information of pre-selected SMEs target group in terms of:

- (i) overall picture: number, average size, sectoral characteristics (kind of production, market, internationalisation and innovation processes, competitiveness, main trends);
- (ii) co-operative paths;
- (iii) knowledge and learning general dynamics.

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<sup>[3]</sup> adapted from WEID, 2005

## → 5. FACILITATORS

According to the **SME Actor** rationale, we define as learning facilitators/mediators:

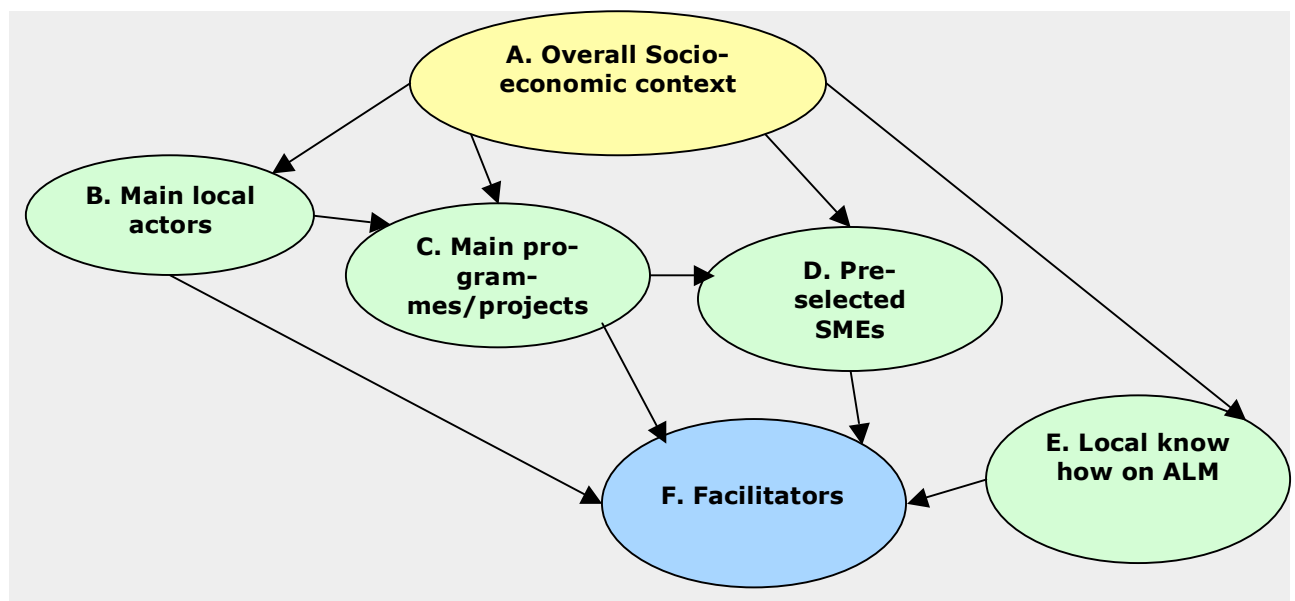
“those professionals involved in supporting and valorising the SMEs aggregation processes **by promoting activities of inter-organisational non formal learning, networking, animation of local expert communities**. These activities are centred on a knowledge and learning process aiming at: (i) improving the reflective abilities of people involved in already existing or newly established communities of entrepreneurs, technicians, managers and development agencies staff operating in SME aggregates; (ii) dealing with existing development problems inside the aggregated SMEs and identifying feasible solution hypotheses; (iii) increasing the visibility and social recognition of informal groups and communities; (iv) supporting the information and knowledge interchanges; (v) providing suitable platforms for development learning policies aimed at reinforcing local expert communities and informal groups and at connecting different communities/groups of this kind in the same regional contexts as well as in different regions Europe-wide; (vi) developing good practices in relation to all the above aims which can facilitate an imitative behaviour among other SMEs. Different kind of learning mediators/facilitators are/can be involved in this knowledge and learning process, representing the target group of the project: consultants supporting groups of companies in co-operative projects; professionals/managers from sectoral/employer associations; professionals/managers from local development agencies; trainers from the local VET systems”.

The context analysis should allow:

- (i) the identification of possible typologies of facilitators to be involved in **SME Actor** (professionals/managers; trainers;...);
- (ii) the pre-selection of a 'feasible' team of facilitators and the evaluation of their potential degree of commitment;
- (iii) the map of their overall competences.

## → 6. LOCAL COMPETENCIES ON AL METHODOLOGIES

Our context analysis should be able to map local relevant centres of know-how on our core-competences: i. e. action methods. This should allow to identify differences and possible convergences with our approach and, on this basis, to better define both the workplan for the field work and all the project's related valorisation/dissemination activities.



In principle, main centres of know how should involve: Universities and R&D centres, training organisations, service centres.

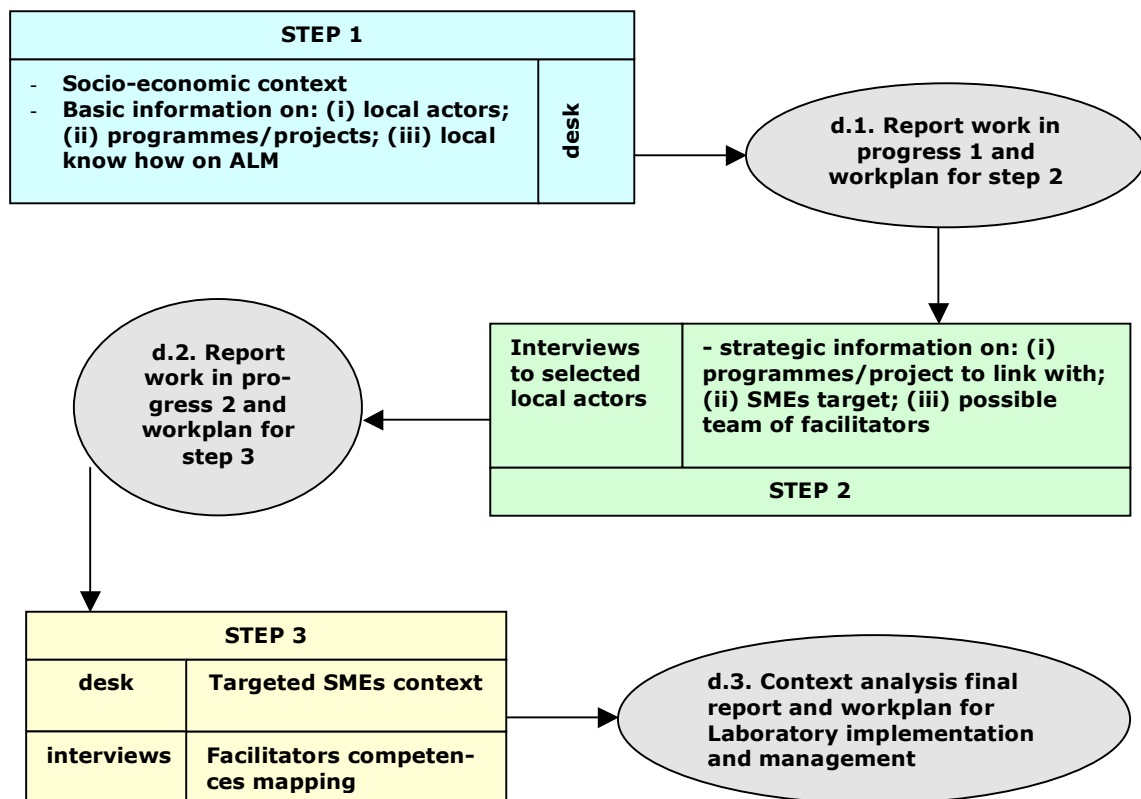
Although all the domains of CA are strictly intertwined, it is possible to identify which constitute the main inputs and, on this basis, which could be the suggested path for CA implementation:

## **2.2. Methodological options and timing for the CA**

The suggested methodological approach for the CA should involve both desk and field work activity. The desk work could be used for mapping the socio-economic context and basic information on: local actors, main programmes/projects, local know how on ALM.

At the second stage, field work, conducted by interviews, panel, focus group with relevant pre-selected local actors could supply strategic information for choosing the targeted SMEs and the possible team of facilitators.

At the third stage, desk work could supply relevant information on the selected SMEs target and field work – conducted by focus group and interviews – could map the competences of the pre-selected facilitators team.



Information for fulfilling step one could be collected by using a standard template; a check list for interviews and guidelines for focus group could support the accomplishment of step 2; and a template for the SMEs context analysis and a questionnaire for competence mapping could be used for step 3. At the same time, a format could be defined for the overall report and the Lab's work plan designing.

On the basis of each territorial report and proposed workplan, a comparative report could be assured whose aim is to supply strategic inputs for the following project task: facilitator curriculum designing and experimental phase launching (training and Labs).

The following timetable is proposed:

STEP	Which Tool	Tool availability	Intermediate step accomplishment
1	- Template - Format for work in progress report	Annex to this doc	<b><u>By End Febr</u></b> d.1. Report work in progress 1 and workplan for step 2
2	- Check list for interviews - Guidelines for focus group	By the Dortmund workshop	<b><u>By End March</u></b> d.2. Report work in progress 2 and workplan for step 3
3	- Template for targeted SMEs CA - Questionnaire for competence mapping - Format for Lab workplan and final report	By the Dortmund workshop	<b><u>By End April</u></b> d.3. Context analysis final report and workplan for Laboratory implementation and management
4	Format for comparative reporting	By the Dortmund workshop	<b><u>By End May</u></b> d.4. Comparative report

Template for **step 1 Context Analysis**

Step 1	Focus: 1. Overall socio-economic context 2. Basic information on: 2.1. local actors; 2.2. programmes/projects; 2.3. overall local competences on ALM
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<b>1. Overall socio-economic context</b>	
1.1. Where	<input type="checkbox"/> Geographical location and map
1.2. Demography	<input type="checkbox"/> Total inhabitants; birth rate; average age
1.3. Productive setting	<input type="checkbox"/> Sectors; <input type="checkbox"/> kind of main productions; <input type="checkbox"/> total companies per size; <input type="checkbox"/> entrepreneurship dynamics; <input type="checkbox"/> local companies competitiveness; <input type="checkbox"/> kind of SMEs interrelations (subcontracting and fili�re links; co-operative projects, ...) <input type="checkbox"/> overall local SMEs attitude towards learning and training
1.4. Labour market	<input type="checkbox"/> Labour force; unemployment rate; <input type="checkbox"/> level of qualifications; <input type="checkbox"/> gap in supply and demand of labour
1.5. Economic performances	<input type="checkbox"/> GDP, added value per sector, ...
1.6. Openness to market	<input type="checkbox"/> Import/export; <input type="checkbox"/> degree of active internationalisation (i.e. foreign direct investments in the area); <input type="checkbox"/> characteristics and degree of passive internationalisation (i.e. internationalisation process of local companies)
1.7. Overall knowledge infrastructure	<input type="checkbox"/> schools, Universities, R&D centres
1.8. quality of life	<input type="checkbox"/> Average pro capita income (compared to domestic one); <input type="checkbox"/> social infrastructures (cultural, wealth).
1.8. territorial competitiveness	<input type="checkbox"/> Infrastructures & logistics
1.10. local governance	<input type="checkbox"/> Level of administration, relevant institutions and their interrelations

<b>2. Mapping Local Actors</b>	
2.1. The overall local actors working in the field of SME Actor: SMEs, learning, trainers training	<input type="checkbox"/> <u>Public</u> : which are, missions and main activities, reference persons <input type="checkbox"/> <u>Semi-Public</u> : which are, missions and main activities, reference persons <input type="checkbox"/> <u>Private</u> : which are, missions and main activities, reference persons
2.2. Evaluation of degree of possible involvement/commitment	<input type="checkbox"/> Which local actors can be identified as potential project's stakeholder? Why? How they can be involved?
2.3. Links with the partner organisation	<input type="checkbox"/> Does SME Actor partner have some links with local actors selected as possible stakeholders? (e.g. as previous cooperation activities, or common projects/actions, etc)

<b>3. Mapping programmes/projects</b>	
3.1. Overall policies supporting SMEs	<input type="checkbox"/> Which are the overall policies supporting SMEs co-operative path in the target area (see list p. 30) <input type="checkbox"/> Which is their degree of relevance (i.e. relevant for SME Actor project) <input type="checkbox"/> Which is their governance framework (decision making

	process and management)
3.2. Relevant programmes and projects	<ul style="list-style-type: none"> <li><input type="checkbox"/> Which are the relevant on going AND/OR planned programmes/projects supporting SMEs cooperative path</li> <li><input type="checkbox"/> Short description: SMEs target, objectives, activities, organisations involved, financing, main available products/outputs; web link; reference persons</li> <li><input type="checkbox"/> Are AM used in some ways</li> <li><input type="checkbox"/> Which kind of expertise do they count on</li> <li><input type="checkbox"/> Degree of relevance vis-à-vis Sme Actor project</li> </ul>
3.3. Potential good practice(s)	<ul style="list-style-type: none"> <li><input type="checkbox"/> Is it possible to identify some potential good practice among the above programmes/projects?</li> <li><input type="checkbox"/> If yes, why? And which could be the degree of relevance for SME Actor Virtual cooperative learning community?</li> </ul>

<b>4. Mapping overall local competences on ALM</b>	
4.1. Centres of Know how and expertise on ALM	<ul style="list-style-type: none"> <li><input type="checkbox"/> Which are</li> <li><input type="checkbox"/> short descriptions of their expertise</li> <li><input type="checkbox"/> Reference persons and web link if available</li> </ul>
4.2. Relevance vis-à-vis SME Actor project	<ul style="list-style-type: none"> <li><input type="checkbox"/> Which is their degree of relevance for us</li> <li><input type="checkbox"/> Which contribution to our project can be envisaged</li> </ul>

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